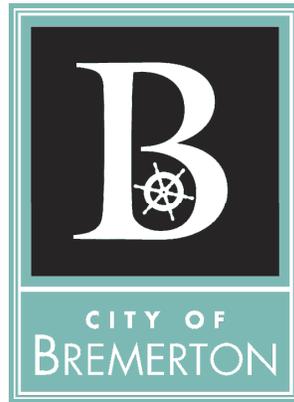


City of Bremerton, Washington



Annual Financial Report

*For the Fiscal Year ended
December 31, 2016*

Prepared by the Finance Department

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City of Bremerton
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2016

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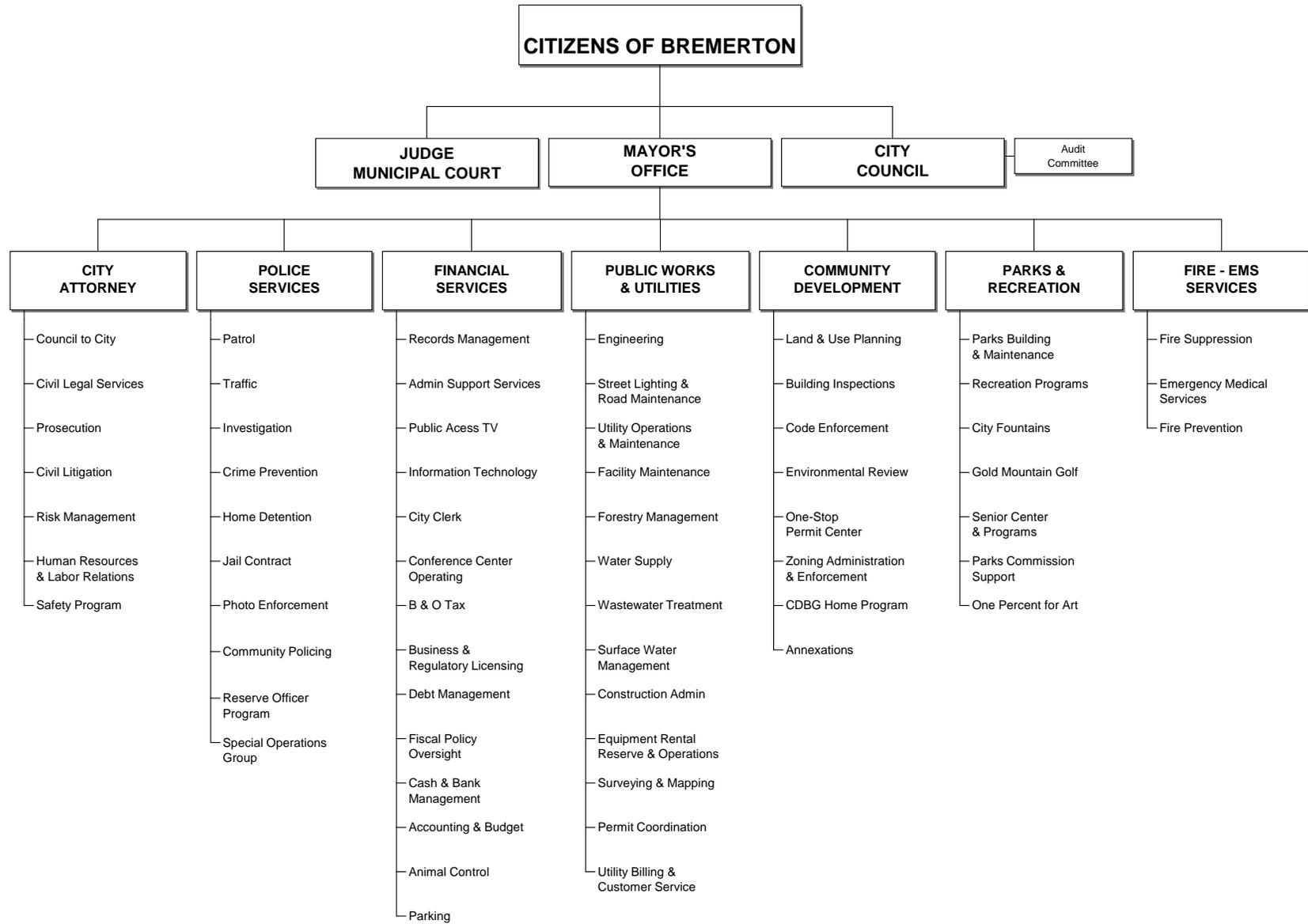
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Directory of Officials

2016

Elected Officials:

Mayor	Patty Lent
District #1 Council Member	Pat Sullivan
District #2 Council Member	Leslie Daus
District #3 Council Member	Jerry McDonald
District #4 Council Member	Greg Wheeler
District #5 Council Member	Dino Davis
District #6 Council Member	Richard Huddy
District #7 Council Member	Eric Younger
Judge, Municipal Court	James Docter

Appointed Officials:

City Attorney	Roger Lubovich
Director, Public Works and Utilities	Chal Martin
Fire Chief	Al Duke
Police Chief	Steven Strachan
Director of Financial Services	Cathy Johnson
Director of Community Development	Andrea Spencer
Director of Parks and Recreation	Jeff Elevado
City Auditor	Jenny Sims

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Bremerton Kitsap County January 1, 2016 through December 31, 2016

Mayor and City Council
City of Bremerton
Bremerton, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bremerton, Kitsap County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 15.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bremerton, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

September 25, 2017

**City of Bremerton
Management's Discussion and Analysis
December 31, 2016**

The City of Bremerton (City) presents this Management Discussion and Analysis (MD&A) in order to provide a narrative overview of the City's financial activities, focus on significant financial issues, and highlight significant changes in the City's financial position for the fiscal year ended December 31, 2016. This information should be read in conjunction with the financial statements and notes to the financial statements that follow.

Financial Highlights

- At the end of fiscal year 2016, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$271 million. The net investment in capital assets accounts for 86 percent of this amount (\$233 million). Net position restricted primarily for construction projects, debt service, Community Development Block Grant (CDBG) programs, tourism promotion, worker's compensation liability and public safety account for another 7.0 percent of this amount (\$17.6 million). The remaining net assets of \$20.1 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$7.2 million 3% during the fiscal year. The governmental net position increased by \$3.2 million (3%) from the amount reported in 2015. Business-type net position increased by \$4.0 million (2%).
- As of December 31, 2016, the City's governmental funds reported a combined fund balance of \$18.4 million, an increase of 17% from the prior year end. The fund balance of the General Fund increased by \$2.5 million while the remaining non-major governmental funds had a fund balance increase of \$.227 million. \$7.2 million of the combined ending governmental fund balances is restricted for specific purposes by external parties or enabling legislation or otherwise not available for expenditure. Of the remaining \$11.2 million fund balance, \$4.2 million has been committed or assigned for specific purposes while \$6.9 million is unassigned and available to the City for future appropriation. The remaining fund balance of \$23,407 is non-spendable inventories.
- At the end of 2016, the unassigned fund balance of the General Fund was \$6.9 million or approximately 20 percent of total General Fund expenditures of \$34.4 million. The General Fund's unassigned fund balance increased by \$1.5 million from the prior year's amount of \$4.7 million.
- The City's total outstanding debt increased by \$3.8 million 6% during the current fiscal year to \$66.2 million. General obligation debt decreased by \$1.97 million and revenue debt increased by \$5.7 million. The increase in Revenue Debt was attributable to the issuance \$7.8 million in Water, Sewer and Stormwater revenue bonds for utility improvements.
- The City's net investment in Capital Assets decreased \$1.2 million (.4%) in 2016. Total Capital assets from governmental activities decreased \$1.5 million or (1%). Total Capital assets from business type activities increased \$.298 or .16%. The Governmental decreases are primarily due to the sale of the Cencom Building and annual depreciation. In regards to Business Activities, \$4 million was spent for water, wastewater and stormwater capital improvements identified within the City's 2016 capital improvement plan.

Overview of the Financial Statements

The City's basic financial statements are presented in three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information in addition to the basic financial statements is also contained in this report. This section of the management's discussion and analysis is intended to introduce and explain the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to give the reader a picture of the financial condition and activities of the City as a whole. This broad overview is similar to the financial reporting of private-sector businesses. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the City include general government (finance, executive, legislative and human resources), community development, public safety (police and fire), utilities and environment, transportation, economic environment, and culture and recreation. The City's business-type activities are limited to the City's municipal golf course and water, wastewater and stormwater utility activities. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, highlighting the difference between the two as net position. This statement is similar to the balance sheet of a private sector business. Over time, increases or decreases in net position may be one indicator of improvement or deterioration in the City's overall financial health.

The *statement of activities* presents information designed to show how the City's net position changed during the year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such as uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses even though no cash has changed hands.

Fund Financial Statements

The annual financial report includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity, general government versus business-type, the fund financial statements are presented by fund type such as the general fund, special revenue funds, and proprietary funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions or limitations. The City, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions as are reported as governmental activities in the government-wide financial statements. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenses. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

The City maintained twenty-four (21) individual governmental funds in 2016. The City's General fund is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds". Information for each of the non-major governmental funds is provided in the combining statements in this report.

The City maintains budgetary control over its operating funds through the adoption of an annual budget. Budgets are adopted at the department and category group level by fund in accordance with City code and state law. A budgetary comparison statement for major governmental funds is presented with the basic financial statements. Budgetary comparison statements for other governmental funds are included with the combining statements.

Proprietary funds are used by governments to account for their business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services received.

The City has two types of proprietary funds: *enterprise funds* and *internal service funds*. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to various City departments.

The City's four (4) enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements with the fund statements providing more detail than is reported in the government-wide statements. The enterprise fund statements provide separate information for the City's municipal golf course, water, wastewater and stormwater utilities. The only other remaining enterprise fund is stormwater utility and it is reported in a single column labeled "Stormwater".

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for maintenance and acquisition of its fleet of vehicles, self-insured insurance programs and claims, unemployment insurance obligations, termination benefits as well as information technology services. Internal service funds benefit both governmental and business-type activities and are allocated accordingly in the government-wide statement of activities.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities.

The City has one type of fiduciary fund – agency funds. *Agency funds* are custodial in nature and do not include revenues and expenses as they do not measure the results of operations.

Government-wide Financial Analysis

Statement of net position

The statement of net position can serve as a useful indicator of the City's financial position. The City's net position at December 31, 2016 totaled \$271 million. Following is a condensed version of the government-wide statement of net position. The City presents its financial statements in compliance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Two years of financial information in the GASB 34 format are presented.

Net Position

Amounts in 000's	Governmental Activities			Business-Type Activities			Total		
	2016	2015	Difference	2016	2015	Difference	2016	2015	Difference
Current Assets	\$ 20,967	\$ 17,114	\$ 3,853	\$ 37,706	\$ 27,248	\$ 10,458	\$ 58,673	\$ 44,362	\$ 14,311
Restricted Assets	7,876	8,631	(755)	2,051	1,723	328	9,927	10,354	(427)
Capital Assets	113,758	115,269	(1511)	177,237	176,673	564	290,995	291,942	(947)
Other Noncurrent Assets	4,001	6,203	(2202)	-	371	(371)	4,001	6,574	(2,573)
Total assets	146,602	147,217	(615)	216,994	206,015	10,979	363,596	353,232	10,364
Deferred outflows of resources	3,863	2,485	1,378	913	626	287	4,776	3,111	1,665
Current Liabilities	2,679	3,328	(649)	1,905	1,666	239	4,584	4,994	(410)
Payable from Restricted Assets	-	-	-	-	-	-	-	-	-
Noncurrent Liabilities	49,476	48,793	683	42,662	35,188	7,474	92,138	83,981	8,157
Total liabilities	52,155	52,121	34	44,567	36,854	7,713	96,722	88,975	7,747
Deferred inflows of resources	315	2,744	(2,429)	173	656	(483)	488	3,400	(2,912)
Net position									
Net Investment in Capital Assets	82,393	82,210	183	147,931	147,071	860	230,324	229,281	1,043
Restricted	7,876	8,629	(753)	9,751	2,201	7,550	17,627	10,830	6,797
Unrestricted	7,726	3,998	3,728	15,485	19,859	(4,374)	23,211	23,857	(646)
Total Net Position	\$ 97,995	\$ 94,837	\$ 3,158	\$ 173,167	\$ 169,131	\$ 4,036	\$ 271,162	\$ 263,968	\$ 7,194

The largest component of the City's net position, \$233 million (or 86%), is its investment in capital assets less any related outstanding debt issued to acquire those assets. These capital assets, such as utility plant, streets, trails, parks, fire and police vehicles, are used to provide services to the citizens. Consequently, these assets are not available to sell and convert to cash for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate these liabilities.

Restricted net position consists of amounts legally or otherwise externally restricted for debt service and other programs. Of the \$7.9 million of governmental restrictions, \$5.7 million or 73% is restricted for the construction of capital assets. \$.989 million (4%) are special revenues restricted primarily for use in the Community Development Block Grant program, for public safety services (6%), tourism promotion (5%), public access television (1.3%) and workers compensation liability (1.3%). 1.5% or \$.115 million is restricted for debt service on outstanding debt. \$9.8 million of business-type restrictions are reserves required for debt service payments and asset replacement. A total of \$12.4 million represents the unrestricted net position of the City's business-type activities and may only be spent on golf course operations, water, wastewater and other utility activities. Maintenance of utility delivery systems (water lines, pump station, wells), storm drain flushing, water meter reading, and capital construction projects, such as well rehabilitation, are examples of utility activities. Other functions of the City may access the remaining \$7.7 million to meet ongoing obligations to citizens and creditors. Examples of other City obligations which this remaining amount may be used for are: public safety employee salaries, parks maintenance (mowing, fence repair, etc.), and ongoing street maintenance (street sweeping, restriping, resurfacing, etc.).

At the end of the fiscal year, the City reported positive balances in all three categories of net position for the government as a whole, as well as for the separate governmental and business-type activities.

Changes in net position

The Changes in Net Position table illustrates the increase or decrease in net position of the City resulting from its operating activities. The City's overall financial position improved in 2016 with net position increasing approximately \$7.2 million. The net position of governmental activities increased by \$3.2 million and the net position of business-type activities increased by \$4.0 million.

Following is a condensed version of the City's changes in net position. The table shows the revenues, expenses, and related changes in net position in tabular form for the governmental activities separate from the business-type activities. The graphs that follow compare program revenues to program expenses and illustrate the revenues by source separately for the governmental and business-type activities.

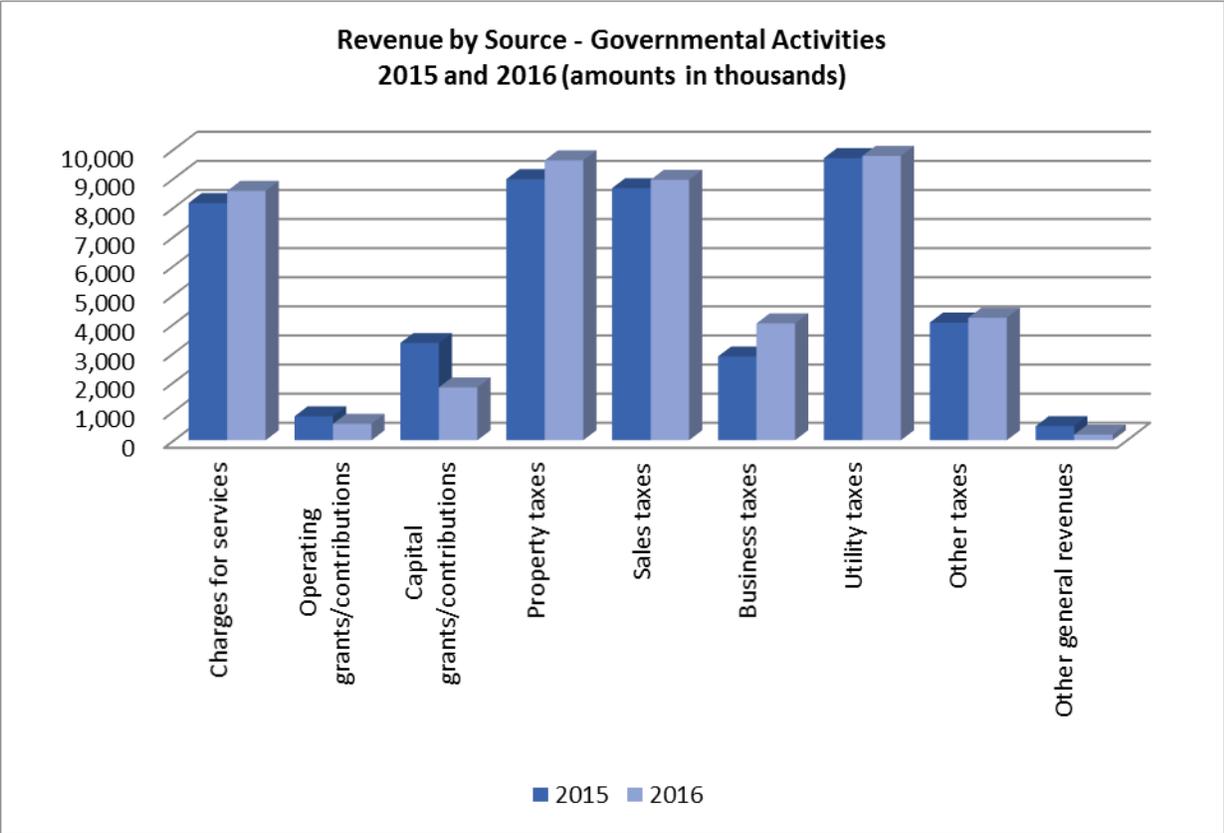
Amounts in 000's	Changes in Net Position								
	Governmental Activities			Business-Type Activities			Total		
	2016	2015	Difference	2016	2015	Difference	2016	2015	Difference
Revenues									
Program revenues									
Charges for services	\$ 8,568	\$ 8,150	\$ 418	\$ 34,192	\$ 34,562	\$ (370)	\$ 42,760	\$ 42,712	\$ 48
Operating grants/contributions	564	821	(257)	25	11	14	589	832	(243)
Capital grants/contributions	1,820	3,342	(1,522)	1,976	2,132	(156)	3,796	5,474	(1,678)
General revenues	-	-	-	-	-	-	-	-	-
Property taxes	9,618	8,972	646	76	-	76	9,694	8,972	722
Sales taxes	8,951	8,663	288	-	48	(48)	8,951	8,711	240
Business taxes	4,018	2,878	1,140	18	14	4	4,036	2,892	1,144
Utility taxes	9,774	9,696	78	-	-	-	9,774	9,696	78
Other taxes	4,210	4,046	164	-	-	-	4,210	4,046	164
Other general revenues	192	484	(292)	153	644	(491)	345	1,128	(783)
Total revenues	\$ 47,715	\$ 47,052	\$ 663	\$ 36,440	\$ 37,411	\$ (971)	\$ 84,155	\$ 84,463	\$ (308)
Expenses									
Governmental activities									
General government	4,206	4,379	(173)	-	-	-	4,206	4,379	(173)
Public safety	25,840	27,925	(2,085)	-	-	-	25,840	27,925	(2,085)
Utilities and environment	-	-	-	-	-	-	-	-	-
Transportation	5,515	5,736	(221)	-	-	-	5,515	5,736	(221)
Economic Environment	1,906	1,935	(29)	-	-	-	1,906	1,935	(29)
Culture and recreation	5,968	6,175	(207)	-	-	-	5,968	6,175	(207)
Interest on long-term debt	1,098	1,405	(307)	-	-	-	1,098	1,405	(307)
Business-type activities									
Water	-	-	-	13,164	11,760	1,404	13,164	11,760	1,404
Wastewater	-	-	-	12,726	13,325	(599)	12,726	13,325	(599)
Golf course	-	-	-	3,973	3,994	(21)	3,973	3,994	(21)
Stormwater	-	-	-	2,565	2,465	100	2,565	2,465	100
Total expenses	\$ 44,533	\$ 47,555	\$ (3,022)	\$ 32,428	\$ 31,544	\$ 884	\$ 76,961	\$ 79,099	\$ (2,138)
Excess of revenues over expenses	3,182	(503)	3,685	4,012	5,867	(1,855)	7,194	5,364	1,830
Transfers	(24)	1,778	(1,802)	24	(1,778)	1,802	-	-	-
Change in net position	3,158	1,275	1,883	4,036	4,089	(53)	7,194	5,364	1,830
Net position - beginning	94,837	96,695	(1,858)	169,131	169,751	(620)	263,968	266,446	(2,478)
Prior period adjustment	-	16	(16)	-	33	(33)	-	49	(49)
Accounting Change GASB 68	-	(3,149)	3,149	-	(4,742)	4,742	-	(7,891)	7,891
Net position - ending	\$ 97,995	\$ 94,837	\$ 3,158	\$ 173,167	\$ 169,131	\$ 4,036	\$ 271,162	\$ 263,968	\$ 7,194

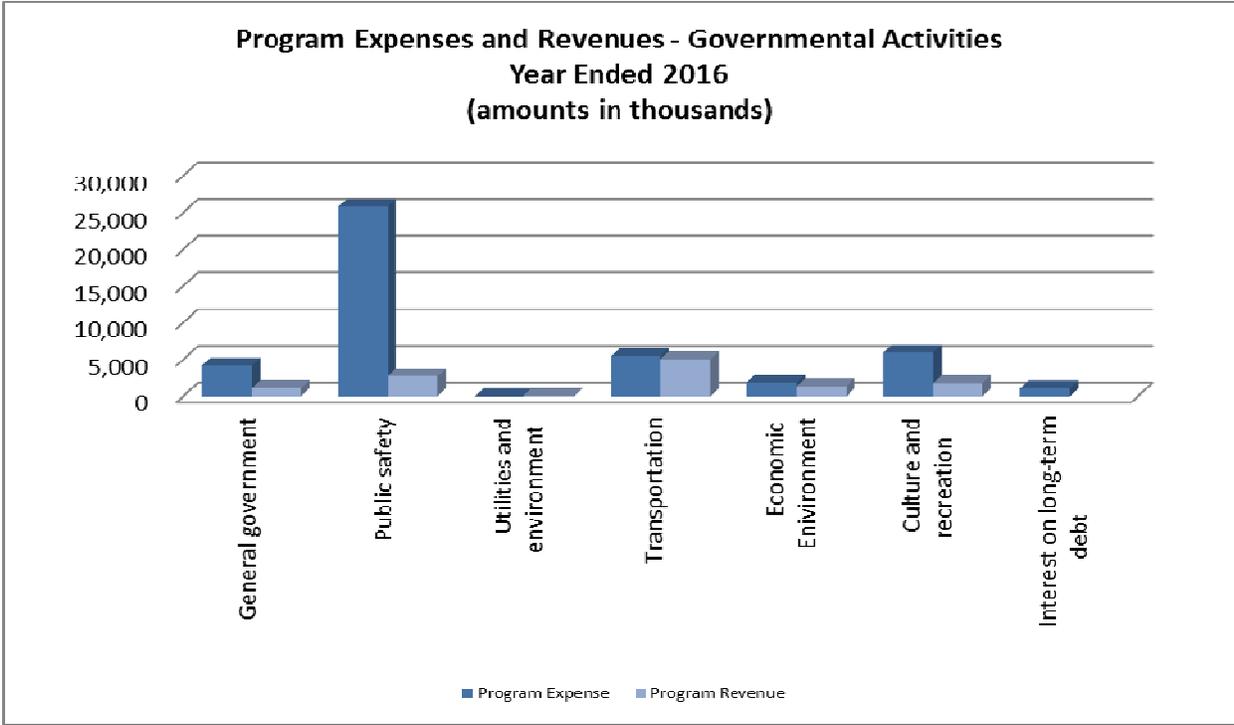
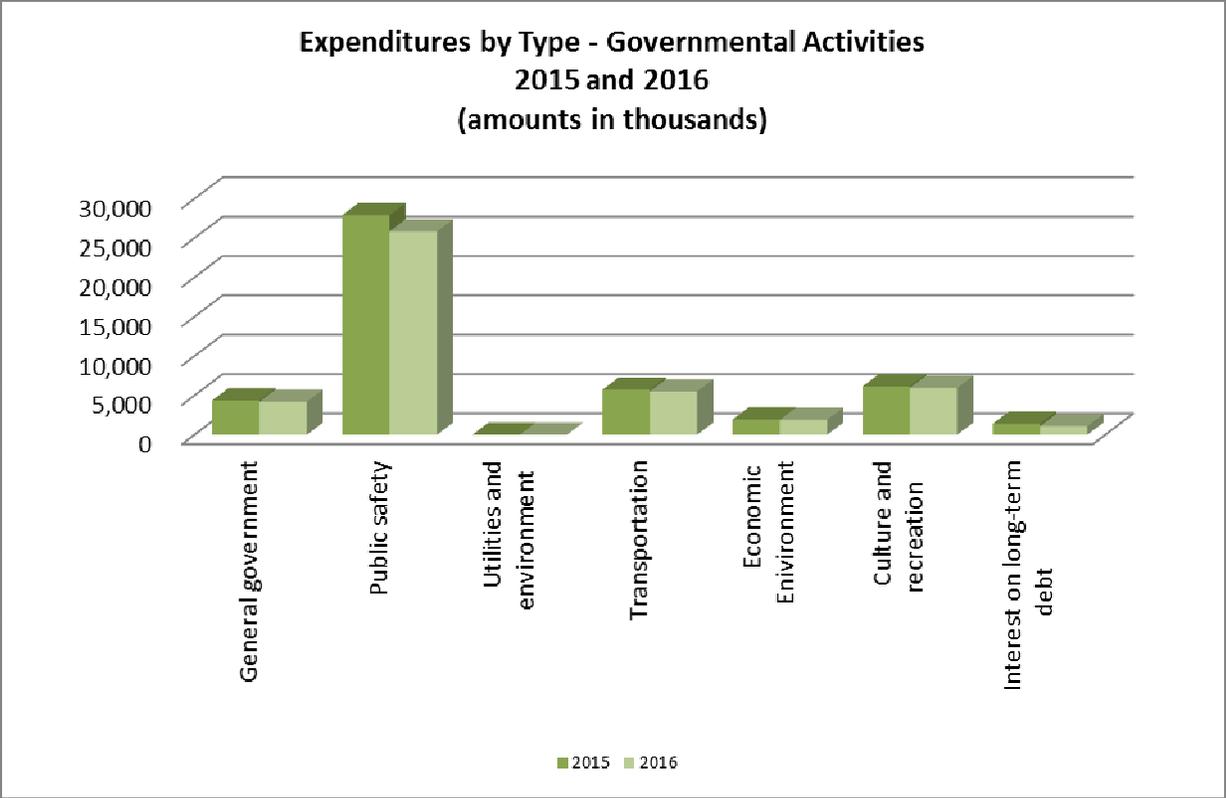
Governmental activities accounted for a increase of \$1.8 million of the total change in net position of \$1.8 million. Significant elements of the increase are as follows:

- The City saw a significant increase in sales and business taxes \$.288 million and \$1.1 million respectively.
- Expenditures decreased by 2.7% in 2016 compared to 2015. Small changes occurred in many functional areas, as a significant effort was made to match available resources.
- Total revenue from governmental activities in 2016 increased by \$.663 million from 2015. Program revenues decreased by \$1.36 million. Capital Grants had the largest decrease (\$1.5 million). Operating grants decreased by

\$.257 million. Increases in license and permitting fees, other charges for services and fee collected from fines accounted for the remaining \$.418 million. Tax revenues that support ongoing operations increased by \$2.3 million or 6.8% in 2016 from the 2015 level. The most significant increase (\$1.5 million) was from Sales tax revenue. Business taxes increased by \$1.1 million or 13%. Utility taxes increased \$.164 million or 4.0%. Other general revenues which include interest earnings, gains and losses on disposal of assets, and miscellaneous income, decreased by \$.292 million.

