



# BREMERTON WASHINGTON



## **CITY OF BREMERTON, WASHINGTON COMPREHENSIVE ANNUAL**

## **FINANCIAL REPORT**

*For the period January 1, 2019 thru December 31, 2019*

# *City of Bremerton, Washington*



## *Annual Financial Report*

*For the Fiscal Year ended  
December 31, 2019*

*Prepared by the Finance Department*

*City of Bremerton  
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City of Bremerton  
 Comprehensive Annual Financial Report  
 for the Fiscal Year Ended December 31, 2019

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**CITIZENS OF BREMERTON**

**JUDGE  
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**MAYOR'S  
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**CITY  
COUNCIL**

Audit  
Committee

**CITY  
ATTORNEY**

**POLICE  
SERVICES**

**FINANCIAL  
SERVICES**

**PUBLIC WORKS  
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**COMMUNITY  
DEVELOPMENT**

**PARKS &  
RECREATION**

**FIRE - EMS  
SERVICES**

- Council to City
- Civil Legal Services
- Prosecution
- Civil Litigation
- Risk Management
- Human Resources & Labor Relations
- Safety Program

- Patrol
- Traffic
- Investigation
- Crime Prevention
- Home Detention
- Jail Contract
- Photo Enforcement
- Community Policing
- Reserve Office Program
- Special Operations Group

- Records Management
- Admin Support Services
- Public Access TV
- Information Technology
- City Clerk
- Conference Center Operating
- Debt Management
- Fiscal Policy Oversight
- Cash & Bank Management
- Accounting & Budget
- Animal Control
- Parking

- Engineering
- Road Maintenance
- Utility Operations & Maintenance
- Facility Maintenance & Street Lighting
- Forestry Management
- Water Supply
- Wastewater Treatment
- Surface Water Management
- Construction Admin
- Equipment Rental Reserve & Operations
- Surveying & Mapping
- Permit Coordination
- Utility Billing & Customer Service

- Land & Use Planning
- Building Inspections
- Code Enforcement
- Environmental Review
- One-Stop Permit Center
- Zoning Administration & Enforcement
- CDBG Home Program
- Business & Regulatory Licensing
- B & O Tax
- Annexations

- Parks Building & Maintenance
- Recreation Programs
- City Fountains
- Gold Mountain Golf
- Senior Center & Programs
- Parks Commission Support
- One Percent for Art

- Fire Suppression
- Emergency Medical Services
- Fire Prevention

# Directory of Officials 2019

## Elected Officials:

Mayor .....	Greg Wheeler
District #1 Council Member .....	Pat Sullivan
District #2 Council Member .....	Leslie Daus
District #3 Council Member .....	Kevin Gorman
District #4 Council Member .....	Lori Wheat
District #5 Council Member .....	Michael Goodnow
District #6 Council Member .....	Mike Simpson
District #7 Council Member .....	Eric Younger
Judge, Municipal Court .....	James Docter

## Appointed Officials:

City Attorney .....	Roger Lubovich
Director, Public Works and Utilities .....	Tom Knuckey
Fire Chief .....	David Schmitt
Police Chief .....	Steven Strachan
Director of Financial Services .....	Mike Riley
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 January 1, 2019 through December 31, 2019

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, as of and for the year ended December 31, 2019, 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.

## **Opinions**

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, 2019, 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.

## **Matters of Emphasis**

As discussed in Note 18 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

## **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 as a whole. The accompanying 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 28, 2020 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy