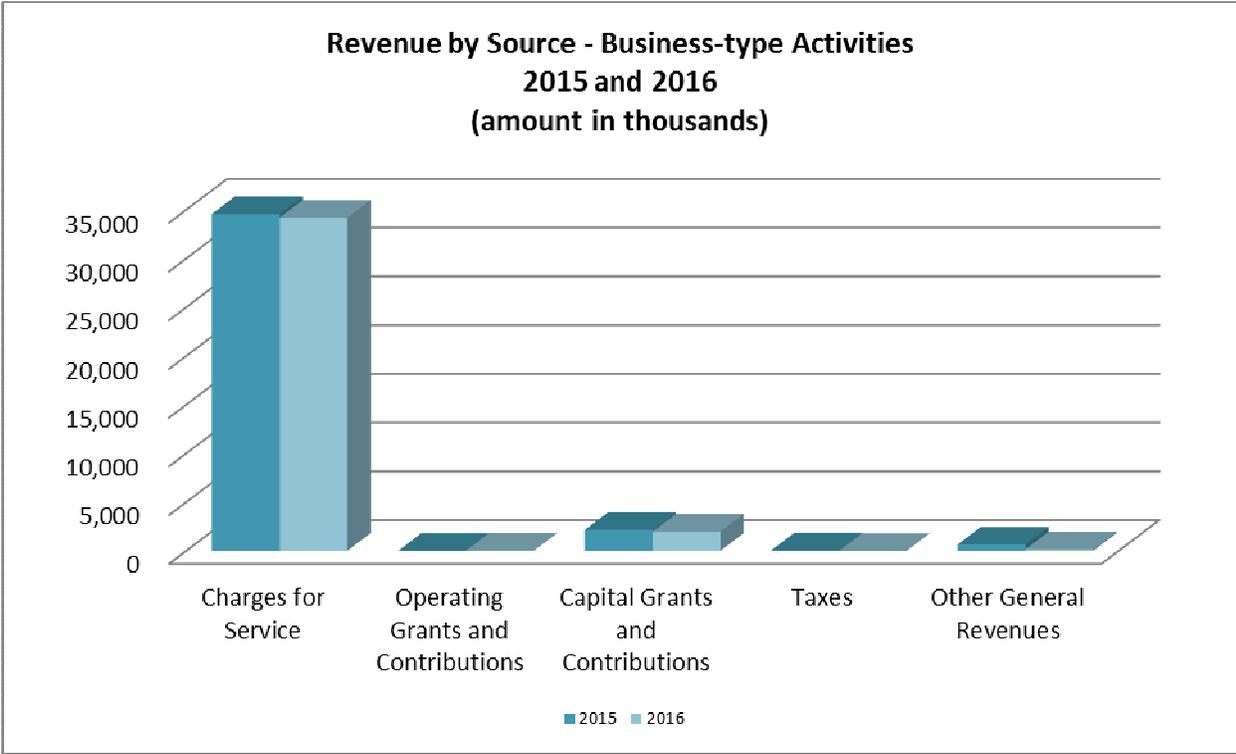
- Governmental net position increased overall by \$3.2 million in 2016. The major contribution to this was the increase in Tax Revenue \$2.3 million and expenditure decreases of \$3.0 million. This savings was most notable in Public Safety \$2 million or (7.5%)

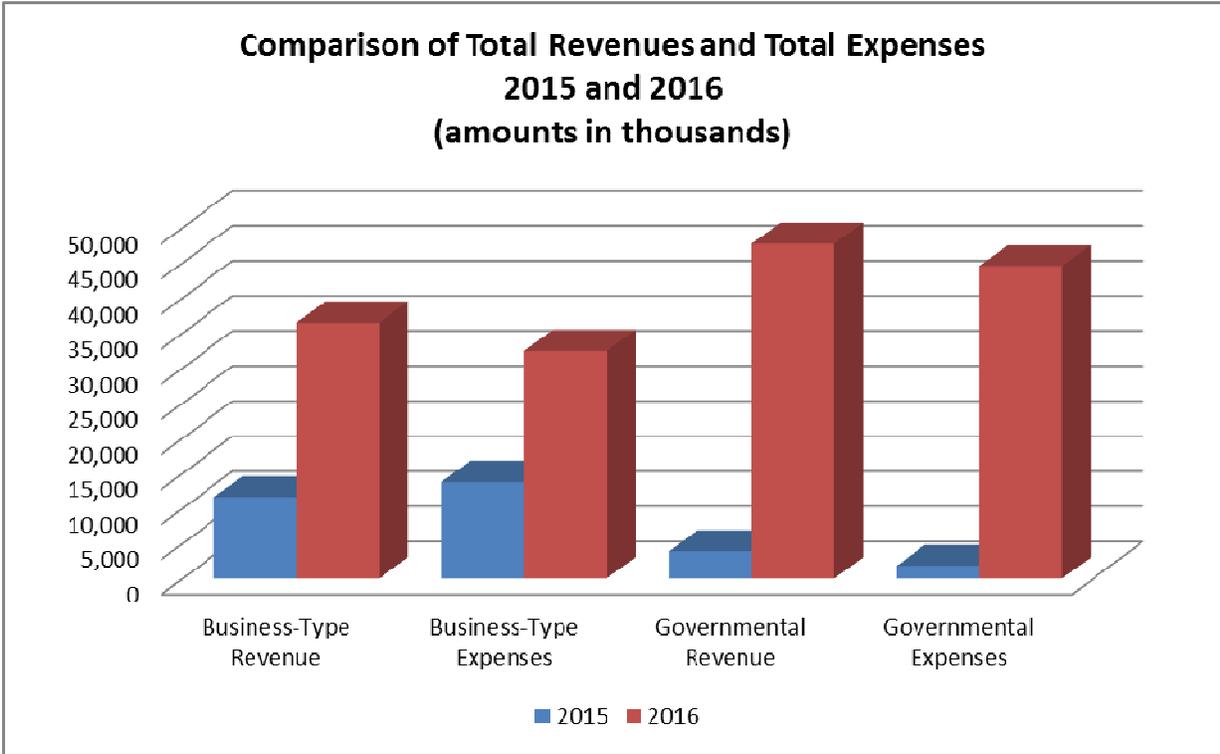
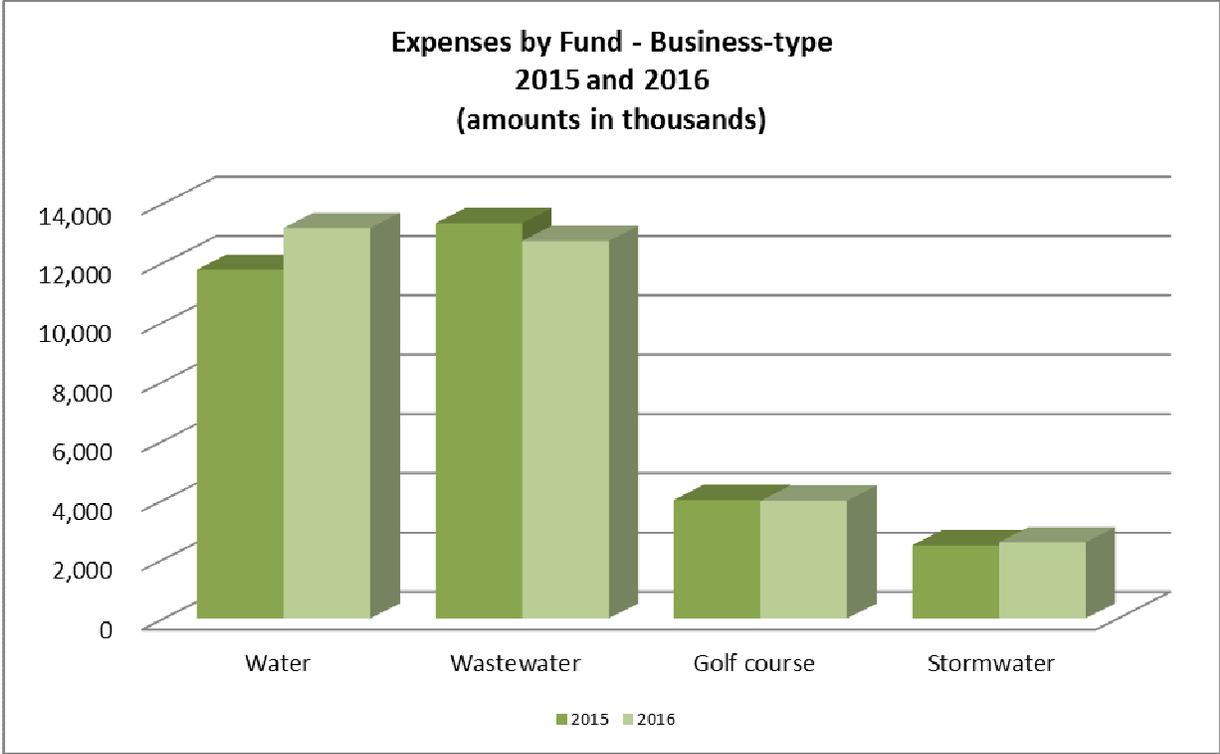


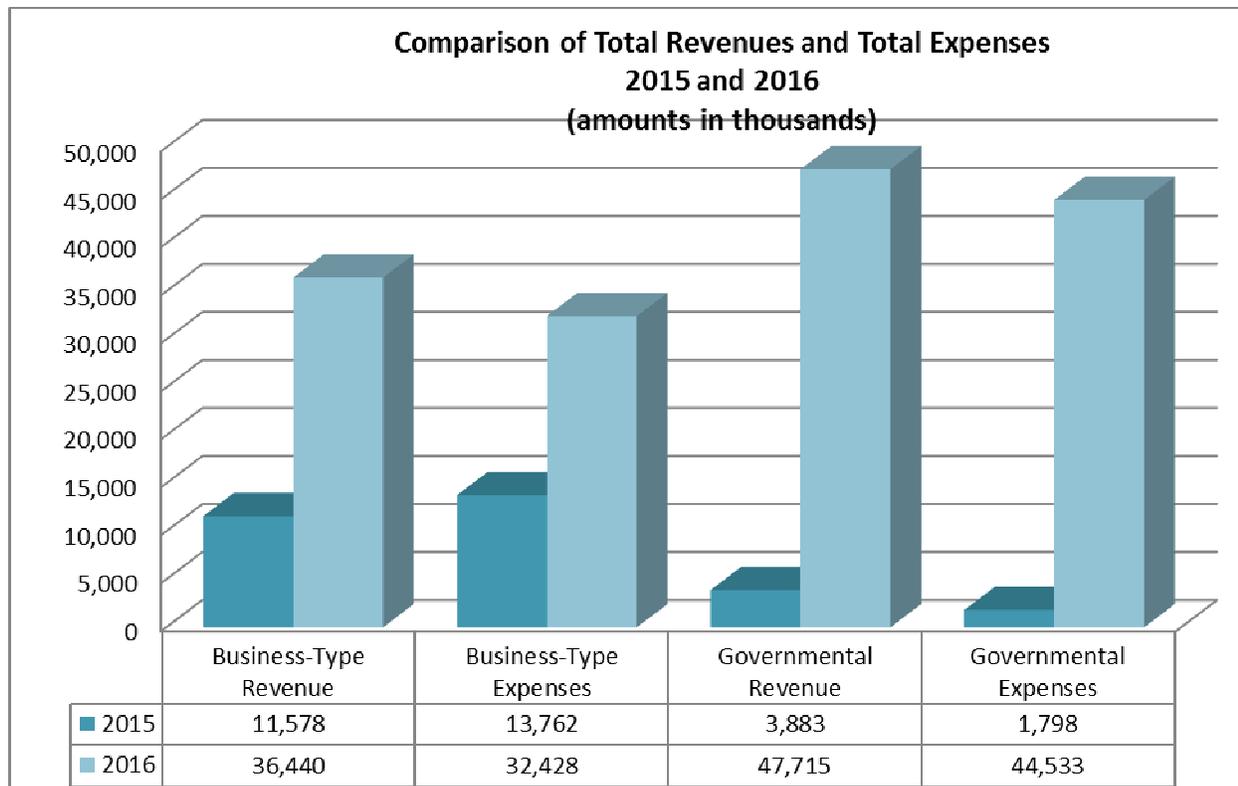


Business-type activities increased the City’s net position by \$4.0 million

- The significant change in fund balance can be mainly attributed to GASB 68 implementation in 2015. Other than the recognition of the restatement, the utilities remained consistent from the prior year.
- Transfers to Governmental Activities decreased by \$1.8 million in 2016. This is mainly attributable to the change in procedures at the City to transfer utility funds to governmental funds for their portion of capital projects.







Financial Analysis of the City's Funds

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The General Fund is the primary operating fund of the City through which all receipts and payments of City operations are processed, unless they are required to be accounted for in another fund. Taxes are the major revenue source. At the end of 2016, the fund balance of the General Fund was \$7.96 million. As a measure of the fund's liquidity, the 2016 ending fund balance is 23% of the fund's 2016 expenditures, an increase of 8% over 2015's 15%.

The General Fund ending fund balance increased in 2016 by \$2.5 million in 2016. Revenues increased from \$35.2 million in 2015 to \$36.8 million in 2016. The largest component of this increase (\$1.3 million) is attributable to Sales tax and Business Taxes. Expenditures decreased from \$34.4 million to \$33.7 million during the same period. \$.280 million personnel savings. Expenditures for supplies and services decreased by \$0.491 million led by decreases for the care and custody of prisoners.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. There were no significant transactions pertaining to the proprietary funds.

General Fund Budget Variations

The General Fund collected revenues at 102% of the amended amount budgeted or \$.891 million more than budgeted. Expenditures for 2016 were 93.7% of the amended budget resulting in actual expenditures being \$2.5 million less than the budgeted amount. The positive expenditure budget variance is largely attributable savings in budgeted supplies and services.

The General Fund budget was balanced in 2016. The original budget provided for a decrease to the fund balance of \$707,880. The budget was amended two times during 2016. The final amended budget provided for a decrease to fund balance of \$1,119,972. At the conclusion of 2016, the General Fund increased fund balance by \$2,240,980.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$291 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads and intangibles.

The major capital asset additions for governmental activities during 2016 street related projects in the amount of \$2.3 million. Specifically the City worked on the following:

- The Bremerton Crosswalks project \$547,000
- Austin Drive Overlay project \$727,000
- Lebo Street Restoration project \$292,000

Other projects totaled \$743,000.

The major capital assets changes for business-type activities included the construction of wastewater and water capital improvement projects identified within the City's 2016 capital improvement plan.

Amounts in 000's	Capital Assets (net of depreciation)								
	Governmental Activities			Business-Type Activities			Total		
	2016	2015	Difference	2016	2015	Difference	2016	2015	Difference
Land	\$ 20,316	\$ 20,402	\$ (86)	\$ 9,514	\$ 9,407	\$ 107	\$ 29,830	\$ 29,809	\$ 21
Buildings	48,419	49,730	(1,311)	33,003	32,144	859	81,422	81,874	(452)
Improvements/Infrastructure	35,333	37,436	(2,103)	96,148	95,605	543	131,481	133,041	(1,560)
Machinery and Equipment	1,943	2,128	(185)	32,103	31,933	170	34,046	34,061	(15)
Construction in Progress	7,742	5,568	2,174	5,981	7,414	(1,433)	13,723	12,982	741
Intangibles	5	5	-	222	170	52	227	175	52
TOTAL	\$ 113,758	\$ 115,269	\$ (1,511)	\$ 176,971	\$ 176,673	\$ 298	\$ 290,729	\$ 291,942	\$ (1,213)

Additional information on the City's capital assets can be found in Note 5.

Long-term debt

For business type activities in 2016, the City issued Revenue Bonds in the amount of \$7,855,000. The Bonds have a maturity date of December 1, 2036.

Amounts in 000's	Outstanding Debt - General Obligation and Revenue Bonds								
	Governmental Activities			Business-Type Activities			Total		
	2016	2015	Difference	2016	2015	Difference	2016	2015	Difference
General Obligation Bonds	\$ 31,235	\$ 32,920	\$ (1,685)	\$ 4,225	\$ 4,510	\$ (285)	\$ 35,460	\$ 37,430	\$ (1,970)
General Obligation Notes	-	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	16,335	9,120	7,215	16,335	9,120	7,215
Revenue Loans	-	-	-	14,415	15,881	(1,466)	14,415	15,881	(1,466)
TOTAL	\$ 31,235	\$ 32,920	\$ (1,685)	\$ 34,975	\$ 29,511	\$ 5,464	\$ 66,210	\$ 62,431	\$ 3,779

Additional Information on the City's long-term debt can be found in Note 10 of this report.

Economic Factors and Next Year's Budgets and Rates

Several factors that affect the economic climate in Bremerton were considered when preparing the City's 2016 annual budget. The outlook for the nation, state and region was weighed in relation to its expected impact on Bremerton. The character of the City, including its current and future business activity and its attraction as a place to live, was evaluated. The current financial position and the ability of the City to recover from its history of economic depression have improved slightly due to the major effort to rehabilitate Bremerton's downtown core and attract new investors to the community. In addition, the national, regional and local economic conditions continued to show improvement during 2016.

The State of Washington is continuing to face considerable budget challenges; however, the state's budget challenges have had limited effect on Bremerton's transportation capital funding received from the state. Over the past several years, Bremerton has been successful in attracting state and federal grant funds for major transportation improvement projects and the Lower Wheaton Way and Washington Ave Pedestrian Access funds. In 2016 the City was awarded a \$4.5 million dollar grant to improve Lebo Blvd. Future outside funding opportunities will be highly competitive and Bremerton, due to its current economic demographics, should compete very well for certain projects. In 2016, the TBD received total collections from vehicle license fees of \$510,641. The 2015 Legislature included within its large transportation funding bill (2ESSB 5987) provisions that allow a city or county that has a TBD with the same boundaries as the city or county to absorb the TBD and assume all the TBD's "rights, powers, functions and obligations" with the result that the TBD would cease to exist as a separate entity. On March 16, 2016 the Bremerton City Council held a public hearing and passed Ordinance No. 5297 assuming the rights, powers, functions and obligations of the Transportation Benefit District. Effective April 4, 2016, the City of Bremerton assumed the duties of the TBD. A separately issued Bremerton Transportation Benefit District comprehensive annual financial report (CAFR) is available on the TBD's page on the City of Bremerton's website at BremertonWA.gov.

Bremerton continues to move forward with a revitalization and development program that will extend to all areas of the community. The initial project was the Bremerton Harborside Development which was designed to establish the City of Bremerton as a premier waterfront community in the Puget Sound.

Revitalization efforts are a product of both public and private investment. Public investment in this multi-year effort includes the construction or renovation of facilities to provide city services including new police, fire, court and administrative buildings, the construction of 2 new parks and the renovation of several major parks, the construction of a conference center and the addition of two public parking facilities as well as transportation and utility projects all designed to improve the lives of city residents. Private investment has included the construction of the 606 and Spyglass apartments. Additionally, there are other projects still in early development including new commercial buildings for business and recreational purposes as well as new single family and multifamily residential projects.

Economic development is a critical component to achieving a recovery from years of economic depression and to mitigate for the revenue losses incurred over the past several years from statewide initiatives. Initiative 695 and 747 resulted in losses of ongoing revenues and limited property tax growth for Washington cities, including Bremerton. These statewide initiatives have impacted current and future revenues that fund the City of Bremerton's governmental services. The ability of Bremerton to provide sufficient funding for future core government services will be impacted by the success of its economic development efforts. However, these efforts alone will be insufficient to fund these core services without the identification and implementation of additional revenue sources.

In May 2012, the City began a yearlong comprehensive rate analysis on its Water, Wastewater, and Stormwater utilities, to include an analysis of its revenue and capital requirements for a minimum six year horizon. As a result of a yearlong comprehensive rate analysis on its Water, Wastewater and Stormwater utilities the City Council adopted the analysis and the first of planned annual rates increases on April 3, 2013 to adequately fund the operations and maintenance, capital, and the anticipated debt service needs for the three utilities. Rates were increased again in 2014 and 2016 to keep up with the funding requirements of the utilities. The analysis anticipated the issuance of up to a maximum of \$35 million in revenue bonds over six years. In 2014 the City issued \$6.88 million in Revenue bonds to finance identified capital improvements.

Requests for information

This financial report is designed to provide a general overview of the City's finances for readers with an interest in municipal finances. Questions concerning any of the information provided in this report, or requests for additional information, may be addressed to the Director of Financial Services, City of Bremerton, 345 Sixth Street, Suite 600, Bremerton, WA 98337-1873.

City of Bremerton
Statement of Net Position
December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash & Cash Equivalents	\$ 7,793,937	\$ 18,754,803	\$ 26,548,740
Investments	7,331,656	12,078,649	19,410,305
Receivables	4,977,939	5,278,211	10,256,150
Internal balances	902	21,625	22,527
Due from other governments	265,932	67,635	333,567
Inventories	118,789	1,476,725	1,595,514
Prepayments	478,364	28,568	506,932
Restricted assets:			
Cash & Cash Equivalents	5,474,173	813,896	6,288,069
Investments	1,615,258	911,307	2,526,565
Receivables	606,959	325,400	932,359
Due from other governments	179,278	-	179,278
Notes and contracts receivable:			
Due within one year	-	-	-
Due in more than one year	-	265,500	265,500
Capital assets net of depreciation	113,758,483	176,971,304	290,729,787
Other assets	4,000,422	-	4,000,422
	<u>\$ 146,602,092</u>	<u>\$ 216,993,623</u>	<u>\$ 363,595,715</u>
Deferred outflows of resources			
Deferred amount on refunding	\$ 895,249	\$ -	\$ 895,249
Deferred amount related to pension	\$ 2,967,709	\$ 913,445	\$ 3,881,154
	<u>\$ 3,862,958</u>	<u>\$ 913,445</u>	<u>\$ 4,776,403</u>
Liabilities			
Accounts payable and other current liabilities	\$ 1,365,723	\$ 1,206,577	\$ 2,572,300
Employee wages payable	1,020,029	383,178	1,403,207
Other accrued liabilities	244,154	172,245	416,399
Custodial accounts	49,739	143,037	192,776
Noncurrent liabilities			
Unearned Revenue	-	80,234	80,234
Due within one year	7,619,651	3,745,172	11,364,823
Due in more than one year	41,855,954	38,836,246	80,692,200
	<u>\$ 52,155,250</u>	<u>\$ 44,566,689</u>	<u>\$ 96,721,939</u>
Deferred inflows of resources related to pension	<u>\$ 314,886</u>	<u>\$ 173,405</u>	<u>\$ 488,291</u>
Net Position			
Net investment in capital assets	\$ 82,392,861	\$ 147,931,239	\$ 230,324,100
Restricted for:			
Tourism promotion & facilities	429,864	-	429,864
Community development block grant	944,579	-	944,579
Public safety	467,310	-	467,310
Public Access Television	103,446	-	103,446
Debt service	115,985	2,052,964	2,168,949
Workers compensation	100,000	-	100,000
Capital projects	5,715,233	7,697,587	13,412,820
Unrestricted	7,725,636	15,485,184	23,210,820
	<u>\$ 97,994,914</u>	<u>\$ 173,166,974</u>	<u>\$ 271,161,888</u>

City of Bremerton
Statement of Activities
For the Year Ended December 31, 2016

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,205,961	\$ 996,988	\$ -	\$ -	\$ (3,208,973)	\$ -	\$ (3,208,973)
Public safety	25,840,494	3,183,923	77,306	-	\$ (22,579,265)	-	(22,579,265)
Transportation	5,515,358	1,721,826	-	1,819,614	\$ (1,973,918)	-	(1,973,918)
Economic environment	1,905,763	851,700	478,247	-	\$ (575,816)	-	(575,816)
Culture and recreation	5,967,564	1,813,166	8,447	-	\$ (4,145,951)	-	(4,145,951)
Interest on long-term debt	1,097,787	-	-	-	\$ (1,097,787)	-	(1,097,787)
Total governmental activities	<u>44,532,927</u>	<u>8,567,603</u>	<u>564,000</u>	<u>1,819,614</u>	<u>(33,581,710)</u>	<u>-</u>	<u>(33,581,710)</u>
Business-type activities							
Water	13,163,870	12,352,935	-	1,268,437	-	457,502	457,502
Wastewater	12,725,757	14,812,064	-	418,876	-	2,505,183	2,505,183
Golf course	3,972,630	4,152,890	-	-	-	180,260	180,260
Stormwater	2,564,868	2,873,628	24,951	288,517	-	622,228	622,228
Total business-type activities	<u>32,427,125</u>	<u>34,191,517</u>	<u>24,951</u>	<u>1,975,830</u>	<u>-</u>	<u>3,765,173</u>	<u>3,765,173</u>
Total government	<u>\$ 76,960,052</u>	<u>\$ 42,759,120</u>	<u>\$ 588,951</u>	<u>\$ 3,795,444</u>	<u>\$(33,581,710)</u>	<u>\$ 3,765,173</u>	<u>\$(29,816,537)</u>
General Revenues							
Taxes:							
Property					9,618,496	-	9,618,496
Sales					8,950,661	75,552	9,026,213
Business					4,018,179	17,948	4,036,127
Utility					9,773,769	-	9,773,769
Other					4,209,946	-	4,209,946
Unrestricted investment interest					133,593	157,092	290,685
Miscellaneous					11,191	385,737	396,928
Gain/(Loss) on disposal of capital assets					47,785	(389,742)	(341,957)
Transfers, internal activities					(24,055)	24,055	-
Total general revenues and transfers					<u>36,739,565</u>	<u>270,642</u>	<u>37,010,207</u>
Change in net position					3,157,855	4,035,815	7,193,670
Net position-beginning					94,837,059	169,131,159	263,968,218
Prior period adjustment					-	-	-
Net position-ending					<u>\$ 97,994,914</u>	<u>\$ 173,166,974</u>	<u>\$ 271,161,888</u>

City of Bremerton
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and equivalents	\$ 3,424,331	\$ 7,113,974	\$ 10,538,305
Investments	3,834,170	3,088,219	6,922,389
Receivables, net	4,236,507	731,049	4,967,556
Due from other funds	548,175	220,115	768,290
Due from other governments	37,838	407,372	445,210
Inventories	23,407	-	23,407
Other assets	-	579,703	579,703
Total assets	<u>12,104,428</u>	<u>12,140,432</u>	<u>24,244,860</u>
Total assets and deferred outflows of resources	<u>\$ 12,104,428</u>	<u>\$ 12,140,432</u>	<u>\$ 24,244,860</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts/contracts payable	\$ 560,445	\$ 719,719	\$ 1,280,164
Due to other funds	598,613	194,849	793,462
Due to other governments	17,885	495	18,380
Employee wages payable	863,387	53,603	916,990
Custodial Accounts	34,739	15,000	49,739
Unearned revenue	2,052,757	758,259	2,811,016
Total liabilities	<u>4,127,826</u>	<u>1,741,925</u>	<u>5,869,751</u>
Deferred inflows of resources	<u>11,500</u>	<u>10,000</u>	<u>21,500</u>
Fund balances:			
Nonspendable	\$ 23,407	\$ -	\$ 23,407
Restricted	59,868	7,121,641	\$ 7,181,509
Committed	939,373	566,466	\$ 1,505,839
Assigned	-	2,700,400	\$ 2,700,400
Unassigned	6,942,454	-	\$ 6,942,454
Total fund balances	<u>7,965,102</u>	<u>10,388,507</u>	<u>18,353,609</u>
Total liabilities and fund balances	<u>\$ 12,104,428</u>	<u>\$ 12,140,432</u>	<u>\$ 24,244,860</u>

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	113,697,756
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	10,632,468
Internal service funds are used by management to charge the costs of certain activities to individual funds. These assets and liabilities are included in governmental activities in the statement of assets.	2,794,941
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(47,483,860)
Net position of governmental activities	<u>\$ 97,994,914</u>

City of Bremerton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Year Ended December 31, 2016

	General Fund	Other Governmental Funds	Governmental Funds Total
REVENUES			
Taxes			
Property	\$ 8,260,814	\$ 1,416,100	\$ 9,676,914
Sales	8,598,488	908,006	9,506,494
Business	13,096,285	-	13,096,285
Other	127,049	2,498,068	2,625,117
Licenses and permits	1,204,323	295,523	1,499,846
Intergovernmental	1,160,750	3,315,681	4,476,431
Charges for services	2,840,162	272,987	3,113,149
Fines and forfeitures	1,195,740	279,589	1,475,329
Miscellaneous	267,471	1,434,642	1,702,113
Total revenues	<u>36,751,082</u>	<u>10,420,596</u>	<u>47,171,678</u>
EXPENDITURES			
Current:			
General government	5,228,851	156,126	5,384,977
Public safety	22,682,151	681,583	23,363,734
Utilities and environment	28,401	-	28,401
Transportation	471,378	3,335,796	3,807,174
Economic environment	1,386,703	446,226	1,832,929
Mental/physical health	77,082	77,002	154,084
Culture and recreation	3,836,267	622,276	4,458,543
Debt service:			
Principal	-	1,685,000	1,685,000
Interest and other debt issue costs	2,993	1,256,372	1,259,365
Capital outlay	-	2,598,779	2,598,779
Total expenditures	<u>33,713,826</u>	<u>10,859,160</u>	<u>44,572,986</u>
Excess (deficiency) of revenues over expenditures	<u>3,037,256</u>	<u>(438,564)</u>	<u>2,598,692</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term debt	-	-	-
Capital asset donations & disposal	115,000	8,770	123,770
Insurance recoveries	-	8,741	8,741
Transfers in	191,129	1,694,455	1,885,584
Transfers out	(862,259)	(1,047,380)	(1,909,639)
Total other financing sources and uses	<u>(556,130)</u>	<u>664,586</u>	<u>108,456</u>
Net change in fund balances	2,481,126	226,022	2,707,148
Fund balances-beginning	5,483,976	10,162,485	15,646,461
Prior period adjustments	-	-	-
Fund balances-ending	<u>\$ 7,965,102</u>	<u>\$ 10,388,507</u>	<u>\$ 18,353,609</u>

See accompanying notes to the financial statements.