State Auditor

Olympia, WA

September 28, 2020

**City of Bremerton  
Management's Discussion and Analysis  
December 31, 2019**

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, 2019. 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 2019, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$287 million. The net investment in capital assets accounts for 89%, or \$255 million, of this amount. Restricted net position accounts for another 3%, or \$8.6 million, and is primarily for construction projects, debt service, public safety and Community Development Block Grant (CDBG) programs, tourism promotion, worker's compensation liability and public safety. The remaining net assets of \$23 million may be used to meet the City's ongoing obligations to citizens and creditors. As a result of GASB 75 (Other Post Employment Benefit reporting), the unrestricted fund balance on the governmental activities is negative.
- The City's net position increased by \$13 million (5%) during the fiscal year. The governmental net position increased by \$5.8 million (7%) from the amount reported in 2018. Business-type net position increased by \$7.9 million (4%).
- As of December 31, 2019, the City's governmental funds reported a combined fund balance of \$27 million, an increase of 19% from the prior year end. The fund balance of the General Fund increased by \$3.3 million while the remaining non-major governmental funds had a fund balance increase of \$844 thousand. \$6.3 million of the combined ending governmental fund balances is restricted for specific purposes by external parties, enabling legislation or otherwise not available for expenditure. Of the remaining \$20.7 million fund balance, \$6.6 million has been committed or assigned for specific purposes while \$14.1 million is unassigned and available to the City for future appropriation. The remaining fund balance of \$36 thousand is non-spendable inventories.
- At the end of 2019, the unassigned fund balance of the General Fund was \$14.1 million or approximately 35 % of total General Fund expenditures of \$39.8 million. The General Fund's unassigned fund balance increased by \$3.2 million from the prior year's amount of \$12.3 million.
- The City's total outstanding debt decreased by \$5 million or 9% during the current fiscal year to \$52.9 million. General obligation debt decreased by \$1.9 million, revenue bond debt decreased by \$1.0 million and revenue loan debt decreased \$1.6 million. The city issued \$6.6 million to refinance its 2010 LTGO and 2010 LTGO BABS Bonds, realizing a net savings of \$1.0 million dollars over the remaining term (16 years) on the debt.
- The City's net investment in capital assets increased \$7.0 million overall in 2019. Governmental activities decreased \$932 thousand and business activities increased \$7.9 million. Total capital assets from governmental activities decreased \$2.7 million or (2.3%). Total capital assets from business type activities increased \$5 million or 3%.

**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-five (25) individual governmental funds in 2019. The City's General and 2019 Refunding LTGO funds are 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".

The City maintains budgetary control over its operating funds through the adoption of an annual budget. Budgets are adopted at the fund level. The general fund budget is further 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.

**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.

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, 2019 totaled \$287 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		
	2019	2018	Difference	2019	2018	Difference	2019	2018	Difference
Current Assets	\$ 33,120	\$ 27,198	\$ 5,922	\$ 35,912	\$ 35,493	\$ 419	\$ 69,032	\$ 62,691	\$ 6,341
Restricted Assets	6,442	6,669	(227)	1,281	1,892	(611)	7,723	8,561	(838)
Capital Assets	115,888	118,589	(2701)	193,539	188,578	4,961	309,427	307,167	2,260
Other Noncurrent Assets	11,921	10,769	1152	109	-	109	12,030	10,769	1,261
Total assets	167,371	163,225	4,146	230,841	225,963	4,878	398,212	389,188	9,024
Deferred outflows of resources	3,744	3,089	655	782	712	70	4,526	3,801	725
Current Liabilities	7,265	3,739	3,526	6,996	2,905	4,091	14,261	6,644	7,617
Noncurrent Liabilities	66,491	71,736	(5,245)	27,748	34,839	(7,091)	94,239	106,575	(12,336)
Total liabilities	73,756	75,475	(1,719)	34,744	37,744	(3,000)	108,500	113,219	(4,719)
Deferred inflows of resources	5,747	4,773	974	1,292	1,140	152	7,039	5,913	1,126
Net position									
Net Investment in Capital Assets	89,793	90,726	(933)	165,616	157,675	7,941	255,409	248,401	7,008
Restricted	6,443	6,595	(152)	2,131	2,014	117	8,574	8,609	(35)
Unrestricted	(4,624)	(11,255)	6,631	27,840	28,102	(262)	23,216	16,847	6,369
Total Net Position	\$ 91,612	\$ 86,066	\$ 5,546	\$ 195,587	\$ 187,791	\$ 7,796	\$ 287,199	\$ 273,857	\$ 13,342

The largest component of the City's net position is the \$255 million investment in capital assets reduced for 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 \$6.4 million of governmental restrictions, \$5.3 million or 81.7% is restricted for the construction of capital assets. Public safety services accounts for \$425 thousand or 6.6%. The remaining 11.7% is comprised of HUD, Public Access Television, tourism promotion and workers compensation. A total of \$27.9 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 such as water lines, pump station, wells, storm drain flushing, water meter reading, and capital construction projects, such as well rehabilitation, are examples of utility activities.

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. Governmental activities reported a negative unrestricted fund balance of \$(4.4) million due to the implementation of GASB 75 in 2018.

## 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 increased by \$13.6 million. Governmental activities increased \$5.8 and the net position of business-type activities increased by \$7.9 million.

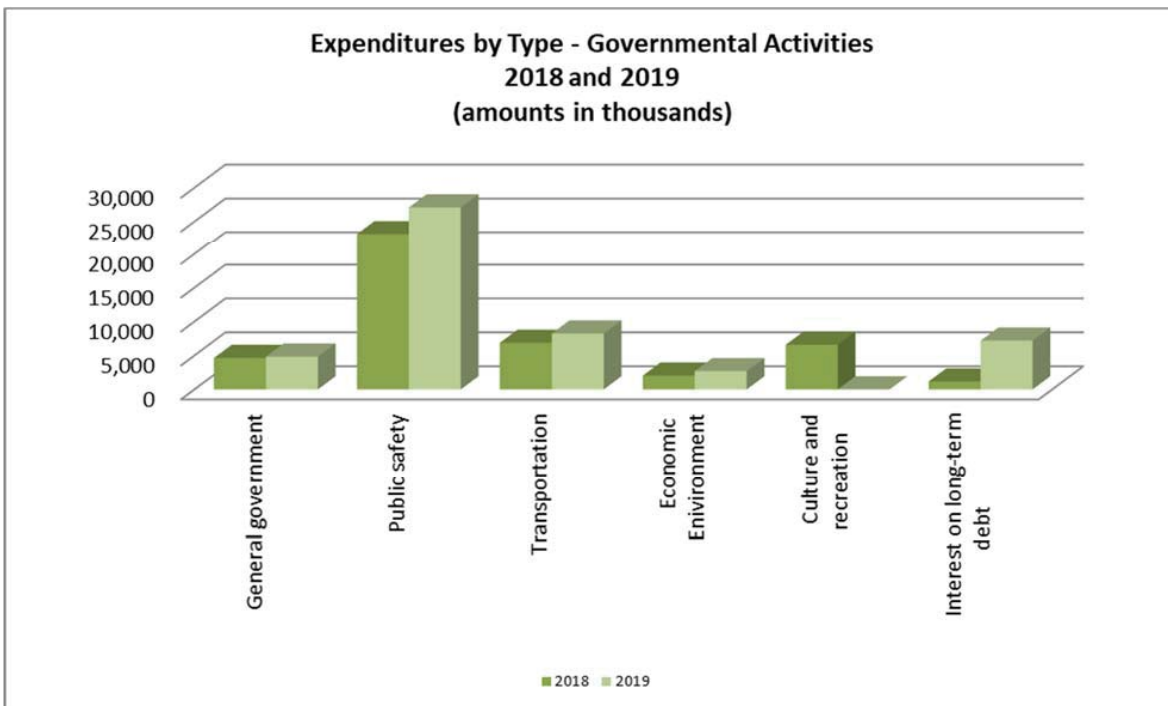
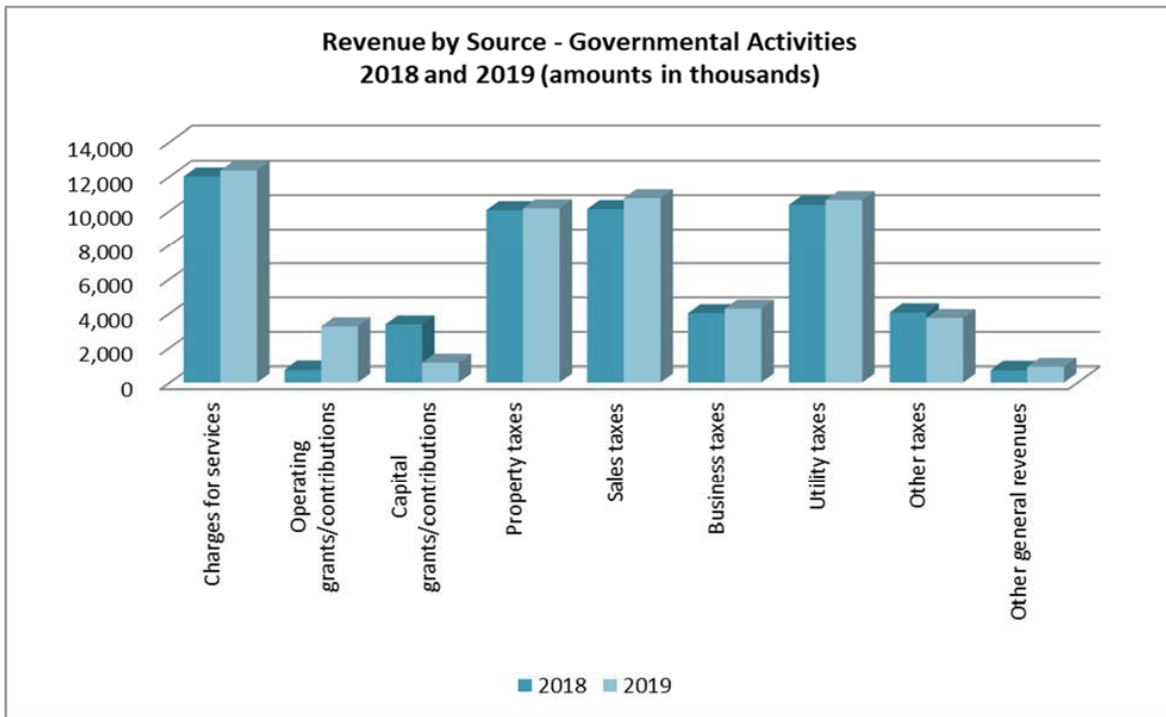
The following is a condensed version of the City's changes in net position. The table shows the revenues, expenses, and related changes in net position in tabular form for the governmental activities separate from the business-type activities. The graphs that follow compare program revenues to program 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		
	2019	2018	Difference	2019	2018	Difference	2019	2018	Difference
<b>Revenues</b>									
Program revenues									
Charges for services	\$ 12,283	\$ 11,999	\$ 284	\$ 38,857	\$ 37,760	\$ 1,097	\$ 51,140	\$ 49,759	\$ 1,381
Operating grants/contributions	3,249	725	2,524	19	-	19	3,268	725	2,543
Capital grants/contributions	1,120	3,349	(2,229)	3,287	3,278	9	4,407	6,627	(2,220)
General revenues	-	-	-	-	-	-	-	-	-
Property taxes	10,154	10,045	109	-	-	-	10,154	10,045	109
Sales taxes	10,743	10,114	629	109	77	32	10,852	10,191	661
Business taxes	4,267	4,006	261	15	8	7	4,282	4,014	268
Utility taxes	10,631	10,358	273	-	-	-	10,631	10,358	273
Other taxes	3,719	4,049	(330)	-	-	-	3,719	4,049	(330)
Other general revenues	903	711	192	1,524	830	694	2,427	1,541	886