City of Bremerton
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2016

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

Net change in fund balances – total government funds	\$	2,707,146
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(1,571,387)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported in the funds.		(496,177)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, government funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,693,694
Internal service funds are used by management to charge the costs of fleet maintenance and risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>824,579</u>
Change in net position of governmental activities	<u>\$</u>	<u>3,157,855</u>

See accompanying notes to the financial statements

City of Bremerton
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual General Fund
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 28,986,308	\$ 28,986,308	\$ 30,082,636	\$ 1,096,328
Licenses and permits	1,202,600	1,202,600	1,204,323	1,723
Intergovernmental	1,882,331	1,492,571	1,160,750	(331,821)
Charges for services	4,951,176	5,051,176	5,034,048	(17,128)
Fines and forfeitures	971,500	971,500	1,195,740	224,240
Other revenues	395,280	344,694	262,619	(82,075)
Total revenues	<u>38,389,195</u>	<u>38,048,849</u>	<u>38,940,116</u>	<u>891,267</u>
EXPENDITURES				
City Council	338,056	341,856	339,765	2,091
Executive	363,928	365,928	343,891	22,037
Finance	1,470,646	1,501,846	1,419,061	82,785
Legal	1,054,664	1,071,364	1,050,466	20,898
Human Resources	689,128	697,828	606,396	91,432
Community development	1,594,379	1,664,379	1,404,603	259,776
Municipal Court	1,388,410	1,399,910	1,333,296	66,614
City Auditor	81,540	81,540	63,797	17,743
Law enforcement	10,339,493	10,561,193	9,874,790	686,403
Fire/Emergency medical services	8,697,629	8,867,029	8,940,636	(73,607)
Police & fire pension	1,976,400	1,976,400	1,879,900	96,500
Facilities	1,029,994	1,117,481	1,035,875	81,606
Parks and recreation	2,716,241	2,879,487	2,662,860	216,627
Engineering	2,735,888	2,374,028	1,950,930	423,098
Non-departmental	4,620,679	4,268,552	3,792,870	475,682
Total expenditures	<u>39,097,075</u>	<u>39,168,821</u>	<u>36,699,136</u>	<u>2,469,685</u>
Excess (deficiency) of revenues over expenditures	<u>(707,880)</u>	<u>(1,119,972)</u>	<u>2,240,980</u>	<u>3,360,952</u>
Fund balances-beginning	4,493,302	5,262,595	5,262,595	
Fund balances-ending	<u>\$ 3,785,422</u>	<u>\$ 4,142,623</u>	<u>\$ 7,503,575</u>	<u>\$ 3,360,952</u>

Adjustment to reflect consolidation of Contingency Reserve and Conference Center activity included in the General Fund of the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental funds.

\$ 1,412,639

Adjustment to reflect differences in budgetary method

\$ (951,112)

Fund Balances Ending

\$ 7,965,102

EXPENDITURES

Personnel	27,884,760	27,992,460	26,888,283	1,104,177
Supplies, services & taxes	10,259,343	10,067,816	8,737,544	1,330,272
Capital expenditure	-	-	-	-
Debt Service	12,972	127,972	127,415	557
Transfers	940,000	980,573	945,894	34,679
Total expenditures	<u>39,097,075</u>	<u>39,168,821</u>	<u>36,699,136</u>	<u>2,469,685</u>

City of Bremerton
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Golf	Wastewater	Stormwater	Total	Internal Service Funds
		Course				
ASSETS AND DEFERRED OUTFLOWS						
Current assets:						
Cash and cash equivalents	\$ 5,985,570	\$ 147,602	\$ 7,422,381	\$ 3,264,181	\$ 16,819,734	\$ 4,564,874
Restricted cash	72,013	-	741,883	-	813,896	100,000
Investments	3,442,914	165,267	4,956,612	1,347,188	9,911,981	4,191,194
Restricted Investments	98,473	-	812,834	-	911,307	-
External receivables	1,928,277	43,685	2,645,258	627,332	5,244,552	-
Special assessments receivable	325,400	-	-	-	325,400	-
Interest receivables	9,355	428	14,771	3,491	28,045	10,860
Due from other funds	-	-	28,961	33,129	62,090	607,191
Due from other governments	-	-	8,542	59,093	67,635	-
Inventories	686,372	223,113	567,240	-	1,476,725	95,382
Prepayments	-	28,568	-	-	28,568	461,014
Total current assets	<u>12,548,374</u>	<u>608,663</u>	<u>17,198,482</u>	<u>5,334,414</u>	<u>35,689,933</u>	<u>10,030,515</u>
Noncurrent assets:						
Notes and contracts receivable	265,500	-	-	-	265,500	-
Capital assets net of depreciation	64,872,252	6,973,692	94,709,713	6,116,273	172,671,930	4,360,101
Total noncurrent assets	<u>65,137,752</u>	<u>6,973,692</u>	<u>94,709,713</u>	<u>6,116,273</u>	<u>172,937,430</u>	<u>4,360,101</u>
Total assets	<u>77,686,126</u>	<u>7,582,355</u>	<u>111,908,195</u>	<u>11,450,687</u>	<u>208,627,363</u>	<u>14,390,616</u>
Deferred outflows of resources	339,284	102,393	426,978	44,790	913,445	84,480
Total assets and deferred outflows	<u>\$ 78,025,410</u>	<u>\$ 7,684,748</u>	<u>\$ 112,335,173</u>	<u>\$ 11,495,477</u>	<u>\$ 209,540,808</u>	<u>\$ 14,475,096</u>
LIABILITIES AND DEFERRED INFLOWS						
Current liabilities:						
Accounts/contract payable	531,091	94,638	488,787	92,014	1,206,530	67,226
Claims and Judgements Payable	-	-	-	-	-	750,094
Due to other funds	163,344	78,768	297,196	82,275	621,583	-
Due to other governments	-	26,015	-	-	26,015	-
Employee wages payable	255,260	114,037	197,189	71,229	637,715	103,039
Other accrued liabilities	23,298	10,743	75,066	1,855	110,962	139
Current portion of long-term debt	796,075	300,000	2,319,896	74,664	3,490,635	-
Custodial accounts	4,016	138,521	-	500	143,037	-
Other current liabilities	35,268	-	-	-	35,268	-
Total current liabilities	<u>1,808,352</u>	<u>762,722</u>	<u>3,378,134</u>	<u>322,537</u>	<u>6,271,745</u>	<u>920,498</u>
Noncurrent liabilities:						
Claims and judgments payable	-	-	-	-	-	1,344,286
Bonds, notes and loans payable	7,965,263	3,925,000	18,981,196	2,128,360	32,999,819	-
Net pension liability	2,879,791	-	2,133,208	419,717	5,432,716	360,649
Unearned revenue	80,234	-	-	-	80,234	-
Compensated absences	203,406	-	148,555	51,750	403,711	42,087
Total noncurrent liabilities	<u>11,128,694</u>	<u>3,925,000</u>	<u>21,262,959</u>	<u>2,599,827</u>	<u>38,916,480</u>	<u>1,747,022</u>
Total liabilities	<u>12,937,046</u>	<u>4,687,722</u>	<u>24,641,093</u>	<u>2,922,364</u>	<u>45,188,225</u>	<u>2,667,520</u>
Deferred inflows of resources	52,490	-	115,291	5,624	173,405	24,839
Total liabilities and deferred inflows	<u>\$ 12,989,536</u>	<u>\$ 4,687,722</u>	<u>\$ 24,756,384</u>	<u>\$ 2,927,988</u>	<u>\$ 45,361,630</u>	<u>\$ 2,692,359</u>
NET POSITION						
Net investment in capital assets	58,756,141	2,748,692	76,250,030	5,877,002	143,631,865	4,360,101
Restricted for capital assets	2,645,226	247,198	2,841,409	1,963,754	7,697,587	-
Restricted for debt service	496,320	-	1,556,644	-	2,052,964	-
Restricted for Worker's Compensation	-	-	-	-	-	100,000
Unrestricted	3,138,187	1,136	6,930,706	726,733	10,796,762	7,322,636
Total net position	<u>\$ 65,035,874</u>	<u>\$ 2,997,026</u>	<u>\$ 87,578,789</u>	<u>\$ 8,567,489</u>	<u>\$ 164,179,178</u>	<u>\$ 11,782,737</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>\$ 8,987,796</u>	
Net position of business-type activities					<u>\$ 173,166,974</u>	

See accompanying notes to the financial statements.

City of Bremerton
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Year Ended December 31, 2016

	Business-type Activities Enterprise Funds					Governmental Activities
						Internal Service Funds
	Water	Golf Course	Wastewater	Stormwater	Total	
OPERATING REVENUES						
Charges for services	\$ 11,458,189	\$ 4,152,890	\$ 14,887,443	\$ 2,932,060	\$ 33,430,582	\$ 8,664,698
Other operating revenue	894,746	-	18,121	7,589	920,456	1,000
Total operating revenues	<u>12,352,935</u>	<u>4,152,890</u>	<u>14,905,564</u>	<u>2,939,649</u>	<u>34,351,038</u>	<u>8,665,698</u>
OPERATING EXPENSES						
General operations	6,446,525	89,598	6,699,719	1,421,892	14,657,734	2,773,063
Contracted Operations	-	3,562,692	-	-	3,562,692	-
Maintenance	3,707,982	-	1,640,306	798,410	6,146,698	-
Customer service and marketing	497,331	-	206,443	112,963	816,737	-
General administration	406,982	-	159,958	130,797	697,737	726,226
Depreciation and amortization	2,045,864	164,966	3,624,299	127,247	5,962,376	765,508
Risk transfer payments	-	-	-	-	-	590,189
Payments to claimants & beneficiaries	-	-	-	-	-	3,798,813
Other operating expenses	-	-	-	-	-	3,729
Total operating expenses	<u>13,104,684</u>	<u>3,817,256</u>	<u>12,330,725</u>	<u>2,591,309</u>	<u>31,843,974</u>	<u>8,657,528</u>
Operating income (loss)	<u>(751,749)</u>	<u>335,634</u>	<u>2,574,839</u>	<u>348,340</u>	<u>2,507,064</u>	<u>8,170</u>
NONOPERATING REVENUES (EXPENSES)						
Interest and investment revenue	52,038	2,761	61,394	14,866	131,059	45,248
Interest expense	(134,166)	(155,374)	(440,020)	(3,551)	(733,111)	-
Gain (loss) on capital asset disposal	(155,379)	(174)	(226,235)	(7,954)	(389,742)	(23,835)
Other nonoperating revenue/expense	248,878	13,380	80,534	42,945	385,737	26,741
Total nonoperating revenues (expenses)	<u>11,371</u>	<u>(139,407)</u>	<u>(524,327)</u>	<u>46,306</u>	<u>(606,057)</u>	<u>48,154</u>
Income (loss) before contributions and transfers	<u>(740,378)</u>	<u>196,227</u>	<u>2,050,512</u>	<u>394,646</u>	<u>1,901,007</u>	<u>56,324</u>
Capital contributions	1,268,437	-	418,876	247,447	1,934,760	916,000
Transfers to other funds	(4,816)	-	(4,816)	-	(9,632)	-
Transfers from other funds	-	-	-	33,688	33,688	-
Change in net position	523,243	196,227	2,464,572	675,781	3,859,823	972,324
Total net position - beginning	64,512,631	2,800,799	85,114,217	7,891,708	160,319,355	10,782,166
Prior period adjustment	-	-	-	-	-	28,247
Total net position - ending	<u>\$ 65,035,874</u>	<u>\$ 2,997,026</u>	<u>\$ 87,578,789</u>	<u>\$ 8,567,489</u>	<u>\$ 164,179,178</u>	<u>\$ 11,782,737</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					175,992	
Change in net position of business-type activities.					<u>\$ 4,035,815</u>	

City of Bremerton
Statement of Cash Flows
Proprietary Funds
for the Year Ended December 31, 2016

Page 1 of 2

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Golf	Wastewater	Stormwater	Total	Internal
		Course				Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$11,387,065	\$ 4,176,301	\$ 15,006,182	\$ 2,879,630	\$ 33,449,178	\$ -
Cash receipts from interfund services	58,008	-	-	-	58,008	8,696,034
Other receipts and payments	1,092,446	13,380	98,006	591	1,204,423	2,971
Cash payments to suppliers	(2,729,178)	(3,559,612)	(2,267,932)	(415,396)	(8,972,118)	(4,938,712)
Cash payments to employees	(3,395,060)	-	(2,616,935)	(1,011,243)	(7,023,238)	(1,384,572)
Cash payments for interfund services	(3,613,800)	(89,598)	(4,659,379)	(1,028,589)	(9,391,366)	(494,432)
Purchase of insurance	-	-	-	-	-	(778,018)
Payment for insurance claims	-	-	-	-	-	(123,627)
Net cash provided (used) by operating activities	2,799,481	540,471	5,559,942	424,993	9,324,887	979,644
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant proceeds	-	-	-	6,928	6,928	-
Transfer ins	-	-	-	-	-	-
Transfer outs	(4,816)	-	(4,816)	-	(9,632)	-
Other receipts and payments	-	-	-	-	-	863
Net cash provided (used) by noncapital financing activities	(4,816)	-	(4,816)	6,928	(2,704)	863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Bond proceeds	3,392,199	-	3,340,815	2,126,215	8,859,229	-
Loan proceeds	915,863	-	-	-	915,863	-
Capital contributions	1,104,941	-	418,876	247,446	1,771,263	916,000
Collections on notes receivable	56,463	-	-	-	56,463	-
Sale or involuntary conversion of capital assets	4,529	-	-	-	4,529	23,909
Transfer in for asset construction	-	-	-	33,688	33,688	-
Acquisition and construction of capital assets	(4,563,544)	(1,636)	(1,527,073)	(221,405)	(6,313,658)	(1,160,598)
Principal paid bonds	(73,950)	(285,000)	(546,050)	-	(905,000)	-
Principal paid on other debt	(580,442)	(41,003)	(1,801,469)	(9,864)	(2,432,778)	-
Bond issuance costs	(35,077)	-	(34,673)	(23,667)	(93,417)	-
Interest paid on bonds and other debt	(134,372)	(129,776)	(438,072)	(3,551)	(705,771)	-
Net cash provided (used) by capital and related financing activities	86,610	(457,415)	(587,646)	2,148,862	1,190,411	(220,689)
CASH FLOW FROM INVESTING ACTIVITIES						
Proceeds from repayment of loans	141,306	-	-	-	141,306	37,034
Interest on loans and investments	35,074	2,578	56,355	13,545	107,552	43,011
Net change in investments	(45,333)	(44,825)	(1,070,358)	(277,371)	(1,437,887)	60,142
Net cash provided (used) by investing activities	131,047	(42,247)	(1,014,003)	(263,826)	(1,189,029)	140,187
Net increase (decrease) in cash and cash equivalents	3,012,322	40,809	3,953,477	2,316,957	9,323,565	900,005
Cash and equivalents - beginning	3,045,261	106,793	4,210,787	947,225	8,310,066	3,764,869
Cash and equivalents - ending	\$ 6,057,583	\$ 147,602	\$ 8,164,264	\$ 3,264,182	\$ 17,633,631	\$ 4,664,874
Cash at the end of the year consists of:						
Operating fund cash	5,985,570	147,602	7,422,381	3,264,181	16,819,734	4,564,874
Restricted cash	72,013	-	741,883	-	813,896	100,000
Total cash at end of year	\$ 6,057,583	\$ 147,602	\$ 8,164,264	\$ 3,264,181	\$ 17,633,630	\$ 4,664,874

See accompanying notes to the financial statements.

City of Bremerton
Statement of Cash Flows
Proprietary Funds
for the Year Ended December 31, 2016

Page 2 of 2

	Business-type Activities					Governmental
	Enterprise Funds					Activities
	Water	Golf Course	Wastewater	Stormwater	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ (751,749)	\$ 335,634	\$ 2,574,839	\$ 348,340	\$ 2,507,064	\$ 8,170
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	2,045,864	164,966	3,624,299	127,247	5,962,376	765,508
Nonoperating revenue in cash flow from operating activities	288,754	13,380	98,006	591	400,731	1,971
Contra pension expense	1,248,196	-	(859,383)	(109,836)	278,977	(307,940)
Prior year correction	-	-	-	-	-	28,247
Decrease (increase) in receivables	(53,217)	4,164	100,619	(60,019)	(8,453)	320,478
Decrease (increase) in due from other funds/govt	(33,046)	-	15,700	68,524	51,178	31,336
Decrease (increase) in prepaid expenses	-	(8,386)	-	-	(8,386)	(187,829)
Decrease (increase) in inventory	(4,706)	(32,271)	(19,943)	-	(56,920)	(2,589)
Increase (decrease) in accounts payable	83,942	62,308	122,842	23,449	292,541	(207,151)
Increase (decrease) in due to other funds/govt	(17,166)	(7,374)	(99,013)	11,082	(112,471)	(7,857)
Increase (decrease) in employee wages payable	(9,141)	(11,197)	(584)	7,185	(13,737)	(2,978)
Increase (decrease) in employee leaves payable	19,657	-	2,560	8,430	30,647	(3,878)
Increase (decrease) in other payables	(17,907)	19,247	-	-	1,340	544,156
Net cash provided by operating activities	<u>\$ 2,799,481</u>	<u>\$ 540,471</u>	<u>\$ 5,559,942</u>	<u>\$ 424,993</u>	<u>\$ 9,324,887</u>	<u>\$ 979,644</u>
Noncash investing, capital and financial activities						
Developers contributed infrastructure	\$ 163,495	\$ -	\$ -	\$ -	\$ 163,495	\$ -

See accompanying notes to the financial statements.

City of Bremerton
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	Agency Funds
Assets	
Cash and cash equivalents	\$ 371,625
Total assets	\$ 371,625
Deferred outflows of resources	\$ -
Liabilities	
Accounts/contracts payable	28,464
Other current liabilities	343,161
Total liabilities	\$ 371,625
Deferred inflows of resources	\$ -

See accompanying notes to the financial statements.

City of Bremerton
Notes to Financial Statements
January 1, 2016 – December 31, 2016

1. Summary of significant accounting policies

The financial statements of the City of Bremerton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The City of Bremerton was incorporated on October 14, 1901 and operates under the laws of the State of Washington applicable to a home-rule charter city with a Council/Mayor form of government. The City is a general purpose government which provides police, fire, water, wastewater, street maintenance, parks and recreation, planning and zoning, municipal court and general governmental services to its citizens. As required by GAAP, the financial statements present the City, the primary government, and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

In 2009, the City established the Bremerton Transportation Benefit District (TBD) that meets the criteria of a component unit. Effective April 4, 2016, the City of Bremerton assumed the duties of the TBD. See Note 7 for discussion of the TBD.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Our policy is to not allocate indirect costs to a specific function. Program revenues are those items that are applicable to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions that are restricted to meeting the operational or capital requirement of a particular function are also included. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as

under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The general fund is the City's operating fund. It accounts for all financial resources and transactions except those required to be accounted and reported for in another fund.

The City reports the following major proprietary funds:

The water and wastewater funds account for activities related to the ongoing operations of the City's water and sewer systems. The City's stormwater fund does not meet the criteria for presentation as a major fund but because it is the only other proprietary fund it is listed on the face of the proprietary fund statements with the major funds.

The golf course fund accounts for the operations and maintenance of the City owned Gold Mountain Golf Course.

Additionally, the City reports the following fund types:

Debt Service Funds account for the resources accumulated and payments made for principal and interest on general obligation debt except those required to be accounted for in another fund.

Special Revenue Funds account for the proceeds of specific revenue sources to finance specific activities as required by law or administrative regulation. Their revenues are earmarked to finance certain activities or functions.

Capital Project Funds account for the acquisition or development of capital facilities for governmental activities. Their major sources of revenues are from proceeds from general obligation bonds, loans, real estate excise tax, impact fees, and grants from other agencies and contributions from other funds.

Internal service funds account for the accumulation of funds used to repair City vehicles and equipment and to replace them at the end of their useful lives. Funds are also accumulated for the purpose of carrying out the city's Risk Management, Information Technology Services, Self-insured medical program, Unemployment and Employee leave payout activities. In all cases, City departments contribute according to the benefit provided by each fund.

Agency funds account for assets held by a government as an agent for individuals, private organizations, other governments, and/or other funds. All funds are used for custodial or clearing purposes.

The City eliminates the effect of interfund activity from the government-wide financial statements. There are some exceptions to this rule, such as charges between the utility function and other functions within the City, and any utility taxes levied on the city's own utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include charges to customers, special assessments, operating grants and contributions and capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues includes charges for services rendered for water, sewer, stormwater as well as golf fees and timber revenues. Operating expenses include administration, operations and maintenance expenses and depreciation on capital assets. All revenues and expenses not falling into the above broad categories are reported as non-operating revenues and expenses.

D. Budgetary Information

1. Scope of Budget

Annual appropriated budgets are adopted for all funds except fiduciary fund types. All appropriations lapse at the end of each year. The budget is prepared using a basis of accounting substantially the same as the GAAP basis used in accounting for governmental funds. The budgetary basis of accounting differs from generally accepted accounting principles. The city budgets the Contingency Reserve and Conference Center activities as if they were special revenue funds. However, GAAP requires these activities to be reported within the General fund. The Conference Center fund does not have a significant stream of restricted resources and under GAAP the Contingency Reserve fund was established for a specific purpose, stabilization, which should be included in the General fund. From a budgetary perspective, the city budgets for each of these funds separately from the General fund. The budgetary comparison for the General Fund does not include the managerial funds.

2. Amending the Budget

The City's budget is adopted at the department and category group level. The five distinct category groups are 1) Personnel, 2) Supplies, Services and Taxes, 3) Debt Service, 4) Capital Expenditures and 5) Transfers. Expenditures may not legally exceed appropriations at that level of detail. The Mayor may authorize a one-time transfer of less than \$10,000 between category groups within a department. All other revisions within a fund or any revisions that alter the total expenditures of a fund, or affect the number of authorized employee positions or salary ranges must be approved by the City Council. The City's budget was amended two times in 2016.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all supplemental appropriations authorized for the fiscal year.

E. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2016, the City was holding \$27,881,205 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

The amounts reported as cash and cash equivalents also include compensating balances maintained with the City's bank in lieu of payments for services rendered. The average compensating balance maintained during 2016 was \$5,275,537.

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

2. Investments - See Note 3 Deposits and Investments.

3. Receivables

Receivables consist of property, B&O, utility, sales and parking taxes, and housing rehabilitation loans resulting from the federal Department of Housing and Urban Development., as well as other revenues earned by the City from the County, State and other taxpayers but not yet received. Also included are customers' accounts receivable which consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. As of December 31, 2016, \$325,400 of special assessments receivable were delinquent.

4. Amounts Due To and From Other Funds and Governments

Amounts due to and from other funds include interfund loans receivable/payable as well as outstanding balances that have resulted from the provision of services between funds as well as corrections of prior transactions. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*. A summary schedule of interfund loans receivable and payable is furnished in Note 14.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased. The portion of fund balance not available for future expenditure is included in the non-spendable category of fund balance. A comparison to market value is not considered necessary.

In proprietary funds, a perpetual inventory is maintained, in which the cost is capitalized when inventory items are purchased, and expensed when the item is consumed. Inventory is recorded by the FIFO (first in first out) method which approximates market value.

6. Restricted Assets and Liabilities

These accounts contain resources for programs, construction, replacement, and debt service. Related liabilities are shown as *Payable from Restricted Assets*. Specific debt service reserve requirements are described in Note 10, *Long-Term Debt*.

Restricted assets are composed of the following:

Governmental type:	
Cash and investments - Construction	\$ 5,688,566
Cash and investments - HUD programs	202,802
Cash and investments - Public safety	394,634
Cash and investments - Public Television	103,446
Cash and investments - Workers compensation	100,000
Cash and investments - Tourism promotion	429,864
Cash and investments - Debt Service	170,119
Receivables - HUD Programs	-
Receivables - Tourism promotion	-
Receivables - Construction	9,339
Receivables - Public Safety	-
Receivables - Debt Service	3,461
Due from other governments - HUD	147,618
Due from other governments - Construction	31,660
Total governmental	<u>\$ 7,281,509</u>
Business type:	
Cash and Investments - Debt service	\$ 1,725,203
Cash and Investments - Construction	-
Total business	<u>\$ 1,725,203</u>

7. Capital Assets. See Note 5, *Capital Assets*.

Capital assets, which include property, plant, equipment, intangible and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value per GASB 72, at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The cost of normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is not included as a part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	50 Years
Improvements Other than Buildings – Governmental Assets	20 Years
Improvements Other than Buildings – Proprietary Assets	50 Years
Infrastructure	10-15 Years
Plant Machinery and Equipment	20 Years
Furniture and Fixtures	20 Years
Vehicles and Similar Equipment	7-10 Years
Data Processing/Electronic Equipment	5 Years

8. Other Assets

This account reflects various non-current assets of the City including utility water rights and the city's net pension asset, resulting from the funded plans of LEOFF 1 and II.

9. Deferred outflow of resources

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. This account includes the portion of a loss on the refunding of debt attributable to future periods. This account also includes pension costs attributable to future periods. See Note 8, *Pension Plans* for a discussion on pension reporting.

10. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits.

The City records a liability for all outstanding vacation pay. The payment is based on current wages at termination. Employees with the required length of service may receive cash payouts for all accumulated vacation leave. Maximum vacation payout is dependent on which labor group covers a specific employee based on the following chart:

<u>Employee Group</u>	<u>Maximum Vacation Cash Out</u>
Teamsters	240 hours
IAFF Local 437 (firefighters)	315 hours
Police Guild	360 hours
Police Management	300 hours
Non-represented personnel	240 hours

Non-exempt employees may request compensatory time off in lieu of overtime payment. Unused compensatory time is cashed out upon termination based on wages at that time. The City records a liability for all outstanding compensatory time. Compensatory time is accrued at a rate of one and one-half hours for each hour of overtime worked up to the following maximums allowed:

<u>Employee Group</u>	<u>Maximum Compensatory Time Cash Out</u>
Teamsters	40 hours
IAFF Local 437 (shift personnel)	275 hours
IAFF Local 437 (non-shift personnel)	209 hours
Police Guild	60 hours

Compensatory time may be carried over from year to year.

Upon resignation, employees ineligible for retirement do not receive any compensation for unused sick leave. Employees that meet the eligibility criteria for service retirement may receive cash payouts of 35% of unused sick leave up to the maximum allowed based on the following:

<u>Employee Group</u>	<u>Maximum Sick Leave Cash out</u>
Teamsters	35% of 960 hours (336 hours max)
IAFF Local 437 (shift firefighters)	35% of 1440 hours (504 hours max)
IAFF Local 437 (non-shift personnel)	35% of 1166 hours (408 hours max)
Police Guild	35% of 1200 hours (420 hours max)
Police Management	35% of 1200 hours (420 hours max)
Non-represented personnel	35% of 960 hours (336 hours max)

The City records a liability for sick leave for all personnel that meet the eligibility criteria for retirement. The payment is based on current wages at time of retirement.

The entire eligible compensated absence liability is reported on the government-wide financial statements. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

11. Pensions

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

12. Other Current/Accrued Liabilities

These accounts on the fund statements include deposits payable held on open contracts as well as the current portion of claims and judgments payable.

13. Long-term Debt See Note 10, *Long-Term Debt*.

14. Unearned revenue

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met. In proprietary funds this amount represents credit balances on customer utility accounts.

15. Deferred inflow of resources

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

16. Fund Balance Classification, Details, and Minimum Fund Balance

In the fund financial statements, governmental funds report fund balances based on the extent to which the City is bound to observe constraints on the use of the governmental funds' resources. Fund balances are classified in the following manner:

Non-spendable includes amounts that are either 1) not in spendable form, or 2) legally or contractually required to be maintained intact. Inventories, prepaid items and permanent trust are classified as non-spendable fund balances.

Restricted – includes amounts which are constrained for specific purposes that are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through enabling legislation.

Committed – includes amounts that can be used for specific purposes with constraints imposed by formal action of the highest level of decision-making authority. The authorization specifying the purposes for which committed funds can be used should have the consent of both the legislative and executive branches of government. The City operates under a Mayor-Council form of government. As Executive Officer, the Mayor supervises the administrative process of the City and works with the City Council. The City Council enacts ordinances and resolutions that may impose, modify or rescind fund balance commitments.