Total revenues	\$ 57,069	\$ 55,356	\$ 1,713	\$ 43,811	\$ 41,953	\$ 1,858	\$ 100,880	\$ 97,309	\$ 3,571
<b>Expenses</b>									
General government	4,854	4,631	223	-	-	-	4,854	4,631	223
Public safety	27,174	23,143	4,031	-	-	-	27,174	23,143	4,031
Transportation	8,336	6,869	1,467	-	-	-	8,336	6,869	1,467
Economic environment	2,702	2,038	664	-	-	-	2,702	2,038	664
Culture and recreation	7,240	6,582	658	-	-	-	7,240	6,582	658
Interest on long-term debt	980	1,168	(188)	-	-	-	980	1,168	(188)
Water	-	-	-	12,801	13,637	(836)	12,801	13,637	(836)
Wastewater	-	-	-	15,493	14,727	766	15,493	14,727	766
Golf course	-	-	-	4,297	4,364	(67)	4,297	4,364	(67)
Stormwater	-	-	-	3,639	2,938	701	3,639	2,938	701
Total expenses	\$ 51,286	\$ 44,431	\$ 6,855	\$ 36,230	\$ 35,666	\$ 564	\$ 87,516	\$ 80,097	\$ 7,419
Change in net position before transfers	5,783	10,925	(5,142)	7,581	6,287	1,294	13,364	17,212	(3,848)
Transfers	(238)	(3,449)	3,211	238	3,449	(3,211)	-	-	-
Change in net position	5,545	7,476	(1,931)	7,819	9,736	(1,917)	13,364	17,212	(3,848)
Net position - beginning	86,067	109,378	(23,311)	187,791	178,054	9,737	273,858	287,432	(13,574)
Change in accounting method GASB 75	-	(30,787)	30,787	-	-	-	-	(30,787)	30,787
Prior Period	-	-	-	(23)	-	(23)	(23)	-	(23)
Net position - ending	\$ 91,612	\$ 86,067	\$ 5,545	\$ 195,587	\$ 187,790	\$ 7,797	\$ 287,199	\$ 273,857	\$ 13,342

**Governmental activities** accounted for an increase of \$5.8 million of the total change in net position of \$13.6 million. Significant elements of the increase are as follows:

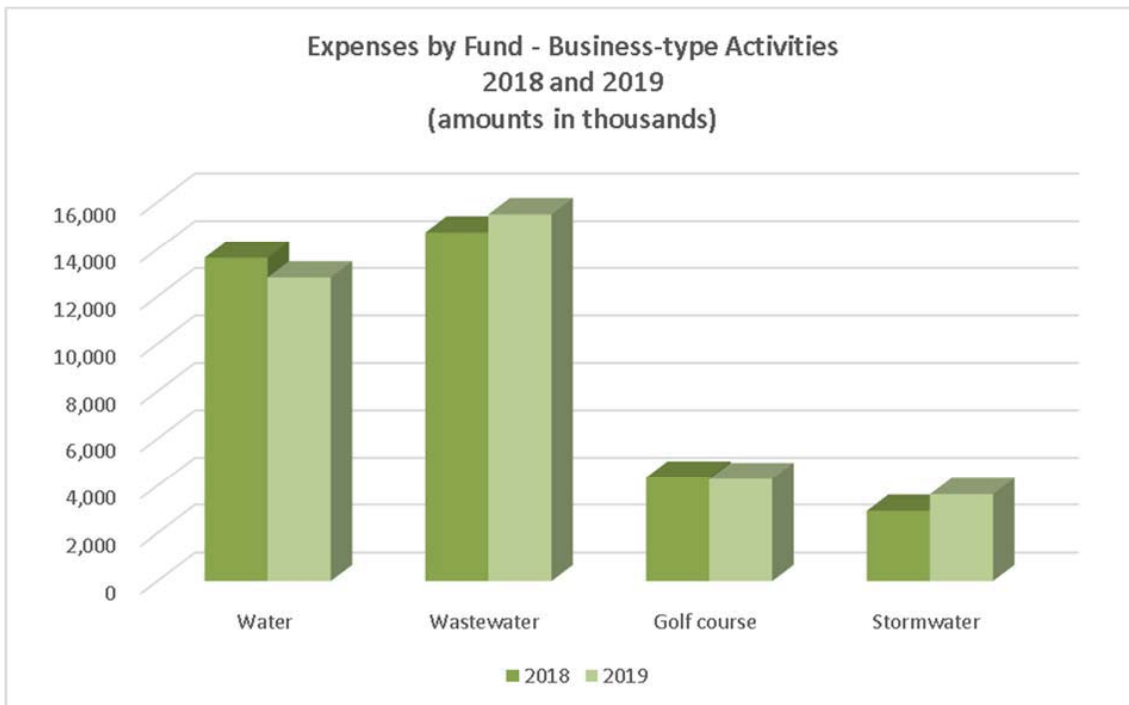
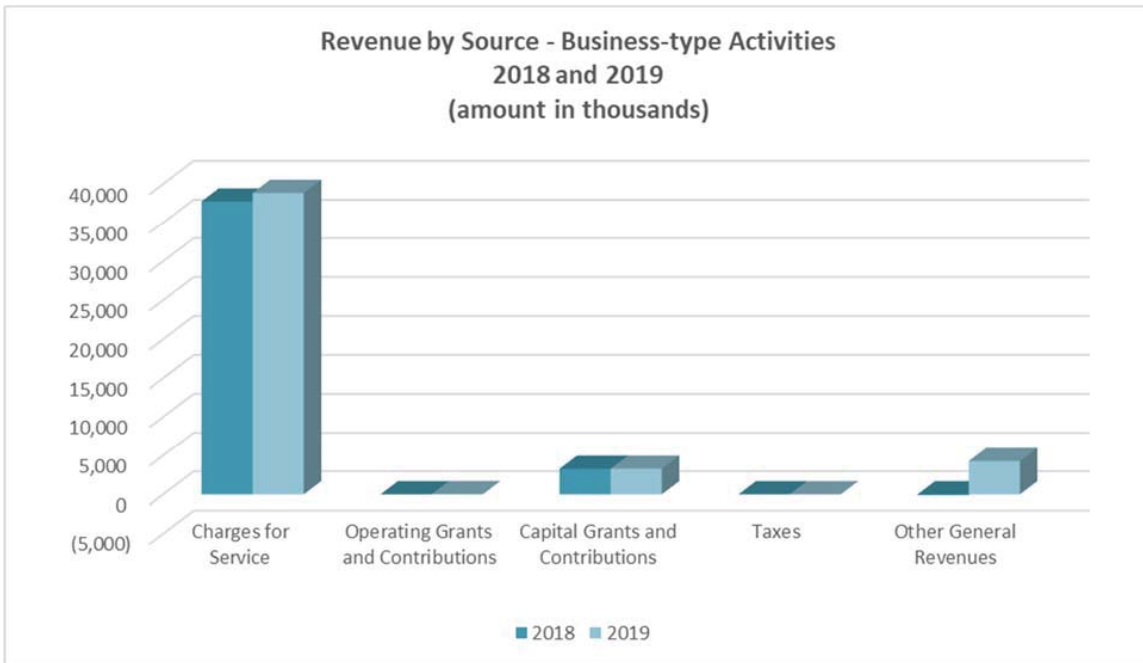
- The City saw significant improvements across the board.
- The City had increases in property, sales, business and utility taxes of \$.109 million, \$.629 million, \$.261 million and \$.273 million respectively. Property, sales and business tax increases were in part due to new construction throughout the City. Overall consumer spending remains strong and there were no increases in utility tax rates.
- Expenditures increase by 8.9% in 2019 compared to 2018. Small changes occurred in many functional areas, as a significant effort was made to match available resources. Public Safety saw the largest increase, recognizing a \$3.9 million increase year over year. This was primarily attributable to staffing increases in the Fire Department (three FTE) funded in part by the Federal SAFER grant, filling of vacant authorized positions within Police and Fire Departments and changes in net OPEB obligations.
- Total revenue from governmental activities in 2019 increased by \$1.7 million from 2018. Program revenues increased by \$.631 million with the largest increase from the Ground Emergency Medical Transport (GEMT) grant.