Assigned – includes amounts that are intended to be used for specific purposes, but are neither restricted nor committed. The authority for assignment of funds is not required to be the government's highest level of decision making authority. Furthermore, the constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on committed fund balances. The City Council may authorize executive officers to assign fund balances for specific purposes through Council ordinances and resolutions.

Unassigned – includes amounts that are not assigned to other funds and do not meet the criteria for being classified as restricted, committed, or assigned. Fund balances that can be utilized for economic stabilization, emergencies and contingencies that do not qualify as restricted or committed are reported as unassigned.

	General Fund	Other Funds	Total
Fund balances:			
Nonspendable:			
Inventory	\$ 23,407	\$ -	\$ 23,407
Restricted for:			
Tourism promotion & facilities	-	429,864	429,864
Community development block grant	-	350,420	350,420
Public safety	-	467,310	467,310
Public Access Television	-	103,446	103,446
Debt service	-	115,234	115,234
Capital projects	59,868	5,655,365	5,715,233

	General Fund	Other Funds	Total
Fund balances:			

Committed to:

Fund balance stabilization	939,373	-	939,373
Employee Wellness	-	-	-
Parks	-	-	-
Building Abatement	-	37,104	37,104
Public Access Television	-	417,417	417,417
Public safety	-	61,000	61,000
Public art	-	50,945	50,945

Assigned to:

Street Operations	-	1,217,748	1,217,748
Tourism promotion & facilities	-	26,281	26,281
Parking System	-	392,336	392,336
Building Abatement	-	300,860	300,860
Court Improvement	-	5,674	5,674
Debt Service	-	290,479	290,479
Park Capital	-	109,548	109,548
Capital Improvements	-	357,476	357,476

Unassigned:

	6,942,454	-	6,942,454
Total Fund Balances	\$ 7,965,102	\$ 10,388,507	\$ 18,353,609

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. The City's Financial Goals and Policies call for unrestricted resources to be reduced in the following order when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: committed amounts are reduced first, followed by assigned amounts, and then unassigned.

A minimum fund balance policy has been established by the City Council that establishes target year end operating cash and investment balances as a percentage of budgeted operating expenditures for the City's General, Water, Wastewater, Stormwater and Golf Course funds. The following table shows the status at December 31, 2016.

Fund	Target Rate	Target Balance	Balance 12/31/2016
General	8.5%	\$ 3,329,350	\$ 7,503,575
Water	12%	1,681,055	2,564,170
Wastewater	12%	2,022,805	3,292,168
Stormwater	12%	362,915	1,048,702
Golf Course	12%	502,988	12,339

A contingency reserve fund, for the purposes of economic stabilization, was created by the City Council to protect the City's General Fund in the event of unforeseen and unfunded emergency requirements. The target fund balance is set at 0.375/\$1,000 of assessed valuation. The proceeds of sale of all General Fund real property are committed to this purpose. Funds are to be expended, with the unanimous vote of the City Council, only in the event of a bona fide emergency defined as a significant crisis threatening the financial viability of the City. If the balance of the fund is less than the target amount a repayment plan shall be established to replenish the fund to its minimum level. Balances in excess of the stated amount can be used for capital purposes upon City Council approval by simple majority vote. For 2016 the target fund balance of the contingency reserve fund is \$939,373. At 12/31/16 the balance was \$939,373

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of aggregated differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between total fund balance and total net position as reported in the government-wide statement of net position. The details of the aggregated differences are presented below.

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds:

Capital Assets of governmental funds net of depreciation	\$ 113,697,756
Net adjustment to increase fund balance - total governmental funds to arrive at net position of governmental activities	<u>\$ 113,697,756</u>

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:

Deferred revenue for taxes and receivables due beyond the city's 30 day measurable and available period	\$ 2,803,825
Investment interest accrued beyond the city's 30 day measurable and available period	17,937
Build America Bond subsidy beyond the city's 30 day measurable and available period	31,806
Deferred charge for bond issue costs	0
Net Pension Asset	4,000,422
Deferred Pension Outflows	<u>2,883,229</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 9,737,219</u>

Internal Service funds are used by management to charge the costs of certain activities to individual funds:

Net position of Internal service funds included in governmental activities	\$ 2,794,941
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 2,794,941</u>

Some liabilities, including bonds, loans and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:

GO bonds payable	\$ (31,235,000)
Less: Issuance premiums	(1,025,871)
Add: Deferred amount on refunding	895,249
Accrued interest payable	(236,824)
Compensated absences	(2,488,731)
Net Pension Liability	(7,407,134)
Deferred Pension Inflow	(268,547)
Other Post Employment Benefits	<u>(4,821,753)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (46,588,611)</u>

B. Explanation of aggregated differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The details of the aggregated differences are presented below.

Government funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,598,779
Depreciation	(4,083,989)
Gain/loss on retirement	(86,177)
Contributions of capital assets	0
Transfer of Assets to Utilities	0
Net adjustment to increase net change in fund balances - governmental funds	<u>0</u>
to arrive at change in net position - governmental activities	<u>\$ (1,571,387)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

GO bond principal paid	\$ 1,685,000
Principal of GO Bonds Issued	-
Premiums on Bonds Sold	-
Deferred Amount on Refunding	(74,858)
Ammortized Premium	83,552
Net adjustment to decrease net change in fund balances - governmental funds	<u>83,552</u>
to arrive at change in net position of governmental activities	<u>\$ 1,693,694</u>

Some revenues and expenses reported in the statement of activities do not provide/do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in accrued interest receivable	\$ 7,117
Change in deferred property taxes receivable	(58,416)
Change in court fines receivable	41,368
Change in block grant loans receivable	(58,759)
Change in parking/red light fines receivable	174,423
Change in BKAT contracts receivable	0
Change in Build America Bond subsidy receivable	(6,268)
Change in LEOFF 2 Special Rev GASB 68	0
Change in Pension Expense GASB 68	849,233
Change in other post-employment benefits payable	(1,685,417)
Change in accrued interest payable	152,882
Change in compensated absences payable	87,658
Net adjustment to decrease net change in fund balances - governmental funds	<u>87,658</u>
to arrive at change in net position of governmental funds	<u>\$ (496,179)</u>

The net revenue of certain internal service fund activities are governmental in nature and are included in the change in net position in the government-wide statements.

Net revenue of risk management activities	\$ (52,979)
Net revenue of self insurance activities	\$ 801,620
Net Revenue of employment security activities	28,338
Net Revenue of Accrued Leave activities	(242,285)
Net revenue of information technology activities	173,877
Net revenue of equipment maintenance activities	116,008
Net adjustment to decrease net change in fund balances - governmental funds to arrive at change in net position of governmental funds	<u>\$ 824,579</u>

3. Deposits and Investments

A. Deposits

The City's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. Investments

As required by state law, all investments of the City funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Investment Pool, or certificates of deposit with Washington State banks and savings and loan institutions. All temporary investments are stated at market value. Other property and investments are shown on the statement of net position at cost.

Investment Type	Investment Maturity (in Years)			
	Fair	<12 Months	13-24 Months	>25Months
Cash & Cash Equivalents				
Cash on hand	5,307,757			
Total Cash & Cash Equivalents	<u>\$ 5,307,757</u>			
Federal National Mortgage Association	\$ 6,999,030			6,999,030
Federal Home Loan Bank	2,997,804			2,997,804
State Treasurer's Investment Pool	27,881,205	27,881,205		
US Treasury	11,959,508		3,986,100	7,973,408
Total	<u>\$ 49,837,547</u>	<u>\$ 27,881,205</u>	<u>\$ 3,986,100</u>	<u>\$ 17,970,242</u>
Total Cash and Investments	<u>\$ 55,145,304</u>			

Interest Rate Risk. As a means of limiting its exposure to realized fair value losses arising from rising interest rates, the City's investment policy requires that to the extent possible maturities be matched with anticipated cash flow requirements. Unless matched to a specific cash flow, the City is limited by the investment policy to maturities of five years or less.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits investments to those authorized by State of Washington statutes governing the investment of public funds. The City's investments in agency securities were rated AA+ by Standard & Poor's Rating Service. The Washington State Local Government Investment Pool which operates in a manner consistent with the section 2a-7 of the SEC's Investment Act of 1940, is unrated.

Concentration of Credit Risk. The City's investment policy states that (with the exception of U.S. Treasury securities and the State Investment Pool) no more than 30% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. At 12/31/16 the portfolio was in compliance with this policy.

Custodial Credit Risk. The custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City of Bremerton's investment policy requires deposits to be in a qualified financial institution. The definition of qualified institution is described in RCW 39.58.080 and the bank must be a participant in the State of Washington's Public Depository Protection Commission (PDPC).

The custodial credit risk for safekeeping of securities is the risk in the event that the City would not have access to investment holdings. The City's investment policy requires that all security transactions be conducted on a delivery versus payment basis. Securities will be held in a third party custodial account designated by the City Treasurer.

4. Property Taxes

The Kitsap County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed the end of each month.

A. Property Tax Calendar

January 1 - Taxes are levied and become an enforceable lien against properties.

February 14 - Tax bills are mailed.

April 30 - First of two equal installment payments is due.

May 31 - Assessed value of property established for next year's levy at 100 percent of market value.

October 31 - Second installment is due.

Property taxes are recorded as a revenue and receivable when levied. Property taxes collected in advance of the fiscal year to which they apply are recorded as deferred inflow of resources and recognized as revenue of the period to which they apply. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

RCW 84.52.043 allows a city to levy taxes of up to \$3.375 per \$1,000 of taxable property in the city and RCW 41.14.060 allows an additional \$0.225 per \$1,000 for any municipal purpose, if not required to fund pension programs. For cities annexed to a library district, such as the City, the maximum levy rate is reduced by the amount of the library district levy. For tax year 2016, the Kitsap Regional Library District levied \$0.39 per \$1,000 of assessed valuation, and therefore the City's maximum levy rate is \$3.21 per \$1,000 of assessed valuation. These taxes may be levied without a vote of the people. This limitation is exclusive of a potential levy for the maintenance of a local improvement guaranty fund, which the City does not levy.

The City's regular levy for 2016 was \$2.83 per \$1,000 on an assessed valuation of \$2.503 billion, for a total regular levy of \$7,099,825.

Special levies, approved by the voters are not subject to the above limitations. In 2016, the City levied an additional \$1.06 per \$1,000 for General Obligation Bonds and Emergency Medical Services, for a total additional levy of \$2,648,417.

Article VII, Section 2 of the Washington Constitution, as amended in 1973, limits aggregate regular property tax levies by the State and all taxing districts, except port districts and public utility districts, to \$10 per \$1,000 or one percent of the true and fair value of property. RCW 84.52.050 provides the same limitation by statute.

5. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Governmental Activities	Beginning Balance 1/1/2016	Increases	Decreases	Ending Balance 12/31/2016
Capital assets, not being depreciated:				
Land	\$ 20,402,410	\$ -	\$ 86,177	\$ 20,316,233
Construction in progress	5,568,482	2,598,779	425,451	7,741,810
Intangibles	4,500	-	-	4,500
Total capital assets, not being depreciated	<u>25,975,392</u>	<u>2,598,779</u>	<u>511,628</u>	<u>28,062,543</u>

	Beginning Balance 1/1/2016	Increases	Decreases	Ending Balance 12/31/2016
Governmental Activities				
Capital assets, being depreciated:				
Buildings/building improvements	64,164,070	-	-	64,164,070
Improvements other than buildings	21,085,690	185,708	-	21,271,398
Machinery and equipment	8,904,575	75,255	53,098	8,926,732
Infrastructure	<u>51,309,899</u>	<u>225,214</u>	<u>-</u>	<u>51,535,113</u>
Total capital assets, being depreciated	145,464,234	486,177	53,098	145,897,313
Less accumulated depreciation for:				
Buildings/buildings improvements	14,434,852	1,309,725	-	15,744,577
Improvements other than buildings	11,452,761	719,614	-	12,172,375
Machinery and equipment	6,776,058	260,375	53,098	6,983,335
Infrastructure	<u>23,506,812</u>	<u>1,794,274</u>	<u>-</u>	<u>25,301,086</u>
Total accumulated depreciation	56,170,483	4,083,988	53,098	60,201,373
Total capital assets, being depreciated, net	<u>89,293,751</u>	<u>(3,597,811)</u>	<u>-</u>	<u>85,695,940</u>
Governmental activities capital assets, net	<u>\$ 115,269,143</u>	<u>\$ (999,032)</u>	<u>\$ 511,628</u>	<u>\$ 113,758,483</u>

	Beginning Balance 1/1/2016	Increases	Decreases	Ending Balance 12/31/2016
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 9,406,561	\$ 170,847	\$ 63,125	\$ 9,514,283
Construction in progress	7,414,275	6,296,145	7,729,606	5,980,814
Intangibles	<u>15,656</u>	<u>63,125</u>	<u>-</u>	<u>78,781</u>
Total capital assets, not being depreciated	16,836,492	6,530,117	7,792,731	15,573,878
Capital assets, being depreciated:				
Buildings/building improvements	54,679,383	2,053,529	616,778	56,116,133
Intangibles	453,620	1,952,694	-	2,406,314
Improvements other than buildings	144,628,337	3,498,755	69,828	148,057,264
Machinery and equipment	<u>62,194,351</u>	<u>3,143,060</u>	<u>707,478</u>	<u>64,629,932</u>
Total capital assets, being depreciated	261,955,691	10,648,037	1,394,084	271,209,644
Less accumulated depreciation for:				
Buildings/buildings improvements	22,535,672	972,372	394,738	23,113,306
Intangibles	299,260	1,963,923	-	2,263,183
Improvements other than buildings	49,023,185	2,913,201	27,120	51,909,266
Machinery and equipment	<u>30,261,266</u>	<u>2,831,732</u>	<u>566,536</u>	<u>32,526,462</u>
Total accumulated depreciation	102,119,383	8,681,229	988,394	109,812,217
Total capital assets, being depreciated, net	<u>159,836,308</u>	<u>1,966,808</u>	<u>405,690</u>	<u>161,397,426</u>
Business-type activities Capital assets, net	<u>\$ 176,672,800</u>	<u>\$ 8,496,925</u>	<u>\$ 8,198,421</u>	<u>\$ 176,971,304</u>

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

Governmental Activities:

General government	\$ 209,519
Public safety	371,193
Transportation, including depreciation of general infrastructure assets	1,937,157
Economic environment	348
Culture and recreation	1,565,773
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	-
Total depreciation expense - Governmental activities	\$ 4,083,990

Business-type activities:

Water	\$ 3,998,557
Wastewater	3,624,299
Stormwater	127,247
Golf	164,966
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	766,159
Total depreciation expense - Business-type activities	\$ 8,681,229

6. Construction Commitments

At December 31, 2016, the City had several construction projects underway. The following table contains the projects and status at year end.

Project	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water System Scada Lifecycle Upgrade	358,722	249,278
Washington Ave Community Blvd	3,179,061	-
Installation of Hot Applied Markings	65,173	-
SW Comp Plan & LID Retrofit	158,594	59,406
Flow Control and Seismic Valve Project	851,496	-
Anderson Creek Sewer Main	161,905	84,269
Warren Ave. ADA Ramps	84,733	27,953
Bremerton Crosswalks	467,469	220,986
Ostrich Bay Creek Retrofit	35,612	54,388
Austin Drive Overlay	687,296	25,742
Evergreen Nearshore Restoration	44,519	155,481
WWTP Sewer Intcpr Upgrade	7,600	305,886
	<u>\$ 6,102,181</u>	<u>\$ 1,183,388</u>

7. Component Unit

On February 4, 2009, the City authorized and approved the creation of a Transportation Benefit District (TBD) coextensive with the boundaries of the City in order to exercise the powers available under RCW 36.73. This blended component unit is governed by a board composed of the nine members of the Bremerton City Council, who serve in an ex-officio and independent capacity. The primary purpose of the District is the acquisition, construction, improvement, provision and/or funding of the maintenance of City streets and related infrastructure. The TBD is an independent taxing district and was established primarily to benefit the City of Bremerton satisfying GASB Statement No. 14's criteria for the recognition of the TBD as a blended component unit of the City. Beginning fiscal year 2013, the TBD has enacted a \$20 per vehicle license fee to fund appropriate projects. In 2016, the TBD received total collections from vehicle license fees of \$510,641. The 2015 Legislature included within its large transportation funding bill (2ESSB 5987) provisions that allow a city or county that has a TBD with the same boundaries as the city or county to absorb the TBD and assume all the TBD's "rights, powers, functions and obligations" with the result that the TBD would cease to exist as a separate entity. On March 16, 2016 the Bremerton City

Council held a public hearing and passed Ordinance No. 5297 assuming the rights, powers, functions and obligations of the Transportation Benefit District.

Effective April 4, 2016, the City of Bremerton assumed the duties of the TBD. A separately issued Bremerton Transportation Benefit District comprehensive annual financial report (CAFR) is available on the TBD's page on the City of Bremerton's website at BremertonWA.gov.

8. Pension Plans

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2016:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 13,200,498
Pension assets	\$ 4,000,422
Deferred outflows of resources	\$ 3,881,154
Deferred inflows of resources	\$ 488,291
Pension expense/expenditures	\$ 1,553,621

State Sponsored Pension Plans

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

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

Department of Retirement Systems
 Communications Unit
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Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18

percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	6.00%
Administrative Fee	0.18%	
Total	11.18%	6.00%

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

The city's actual contributions to the plan were \$663,672 for the year ended December 31, 2016.

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

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%

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

The city's actual contributions to the plan were \$773,957 for the year ended December 31, 2016.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2016 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.54%	6.59%

The city's actual contributions to the plan were \$10,081 for the year ended December 31, 2016.

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

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

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

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

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

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%
Ports and Universities	8.41%	8.41%
Administrative Fee	0.18%	
Total	8.59%	8.41%

The city's actual contributions to the plan were \$560,851 for the year ended December 31, 2016.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016, the state contributed \$58,339,032 to LEOFF Plan 2.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

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

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return

(expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

Sensitivity of Net Pension Liability

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
PERS 1	\$ 7,691,840	\$ 6,378,508	\$ 5,248,306
PERS 2/3	\$ 12,528,669	\$ 6,804,696	\$ (3,542,237)
PSERS 2	\$ 75,094	\$ 17,294	\$ (23,877)
LEOFF 1	\$ (1,066,398)	\$ (1,795,160)	\$ (2,418,089)
LEOFF 2	\$ 6,184,162	\$ (2,205,262)	\$ (8,528,452)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2016, the City reported a total pension liability of \$9,200,076 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 6,378,508
PERS 2/3	\$ 6,804,696
PSERS 2	\$ 17,294
LEOFF 1	\$ (1,795,160)
LEOFF 2	\$ (2,205,262)

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

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	\$ (1,795,160)	\$ (2,205,262)
State's proportionate share of the net pension asset associated with the employer	\$ (12,142,418)	\$ (1,437,670)
TOTAL	\$ (13,937,578)	\$ (3,642,932)

At June 30, 2016 the city's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/15	Proportionate Share 6/30/16	Change in Proportion
PERS 1	0.1237%	0.1188%	-0.0049%
PERS 2/3	0.1429%	0.1352%	-0.0077%
PSERS 2	0.0427%	0.0469%	0.0042%
LEOFF 1	0.1757%	0.1742%	-0.0015%
LEOFF 2	0.3975%	0.3792%	-0.0183%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2016, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2016, the city recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (95,600)
PERS 2/3	\$ (922,544)
PSERS	\$ (12,543)
LEOFF 1	\$ 217,430
LEOFF 2	\$ (740,365)
TOTAL	\$ (1,553,622)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ 160,601	\$ -
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 323,617	\$ -
TOTAL	484,218	-

PERS 2-3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362,345	\$ (224,634)
Net difference between projected and actual investment earnings on pension plan investments	\$ 832,698	\$ -
Changes of assumptions	\$ 70,332	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 123,922	\$ (244,030)
Contributions subsequent to the measurement date	\$ 380,218	\$ -
TOTAL	1,769,515	(468,664)

PSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,891	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ 3,567	\$ -
Changes of assumptions	\$ 67	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 1,145	\$ (173)
Contributions subsequent to the measurement date	\$ 5,574	\$ -
TOTAL	16,244	(173)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ 182,475	\$ -
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
TOTAL	182,475	-

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 302,180	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ 792,439	\$ -
Changes of assumptions	\$ 8,315	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 123,569	\$ (8,589)
Contributions subsequent to the measurement date	\$ 276,736	\$ -
TOTAL	1,503,239	(8,589)

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

Year ended December 31:	<i>PERS 1</i>
2017	\$ (39,543)
2018	\$ (39,543)
2019	\$ 147,495
2020	\$ 92,193
Total	\$ 160,602

Year ended December 31:	<i>PERS 2/3</i>
2017	\$ (19,925)
2018	\$ (19,925)
2019	\$ 581,086
2020	\$ 379,397
Total	\$ 920,633

Year ended December 31:	<i>PSERS</i>
2017	\$ 1,362
2018	\$ 1,362
2019	\$ 3,560
2020	\$ 2,832
2021	\$ 1,387
Thereafter	\$ (7)
Total	\$ 10,496

Year ended December 31:	<i>LEOFF 1</i>
2017	\$ (37,709)
2018	\$ (37,709)
2019	\$ 158,037
2020	\$ 99,856
Total	\$ 182,475

Year ended December 31:	<i>LEOFF 2</i>
2017	\$ 11,912
2018	\$ 11,912
2019	\$ 677,460
2020	\$ 473,488
2021	\$ 43,141
Total	\$ 1,217,913

9. Risk Management

The City's Risk Management Fund is used to finance its various exposures to loss. These exposures include theft, damage or destruction of assets, errors and omissions, property damage and injury of others. Smaller losses are self-insured while commercially available excess insurance is purchased for many larger losses. The City's General and Utility funds participate in financing the Risk Management Fund.

Following is a summary of the City's 2016 insurance coverage and risk retention:

Risk	Coverage Limit Per Occurrence	Self-Insured Retention	Insurer
Excess liability	\$10,000,000	\$500,000	Lexington Insurance Company
Excess workers' compensation	Statutory	500,000	Midwest Employers Casualty Company
Blanket property	100,000,000	100,000	Lexington Insurance Cormpany
Employee blanket bond	1,000,000	25,000	Great American Insurance Company
Pollution legal liability	1,000,000	100,000	Indian Harbor Insurance Company

The risk manager and claims administrators establish reserves for open claims on a case by case basis, after an assessment of each claim's settlement value. Actuarial techniques are used to estimate the long-term liability of the fund for both reported and unreported losses. As of December 31, 2016, the Risk Management Fund had cash and investment reserves of \$1,112,798. In September 2010 the City cash-funded a long term workers' compensation pension with the Department of Labor & Industries in the amount of \$468,669. The Statement of Net Position for the Risk Management fund includes the unspent portion of this amount in prepayments. Long-term fund liabilities have been estimated at \$1,344,286. Cash balances adequate to pay currently due claims have been available in the fund since its inception in 1986. In the last three years, no settlement has exceeded the limit of liability on applicable insurance policies. The expected annual level of incurred claims is approximately \$354,462.

The following table shows the actual claims activity for 2015 and 2016:

	2015	2016
Claims liability - beginning of year	\$ 998,999	\$ 1,154,731
Claims incurred	340,650	726,748
Estimate change prior years	116,248	206,073
Payment on claims	(301,166)	(388,804)
Claims liability - end of year	\$ 1,154,731	\$ 1,698,748

10. Long-term Debt

A. Long Term Debt

The City issues general obligation and revenue bonds to finance the purchase or construction of capital assets. Bonded indebtedness has also been entered into in prior years to advance refund G.O. bonds. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. The revenue bonds are repaid with proprietary fund revenues.

General obligation bonds currently outstanding are as follows:

	Maturity Date	Interest Rate	Outstanding 12/31/2016
2010 LTGO BABS	09/01/35	3.61	\$ 5,820,000
2010 UTGO Refunding	12/01/27	3.07	7,585,000
2010 LTGO (B) BABS	12/01/30	3.42	1,700,000
2012 LTGO Refunding - Govt Center	12/31/21	4.00	4,515,000
2013 LTGOA Refunding - Conf Ctr Pkg	12/01/36	3.01	7,830,000
2013 LTGOB Refunding - Golf Course	12/01/28	3.01	4,225,000
2015 UTGO Fire Bonds	12/01/25	2.02	<u>3,785,000</u>
Total General Obligation Bonds and Notes			\$ 35,460,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2017	1,715,000	1,223,537	300,000	125,785
2018	1,770,000	1,176,978	315,000	121,585
2019	1,820,000	1,123,837	320,000	116,230
2020	1,880,000	1,068,797	325,000	109,670
2021-2025	10,520,000	4,286,085	1,755,000	412,465
2026-2030	7,325,000	2,285,153	1,210,000	95,745
2031-2035	5,640,000	864,107	0	
2036-2040	565,000	20,905		
Total	\$ 31,235,000	\$ 12,049,399	\$ 4,225,000	\$ 981,480

Revenue bonds and loans currently outstanding are as follows:

	Maturity Date	Interest Rate	Outstanding 12/31/2016
W/S REF & REVENUE BOND 2007	12/1/2021	4.28	2,080,000
W/S REF & REVENUE BOND 2014	12/1/2034	3.85	1,831,050
W/S REF & REVENUE BOND 2014	12/1/2034	3.85	4,588,950
W/S REF & REVENUE BOND 2016	12/1/2035	3.85	7,855,001
PWTF CALLOW CSO PRIORITY II	7/1/2017	1.0	35,252
PWTF SR 303 WATER MAIN	7/1/2018	1.00	331,579
PWTF CSO REDUCTION DESIGN	7/1/2020	1.00	146,378
PWTF EAST BREMERTON CSO	7/1/2021	0.50	791,667
PWTF MULTI BASIN CSO	7/1/2020	1.00	597,303
PWTF CALLOW CSO PRI. 3 / 5	7/1/2020	1.00	893,718
PWTF ANDERSON COVE BASIN 12	7/1/2023	0.50	201,943
PWTF NAVAL AVE	7/1/2023	4.00	92,105
PWTF BRENTWOOD STORM DRAIN REPAIR	7/1/2024	4.00	78,914
PWTF PACIFIC AVE BASIN CSO	7/1/2024	0.50	559,819
PWTF TRACYTON WATER SYS PH 2	7/1/2019	2.00	29,722
PWTF WWTP UPGRADE	7/1/2025	0.50	96,053
PWTF ANDERSON COVE SEW PS CW1	7/1/2027	0.50	390,789
PWTF WWTP UPGRADES	7/1/2027	0.50	1,792,564
CCWF CALLOW CSO DESIGN	5/1/2017	0.0	18,635
CCWF CALLOW CSO PRIORITY I PH 1	7/31/2018	4.80	395,289
DWSRF CORROSION CONTROL	10/1/2018	4.00	110,033
DWSRF CASAD DAM VALVE REPL	10/1/2023	1.50	30,806
DWSRF EASTSIDE FLOW & PRESSURE IMP	10/1/2022	2.50	366,121
DWSRF SEISMIC UPGRADE	10/1/2022	2.50	235,655
DWSRF ANDERSON CREEK	10/1/2024	1.50	43,054
DWSRF PUMP STATION 4 UPGRADE	10/1/2023	1.50	403,279
DWSRF SEISMIC UPGRADES	10/1/2024	1.50	226,386
DWSRF TRACYTON WD UPGRADE	10/1/2021	2.50	697,911
DWSRF SEISMIC VALVE FLOW CONTROL	12/1/2036	1.50	924,123
WPCRF CSO PLAN UPDATE	12/31/2022	1.50	85,387
WPCRF ANDERSON COVE CSO	2/27/2021	1.50	246,916
WPCRF CALLOW DESIGN FINAL	12/31/2022	1.50	197,472
WPCRF ANDERSON COVE CSO	1/23/2022	1.50	199,795
WPCRF TRENTON/CHERRY	10/15/2024	1.50	457,243
WPCRF ANDERSON COVE BASIN 12	9/17/2026	1.50	143,807
WPCRF TRENTON PUMP STATION	10/15/2024	1.50	456,948
WPCRF TRACYTON BEACH CSO	2/9/2025	1.50	281,743
WPCRF PACIFIC AVE CSO RED - SEP	6/30/2024	1.50	159,876
WPCRF PACIFIC AVE CSO REDUCTION	12/31/2027	1.50	637,711
WPCRF CHERRY/TRENTON CSO RED -F	12/31/2026	1.50	604,826
WPCRF WWTP UPGRADE	1/1/2029	2.60	440,814
WPCRF GORST SEWERAGE CONSTR	12/31/2030	1.40	448,325
WPCRF GORST SEWERAGE CONSTR	10/17/2032	1.40	44,995
WPCRF GORST SEPTIC SYSTEM DES	12/31/2030	2.90	88,338
WPCRF GORST SEWERAGE DESIGN	12/31/2030	1.40	431,895
Total revenue bonds and loans			30,770,190

Revenue bond and loan debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2017	\$ -	\$ -	\$ 3,190,636	\$ 851,425
2018	-	-	3,229,000	738,661
2019	-	-	2,848,871	671,993
2020	-	-	2,828,309	611,924
2021	-	-	2,475,350	554,601
2022-2026	-	-	7,256,741	2,166,437
2027-2031	-	-	5,250,162	1,271,822
2032-2035	-	-	3,691,121	336,259
Total	\$ -	\$ -	\$ 30,770,190	\$ 7,203,122

In proprietary funds bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium and increased by the discount.