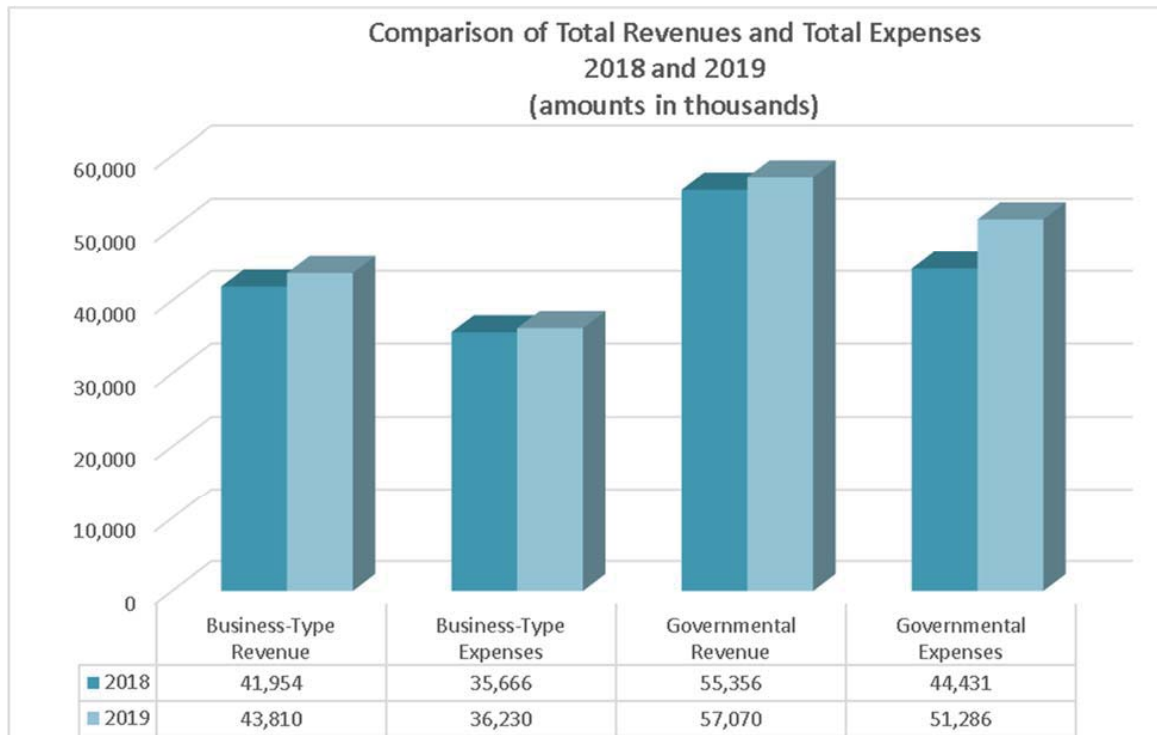
The City received \$2.1 million in Fire Department operation funding from this source. Capital grant contributions from Federal Indirect Grants from the Department of Transportation decreased by \$1.8 million in 2019 due to the timing of transportation capital projects. Other revenue sources were consistent with prior years with anticipated modest increases.