At December 31, 2016, the city has \$416,762 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$2,010,203 in sinking funds and reserves as required by bond indentures.

B. Refunded Debt

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the City's financial statements. At December 31, 2016 there were no defeased bonds outstanding

11. Changes in Long Term Liabilities

During the year ended December 31, 2016, the following changes occurred in long-term liabilities:

	Beginning			Ending	Due Within One Year
	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016	
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 32,920,000	\$ -	\$ 1,685,000	31,235,000	\$ 1,715,000
Notes Payable	-	-	-	-	-
Add unamortized premiums	1,109,423	-	83,552	1,025,871	83,552
Total bonds payable:	34,029,423	-	1,768,552	32,260,871	1,798,552
Claims and judgments	1,154,731	544,017	-	1,698,748	354,462
Compensated absences	2,576,389	42,087	87,658	2,530,818	1,082,598
Self Insurance	596,478	-	200,846	395,632	395,632
Other Post Employment Benefits	3,136,336	1,685,417	-	4,821,753	4,821,753
Pension Liability	6,636,229	1,131,554	-	7,767,783	-
Governmental activity long-term liabilities:	\$ 48,129,586	\$ 3,403,075	\$ 2,057,056	\$ 49,475,605	\$ 8,452,997

	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016	Due Within One Year
Business-type Activities:					
Bonds payable:					
General obligation bonds	\$ 4,510,000	\$ -	\$ 285,000	\$ 4,225,000	\$ 300,000
Revenue bonds	9,120,000	7,855,000	620,000	16,355,000	620,000
Add unamortized premiums	527,703	1,004,229	36,667	1,495,265	36,667
Total bonds payable:	14,157,703			22,075,265	956,667
Intergovernmental loans	15,881,104	925,863	2,391,778	14,415,189	2,224,228
Compensated Absences	691,380		33,132	658,248	254,537
Pension Liability	4,358,126	1,074,590	-	5,432,716	-
Business-type activity long-term liabilities:	\$ 35,088,313	\$ 2,000,453	\$ 2,424,910	\$ 42,581,418	\$ 3,435,432

The Risk Management, Equipment Maintenance and Information Technology internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$2,094,380 of Risk Management claims and judgments and \$42,087 of compensated absences are included in the above governmental activities amounts. Also, for the governmental activities, compensated absences are generally liquidated by the Accrued leave liability internal service fund and claims and judgments by the Risk Management internal service fund.

12. Contingencies and Litigation

As of December 31, 2016, there were a small number of claims for damages and lawsuits pending against the City. In the opinion of the City's legal counsel, neither the potential liability for any single claim or lawsuit, nor the aggregate potential liability arising from all actions currently pending would materially affect the financial condition of the City.

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

The City participates in a number of federal and state assistance programs. These grants are subject to audit by the grantor or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

13. Restricted Net Position

The government-wide statement of net position reports \$7,876,416 of restricted net position, all of which is restricted by enabling legislation and external contractual commitments.

14. Interfund Balances and Transfers

A. Interfund Balances

Interfund balances at December 31, 2016, were as follows:

		Due From							
		General	Other		Waste-		Other	Internal	
		Fund	Govt	Water	Water	Golf	Proprietary	Service	Total
Due To	General Fund	\$ -	\$ 24,256	\$ 173,235	\$ 392,918	\$ -	\$ 61,787	\$ 6,953	\$ 659,149
	Other governmental funds	179,905	396,722	2,448	-	1,619	4,642	-	585,336
	Water	5,097	8,324	-	-	-	3,573	-	16,994
	Wastewater	2,289	42,372	-	-	-	-	-	44,661
	Other proprietary funds	46,938	54,716	-	-	-	-	-	101,654
	Internal Service	45,475	1,720	4,827	3,292	-	1,192	904	57,410
	Total	\$ 279,704	\$ 528,110	\$ 180,510	\$ 396,210	\$ 1,619	\$ 71,194	\$ 7,857	\$ 1,465,204

Interfund balances at year end were a result of outstanding interfund loans as well as amounts due for services provided between funds. Amounts due for services will be liquidated early in 2016. Interfund loans are approved by City Council Resolution and include a repayment date. The following schedule is a summary of loans outstanding at year end including the year of final payment.

			Loaned To		
Loaned From	Purpose	Yr of final Payment	General Fund	Golf Course	Total
Water	Park Land	2025	\$ 126,774	\$ -	126,774
Internal service	Equipment purchase	2016	-	118,152	118,152
Internal service	Conference Ctr Exp	2020	500,000	-	500,000
Total			\$ 626,774	\$ 118,152	\$ 744,926

B. Interfund Transfers

Interfund transfers at December 31, 2016 were as follows:

		Transfer From					
		General	Other		Waste-	Other	
		Fund	Govt	Water	Water	Proprietary	Total
Transfer To	General Fund	\$ -	\$ 640,756	\$ -	\$ -	\$ -	\$ 640,756
	Other governmental funds	785,735	1,162,582	542,924	1,216,825	397,542	4,105,609
	Water	-	8,324	-	-	-	8,324
	Wastewater	-	42,372	-	-	-	42,372
	Other proprietary funds	-	201,021	-	-	-	201,021
	Fiduciary funds	-	-	-	-	-	-
	Internal Service	-	-	-	-	-	-
	Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	64,329	792,177	291,140	1,147,646
	Total	\$ 785,735	\$ 2,055,055	\$ 607,253	\$ 2,009,002	\$ 688,682	\$ 6,145,727

Interfund transfers are the flow of assets without equivalent flows of assets in return and without a requirement for repayment. Generally funds flow between funds with tax or other resources to funds for payment of debt service, capital construction or in support of operations. This category also includes payment in lieu of taxes levied by the General fund on city utility funds that are not payments for, and are not reasonably equivalent in value to, services provided.

Significant transfers during 2016 were as follows:

There were no significant transfers in 2016.

15. Receivable and Payable Balances

A. Receivables

Receivables at December 31, 2016, were as follows:

	Accounts	Taxes	Special Assessments	Notes Contracts	Other	Total
Governmental Activities:						
General Fund	\$ 1,924,490	\$ 2,304,423	\$ -	\$ 7,592	\$ -	\$ 4,236,505
Non-major and other funds	233,557	397,821	-	99,670	-	731,048
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	-	-	23,183	23,183
Total governmental activities	\$ 2,158,047	\$ 2,702,244	\$ -	\$ 107,262	\$ 23,183	\$ 4,990,736
Business-Type Activities:						
Water	\$ 1,879,184	\$ -	\$ 325,400	\$ 314,594	\$ -	\$ 2,519,178
Golf	-	-	-	-	43,685	43,685
Wastewater	2,631,390	13,869	-	-	-	2,645,259
Stormwater	627,331	-	-	-	-	627,331
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	-	-	-	-
Total business-type activities	\$ 5,137,905	\$ 13,869	\$ 325,400	\$ 314,594	\$ 43,685	\$ 5,835,453

B. Payables

Accounts Payable and other current liabilities at December 31, 2016 were as follows:

	Vendors	Retainage	Other	Total
Governmental Activities:				
General Fund	\$ 560,445	\$ -	\$ 17,885	\$ 578,330
Non-major and other funds	668,077	51,642	495	\$ 720,214
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	67,179	67,179
Total governmental activities	\$ 1,228,522	\$ 51,642	\$ 85,559	\$ 1,365,723

	Vendors	Retainage	Other	Total
Business-Type Activities:				
Water	\$ 459,764	\$ 71,327	\$ -	\$ 531,091
Golf	94,638	-	-	94,638
Wastewater	466,089	22,698	-	488,787
Stormwater	90,887	1,127	-	92,014
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	-	-
Total business-type activities	\$ 1,111,378	\$ 95,152	\$ -	\$ 1,206,530

16. Post-Employment Benefits other than Pension

Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for reporting of post-employment benefits other than pensions for financial statement for periods beginning after December 15, 2007.

Plan Description

As required by the Revised Code of Washington (RCW) Chapter 41.26, the City provides lifetime medical care for members of the Law Enforcement Officers and Firefighters (LEOFF) retirement system hired before October 1, 1977 under a defined benefit healthcare plan administered by the City. The members necessary hospital, medical, and nursing care expenses not payable by worker's compensation, social security, insurance provided by another employer, other pension plan, or any other similar source are covered. Most medical coverage for eligible retirees is provided by one of the City's employee medical insurance programs. Under the authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical plan benefit provisions. Finance reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report.

Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of fifteen years as of June 30, 2014. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB. The net OPEB obligation of \$3,136,336 is included as a noncurrent liability on the Statement of Net Position.

	Fiscal Year Ending 12/31/16
Determination of Annual Required Contribution:	
Annual Normal Cost	\$ 3,440,974
Interest on Amortization Payment	125,453
Annual Required Contribution (ARC)	\$ 3,566,427

	Fiscal Year Ending 12/31/16
Determination of NET OPEB Obligation:	
Annual Required Contribution	\$ 3,566,427
Adjustment to ARC	(156,632)
Annual OPEB Cost	<u>\$ 3,409,795</u>
Contributions	(1,724,377)
Change in Net OPEB Obligations	<u>\$ 1,685,418</u>
Net OPEB Obligations - beginning of year	<u>\$ 3,136,336</u>
Net OPEB Obligations - end of year	<u>\$ 4,821,754</u>

* Unfunded Actuarial Accrued Liability (UAAL)

The City's OPEB cost, the percentage OPEB cost contributed to the plan and the net OPEB Assets for 2016 and the preceding three years, was as follows:

Fiscal year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2011	\$ 1,366,185	104.22%	\$ (414,716)
12/31/2012	\$ 1,515,169	97.88%	\$ (382,547)
12/31/2013	\$ 1,515,169	81.70%	\$ (105,296)
12/31/2014	\$ 1,515,169	83.20%	\$ 149,310
12/31/2015	\$ 4,255,852	29.81%	\$ 3,136,336
12/31/2016	\$ 3,409,795	50.57%	\$ 4,821,753

Funded Status and Funding Progress

As of December 31, 2016, the City's LEOFF I member count is below 100 members. The City utilized the alternative actuary method prescribe by the Office of the State Actuary and permitted und GASB Statement No. 45. A single retirement age of 55.3 was assumed for all active members for the purpose of determining the AAL and normal cost. The retirement, disability, termination and mortality rates were assumed to follow LEOFF 1 rates used in the June 2014 actuarial valuation report issued by the Office of The State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2013. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method to determine the AAL was the Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. These assumptions are individual and collectively reasonable for the purposes of this valuation. The actuarial accrued liability (AAL) for benefits was \$39,652,915.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statement, presents multiyear trend information that show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions used included a 3.0% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance payment of benefits. A medical inflation rate of 10% graded to 5% over six years was used along with a long term care inflation rate of 3.0%.

The UAAL is being amortized on an open amortization level dollar amount over 15 years. The remaining amortization period at December 31, 2016 was 12.5 years.

17. Segment Information

The City operates a utility system providing water, wastewater and stormwater management services to the citizens of Bremerton and a portion of Kitsap County outside city boundaries. Operations are financed by user fees imposed on customers of each utility. The City has issued revenue bonds to finance improvements to its sewer system. While the operations of each utility are accounted for in separate funds, the repayment of the revenue bonds relies on the combined revenues of all three utilities. In addition, the City operates a public golf course whose operations are funded entirely through user fees. With the exception of the combined utility, there are no revenue bonds issued or other revenue-backed debt outstanding for which full, detailed segment data is not provided in the proprietary fund financial statements.

The key financial data for the year ended December 31, 2016, for the combined utility operations are as follows:

Condensed Statement of Net Position

Assets and Deferred Outflows

Current assets	\$ 33,356,067
Restricted assets	1,725,203
Capital assets	165,698,238
Other assets	265,500
Total assets	<u>201,045,008</u>
Deferred outflows of resources	811,052
Total assets and deferred outflows	<u>201,856,060</u>

Liabilities and Deferred Inflows

Current liabilities	4,966,208
Due to other funds	542,815
Payable from restricted assets	0
Long-term liabilities	34,991,480
Total liabilities	<u>40,500,503</u>
Deferred inflows of resources	173,405
Total liabilities and deferred inflows	<u>40,673,908</u>

Net Position

Restricted for debt service	2,052,964
Restricted for capital replacement	7,450,389
Unrestricted	7,604,992
Net investment in capital assets	144,073,807
Total net position	<u>\$ 161,182,152</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Total operating revenues	\$ 30,198,148
Operating Expenditures:	
Operations & maintenance	22,229,308
Depreciation/amortization/depletion	5,797,410
Total operating expenses	<u>28,026,718</u>
Operating income(loss)	2,171,430
Non-Operating Revenues/Expenses	
Interest revenue/expense (net)	(449,439)
Other (net)	(17,211)
Total non-operating revenues/expenses	<u>(466,650)</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Total operating revenues	\$ 30,198,148
Operating Expenditures:	
Operations & maintenance	22,229,308
Depreciation/amortization/depletion	5,797,410
Total operating expenses	<u>28,026,718</u>
Operating income(loss)	2,171,430
Non-Operating Revenues/Expenses	
Interest revenue/expense (net)	(449,439)
Other (net)	(17,211)
Total non-operating revenues/expenses	<u>(466,650)</u>
Capital contributions	1,934,760
Transfers	24,056
Change in net position	3,663,596
Beginning net position	157,518,556
Prior period adjustment	0
Ending net position	<u>\$ 161,182,152</u>

Condensed Statement of Cash Flows

Net cash provided By:	
(a) Operating activities	\$ 8,784,416
(b) Noncapital financing activities	(2,704)
(c) Capital and related financing activities	1,647,826
(d) Investing activities	(1,146,782)
Beginning cash and equivalents balance	8,203,273
Ending cash and equivalents balance	<u>\$ 17,486,029</u>

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

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability Unit Cost	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
12/31/2012	\$	-	\$ 16,191,238	\$ 16,191,238	0.0%	\$ 461,567	3500.00%
12/31/2013	\$	-	\$ 21,632,822	\$ 21,632,822	0.0%	\$ 214,934	10100.00%
12/31/2014	\$	-	\$ 17,942,584	\$ 17,942,584	0.0%	\$ 179,183	10000.00%
12/31/2015	\$	-	\$ 47,180,003	\$ 47,180,003	0.0%	\$ 185,375	25500.00%
12/31/2016	\$	-	\$ 39,652,915	\$ 39,652,915	0	0	0.00%

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 1
 As of June 30, 2016
 Last 10 Fiscal Years*

	2016	2015
Employer's proportion of the net pension liability (asset)	0.11877%	0.12367%
Employer's proportionate share of the net pension liability	\$ 6,378,508	\$ 6,468,882
Employer's covered employee payroll	13,389,026	619,512
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	47.64%	1044.19%
Plan fiduciary net position as a percentage of the total pension liability	48.32%	59.10%

Notes to Schedule:

* *This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Proportionate Share of the Net Pension Liability
 PERS 2/3
 As of June 30, 2016
 Last 10 Fiscal Years*

	2016	2015
Employer's proportion of the net pension liability (asset)	0.13515%	0.14288%
Employer's proportionate share of the net pension liability	\$ 6,804,696	\$ 5,105,327
Employer's covered employee payroll	12,623,875	11,587,654
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	53.90%	44.06%
Plan fiduciary net position as a percentage of the total pension liability	51.55%	89.20%

Notes to Schedule:

* *This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Proportionate Share of the Net Pension Liability
 PSERS
 As of June 30, 2016
 Last 10 Fiscal Years*

	2016	2015
Employer's proportion of the net pension liability (asset)	0.04069%	0.04270%
Employer's proportionate share of the net pension liability (asset)	\$ 17,294	\$ 7,794
Employer's covered employee payroll	131,920	126,609
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	13.11%	6.16%
Plan fiduciary net position as a percentage of the total pension liability	0.13%	95.08%

Notes to Schedule:

* *This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 1
 As of June 30, 2016
 Last 10 Fiscal Years*

	2016	2015
Employer's proportion of the net pension liability (asset)	17.42390%	0.17571%
Employer's proportionate share of the net pension liability (asset)	\$ (1,795,160)	\$ (2,117,718)
Employer's covered employee payroll	126,465	122,729
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(1419.49%)	(1725.52%)
Plan fiduciary net position as a percentage of the total pension liability	(44.87%)	(127.36%)

Notes to Schedule:

* *This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Proportionate Share of the Net Pension Liability
 LEOFF 2
 As of June 30, 2016
 Last 10 Fiscal Years*

	2016	2015
Employer's proportion of the net pension liability (asset)	0.37915%	0.39748%
Employer's proportionate share of the net pension liability	\$ (2,205,262)	\$ (4,085,289)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (1,344,803)	\$ (2,701,196)
TOTAL	\$ (3,550,065)	\$ (6,786,485)
Employer's covered employee payroll	11,486,092	11,496,279
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(19.20%)	(35.54%)
Plan fiduciary net position as a percentage of the total pension liability	(88.74%)	(111.67%)

Notes to Schedule:

* *This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Employer Contributions
 PERS 1
 As of December 31, 2016
 Last 10 Fiscal Years*

	2016	2015
Contractually required contributions	\$ 663,672	\$ 63,237
Contributions in relation to the contractually required contributions	\$ 663,672	\$ 63,238
Contribution deficiency (excess)	0	-1
Employer's covered employee payroll	13,155,996	619,512
Contributions as a percentage of covered employee payroll	5%	10.21%

Notes to Schedule:

** This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Employer Contributions
 PERS 2/3
 As of December 31, 2016
 Last 10 Fiscal Years*

	2016	2015
Contractually required contributions	\$ 773,957	\$ 1,171,644
Contributions in relation to the contractually required contributions	\$ 773,957	\$ 1,171,644
Contribution deficiency (excess)	0	0
Employer's covered employee payroll	12,423,072	11,587,654
Contributions as a percentage of covered employee payroll	6.23%	11.47%

Notes to Schedule:

** This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Employer Contributions
 PSERS
 As of December 31, 2016
 Last 10 Fiscal Years*

	2016	2015
Contractually required contributions	\$ 10,081	\$ 13,984
Contributions in relation to the contractually required contributions	\$ 10,081	\$ 13,984
Contribution deficiency (excess)	0	0
Employer's covered employee payroll	152,968	126,609
Contributions as a percentage of covered employee payroll	6.59%	11.05%

Notes to Schedule:

** This schedule is to be built prospectively until it contains ten years of data.*

REQUIRED SUPPLEMENTARY INFORMATION

City of Bremerton
 Schedule of Employer Contributions
 LEOFF 2
 As of December 31, 2016
 Last 10 Fiscal Years*

	2016	2015
Contractually required contributions	\$ 560,851	\$ 601,255
Contributions in relation to the contractually required contributions	\$ 560,851	\$ 601,255
Contribution deficiency (excess)	0	0
Employer's covered employee payroll	11,105,960	11,496,279
Contributions as a percentage of covered employee payroll	5.05%	5.23%

Notes to Schedule:

** This schedule is to be built prospectively until it contains ten years of data.*

City of Bremerton
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2016

	<u>Street</u>	<u>Lodging Tax</u>	<u>Parking System</u>	<u>Community Block Grant</u>	<u>Abatement Revolving</u>	<u>Police Special Projects</u>	<u>BKAT</u>	<u>Gift & Donation</u>
ASSETS and DEFERRED OUTFLOWS of RESOURCES								
Cash and cash equivalents	\$ 512,622	\$ 207,659	\$ 166,965	\$ 252,021	\$ 159,440	\$ 190,227	\$ 251,062	\$ 28,851
Investments	573,975	232,513	186,948	-	178,524	212,994	281,111	32,304
Receivables	232,241	31,056	264,932	52,167	-	-	-	-
Due from other funds	117,362	-	-	26,580	-	-	-	-
Due from other governments	74,512	-	-	147,618	-	-	-	-
Other assets	-	-	-	579,703	-	-	-	-
Total assets	<u>1,510,712</u>	<u>471,228</u>	<u>618,845</u>	<u>1,058,089</u>	<u>337,964</u>	<u>403,221</u>	<u>532,173</u>	<u>61,155</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,510,712</u>	<u>\$ 471,228</u>	<u>\$ 618,845</u>	<u>\$ 1,058,089</u>	<u>\$ 337,964</u>	<u>\$ 403,221</u>	<u>\$ 532,173</u>	<u>\$ 61,155</u>
LIABILITIES and FUND BALANCES								
Liabilities:								
Accounts/contracts payable	\$ 254,079	\$ 15,083	\$ 66,058	\$ 106,262	\$ -	\$ 8,587	\$ 817	\$ 156
Due to other funds	-	-	3,525	17,000	-	-	-	-
Due to other governments	-	-	-	495	-	-	-	-
Employee wages payable	38,885	-	17	4,209	-	-	10,492	-
Custodial Accounts	-	-	-	-	-	-	-	-
Unearned revenue	-	-	156,909	579,703	-	-	-	-
Total liabilities	<u>292,964</u>	<u>15,083</u>	<u>226,509</u>	<u>707,669</u>	<u>-</u>	<u>8,587</u>	<u>11,309</u>	<u>156</u>
Deferred Inflows of Resources	-	-	-	-	-	-	-	-
Fund balances:								
Restricted	-	429,864	-	350,420	-	394,634	103,446	-
Committed	-	-	-	-	37,104	-	417,418	60,999
Assigned	1,217,748	26,281	392,336	-	300,860	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,217,748</u>	<u>456,145</u>	<u>392,336</u>	<u>350,420</u>	<u>337,964</u>	<u>394,634</u>	<u>520,864</u>	<u>60,999</u>
Total liabilities and fund balances	<u>\$ 1,510,712</u>	<u>\$ 471,228</u>	<u>\$ 618,845</u>	<u>\$ 1,058,089</u>	<u>\$ 337,964</u>	<u>\$ 403,221</u>	<u>\$ 532,173</u>	<u>\$ 61,155</u>

**City of Bremerton
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2016**

	Special Revenue			Debt Service				
	Trial Improvement	One Percent for Art	Total Special Revenue	2010 LTGO	2010 UTGO/ LTGO (B)	2012 Government Center LTGO	2015 Public Safety Bond	Total Debt Service
ASSETS and DEFERRED OUTFLOWS of RESOURCES								
Cash and cash equivalents	\$ 38,297	\$ 24,034	\$ 1,831,178	\$ 67,923	\$ 60,451	\$ 42,348	\$ 25,893	\$ 196,615
Investments	42,881	26,911	1,768,161	76,052	67,687	47,417	28,991	220,147
Receivables	-	-	580,396	37,952	20,340	-	10,652	68,944
Due from other funds	-	-	143,942	-	-	-	-	-
Due from other governments	-	-	222,130	-	-	-	-	-
Other assets	-	-	579,703	-	-	-	-	-
Total assets	<u>81,178</u>	<u>50,945</u>	<u>5,125,510</u>	<u>181,927</u>	<u>148,478</u>	<u>89,765</u>	<u>65,536</u>	<u>485,706</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 81,178</u>	<u>\$ 50,945</u>	<u>\$ 5,125,510</u>	<u>\$ 181,927</u>	<u>\$ 148,478</u>	<u>\$ 89,765</u>	<u>\$ 65,536</u>	<u>\$ 485,706</u>
LIABILITIES and FUND BALANCES								
Liabilities:								
Accounts/contracts payable	\$ 2,828	\$ -	\$ 453,870	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	20,525	-	-	-	-	-
Due to other governments	-	-	495	-	-	-	-	-
Employee wages payable	-	-	53,603	-	-	-	-	-
Custodial Accounts	-	-	-	-	-	-	-	-
Unearned revenue	-	-	736,612	-	14,456	-	7,191	21,647
Total liabilities	<u>2,828</u>	<u>-</u>	<u>1,265,105</u>	<u>-</u>	<u>14,456</u>	<u>-</u>	<u>7,191</u>	<u>21,647</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Restricted	72,676	-	1,351,040	-	115,235	-	58,345	173,580
Committed	-	50,945	566,466	-	-	-	-	-
Assigned	5,674	-	1,942,899	181,927	18,787	89,765	-	290,479
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>78,350</u>	<u>50,945</u>	<u>3,860,405</u>	<u>181,927</u>	<u>134,022</u>	<u>89,765</u>	<u>58,345</u>	<u>464,059</u>
Total liabilities and fund balances	<u>\$ 81,178</u>	<u>\$ 50,945</u>	<u>\$ 5,125,510</u>	<u>\$ 181,927</u>	<u>\$ 148,478</u>	<u>\$ 89,765</u>	<u>\$ 65,536</u>	<u>\$ 485,706</u>

City of Bremerton
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2016
Capital Projects

Page 3 of 3

	General Govt Cap Impr	Parks Construction	Trans Capital Projects	Fire Public Safety	Lebo Blvd.	Washington Avenue Connector	Total Capital Projects	Total Nonmajor Governmental Funds
ASSETS and DEFERRED OUTFLOWS								
of RESOURCES								
Cash and cash equivalents	\$ 762,044	\$ 51,040	\$ 137,506	\$ 4,103,842	\$ 3,085	\$ 28,664	\$ 5,086,181	7,113,974
Investments	853,249	57,149	153,964	-	3,454	32,095	1,099,911	3,088,219
Receivables	81,709	-	-	-	-	-	81,709	731,049
Due from other funds	-	66,834	-	-	9,339	-	76,173	220,115
Due from other governments	-	-	101,958	-	83,283	1	185,242	407,372
Other assets	-	-	-	-	-	-	-	579,703
Total assets	<u>1,697,002</u>	<u>175,023</u>	<u>393,428</u>	<u>4,103,842</u>	<u>99,161</u>	<u>60,760</u>	<u>6,529,216</u>	<u>12,140,432</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,697,002</u>	<u>\$ 175,023</u>	<u>\$ 393,428</u>	<u>\$ 4,103,842</u>	<u>\$ 99,161</u>	<u>\$ 60,760</u>	<u>\$ 6,529,216</u>	<u>12,140,432</u>
LIABILITIES and FUND BALANCES								
Liabilities:								
Accounts/contracts payable	\$ 58,000	\$ 48,347	\$ 107,879	\$ -	\$ 51,623	\$ -	\$ 265,849	719,719
Due to other funds	167,196	7,128	-	-	-	-	174,324	194,849
Due to other governments	-	-	-	-	-	-	-	495
Employee wages payable	-	-	-	-	-	-	-	53,603
Custodial Accounts	-	-	15,000	-	-	-	15,000	15,000
Unearned revenue	-	-	-	-	-	-	-	758,259
Total liabilities	<u>225,196</u>	<u>55,475</u>	<u>122,879</u>	<u>-</u>	<u>51,623</u>	<u>-</u>	<u>455,173</u>	<u>1,741,925</u>
Deferred Inflows of Resources	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Fund balances:								
Restricted	1,435,466	-	10,175	4,103,842	47,538	-	5,597,021	7,121,641
Committed	-	-	-	-	-	-	-	566,466
Assigned	36,340	109,548	260,374	-	-	60,760	467,022	2,700,400
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>1,471,806</u>	<u>109,548</u>	<u>270,549</u>	<u>4,103,842</u>	<u>47,538</u>	<u>60,760</u>	<u>6,064,043</u>	<u>10,388,507</u>
Total liabilities and fund balances	<u>\$ 1,697,002</u>	<u>\$ 175,023</u>	<u>\$ 393,428</u>	<u>\$ 4,103,842</u>	<u>\$ 99,161</u>	<u>\$ 60,760</u>	<u>\$ 6,529,216</u>	<u>12,140,432</u>

See accompanying notes to the financial statements.

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
for the Year Ended December 31, 2016**

1 of 3

	Street	Lodging Tax	Parking	Community Block Grant	Abatement Revolving	Police Special Projects	BKAT	Gift & Donation
REVENUES								
Taxes								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	555,833	-	-	-	-	-	-
Other	1,133,531	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	295,523	-
Intergovernmental	930,335	-	-	478,247	-	1,782	-	-
Charges for services	124,550	-	-	35,612	-	-	111,373	1,452
Fines and forfeitures	-	-	202,580	-	47,391	29,618	-	-
Miscellaneous	19,248	1,701	1,241,140	5,815	2,271	27,253	64,002	12,751
Total revenues	<u>\$ 2,207,664</u>	<u>\$ 557,534</u>	<u>\$ 1,443,720</u>	<u>\$ 519,674</u>	<u>\$ 49,662</u>	<u>\$ 58,653</u>	<u>\$ 470,898</u>	<u>\$ 14,203</u>
EXPENDITURES								
Current:								
General government	\$ 28,548	\$ -	\$ -	\$ 117,775	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	101,148	161,763	-	1,951
Transportation	2,476,933	-	855,081	-	-	-	-	-
Economic environment	-	130,000	-	316,226	-	-	-	-
Mental/physical health	-	-	-	77,002	-	-	-	-
Culture and recreation	13,923	150,000	-	-	-	-	398,143	5,377
Debt service:								
Principal	-	-	215,000	-	-	-	-	-
Interest and other debt issue costs	-	-	277,508	-	-	-	-	-
Capital outlay	225,215	-	-	-	-	-	153,708	-
Intergovernmental payments	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 2,744,619</u>	<u>\$ 280,000</u>	<u>\$ 1,347,589</u>	<u>\$ 511,003</u>	<u>\$ 101,148</u>	<u>\$ 161,763</u>	<u>\$ 551,851</u>	<u>\$ 7,328</u>
Excess (deficiency) of revenues over expenditures	(536,955)	277,534	96,131	8,671	(51,486)	(103,110)	(80,953)	6,875
OTHER FINANCING SOURCES (USES)								
Proceeds of long term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premiums on bonds sold	-	-	-	-	-	-	-	-
Capital asset donations & disposal	8,770	-	-	-	-	-	-	-
Insurance recoveries	4,224	-	262	-	-	-	4,255	-
Transfers in	877,362	-	-	27,259	-	-	-	-
Transfers out	(112,816)	(155,000)	(172,500)	(36,239)	-	-	-	-
Total other financing sources and uses	<u>\$ 777,540</u>	<u>\$ (155,000)</u>	<u>\$ (172,238)</u>	<u>\$ (8,980)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,255</u>	<u>\$ -</u>
Net change in fund balances	240,585	122,534	(76,107)	(309)	(51,486)	(103,110)	(76,698)	6,875
Fund balances-beginning	502,019	333,610	468,442	350,729	389,449	497,744	597,562	54,125
Special Item - Transportation Benefit District	475,146	-	-	-	-	-	-	-
Prior period adjustments	-	-	-	-	-	-	-	-
Fund balances-ending	<u>\$ 1,217,750</u>	<u>\$ 456,144</u>	<u>\$ 392,335</u>	<u>\$ 350,420</u>	<u>\$ 337,963</u>	<u>\$ 394,634</u>	<u>\$ 520,864</u>	<u>\$ 61,000</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
for the Year Ended December 31, 2016**

2 of 3

	Special Revenue				Debt Service				
	Trial Improvement	One Percent for Art	Transportation Benefits District	Total Special Revenue	2010 LTGO	2010 Government		2015 Public Safety Bond	Total Debt Service
						UTGO/ LTGO (B)	Center LTGO		
REVENUES									
Taxes									
Property	\$ -	\$ -	\$ -	\$ -	\$ 2,117	\$ 861,137	\$ -	\$ 552,846	\$ 1,416,100
Sales	-	-	-	555,833	352,173	-	-	-	352,173
Other	-	-	72,775	1,206,306	-	-	-	-	-
Licenses and permits	-	-	-	295,523	-	-	-	-	-
Intergovernmental	21,536	-	-	1,431,900	109,435	32,437	-	-	141,872
Charges for services	-	-	-	272,987	-	-	-	-	-
Fines and forfeitures	-	-	-	279,589	-	-	-	-	-
Miscellaneous	612	269	303	1,375,365	885	2,367	769	918	4,939
Total revenues	\$ 22,148	\$ 269	\$ 73,078	\$ 5,417,503	\$ 464,610	\$ 895,941	\$ 769	\$ 553,764	\$ 1,915,084
EXPENDITURES									
Current:									
General government	\$ 9,803	\$ -	\$ -	\$ 156,126	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	264,862	-	-	-	-	-
Transportation	-	-	-	3,332,014	-	-	-	-	-
Economic environment	-	-	-	446,226	-	-	-	-	-
Mental/physical health	-	-	-	77,002	-	-	-	-	-
Culture and recreation	-	-	-	567,443	-	-	-	-	-
Debt service:									
Principal	-	-	-	215,000	220,000	675,000	200,000	375,000	1,470,000
Interest and other debt issue costs	-	-	-	277,508	325,586	391,031	137,662	124,585	978,864
Capital outlay	32,000	-	-	410,923	-	-	-	-	-
Intergovernmental payments	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 41,803	\$ -	\$ -	\$ 5,747,104	\$ 545,586	\$ 1,066,031	\$ 337,662	\$ 499,585	\$ 1,949,279
Excess (deficiency) of revenues over expenditures	(19,655)	269	73,078	(329,601)	(80,976)	(170,090)	(336,893)	54,179	(533,780)
OTHER FINANCING SOURCES (USES)									
Proceeds of long term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premiums on bonds sold	-	-	-	-	-	-	-	-	-
Capital asset donations & disposal	-	-	-	8,770	-	-	-	-	-
Insurance recoveries	-	-	-	8,741	-	-	-	-	-
Transfers in	-	-	-	904,621	100,000	172,500	342,500	-	615,000
Transfers out	-	-	-	(476,555)	-	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ 445,577	\$ 100,000	\$ 172,500	\$ 342,500	\$ -	\$ 615,000
Net change in fund balances	(19,655)	269	73,078	115,976.00	19,024	2,410	5,607	54,179	81,220
Fund balances-beginning	98,004	50,676	402,068	3,744,428.00	162,903	131,612	84,158	4,166	382,839
Special Item - Transportation Benefit District			(475,146)						
Prior period adjustments	-	-	-	-	-	-	-	-	-
Fund balances-ending	\$ 78,349	\$ 50,945	\$ -	\$ 3,860,404	\$ 181,927	\$ 134,022	\$ 89,765	\$ 58,345	\$ 464,059

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
for the Year Ended December 31, 2016**

3 of 3

	General Govt Cap Impr	Parks Construction	Transportation Capital	Fire Public Safety Capital	Lebo Blvd	Washington Ave. Connector	Total Capital Projects	Total Nonmajor Governmental Funds
REVENUES								
Taxes								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,416,100
Sales	-	-	-	-	-	-	-	908,006
Other	1,291,762	-	-	-	-	-	1,291,762	2,498,068
Licenses and permits	-	-	-	-	-	-	-	295,523
Intergovernmental	-	8,447	1,371,319	-	339,401	22,742	1,741,909	3,315,681
Charges for services	-	-	-	-	-	-	-	272,987
Fines and forfeitures	-	-	-	-	-	-	-	279,589
Miscellaneous	5,290	25,798	1,644	20,521	(3)	1,088	54,338	1,434,642
Total revenues	<u>\$ 1,297,052</u>	<u>\$ 34,245</u>	<u>\$ 1,372,963</u>	<u>\$ 20,521</u>	<u>\$ 339,398</u>	<u>\$ 23,830</u>	<u>\$ 3,088,009</u>	<u>\$ 10,420,596</u>
EXPENDITURES								
Current:								
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,126
Public safety	-	-	-	416,721	-	-	416,721	681,583
Transportation	-	-	-	-	-	3,782	3,782	3,335,796
Economic environment	-	-	-	-	-	-	-	446,226
Mental/physical health	-	-	-	-	-	-	-	77,002
Culture and recreation	-	54,833	-	-	-	-	54,833	622,276
Debt service:								
Principal	-	-	-	-	-	-	-	1,685,000
Interest and other debt issue costs	-	-	-	-	-	-	-	1,256,372
Capital outlay	58,000	46,431	1,562,616	-	291,860	228,949	2,187,856	2,598,779
Intergovernmental payments	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 58,000</u>	<u>\$ 101,264</u>	<u>\$ 1,562,616</u>	<u>\$ 416,721</u>	<u>\$ 291,860</u>	<u>\$ 232,731</u>	<u>\$ 2,663,192</u>	<u>\$ 10,859,160</u>
Excess (deficiency) of revenues over expenditures	<u>1,239,052</u>	<u>(67,019)</u>	<u>(189,653)</u>	<u>(396,200)</u>	<u>47,538</u>	<u>(208,901)</u>	<u>424,817</u>	<u>(438,564)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds of long term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premiums on bonds sold	-	-	-	-	-	-	-	-
Capital asset donations & disposal	-	-	-	-	-	-	-	8,770
Insurance recoveries	-	-	-	-	-	-	-	8,741
Transfers in	-	66,834	108,000	-	-	-	174,834	1,694,455
Transfers out	(570,825)	-	-	-	-	-	(570,825)	(1,047,380)
Total other financing sources and uses	<u>\$ (570,825)</u>	<u>\$ 66,834</u>	<u>\$ 108,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (395,991)</u>	<u>\$ 664,586</u>
Net change in fund balances	668,227	(185)	(81,653)	(396,200)	47,538	(208,901)	28,826	226,022
Fund balances-beginning	803,580	109,733	352,202	4,500,042	-	269,661	6,035,218	10,162,485
Special Item - Transportation Benefit District								
Prior period adjustments	-	-	-	-	-	-	-	-
Fund balances-ending	<u>\$ 1,471,807</u>	<u>\$ 109,548</u>	<u>\$ 270,549</u>	<u>\$ 4,103,842</u>	<u>\$ 47,538</u>	<u>\$ 60,760</u>	<u>\$ 6,064,044</u>	<u>\$ 10,388,507</u>

City of Bremerton
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual General Fund
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 28,986,308	\$ 28,986,308	\$ 30,082,636	\$ 1,096,328
Licenses and permits	1,202,600	1,202,600	1,204,323	1,723
Intergovernmental	1,882,331	1,492,571	1,160,750	(331,821)
Charges for services	4,951,176	5,051,176	5,034,048	(17,128)
Fines and forfeitures	971,500	971,500	1,195,740	224,240
Other revenues	395,280	344,694	262,619	(82,075)
Total revenues	<u>38,389,195</u>	<u>38,048,849</u>	<u>38,940,116</u>	<u>891,267</u>
EXPENDITURES				
City Council	338,056	341,856	339,765	2,091
Executive	363,928	365,928	343,891	22,037
Finance	1,470,646	1,501,846	1,419,061	82,785
Legal	1,054,664	1,071,364	1,050,466	20,898
Human Resources	689,128	697,828	606,396	91,432
Community development	1,594,379	1,664,379	1,404,603	259,776
Municipal Court	1,388,410	1,399,910	1,333,296	66,614
City Auditor	81,540	81,540	63,797	17,743
Law enforcement	10,339,493	10,561,193	9,874,790	686,403
Fire/Emergency medical services	8,697,629	8,867,029	8,940,636	(73,607)
Police & fire pension	1,976,400	1,976,400	1,879,900	96,500
Facilities	1,029,994	1,117,481	1,035,875	81,606
Parks and recreation	2,716,241	2,879,487	2,662,860	216,627
Engineering	2,735,888	2,374,028	1,950,930	423,098
Non-departmental	4,620,679	4,268,552	3,792,870	475,682
Total expenditures	<u>39,097,075</u>	<u>39,168,821</u>	<u>36,699,136</u>	<u>2,469,685</u>
Excess (deficiency) of revenues over expenditures	<u>(707,880)</u>	<u>(1,119,972)</u>	<u>2,240,980</u>	<u>3,360,952</u>
Fund balances-beginning	4,493,302	5,262,595	5,262,595	
Fund balances-ending	<u>\$ 3,785,422</u>	<u>\$ 4,142,623</u>	<u>\$ 7,503,575</u>	<u>\$ 3,360,952</u>

Adjustment to reflect consolidation of Contingency Reserve and Conference Center activity included in the General Fund of the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental funds.

\$ 1,412,639

Adjustment to reflect differences in budgetary method

\$ (951,112)

Fund Balances Ending

\$ 7,965,102

EXPENDITURES

Personnel	27,884,760	27,992,460	26,888,283	1,104,177
Supplies, services & taxes	10,259,343	10,067,816	8,737,544	1,330,272
Capital expenditure	-	-	-	-
Debt Service	12,972	127,972	127,415	557
Transfers	940,000	980,573	945,894	34,679
Total expenditures	<u>39,097,075</u>	<u>39,168,821</u>	<u>36,699,136</u>	<u>2,469,685</u>

Street Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 590,000	\$ 996,922	\$ 1,133,531	\$ 136,609
Intergovernmental	860,000	860,000	930,333	70,333
Charges for services	357,376	57,376	124,550	67,174
Other revenue	974,100	1,485,250	909,604	(575,646)
Total revenues	<u>2,781,476</u>	<u>3,399,548</u>	<u>3,098,018</u>	<u>(301,530)</u>
EXPENDITURES				
Personnel	1,255,900	1,255,900	1,065,649	190,251
Supplies, services & taxes	1,390,647	1,547,973	1,453,756	94,217
Capital expenditure	135,500	250,500	225,214	25,286
Transfers	-	112,816	112,816	-
Total expenditures	<u>2,782,047</u>	<u>3,167,189</u>	<u>2,857,435</u>	<u>309,754</u>
Excess (deficiency) of revenues over expenditures	<u>(571)</u>	<u>232,359</u>	<u>240,583</u>	<u>8,224</u>
Fund balances-beginning	466,030	502,019	502,019	-
Fund balances-ending	<u>\$ 465,459</u>	<u>\$ 734,378</u>	<u>\$ 742,602</u>	<u>\$ 8,224</u>

Contingency Reserve Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenue	\$ 53,500	\$ 209,073	\$ 209,746	\$ 673
Total revenues	53,500	209,073	209,746	673
EXPENDITURES				
Supplies, services & taxes	-	-	78	(78)
Total expenditures	-	-	78	(78)
Excess (deficiency) of revenues over expenditures	53,500	209,073	209,668	595
Fund balances-beginning	730,840	729,705	729,705	-
Fund balances-ending	\$ 784,340	\$ 938,778	\$ 939,373	\$ 595

Lodging Tax Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 515,000	\$ 515,000	\$ 555,833	\$ 40,833
Other revenue	800	800	1,701	901
Total revenues	<u>515,800</u>	<u>515,800</u>	<u>557,534</u>	<u>41,734</u>
EXPENDITURES				
Supplies, services & taxes	280,000	280,000	280,000	-
Transfers	155,000	155,000	155,000	-
Total expenditures	<u>435,000</u>	<u>435,000</u>	<u>435,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>80,800</u>	<u>80,800</u>	<u>122,534</u>	<u>41,734</u>
Fund balances-beginning	304,160	333,611	333,611	-
Fund balances-ending	<u>\$ 384,960</u>	<u>\$ 414,411</u>	<u>\$ 456,145</u>	<u>\$ 41,734</u>

Parking System Revenue Special Revenue Fund
Other Governmental Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
for the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 195,000	\$ 195,000	\$ 202,580	\$ 7,580
Other revenue	1,416,100	1,416,100	1,241,140	(174,960)
Total revenues	<u>1,611,100</u>	<u>1,611,100</u>	<u>1,443,720</u>	<u>(167,380)</u>
EXPENDITURES				
Supplies, services & taxes	963,718	1,048,718	855,081	193,637
Debt service	492,308	492,508	492,508	-
Transfers	172,500	172,500	172,500	-
Total expenditures	<u>1,628,526</u>	<u>1,713,726</u>	<u>1,520,089</u>	<u>193,637</u>
Excess (deficiency) of revenues over expenditures	<u>(17,426)</u>	<u>(102,626)</u>	<u>(76,369)</u>	<u>26,257</u>
Fund balances-beginning	476,575	468,442	468,442	-
Fund balances-ending	<u>\$ 459,149</u>	<u>\$ 365,816</u>	<u>\$ 392,073</u>	<u>\$ 26,257</u>

Community Development Block Grant Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 589,000	\$ 633,103	\$ 478,247	\$ (154,856)
Charges for services	50,000	50,000	35,612	(14,388)
Other revenue	60,000	60,000	33,074	(26,926)
Total revenues	<u>699,000</u>	<u>743,103</u>	<u>546,933</u>	<u>(196,170)</u>
EXPENDITURES				
Personnel	123,600	123,600	115,976	7,624
Supplies, services & taxes	574,944	574,944	395,027	179,917
Transfers	-	36,240	36,239	1
Total expenditures	<u>698,544</u>	<u>734,784</u>	<u>547,242</u>	<u>187,542</u>
Excess (deficiency) of revenues over expenditures	<u>456</u>	<u>8,319</u>	<u>(309)</u>	<u>(8,628)</u>
Fund balances-beginning	19,086	350,729	350,729	-
Fund balances-ending	<u>\$ 19,542</u>	<u>\$ 359,048</u>	<u>\$ 350,420</u>	<u>\$ (8,628)</u>

Abatement Revolving Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 47,391	\$ 22,391
Other revenue	1,000	1,000	2,271	1,271
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>49,662</u>	<u>23,662</u>
EXPENDITURES				
Supplies, services & taxes	53,500	153,500	101,148	52,352
Transfers	100,000	-	-	-
Total expenditures	<u>153,500</u>	<u>153,500</u>	<u>101,148</u>	<u>52,352</u>
Excess (deficiency) of revenues over expenditures	<u>(127,500)</u>	<u>(127,500)</u>	<u>(51,486)</u>	<u>76,014</u>
Fund balances-beginning	337,180	389,449	389,449	-
Fund balances-ending	<u>\$ 209,680</u>	<u>\$ 261,949</u>	<u>\$ 337,963</u>	<u>\$ 76,014</u>

Police Special Projects Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,782	\$ 1,782
Fines and forfeitures	15,000	15,000	29,618	14,618
Other revenue	53,500	53,500	27,253	(26,247)
Total revenues	<u>68,500</u>	<u>68,500</u>	<u>58,653</u>	<u>(9,847)</u>
EXPENDITURES				
Supplies, services & taxes	281,317	281,317	161,763	119,554
Capital expenditure	90,000	90,000	-	90,000
Total expenditures	<u>371,317</u>	<u>371,317</u>	<u>161,763</u>	<u>209,554</u>
Excess (deficiency) of revenues over expenditures	<u>(302,817)</u>	<u>(302,817)</u>	<u>(103,110)</u>	<u>199,707</u>
Fund balances-beginning	484,263	497,744	497,744	-
Fund balances-ending	<u>\$ 181,446</u>	<u>\$ 194,927</u>	<u>\$ 394,634</u>	<u>\$ 199,707</u>

Public Access TV Operations Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 285,000	\$ 285,000	\$ 295,523	\$ 10,523
Charges for services	111,933	111,933	111,373	(560)
Other revenue	68,200	72,455	64,002	(8,453)
Total revenues	<u>465,133</u>	<u>469,388</u>	<u>470,898</u>	<u>1,510</u>
EXPENDITURES				
Personnel	330,300	330,300	314,245	16,055
Supplies, services & taxes	105,449	109,704	83,898	25,806
Capital expenditure	35,000	165,000	153,708	11,292
Total expenditures	<u>470,749</u>	<u>605,004</u>	<u>551,851</u>	<u>53,153</u>
Excess (deficiency) of revenues over expenditures	<u>(5,616)</u>	<u>(135,616)</u>	<u>(80,953)</u>	<u>54,663</u>
Fund balances-beginning	507,254	597,562	597,562	-
Fund balances-ending	<u>\$ 501,638</u>	<u>\$ 461,946</u>	<u>\$ 516,609</u>	<u>\$ 54,663</u>

Gift and Donation Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,451	\$ 1,451
Other revenue	4,250	4,250	12,751	8,501
Total revenues	4,250	4,250	14,202	9,952
EXPENDITURES				
Supplies, services & taxes	5,500	11,000	7,328	3,672
Total expenditures	5,500	11,000	7,328	3,672
Excess (deficiency) of revenues over expenditures	(1,250)	(6,750)	6,874	13,624
Fund balances-beginning	51,934	54,124	54,124	-
Fund balances-ending	\$ 50,684	\$ 47,374	\$ 60,998	\$ 13,624

Trial Improvement Revenue Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 18,000	\$ 18,000	\$ 21,536	\$ 3,536
Other revenue	300	300	612	312
Total revenues	<u>18,300</u>	<u>18,300</u>	<u>22,148</u>	<u>3,848</u>
EXPENDITURES				
Supplies, services & taxes	10,000	10,000	9,803	197
Capital expenditure	45,000	45,000	32,000	13,000
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>41,803</u>	<u>13,197</u>
Excess (deficiency) of revenues over expenditures	<u>(36,700)</u>	<u>(36,700)</u>	<u>(19,655)</u>	<u>17,045</u>
Fund balances-beginning	93,995	98,005	98,005	-
Fund balances-ending	<u>\$ 57,295</u>	<u>\$ 61,305</u>	<u>\$ 78,350</u>	<u>\$ 17,045</u>

One Percent for Arts Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 8,900	\$ 8,900	\$ -	\$ (8,900)
Other revenue	300	300	269	(31)
Total revenues	<u>9,200</u>	<u>9,200</u>	<u>269</u>	<u>(8,931)</u>
EXPENDITURES				
Supplies, services & taxes	15,000	15,000	-	15,000
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Excess (deficiency) of revenues over expenditures	<u>(5,800)</u>	<u>(5,800)</u>	<u>269</u>	<u>6,069</u>
Fund balances-beginning	51,226	50,676	50,676	-
Fund balances-ending	<u>\$ 45,426</u>	<u>\$ 44,876</u>	<u>\$ 50,945</u>	<u>\$ 6,069</u>

Conference Center Operations Special Revenue Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 1,351,430	\$ 1,351,430	\$ 1,190,423	\$ (161,007)
Other revenue	228,500	228,500	191,808	(36,692)
Total revenues	<u>1,579,930</u>	<u>1,579,930</u>	<u>1,382,231</u>	<u>(197,699)</u>
EXPENDITURES				
Supplies, services & taxes	1,569,055	1,569,055	1,478,214	90,841
Debt service	2,600	2,600	2,350	250
Total expenditures	<u>1,571,655</u>	<u>1,571,655</u>	<u>1,480,564</u>	<u>91,091</u>
Excess (deficiency) of revenues over expenditures	<u>8,275</u>	<u>8,275</u>	<u>(98,333)</u>	<u>(106,608)</u>
Fund balances-beginning	25,431	118,449	118,449	-
Fund balances-ending	<u>\$ 33,706</u>	<u>\$ 126,724</u>	<u>\$ 20,116</u>	<u>\$ (106,608)</u>

**Transportation Benefit District Blended Component Unit
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016**

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 450,000	\$ 450,000	\$ 72,775	\$ (377,225)
Other revenue	600	600	303	(297)
Total revenues	450,600	450,600	73,078	(377,522)
EXPENDITURES				
Supplies, services & taxes	300,000	300,000	-	300,000
Transfers	108,000	108,000	-	108,000
Total expenditures	408,000	408,000	-	408,000
Excess (deficiency) of revenues over expenditures	42,600	42,600	73,078	30,478
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ 42,600	\$ 42,600	\$ 73,078	\$ 30,478

**2010 LTGO Debt Service Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016**

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 336,625	\$ 336,625	\$ 354,290	\$ 17,665
Intergovernmental	109,500	109,500	109,435	(65)
Other revenue	100,950	100,950	100,885	(65)
Total revenues	<u>547,075</u>	<u>547,075</u>	<u>564,610</u>	<u>17,535</u>
EXPENDITURES				
Debt service	<u>545,636</u>	<u>545,636</u>	<u>545,586</u>	<u>50</u>
Total expenditures	<u>545,636</u>	<u>545,636</u>	<u>545,586</u>	<u>50</u>
Excess (deficiency) of revenues over expenditures	<u>1,439</u>	<u>1,439</u>	<u>19,024</u>	<u>17,585</u>
Fund balances-beginning	147,735	162,903	162,903	-
Fund balances-ending	<u>\$ 149,174</u>	<u>\$ 164,342</u>	<u>\$ 181,927</u>	<u>\$ 17,585</u>

2010 UTGO Ref/LTGO (B) Debt Service Fund
Other Government Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	Original Budget 2016	Final Budget 2016	Actual 2016	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 850,000	\$ 850,000	\$ 861,137	\$ 11,137
Intergovernmental	32,455	32,455	32,437	(18)
Other revenue	173,600	173,600	174,867	1,267
Total revenues	<u>1,056,055</u>	<u>1,056,055</u>	<u>1,068,441</u>	<u>12,386</u>
EXPENDITURES				
Debt service	1,066,457	1,066,457	1,066,031	426
Total expenditures	<u>1,066,457</u>	<u>1,066,457</u>	<u>1,066,031</u>	<u>426</u>
Excess (deficiency) of revenues over expenditures	<u>(10,402)</u>	<u>(10,402)</u>	2,410	12,812
Fund balances-beginning	124,111	131,612	131,612	-
Fund balances-ending	<u>\$ 113,709</u>	<u>\$ 121,210</u>	<u>\$ 134,022</u>	<u>\$ 12,812</u>

**Combining Statement of Net Position
Internal Service Funds
December 31, 2016**

	Governmental Activities Internal Service Funds							Total
	Self Insurance			Accrued	Equipment		Information Technology	
	Risk Management	Health & Welfare	Employment Security	Leave Liability	Rental Operations	Equipment Reserve		
ASSETS AND DEFERRED OUTFLOWS								
Current assets:								
Cash and cash equivalents	\$ 1,003,996	\$ 921,684	\$ 273,743	\$ 139,533	\$ 174,234	\$ 1,935,069	\$ 116,615	\$ 4,564,874
Restricted cash	100,000	-	-	-	-	-	-	100,000
Investments	1,236,127	-	306,506	156,233	195,088	2,166,668	130,572	4,191,194
External receivables	-	-	-	-	-	-	-	-
Interest receivables	3,203	-	794	405	506	5,614	338	10,860
Due from other funds	13,277	-	1,629	7,621	3,198	581,118	348	607,191
Inventories	-	-	-	-	95,382	-	-	95,382
Prepayments	461,014	-	-	-	-	-	-	461,014
Total current assets	<u>2,817,617</u>	<u>921,684</u>	<u>582,672</u>	<u>303,792</u>	<u>468,408</u>	<u>4,688,469</u>	<u>247,873</u>	<u>10,030,515</u>
Noncurrent assets:								
Capital assets net of depreciation	-	-	-	-	-	4,299,374	60,727	4,360,101
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,299,374</u>	<u>60,727</u>	<u>4,360,101</u>
Total assets	<u>2,817,617</u>	<u>921,684</u>	<u>582,672</u>	<u>303,792</u>	<u>468,408</u>	<u>8,987,843</u>	<u>308,600</u>	<u>14,390,616</u>
Deferred outflows of resources					35,067	-	49,413	84,480
Total assets and deferred outflows	<u>\$ 2,817,617</u>	<u>\$ 921,684</u>	<u>\$ 582,672</u>	<u>\$ 303,792</u>	<u>\$ 503,475</u>	<u>\$ 8,987,843</u>	<u>\$ 358,013</u>	<u>\$ 14,475,096</u>
LIABILITIES AND DEFERRED INFLOWS								
Current liabilities:								
Accounts/contract payable	6,071	-	-	-	53,667	47	7,441	67,226
Claims and Judgements Payable	354,462	395,632	-	-	-	-	-	750,094
Due to other funds	-	-	-	-	-	-	-	-
Employee wages payable	-	-	-	40,575	25,332	-	37,132	103,039
Other accrued liabilities	-	-	-	-	139	-	-	139
Current portion of long-term debt	-	-	-	-	-	-	-	-
Custodial accounts	-	-	-	-	-	-	-	-
Total current liabilities	<u>360,533</u>	<u>395,632</u>	<u>-</u>	<u>40,575</u>	<u>79,138</u>	<u>47</u>	<u>44,573</u>	<u>920,498</u>
Noncurrent liabilities:								
Claims and judgments payable	1,344,286	-	-	-	-	-	-	1,344,286
Net pension liability	-	-	-	-	149,703	-	210,946	360,649
Compensated absences	-	-	-	-	16,137	-	25,950	42,087
Total noncurrent liabilities	<u>1,344,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,840</u>	<u>-</u>	<u>236,896</u>	<u>1,747,022</u>
Total liabilities	<u>1,704,819</u>	<u>395,632</u>	<u>-</u>	<u>40,575</u>	<u>244,978</u>	<u>47</u>	<u>281,469</u>	<u>2,667,520</u>
Deferred inflows of resources					10,310		14,529	24,839
Total liabilities and deferred inflows	<u>\$ 1,704,819</u>	<u>\$ 395,632</u>	<u>\$ -</u>	<u>\$ 40,575</u>	<u>\$ 255,288</u>	<u>\$ 47</u>	<u>\$ 295,998</u>	<u>\$ 2,692,359</u>
NET POSITION								
Net investment in capital assets	-	-	-	-	-	4,299,374	60,727	4,360,101
Restricted for Worker's Compensation	100,000	-	-	-	-	-	-	100,000
Unrestricted	1,012,798	526,052	582,672	263,217	248,187	4,688,422	1,288	7,322,636
Total net position	<u>\$ 1,112,798</u>	<u>\$ 526,052</u>	<u>\$ 582,672</u>	<u>\$ 263,217</u>	<u>\$ 248,187</u>	<u>\$ 8,987,796</u>	<u>\$ 62,015</u>	<u>\$ 11,782,737</u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
for the Year Ended December 31, 2016