**Business-type activities** increased the City’s net position by \$7.9 million

- The significant change in fund balance can be mainly attributed to capital asset additions and reduction in expenses (attributable to recognized reduction in pension expense per GASB 68). The utilities remained consistent from the prior year.





### 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 2019, the fund balance of the General Fund was \$15.7 million. As a measure of the fund's liquidity, the 2019 ending fund balance is 39% of the fund's 2019 expenditures, an increase of 7% over 2018's 32%.

The General Fund ending fund balance increased in 2019 by \$3.3 million. Revenues increased from \$40.6 million in 2018 to \$43.6 million in 2019. The City saw steady increases over all revenue categories in 2019. Intergovernmental revenues made up the majority of the increase \$2.1 million. This is attributable to receipt of Ground Emergency Medical Transport (GEMT) funds. Expenditures increase from \$37.9 million to \$39.8 million during the same period. Public safety saw the majority of the increase due to increased staffing from the addition of three firefighter/paramedics being added to the staff.

#### 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 97% of the amended amount budgeted or \$1.1 million less than budgeted. Expenditures for 2019 were 86% of the amended budget resulting in actual expenditures being \$6.2 million less than the budgeted amount. The positive expenditure budget variance is largely attributable to savings in budgeted personnel.

The General Fund budget was balanced in 2019. The original budget provided for a decrease to the fund balance of \$1.4 million. The budget was amended two times during 2019. The final amended budget provided for a decrease to fund balance of \$2.0 million. At the conclusion of 2019, the General Fund increased budgetary fund balance by \$3.1 million.

## 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, 2019, amounts to \$309 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 2019 include two parks projects; and various street improvements totaling \$4.0 million. Specifically, the City worked on the following:

- Manette Neighborhood Park - \$1,477,570
- Lions Park Playground Improvements - \$71,877
- Various Sidewalk Improvements - \$1,148,571
- Residential Street Veldee Ave - \$116,207

The major capital assets changes for business-type activities included the construction of wastewater and water capital improvement projects identified within the City's 2019 capital improvement plan.

### Capital Assets (net of depreciation)

Amounts in 000's	Governmental Activities			Business-Type Activities			Total		
	2019	2018	Difference	2019	2018	Difference	2019	2018	Difference
Land	\$ 20,174	\$ 20,073	\$ 101	\$ 9,882	\$ 9,882	\$ -	\$ 30,056	\$ 29,955	\$ 101
Buildings	44,454	45,441	(987)	33,273	34,400	(1,127)	77,727	79,841	(2,114)
Improvements/Infrastructure	44,056	43,765	291	104,735	102,415	2,320	148,791	146,180	2,611
Machinery and Equipment	4,807	5,024	(217)	36,164	36,788	(624)	40,971	41,812	(841)
Construction in Progress	2,392	4,281	(1,889)	9,250	4,844	4,406	11,642	9,125	2,517
Intangibles	5	5	-	234	244	(10)	239	249	(10)
<b>TOTAL</b>	<b>\$115,888</b>	<b>\$118,589</b>	<b>\$ (2,701)</b>	<b>\$ 193,538</b>	<b>\$188,573</b>	<b>\$ 4,965</b>	<b>\$309,426</b>	<b>\$307,162</b>	<b>\$ 2,264</b>

Except for land and intangibles, the 2018 balances have been restated for business-type activities; see Note 1B for restatement amounts. Additional information on the City's capital assets can be found in Note 5.