	Governmental Activities Internal Service Funds							Total
	Risk Management	Self Insurance	Employment Security	Accrued Leave Liability	Equipment Rental Operations	Equipment Rental Reserve	Information Technology	
OPERATING REVENUES								
Charges for services	\$ 1,526,293	\$ 4,387,115	\$ 38,169	\$ 178,419	\$ 1,363,080		\$ 1,171,622	\$ 8,664,698
Interest & dividend income	-	-	-	-	-		-	-
Other operating revenue	1,000	-	-	-	-		-	1,000
Total operating revenues	1,527,293	4,387,115	38,169	178,419	1,363,080		1,171,622	8,665,698
OPERATING EXPENSES								
General operation	57,697	-	13,009	422,795	1,220,629	649	1,058,284	2,773,063
General administration	271,900	454,326	-	-	-			726,226
Depreciation and amortization	-	-	-	-	-	765,508		765,508
Risk transfer payments	590,189	-	-	-	-			590,189
Payments to claimants & beneficiaries	667,644	3,131,169	-	-	-			3,798,813
Other operating expenses	3,729	-	-	-	-			3,729
Total operating expenses	1,591,159	3,585,495	13,009	422,795	1,220,629	766,157	1,058,284	8,657,528
Operating income (loss)	(63,866)	801,620	25,160	(244,376)	142,451	(766,157)	113,338	8,170
NONOPERATING REVENUES (EXPENSES)								
Interest and investment revenue	10,871	-	3,178	2,091	1,252	26,033	1,823	45,248
Gain (loss) on capital asset disposal	-	-	-	-	-	(23,835)	-	(23,835)
Other nonoperating revenue/expense	16	-	-	-	1,927	23,951	847	26,741
Total nonoperating revenues (expenses)	10,887	-	3,178	2,091	3,179	26,149	2,670	48,154
Income (loss) before contributions and transfers	(52,979)	801,620	28,338	(242,285)	145,630	(740,008)	116,008	56,324
Capital contributions	-	-	-	-	-	916,000	-	916,000
Transfers to other funds	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-	-
Change in net position	(52,979)	801,620	28,338	(242,285)	145,630	175,992	116,008	972,324
Total net position - beginning	1,165,777	(275,568)	554,334	505,502	74,310	8,811,804	(53,993)	10,782,166
Prior period adjustments	-	-	-	-	28,247	-	-	28,247
Total net position - ending	\$ 1,112,798	\$ 526,052	\$ 582,672	\$ 263,217	\$ 248,187	\$ 8,987,796	\$ 62,015	\$ 11,782,737

**Combining Statement of Cash Flows
Internal Service Funds
for the Year Ended December 31, 2016**

Page 1 of 2

	Risk Management	Self Insurance	Employment Security	Accrued Leave Liability	Equipment Rental Operations	Equipment Rental Reserve	Information Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash receipts from interfund services	1,548,580	4,387,115	39,257	189,926	1,359,882	-	1,171,274	8,696,034
Other receipts and payments	1,000	-	-	-	1,927	44	-	2,971
Cash payments to suppliers	(63,735)	(3,466,133)	(16,358)	-	(794,962)	-	(597,524)	(4,938,712)
Cash payments to employees	-	-	-	(423,351)	(403,169)	-	(558,052)	(1,384,572)
Cash payments for interfund services	(271,900)	-	-	-	(141,865)	(1,214)	(79,453)	(494,432)
Purchase of insurance	(778,018)	-	-	-	-	-	-	(778,018)
Payment for insurance claims	(123,627)	-	-	-	-	-	-	(123,627)
Net cash provided (used) by operating activities	312,300	920,982	22,899	(233,425)	21,813	(1,170)	(63,755)	979,644
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Grant proceeds	-	-	-	-	-	-	-	-
Transfer ins	-	-	-	-	-	-	-	-
Transfer outs	-	-	-	-	-	-	-	-
Other receipts and payments	16	-	-	-	-	-	847	863
Net cash provided (used) by noncapital financing activities	16	-	-	-	-	-	847	863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Bond proceeds	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	916,000	-	916,000
Collections on notes receivable	-	-	-	-	-	-	-	-
Sale or involuntary conversion of capital assets	-	-	-	-	-	23,909	-	23,909
Transfer in for asset construction	-	-	-	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	-	(1,099,872)	(60,726)	(1,160,598)
Principal paid bonds	-	-	-	-	-	-	-	-
Principal paid on other debt	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Interest paid on bonds and other debt	-	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	(159,963)	(60,726)	(220,689)
CASH FLOW FROM INVESTING ACTIVITIES								
Proceeds from repayment of loans	-	-	-	-	-	37,034	-	37,034
Interest on loans and investments	9,839	-	2,980	2,253	1,120	24,938	1,881	43,011
Net change in investments	(165,819)	-	(12,474)	123,249	(11,367)	61,443	65,110	60,142
Net cash provided (used) by investing activities	(155,980)	-	(9,494)	125,502	(10,247)	123,415	66,991	140,187
Net increase (decrease) in cash and cash equivalents	156,336	920,982	13,405	(107,923)	11,566	(37,718)	(56,643)	900,005
Cash and equivalents - beginning	947,660	702	260,338	247,456	162,668	1,972,787	173,258	3,764,869
Cash and equivalents - ending	\$ 1,103,996	\$ 921,684	\$ 273,743	\$ 139,533	\$ 174,234	\$ 1,935,069	\$ 116,615	\$ 4,664,874
Cash at the end of the year consists of:								
Operating fund cash	1,003,996	921,684	273,743	139,533	174,234	1,935,069	116,615	4,564,874
Restricted cash	100,000	-	-	-	-	-	-	100,000
Total cash at end of year	\$ 1,103,996	\$ 921,684	\$ 273,743	\$ 139,533	\$ 174,234	\$ 1,935,069	\$ 116,615	\$ 4,664,874

See accompanying notes to the financial statements.

Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2016

	<u>Salary Clearing</u>	<u>Administrative Trust</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 275,848	\$ 95,777	\$ 371,625
Total assets	<u>\$ 275,848</u>	<u>\$ 95,777</u>	<u>\$ 371,625</u>
Deferred outflows of resources			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities			
Accounts/contracts payable	-	28,464	28,464
Other current liabilities	275,848	67,313	343,161
Total liabilities	<u>\$ 275,848</u>	<u>\$ 95,777</u>	<u>\$ 371,625</u>
Deferred inflows of resources			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Table 1

Net Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 70,114,679	\$ 72,451,892	\$ 72,087,573	\$ 66,905,386	\$ 71,532,476	\$ 78,295,484	\$ 80,093,194	\$ 83,690,399	\$ 82,209,827	\$ 82,392,861
Restricted	3,168,374	2,682,534	3,111,288	8,275,949	6,008,032	4,200,925	4,104,980	3,767,053	8,629,268	7,876,417
Unrestricted	15,362,418	10,777,450	9,159,249	9,434,193	5,948,429	8,795,698	9,704,988	9,237,898	3,997,964	7,725,636
Total government activities net position	\$ 88,645,471	\$ 85,911,876	\$ 84,358,110	\$ 84,615,528	\$ 83,488,937	\$ 91,292,107	\$ 93,903,162	\$ 96,695,350	\$ 94,837,059	\$ 97,994,914
Business-type activities										
Net investment in capital assets	\$ 92,747,306	\$ 103,397,203	\$ 122,329,665	\$ 128,158,641	\$ 128,930,881	\$ 139,290,172	\$ 145,318,353	\$ 147,992,658	\$ 147,071,444	\$ 151,010,043
Restricted	1,483,026	3,988,736	1,174,604	1,305,903	1,527,135	1,616,969	1,778,954	7,648,222	2,201,230	9,750,551
Unrestricted	23,225,228	21,514,830	21,386,589	23,973,489	26,398,932	24,624,122	21,386,988	14,110,023	19,858,485	12,406,380
Total business-type activities net position	\$ 117,455,560	\$ 128,900,769	\$ 144,890,858	\$ 153,438,033	\$ 156,856,948	\$ 165,531,263	\$ 168,484,295	\$ 169,750,903	\$ 169,131,159	\$ 173,166,974
Primary government										
Net investment in capital assets	\$ 162,861,985	\$ 175,849,095	\$ 194,417,238	\$ 195,064,027	\$ 200,463,357	\$ 217,789,699	\$ 225,411,547	\$ 231,683,057	\$ 229,281,271	\$ 233,402,904
Restricted	4,651,400	6,671,270	4,285,892	9,581,852	7,535,167	5,817,894	5,883,934	11,415,275	10,830,498	17,626,968
Unrestricted	38,587,646	32,292,280	30,545,838	33,407,682	32,347,361	33,215,777	31,091,976	23,347,921	23,856,449	20,132,016
Total primary government net position	\$ 206,101,031	\$ 214,812,645	\$ 229,248,968	\$ 238,053,561	\$ 240,345,885	\$ 256,823,370	\$ 262,387,457	\$ 266,446,253	\$ 263,968,218	\$ 271,161,888

Total Net Position

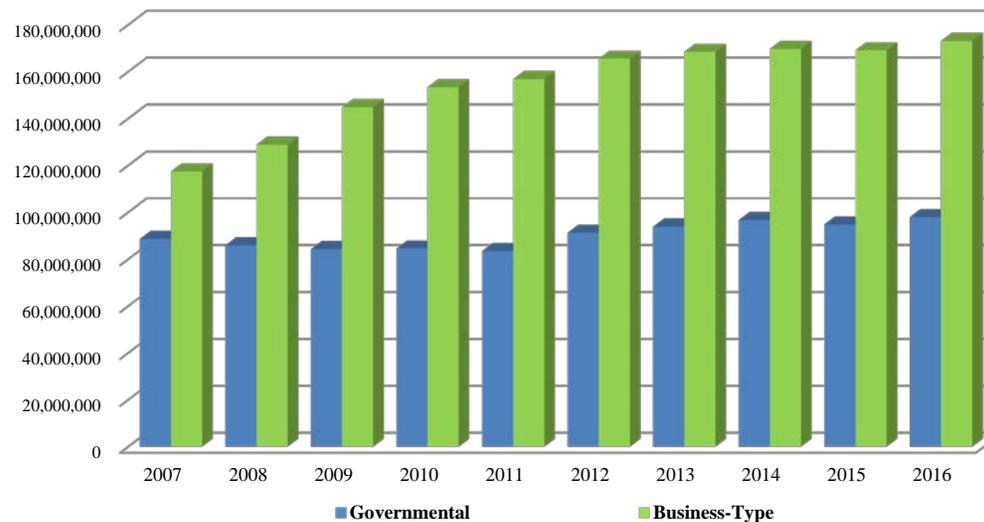


Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Program revenues										
Charges for services	\$ 8,239,980	\$ 8,911,480	\$ 9,065,757	\$ 7,974,533	\$ 8,134,426	\$ 8,147,866	\$ 7,554,419	\$ 7,375,242	\$ 8,149,740	\$ 8,567,603
Operating grants and contributions	1,350,646	2,321,404	2,226,968	2,685,281	1,862,766	677,864	756,478	686,422	821,207	564,000
Capital grants and contributions	10,545,421	4,638,620	3,922,004	3,748,282	1,753,775	6,847,248	3,752,058	3,072,619	3,342,402	1,819,614
General revenues										
Property taxes	7,920,916	7,799,723	8,490,418	8,553,934	8,546,532	8,578,750	8,511,679	8,688,122	8,971,576	9,618,496
Sales taxes	7,574,011	7,790,117	6,541,673	6,538,977	7,050,928	7,295,954	7,678,855	8,129,965	8,662,583	8,950,661
Business taxes	4,783,087	3,454,258	3,706,834	3,406,535	3,175,405	3,256,913	2,665,107	2,733,787	2,878,276	4,018,179
Utility taxes	4,974,578	5,087,768	4,753,803	4,531,307	4,512,670	4,407,473	4,415,712	4,332,386	9,695,992	9,773,769
Other taxes	2,984,146	2,572,169	2,461,170	2,391,050	2,384,628	2,679,142	3,147,164	4,045,311	4,045,245	4,209,946
Other general revenues	1,831,840	1,142,115	217,758	1,428,517	657,845	488,144	(720,663)	692,314	484,086	192,569
Total governmental program revenues	50,204,625	43,717,654	41,386,385	41,258,416	38,078,975	42,379,354	37,760,809	39,756,168	47,051,107	47,714,837
Business-type activities:										
Charges for services:	27,611,963	26,764,076	27,619,991	25,981,745	26,471,213	26,807,859	29,197,326	31,020,945	34,561,549	34,191,517
Operating grants and contributions	-	235,414	34,341	65,812	258,531	3,000	392,179	-	11,005	24,951
Capital grants and contributions	4,936,686	8,449,263	3,882,290	7,417,318	2,580,408	9,253,974	3,877,546	1,386,750	2,132,266	1,975,830
General revenues										
Sales taxes	41,562	21,857	14,678	-	16,735	16,201	30,041	28,022	47,570	75,552
Business taxes	8,004	229	-	6,486	395	1,120	4,598	3,915	14,020	17,948
Other general revenues	913,859	867,602	556,994	584,246	613,062	683,660	474,662	531,817	644,409	153,087
Total business-type activities program revenues	33,512,074	36,338,441	32,108,294	34,055,607	29,940,344	36,765,814	33,976,352	32,971,449	37,410,819	36,438,885
Total primary government program revenues	\$ 83,716,699	\$ 80,056,095	\$ 73,494,679	\$ 75,314,023	\$ 68,019,319	\$ 79,145,168	\$ 71,737,161	\$ 72,727,617	\$ 84,461,926	\$ 84,153,722
Expenses										
Governmental activities:										
General government	\$ 3,838,442	\$ 4,801,924	\$ 4,001,383	\$ 3,250,587	\$ 4,585,130	\$ 2,335,832	\$ 3,353,284	\$ 3,898,120	\$ 4,378,952	\$ 4,205,961
Public safety	21,823,943	22,951,485	23,922,957	24,187,445	23,718,909	23,177,212	23,337,415	24,347,998	27,924,882	25,840,494
Utilities and environment	374,985	223,469	226,975	219,431	219,631	219,560	220,176	-	-	-
Transportation	8,936,077	9,045,766	4,214,922	4,012,477	4,235,164	4,206,821	4,459,164	5,801,997	5,736,335	5,515,358
Economic environment	2,601,899	3,148,575	2,031,753	3,310,097	2,231,951	1,865,434	1,813,732	1,889,697	1,934,666	1,905,763
Cultural and recreation	6,429,966	6,931,036	5,944,853	6,510,247	5,975,233	6,061,443	5,991,865	6,127,784	6,175,244	5,967,564
Interest on long-term debt	1,378,912	1,181,513	961,926	976,987	1,511,968	1,172,255	1,221,700	1,214,965	1,404,627	1,097,787
Total governmental activities expenses	45,384,224	48,283,768	41,304,769	42,467,271	42,477,986	39,038,557	40,397,336	43,280,561	47,554,706	44,532,927
Business-type activities:										
Water	8,247,875	8,829,441	9,242,707	8,298,916	8,868,640	8,923,134	9,276,527	10,222,657	11,760,629	13,163,870
Wastewater	8,589,358	8,917,620	8,927,299	9,009,876	9,822,019	9,943,879	9,945,606	10,128,629	13,324,703	12,725,757
Golf course	3,498,529	3,254,936	3,198,390	2,256,772	2,135,886	2,271,036	4,008,939	3,827,264	3,993,845	3,972,630
Other proprietary funds	1,328,735	1,212,461	1,478,026	1,603,135	1,831,098	2,281,994	2,151,899	1,823,388	2,464,910	2,564,868
Total business-type activities expenses	21,664,497	22,214,458	22,846,422	21,168,699	22,657,643	23,420,043	25,382,971	26,001,938	31,544,087	32,427,125
Total primary government expenses	\$ 67,048,721	\$ 70,498,226	\$ 64,151,191	\$ 63,635,970	\$ 65,135,629	\$ 62,458,600	\$ 65,780,307	\$ 69,282,499	\$ 79,098,793	\$ 76,960,052

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

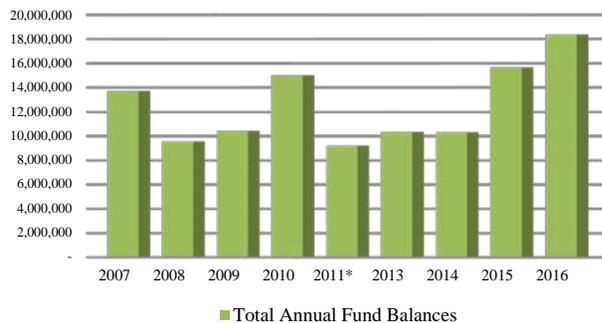
	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Change in Net Position										
Governmental activities:										
Excess of revenues over expenses	\$ 4,820,401	\$ (4,566,114)	\$ 81,616	\$ (1,208,855)	\$ (4,399,011)	\$ 3,340,797	\$ (2,636,527)	\$ (3,524,393)	\$ (503,599)	\$ 3,181,910
Transfers	1,944,641	1,973,245	4,175,924	3,610,764	3,737,965	4,462,373	5,492,002	6,416,953	1,778,043	(24,055)
Governmental activities change in net position	6,765,042	(2,592,869)	4,257,540	2,401,909	(661,046)	7,803,170	2,855,475	2,892,560	1,274,444	3,157,855
Business-type activities:										
Excess of revenues over expenses	11,847,577	14,123,983	9,261,872	12,886,908	7,282,701	13,345,771	8,593,381	6,969,511	5,866,732	4,011,760
Transfers	(1,944,641)	(1,973,245)	(4,175,924)	(3,610,764)	(3,737,965)	(4,462,373)	(5,492,002)	(6,416,953)	(1,778,043)	24,055
Business-type activities change in net position	9,902,936	12,150,738	5,085,948	9,276,144	3,544,736	8,883,398	3,101,379	552,558	4,088,689	4,035,815
Governmental Activities Net Position:										
Net position - beginning	80,171,606	88,645,471	85,911,876	84,358,110	84,615,528	83,488,937	91,292,107	93,903,162	96,695,350	94,837,059
Prior period adjustment/special items	1,708,823	(140,726)	(5,811,306)	(2,144,491)	(465,545)	-	(244,420)	(100,372)	(3,132,735)	-
Net position - ending	88,645,471	85,911,876	84,358,110	84,615,528	83,488,937	91,292,107	93,903,162	96,695,350	94,837,059	97,994,914
Business-type activities net position										
Net position - beginning	107,202,624	117,455,560	128,900,769	144,890,858	153,438,033	156,856,948	165,531,263	168,484,295	169,750,903	169,131,159
Prior period adjustment/special items	350,000	(705,529)	10,904,141	(728,969)	(125,821)	(209,083)	(148,347)	714,050	(4,708,433)	-
Net position - ending	117,455,560	128,900,769	144,890,858	153,438,033	156,856,948	165,531,263	168,484,295	169,750,903	169,131,159	173,166,974
Total Primary Government Net Position	\$ 206,101,031	\$ 214,812,645	\$ 229,248,968	\$ 238,053,561	\$ 240,345,885	\$ 256,823,370	\$ 262,387,457	\$ 266,446,253	\$ 263,968,218	\$ 271,161,888

**Fund Balance of Governmental Funds
Last Ten Fiscal Years**

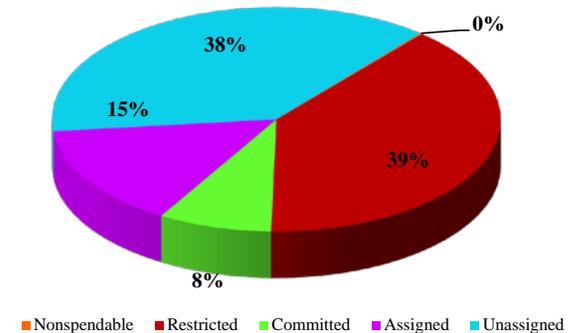
Table 3

	December 31,									
	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 18,683	\$ 18,418	\$ 24,801	\$ 20,060	\$ 18,827	\$ 23,407
Restricted	-	-	-	-	48,556	20,562	50,179	50,179	76,836	59,868
Committed	-	-	-	-	-	-	-	-	729,705	939,373
Assigned	-	-	-	-	65,926	545,168	-	-	-	-
Unassigned	-	-	-	-	3,274,281	4,018,522	4,794,308	4,725,880	4,658,608	6,942,454
General fund *										
Reserved	20,470	19,070	-	-	-	-	-	-	-	-
Unreserved	4,084,868	1,313,146	1,957,308	3,049,878	-	-	-	-	-	-
Total General Fund	\$ 4,105,338	\$ 1,332,216	\$ 1,957,308	\$ 3,049,878	\$ 3,407,446	\$ 4,602,670	\$ 4,869,288	\$ 4,796,119	\$ 5,483,976	\$ 7,965,102
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 23,264	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	4,592,196	2,786,592	3,040,543	2,923,689	7,813,051	7,121,639
Committed	-	-	-	-	232,026	313,984	357,663	652,253	674,653	566,466
Assigned	-	-	-	-	1,045,415	1,577,720	2,051,610	1,927,149	1,674,781	2,700,402
Unassigned	-	-	-	-	(96,866)	-	-	-	-	-
All other governmental funds *										
Reserved	176,435	198,472	350,758	391,078	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	6,251,037	5,867,682	5,758,691	4,488,327	-	-	-	-	-	-
Capital projects funds	2,626,138	1,578,618	2,096,861	6,662,498	-	-	-	-	-	-
Debt service funds	548,107	590,314	262,834	433,778	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 9,601,717	\$ 8,235,086	\$ 8,469,144	\$ 11,975,681	\$ 5,796,035	\$ 4,678,296	\$ 5,449,816	\$ 5,503,091	\$ 10,162,485	\$ 10,388,507

Governmental Fund Balances by Fiscal Year



2016 Governmental Fund Balances



*Fund Balance reporting change resulting from implementation of GASB54 in 2011

Table 4

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$26,572,963	\$25,132,935	\$24,259,262	\$23,958,593	\$24,139,778	\$24,476,535	\$24,893,527	\$25,964,771	\$32,486,301	\$34,904,810
License and permits	1,160,778	1,037,771	1,174,918	1,165,394	1,233,719	1,133,301	1,264,323	1,306,759	1,439,387	1,499,846
Intergovernmental	10,004,467	8,846,813	8,126,087	8,266,451	5,650,308	6,961,371	5,597,461	6,010,619	4,982,307	4,476,429
Charges for services	4,645,238	5,005,728	5,188,790	5,648,907	4,950,225	6,601,588	3,345,061	3,079,275	3,507,757	3,113,149
Fines and forfeits	1,022,563	1,689,080	1,929,836	1,581,937	1,536,690	1,492,213	1,252,160	1,260,469	1,377,204	1,475,329
Miscellaneous	3,107,379	2,497,255	1,636,519	2,962,238	1,706,691	1,985,835	1,737,857	2,030,651	2,129,699	1,702,113
Total revenues	46,513,388	44,209,582	42,315,412	43,583,520	39,217,411	42,650,843	38,090,389	39,652,544	45,922,655	47,171,676
Expenditures										
General government	6,389,555	6,830,197	6,793,202	6,878,458	7,237,760	6,096,052	4,833,662	4,713,790	5,204,949	5,384,977
Public safety	17,418,932	21,205,949	22,222,451	22,369,568	21,787,632	21,161,867	21,473,549	22,513,669	23,534,874	23,363,734
Utilities and environment	374,985	223,469	226,975	219,431	219,631	219,560	28,166	23,165	28,694	28,401
Transportation	7,652,880	7,401,334	3,372,750	3,010,848	3,135,657	4,419,430	3,242,692	4,236,661	4,382,943	3,807,174
Economic environment	2,521,648	3,142,196	1,950,417	3,269,259	2,292,909	1,891,527	1,616,533	1,647,643	1,799,656	1,832,929
Mental/physical health	71,379	73,525	74,922	75,126	75,573	69,963	271,038	274,877	275,421	154,084
Cultural and recreation	5,313,236	5,357,250	4,548,291	4,867,545	4,364,162	4,530,933	4,226,772	4,480,333	4,552,498	4,458,543
Debt service										
Principle	1,562,499	986,000	1,035,500	771,500	1,382,500	1,458,239	10,025,000	1,260,000	1,255,000	1,685,000
Interest and other debt issue costs	1,363,534	1,165,883	946,444	964,772	1,402,902	1,140,116	1,174,562	1,192,256	1,222,366	1,259,364
Capital	8,090,180	4,515,778	4,874,658	9,361,248	7,256,768	5,708,349	4,781,135	6,028,569	4,879,056	2,598,779
Intergovernmental Payments	-	-	-	-	42,203	-	-	-	-	-
Total expenditures	50,758,828	50,901,581	46,045,610	51,787,755	49,197,697	46,696,036	51,673,109	46,370,963	47,135,457	44,572,985
Excess of revenues over (under) expenditures	(4,245,440)	(6,691,999)	(3,730,198)	(8,204,235)	(9,980,286)	(4,045,193)	(13,582,720)	(6,718,419)	(1,212,802)	2,598,691
Other Financing Sources (Uses)										
Proceeds of long-term debt	-	-	-	19,407,267	9,675,000	5,215,000	8,590,000	-	4,160,000	-
Premiums on bonds sold	-	-	-	-	-	122,033	401,073	-	399,823	-
Payments to refunded escrow agent	-	-	-	(10,387,010)	(9,675,000)	(5,653,814)	-	-	-	-
Capital asset donation and disposal	1,467,967	428,319	398,759	40,930	511,823	-	137,498	199,550	67,728	123,770
Insurance recoveries	-	-	14,664	18,629	1,251	349	285	8,817	10,620	8,741
Transfers in	8,957,389	6,461,827	7,415,810	5,630,979	6,921,147	6,074,690	6,932,744	8,098,633	4,746,365	1,885,584
Transfers out	(9,445,689)	(4,195,667)	(3,239,886)	(2,020,214)	(3,282,833)	(1,612,316)	(1,440,742)	(1,681,679)	(2,840,790)	(1,909,639)
Total other financing sources and uses	979,667	2,694,479	4,589,347	12,690,581	4,151,388	4,145,942	14,620,858	6,625,321	6,543,746	108,456

Table 4

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Change in Fund Balance										
Change in reserves for inventory	(755)	(1,507)	-	(10,666)	6,820	(23,264)	-	-	-	-
Net change in fund balances	(3,266,528)	(3,999,027)	859,149	4,475,680	(5,822,078)	77,485	1,038,138	(93,098)	5,330,944	2,707,147
Fund balances-beginning	16,973,583	13,707,055	9,567,302	10,426,451	15,025,559	9,203,481	9,280,966	10,319,104	10,299,210	15,646,461
Prior Period Adjustments	-	(140,726)	-	123,428	-	-	-	73,204	16,307	-
Fund balances-ending	<u>\$13,707,055</u>	<u>\$ 9,567,302</u>	<u>\$10,426,451</u>	<u>\$15,025,559</u>	<u>\$ 9,203,481</u>	<u>\$ 9,280,966</u>	<u>\$10,319,104</u>	<u>\$10,299,210</u>	<u>\$15,646,461</u>	<u>\$18,353,608</u>
Debt service as a percentage of noncapital expenditures	6.86%	4.64%	4.81%	4.09%	6.64%	6.34%	23.88%	6.08%	5.86%	7.01%

Changes in Fund Balance by Fiscal Year

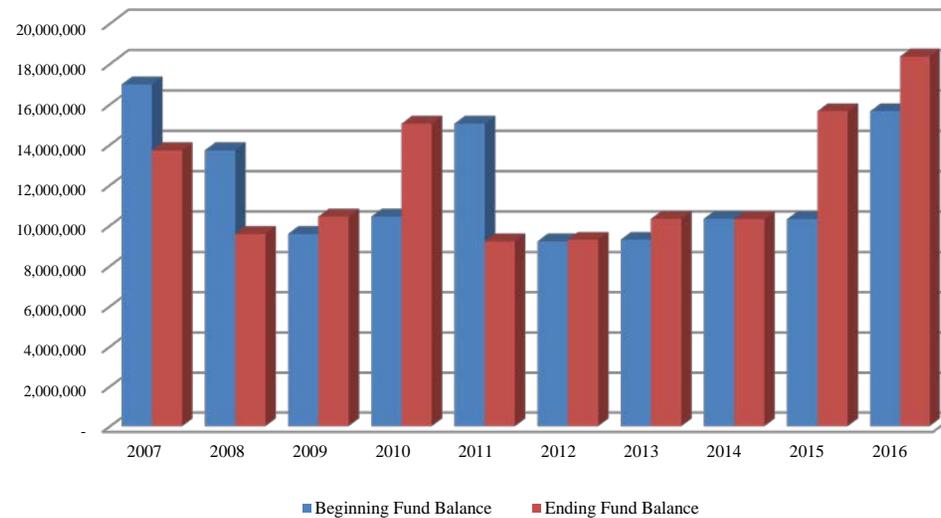


Table 5

**Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property		Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value	Total Levy Rate per \$1,000
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2007	2,557,714,553	2,919,765,471	134,674,238	134,674,238	2,692,388,791	3,054,439,709	87.9%	2.85
2008	2,974,663,326	3,395,734,390	140,113,102	143,118,592	3,114,776,428	3,538,852,982	87.8%	2.51
2009	2,950,336,030	3,430,623,291	134,404,987	138,704,837	3,084,741,017	3,569,328,128	86.2%	2.76
2010	2,738,164,824	3,187,619,120	161,319,684	163,279,032	2,899,484,508	3,350,898,152	86.2%	2.97
2011	2,592,959,827	2,939,863,749	155,787,967	157,999,967	2,748,747,794	3,097,863,716	88.4%	3.13
2012	2,396,294,922	2,704,621,808	152,670,570	155,153,018	2,548,965,492	2,859,774,826	88.8%	3.37
2013	2,250,204,824	2,445,874,809	144,576,776	148,436,115	2,394,781,600	2,594,310,924	92.1%	3.61
2014	2,143,730,007	2,358,338,842	149,270,722	156,304,421	2,293,000,729	2,514,643,263	91.0%	3.85
2015	2,206,109,042	2,346,924,513	148,433,705	149,480,065	2,354,542,747	2,496,404,578	94.1%	3.83
2016	2,358,328,229	2,508,859,818	145,081,330	146,104,058	2,503,409,559	2,654,963,876	88.9%	3.57

**Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years**

Table 6

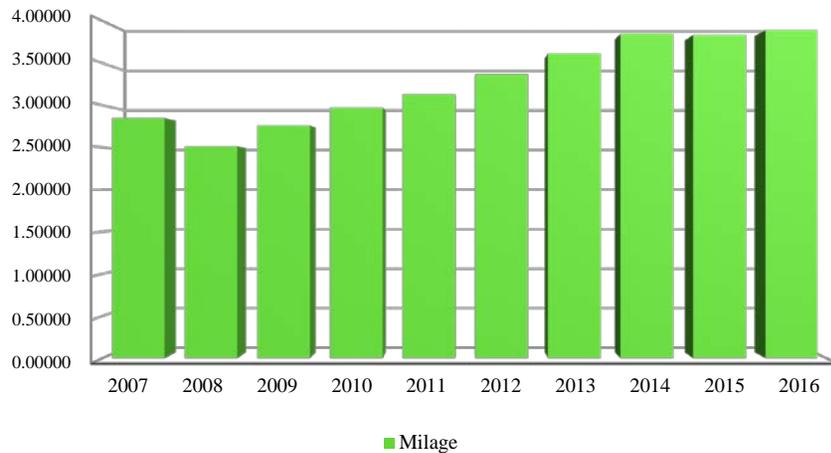
	December 31,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues										
Taxes										
Property Tax	7,920,916	7,799,723	8,490,418	8,553,934	8,546,532	8,578,750	8,511,679	8,688,122	8,971,576	9,618,497
Local Sales & Use Tax										
Local Retail Sales & Use Tax	7,072,198	7,313,178	6,114,008	6,120,060	6,604,669	6,844,193	6,489,850	6,864,848	7,288,823	8,007,178
Local Revitalization Financing	-	-	-	146,258	370,613	339,594	337,450	340,860	349,901	352,173
Hotel/Motel Sales & Use Tax	331,093	317,385	362,410	347,792	393,288	417,131	388,620	434,001	529,682	555,833
Criminal Justice Sales & Use Tax	501,813	476,939	427,665	418,917	446,258	451,761	462,935	490,256	541,747	591,310
Total Local Sales & Use Tax	7,905,104	8,107,502	6,904,083	7,033,027	7,814,828	8,052,679	7,678,855	8,129,965	8,710,153	9,506,494
Business Taxes										
Business & Occupation Taxes	4,213,717	2,889,482	3,155,501	2,811,903	2,765,879	2,698,574	2,609,466	2,664,794	2,838,188	3,254,215
Gambling Excise Taxes	275,496	268,174	239,959	276,734	93,146	81,841	55,641	68,993	54,108	68,301
Total Business Taxes	4,489,213	3,157,656	3,395,460	3,088,637	2,859,025	2,780,415	2,665,107	2,733,787	2,892,296	3,322,516
Utility Taxes										
Electric Utility	1,552,363	1,685,415	1,714,605	1,716,776	1,776,770	1,756,362	1,822,957	1,839,046	1,786,917	1,921,464
Gas Utility	955,006	907,311	527,349	419,100	449,995	375,524	365,522	394,593	371,878	346,428
Garbage/Solid Waste Utility	465,010	428,975	460,037	454,929	455,621	459,818	476,599	483,359	573,835	653,451
Cable TV Utility	519,622	563,620	575,472	601,782	619,550	617,149	618,076	636,564	609,528	727,765
Telephone Utility	1,342,711	1,502,447	1,475,421	1,338,542	1,210,552	1,198,455	1,132,558	978,824	987,549	860,916
Water Utility	690,376	684,855	1,004,461	1,267,675	1,307,466	1,310,542	1,366,011	1,722,961	1,767,957	1,717,541
Wastewater Utility	1,100,363	1,124,299	1,579,797	2,015,319	2,044,970	2,699,404	2,621,252	2,750,903	3,051,164	2,964,677
Stormwater Utility	153,902	164,091	244,916	327,771	343,308	452,427	481,739	376,536	547,164	581,527
Total Utility Taxes	6,779,353	7,061,013	7,582,058	8,141,894	8,208,232	8,869,681	8,884,714	9,182,786	9,695,992	9,773,769
Other Taxes and State Shared Revenue										
Leasehold Tax	46,019	53,055	62,232	101,570	110,491	112,087	111,758	123,721	128,893	127,049
TBD Vehicle Fees	-	-	-	-	-	189,169	431,866	444,012	480,625	510,642
Parking Tax	293,874	296,602	311,374	317,898	316,380	476,499	497,088	547,288	626,078	695,664
Real Estate Excise Tax	1,176,732	709,894	570,619	412,518	336,378	427,807	481,898	788,594	982,512	1,291,762
State & Local Shared Revenue	1,430,302	1,491,835	1,465,909	1,529,170	1,544,471	1,722,117	1,624,554	2,141,696	1,827,137	2,280,493
Total Other Taxes and State Shared Revenue	2,946,927	2,551,386	2,410,134	2,361,156	2,307,720	2,927,679	3,147,164	4,045,311	4,045,245	4,905,610
	30,041,513	28,677,280	28,782,153	29,178,648	29,736,337	31,209,204	30,887,519	32,779,971	34,315,262	37,126,886

Table 7

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

City of Bremerton Direct Rates					Overlapping Rates							Total Direct & Overlapping Rates
Fiscal Year	Operating Milage	EMS Milage	Debt Service Milage	Total City Milage	Kitsap County Milage	State School Milage	Bremerton School District Milage/Debt	Port of Bremerton Milage/Debt	Public Utility Milage	Kitsap Regional Library Milage	Total Overlapping Rates	
2007	2.10316	0.34805	0.39588	2.84710	0.96251	2.29576	3.37815	0.76873	0.06782	0.30765	7.78062	10.62771
2008	1.90323	0.31487	0.29256	2.51065	0.87703	2.02829	3.18750	0.69372	0.06180	0.28021	7.12855	9.63919
2009	1.96901	0.50000	0.29004	2.75905	0.90091	2.02559	3.41376	0.71533	0.06348	0.28792	7.40699	10.16604
2010	2.16239	0.50000	0.30911	2.97151	0.98964	2.13360	3.75818	0.77433	0.06847	0.32040	8.04462	11.01613
2011	2.32957	0.50000	0.29627	3.12583	1.06784	2.37752	4.13613	0.79156	0.07376	0.34726	8.79406	11.91989
2012	2.55906	0.50000	0.30861	3.36767	1.13920	2.49738	4.54333	0.81469	0.07804	0.37076	9.44340	12.81107
2013	2.76184	0.50000	0.35143	3.61327	1.20157	2.50708	5.52472	0.38352	0.08173	0.39111	10.08973	13.70299
2014	2.95020	0.50000	0.39533	3.84554	1.23562	2.47237	5.88763	0.39439	0.08544	0.40208	10.47753	14.32307
2015	2.94554	0.50000	0.38686	3.83240	1.20167	2.17682	5.81830	0.38814	0.08312	0.39013	10.05818	13.89058
2016	2.83000	0.49000	0.57000	3.89000	1.16649	2.35544	5.56692	0.38170	0.08059	0.38179	9.93293	13.82293

City of Bremerton Direct Property Tax Rate



Total Direct & Overlapping Property Tax Rates

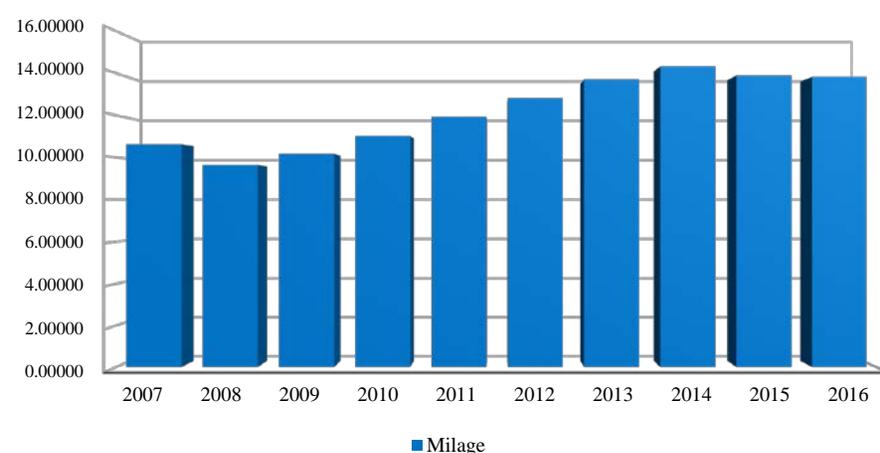


Table 8

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2016			Taxpayer	2007		
	Taxable Assessed Valuation	Rank	Percentage of Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Assessed Valuation
Puget Sound Energy	\$ 43,802,644	1	1.9%	Puget Sound Energy	\$ 32,641,507	1	1.5%
Qwest Corporation	14,546,476	2	0.6%	Kitsap Community Credit Union	18,925,960	2	0.9%
Health Care Reit Inc	12,441,120	3	0.5%	Bremerton Residential Investments	15,590,400	3	0.7%
Bremerton Stephanus LLC	12,421,420	4	0.5%	SHP II Bremerton LLC	11,968,680	4	0.5%
R & L Property MGMT LLC	12,151,140	5	0.5%	Bremerton Trust	11,208,290	5	0.5%
EP Holdings LLC	11,772,280	6	0.5%	R & L Property Management	9,831,040	6	0.4%
Heartland Automobile Prop LLC	10,215,910	7	0.4%	Red Mortgage Capital Inc	9,743,040	7	0.4%
MG Pine Ridge Apts LP	10,205,810	8	0.4%	Aewsh Bay Pointe Senior Housing	9,368,740	8	0.4%
Winco Foods LLC	10,012,221	9	0.4%	Merit Company	9,043,080	9	0.4%
Arch BPBRMWA01 LLC	8,684,270	10	0.4%	MG Pine Ridge Apts LP	9,013,570	10	0.4%
Top Ten Taxpayer Taxable Assessed Valuation	146,253,291		6.2%	Top Ten Taxpayer Taxable Assessed Valuation	137,334,307		6.2%
All Other Taxpayer Taxable Assessed Valuation	2,208,289,456		93.8%	All Other Taxpayer Taxable Assessed Valuation	2,085,558,217		93.8%
Total Taxpayer Taxable Assessed Valuation	\$2,354,542,747		100.0%	Total Taxpayer Taxable Assessed Valuation	\$2,222,892,524		100.0%

Assessed Valuation of 2016 Top Ten Taxpayers Compared to Total Taxable Assessed Valuation

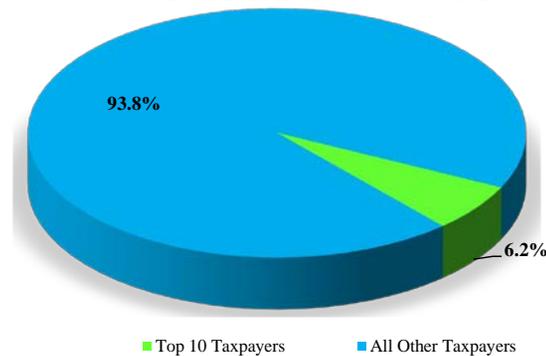


Table 9

**Property Tax levies and Collections
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	Tax Levy	Current Tax Collections	% of Tax Levy Collected	Delinquent Tax Collections	Total Tax Collections	% of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	% of Outstanding Delinquent to Tax Levy
2007	7,658	7,406	96.71%	436	7,842	102.40%	425	5.55%
2008	7,816	7,498	95.93%	190	7,688	98.36%	506	6.47%
2009	8,507	8,064	94.79%	192	8,256	97.05%	735	8.64%
2010	8,613	8,209	95.31%	411	8,620	100.08%	669	7.77%
2011	8,590	8,278	96.37%	283	8,561	99.66%	655	7.63%
2012	8,587	8,242	95.98%	317	8,559	99.67%	614	7.15%
2013	8,647	8,321	96.23%	290	8,611	99.58%	575	6.65%
2014	8,812	8,575	97.31%	256	8,831	100.22%	432	4.90%
2015	9,019	8,824	97.84%	207	9,031	100.13%	373	4.14%
2016	9,730	9,531	97.95%	146	9,677	99.46%	321	3.30%

Annual Property Tax Levies and Taxes Collected

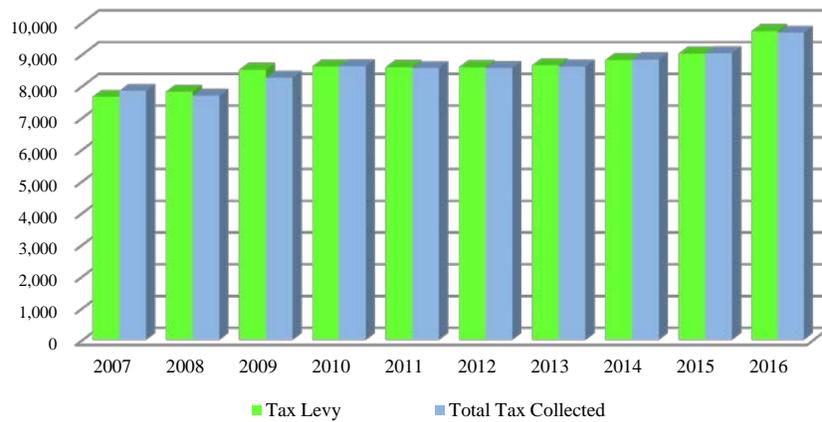


Table 10

**Ratio of Net General Bonded Debt
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

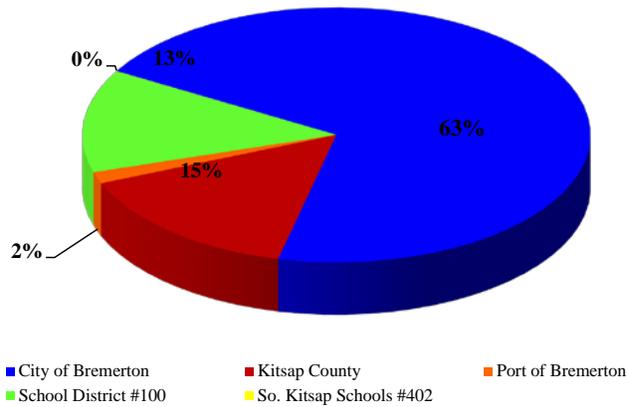
Fiscal Year	Population*	Assessed Value**	General Obligation Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Percentage Net Bonded Debt to Assessed Value	Debt per Capita
2007	35,810	2,692,388,791	28,619,400	573,654	28,045,746	1.04%	783
2008	36,860	3,114,776,428	27,424,767	623,385	26,801,382	0.86%	727
2009	36,620	3,084,741,017	26,847,185	313,948	26,533,237	0.86%	725
2010	36,190	2,899,484,508	35,705,685	474,303	35,231,382	1.22%	974
2011	38,790	2,748,747,794	39,511,239	426,513	39,084,726	1.42%	1,008
2012	39,650	2,548,965,492	37,768,000	275,190	37,492,810	1.47%	946
2013	37,850	2,394,781,600	36,260,000	203,725	36,056,275	1.51%	953
2014	37,850	2,293,000,729	34,770,000	293,160	34,476,840	1.50%	911
2015	38,180	2,354,542,747	37,430,000	546,561	36,883,439	1.57%	966
2016	39,410	2,503,409,559	35,460,000	464,060	34,995,940	1.40%	888

Table 11

**Computation of Direct and Overlapping Debt
December 31, 2016**

<u>Jurisdiction</u>	<u>Gross General Obligation</u>	<u>Percentage Applicable to Bremerton</u>	<u>Amount Applicable to Bremerton</u>
City of Bremerton	35,460,000	100.00 %	35,460,000
Kitsap County	88,609,676	8.60 %	7,620,432
Port of Bremerton	3,385,000	21.68 %	733,868
School District #100	8,980,115	73.27 %	6,579,730
So. Kitsap Schools #402	3,205,086	0.36 %	11,538
TOTAL	139,639,877		50,405,569

**Percentage of Direct & Overlapping Debt
Applicable to the City of Bremerton**



**Computation of Legal Debt Margin
as of December 31, 2016**

Table 12

Total Taxable Property Value	2,503,409,559	
2.5% General purpose limit is allocated between:	62,585,239	
Up to 1.5% debt without a vote (RCW 39.36.020)	37,551,143	
Less: Outstanding Debt (non-voted)	24,090,000	
Less: Excess of Debt with a Vote	-	
Add: Available Assets	271,672	
<i>Equals remaining debt capacity without a vote</i>	13,732,815	
Up to 2.5% debt with a vote (RCW 39.36.020)	38,766,911	
Less: Outstanding Debt (voted)	11,370,000	
Add: Available Assets	521,091	
<i>Equals remaining debt capacity with a vote</i>	27,918,002	
2.5% Utility purpose limit, voted (RCW 39.36.020)	62,585,239	
Less: Outstanding Debt	-	
Less: Contracts Payable	-	
Add: Available Assets	-	
<i>Equals remaining debt capacity- Utility purpose, voted</i>	62,585,239	
2.5% <i>Open Space, park & capital facilities, voted (RCW 39.36.020)</i>	62,585,239	
Less: Outstanding Debt	-	
Less: Contracts Payable	-	
Add: Available Assets	-	
<i>Equals remaining debt capacity - Open space, park & capital facilities voted</i>	62,585,239	

Table 13

**Water and Sewer Revenue Bond Coverage
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Maintenance & Operating Expenses*	Net Revenue Available for Debt Service	Current Principal	Interest	Total	Current Coverage Ratio
2007	23,009,152	11,486,862	11,522,290	2,815,000	242,816	3,057,816	3.77
2008	23,021,132	13,023,575	9,997,557	305,000	223,202	528,202	18.93
2009	22,697,794	13,160,506	9,537,288	320,000	210,148	530,148	17.99
2010	22,172,232	12,563,519	9,608,713	330,000	196,452	526,452	18.25
2011	22,869,304	12,807,726	10,061,578	335,000	182,328	517,328	19.45
2012	23,000,401	12,822,748	10,177,653	350,000	167,990	517,990	19.65
2013	23,418,123	12,907,625	10,510,498	365,000	153,010	518,010	20.29
2014	27,651,623	15,502,853	12,148,770	375,000	137,388	512,388	23.71
2015	31,231,386	15,924,253	15,307,133	595,000	420,344	1,015,344	15.08
2016	30,712,602	17,041,373	13,671,229	620,000	352,046	972,046	14.06

* Net of depreciation, amortization and City taxes

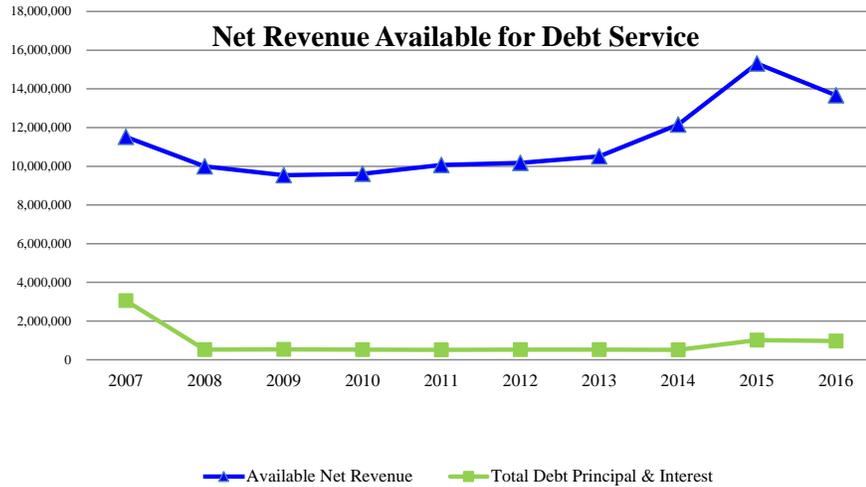


Table 14

**Demographic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Personal Income (\$000)</u> ²	<u>Income Per Capita</u> ³	<u>School Enrollment</u> ⁴	<u>Number of Housing Units</u> ⁵	<u>Rate of Unemployment</u> ⁶
2007	35,810	1,520,217	41,518	4,998	16,797	4.4
2008	36,860	1,623,535	43,187	5,061	17,171	4.4
2009	36,620	1,552,892	41,217	4,835	17,170	7.4
2010	36,190	1,501,591	41,492	4,855	17,273	7.3
2011	38,790	1,648,516	42,498	5,175	16,915	7.6
2012	39,650	1,742,857	43,956	4,904	17,090	7.4
2013	37,850	1,673,542	44,215	4,904	17,240	6.9
2014	38,864	1,810,022	46,573	5,111	17,281	7.4
2015	38,180	1,830,829	47,953	5,013	17,194	5.4
2016	39,410	N/A	N/A	5,182	17,535	7.1
2017	40,500	N/A	N/A	5,207	17,612	5.9

¹ State of Washington, Office of Financial Management.

² U.S. Department of Commerce - Bureau of Economic Analysis (County data prorated based on local population).
2016 data not available at report date.

³ Bremerton-Silverdale, WA - Bureau of Economic Analysis.

⁴ State of Washington, Office of Financial Management - Office of Superintendent of Public Instruction.

⁵ State of Washington, Office of Financial Management (post centual estimate).

⁶ State of Washington, Employment Security Department.

^{2 & 3} 2015 data not published.

Miscellaneous Statistics

DATE OF INCORPORATION

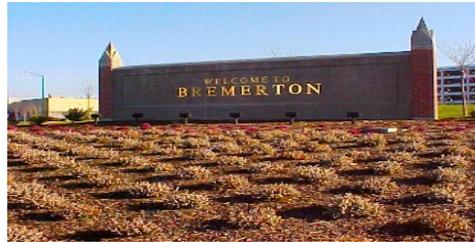
October 14, 1901

FORM OF GOVERNMENT

Council - Mayor

Type of Government

Home-Rule Charter



Demographics in 2016

Total Area for City of Bremerton 32.1 Square Miles

Number of City Employees 2016

Full-Time Equivalents 327.54

Fire Protection

Number of Personnel 53
 Number of Stations 3
 Fire and Aid Calls - 2016 8,575
 Priority 1 Response Time (minutes) 5:19



Police Protection

Number of Police Officers 54
 Calls for Service - 2016 53,456
 Average Priority 1 Response Time (minutes) 2:58
 Average Priority 2 Response Time (minutes) 4:58



Parks & Recreation

Number of Developed Parks 36
 Number of Park Acres 709.50
 Senior Centers 1
 Bremerton Family YMCA 1
 Community Pool - Jarstad Aquatic Center 1
 Golf - Gold Mountain Golf Complex 1
 Ice Arena - Bremerton Ice Arena 1



Business Licenses

Number of Business Licenses Issued - 2016 4,597
 Number of Business Licenses Issued in City Limits 1,388
 Number of Landlord Licenses Issued - 2016 1,756

Miscellaneous Statistics

Water Utility Services 2016

Residential Accounts	17,084
Commercial Accounts	1,842
Storage Capacity (gallons)	33,240,000
Cascade Dam Capacity (gallons)	1.4 billion
Average Daily Demand (millions per gallon-MG)	6.2
Reservoirs	17
Watershed Land (square miles)	12.96
Sources:	
Surface Supply (MG)	1,082
Ground Supply (MG)	1,150
Miles of Main	322



Bremerton supplies 3 billion gallons of water each year to 55,000 people, representing 36% of all the water supplied in Kitsap County. Bremerton regularly monitors the physical, chemical, and bacteriological characteristics to ensure that the drinking water is safe and water quality is the best possible.

Sewer Utility Services 2016

Residential Sewer Accounts	10,063
Commercial Sewer Accounts	929
Miles of Main	151
Miles of Force Main	31
Sewage Pump Stations	39
Grinder Pump Stations	169
Westside Wastewater Treatment Plant:	
Average Annual Flow - MGD	5.0
Hydraulic Peak Capacity - MGD	45
Permitted Average	12.5
Eastside CSO Plant	
Peak Treatment Capacity - MGD	20



Bremerton's sewage system provides sewer service to approximately 37,000 people. The wastewater collection system serves City residents as well as nearby areas in unincorporated Kitsap County.

Stormwater Utility Services 2016

Residential Accounts	10,185
Commercial Accounts	1,036
Miles of Mains	148



It is the mission of the Stormwater Program within the Department to control flooding, enhance water quality, protect sensitive habitat areas, and optimize the recharge of local aquifers.

Table 15

Miscellaneous Statistics

City Streets

Street Miles	144
State Highway Miles	19
Miles of Sidewalks	127
Signalized Traffic Intersections	39
Street Lights:	
City Owned	875
Leased from Puget Sound Energy	1,738
Signs, Crosswalks & Lane Markings	7,700



Forestry

Water and Utility Forest Lands (acres)	8,300
Miles of Forest Roads	60
Timber Harvested (board feet)	1.19 MBF
Biosolids applied (cubic yards)	2,936
Reforestation (seedlings planted)	32,050

Public Schools

Bremerton is served primarily by Bremerton School District #100. A small percentage of children attend Central Kitsap School District #401.

Elementary	6
Middle School	1
Junior High	1
High School	1
Vocational School	1

Colleges

Olympic College	Navy College
1600 Chester Ave., Bremerton	Naval Kitsap Bremerton
360 792-6050	2255 Cole Ave. Bldg. 853, Bremerton
1 800 259-6718	360 476-4282 Ext. 9176

Hospitals

Harrison Medical Center	Naval Hospital Bremerton
2520 Cherry Ave., Bremerton	1 Boone Road, Bremerton
360 377-3911	1 800 422-1383

Table 15

Miscellaneous Statistics

Local Transportation

Washington State Ferries	
Seattle Bremerton Route - Total Annual Rides 2016	2,739,926
Kitsap Transit 2016	
Foot Ferry	
Annual Rides - Port Orchard & Annapolis	487,279
Buses (County Wide)	
Annual Bus Rides (<i>Routed Service</i>)	2,189,634
Kitsap Access Bus	290,394
Worker/Driver Service	400,800
2016 Total Bus Ridership	2,880,828
Vanpool and Other	
Vanpool Service	175,920
2016 Total Vanpool Ridership	175,920
Guaranteed Ride Home	
Guaranteed Ride Home	188
2016 Total Guaranteed Ride Home	188
Total Kitsap Transit Ridership	3,544,215

Sources: Washington State Ferries
Kitsap Transit