**Long-term Debt****Outstanding Debt - General Obligation and Revenue Bonds**

Amounts in 000's	Governmental Activities			Business-Type Activities			Total		
	2019	2018	Difference	2019	2018	Difference	2019	2018	Difference
General Obligation Bonds	\$ 26,180	\$ 27,750	\$ (1,570)	\$ 3,290	\$ 3,610	\$ (320)	\$ 29,470	\$ 31,360	\$ (1,890)
General Obligation Notes	-	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	13,425	14,450	(1,025)	13,425	14,450	(1,025)
Revenue Loans	-	-	-	9,980	11,582	(1,602)	9,980	11,582	(1,602)
<b>TOTAL</b>	<b>\$ 26,180</b>	<b>\$ 27,750</b>	<b>\$ (1,570)</b>	<b>\$ 26,695</b>	<b>\$ 29,642</b>	<b>\$ (2,947)</b>	<b>\$ 52,875</b>	<b>\$ 57,392</b>	<b>\$ (4,517)</b>

On September 19, 2019 the City engaged with DA Davidson to refund the 2010 LTGO \$5.015 million and the 2010 LTGO(B) \$1.375 million outstanding Bonds. During the advertisement of the Bonds, JP Morgan Chase offered a private placement purchase in the amount of \$6.640 million. The \$1.890 million decrease in government-wide general obligation bonds debt was due to \$2.140 million in annual debt payments off-set by the \$250 thousand increase from the debt refunding. The \$1.025 million decrease in revenue bonds was due to annual debt payments. Annual debt payments for revenue loans were \$1.976 million and were offset by \$374 thousand increase in new loans. Additional information on the City's long-term debt can be found in Note 9 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 2019 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 national, regional and local economic conditions continued to show growth during 2018 and 2019.

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 Washington Ave and Lebo Blvd Pedestrian Access funds. In 2019 the City was awarded multiple state and federal grants. Future outside funding opportunities will be highly competitive and Bremerton, due to its current economic demographics, should compete very well for certain projects.

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 (Manette Park and Warren Ave Playfield) and the renovation of several major parks, transportation and utility projects are all designed to improve the lives of city residents. Private investment has included the construction of the 606 and Spyglass apartments Marina Square, Burwell Apartments and other locally owned businesses. Additionally, there are other projects underway, 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 have been increased gradually from 2014 to

2019 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 2016 the City issued \$7.855 million in Revenue bonds to finance identified capital improvements. Currently additional bonding is not being considered in 2020 for the Utilities.

### **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 100, Bremerton, WA 98337-1873.

**City of Bremerton**  
**Statement of Net Position**  
**December 31, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash & cash equivalents	\$ 9,862,328	\$ 12,922,324	\$ 22,784,652
Investments	14,468,676	15,137,979	29,606,655
Receivables	7,264,436	5,621,789	12,886,225
Internal balances	(124,960)	124,960	-
Due from other governments	887,221	508,307	1,395,528
Inventories	131,132	1,574,573	1,705,705
Other assets	631,106	21,636	652,742
Restricted assets:			
Cash & cash equivalents	4,657,531	355,879	5,013,410
Investments	1,783,231	925,156	2,708,387
Receivables	2,173	-	2,173
Notes and contracts receivable:			
Due in more than one year	-	109,311	109,311
Capital assets not being depreciated	22,571,734	19,250,055	41,821,789
Capital assets net of depreciation	93,316,905	174,288,812	267,605,717
Net pension asset	11,920,625	-	11,920,625
Total assets	<u>\$ 167,372,138</u>	<u>\$ 230,840,782</u>	<u>\$ 398,212,920</u>
<b>Deferred outflows of resources</b>			
Deferred amount on refunding	\$ 860,404	\$ 25,598	\$ 886,002
Deferred amount related to OPEB	484,430	-	484,430
Deferred amount related to pension	2,399,173	757,162	3,156,335
<b>Total deferred outflow of resources</b>	<u>\$ 3,744,007</u>	<u>\$ 782,760</u>	<u>\$ 4,526,767</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	\$ 2,157,570	\$ 2,242,758	\$ 4,400,328
Matured long term obligations	299,330	-	299,330
Employee wages payable	1,248,662	555,309	1,803,971
Other accrued liabilities	1,499,764	599,615	2,099,379
Custodial accounts	104,770	158,039	262,809
Unearned revenue	-	115,104	115,104
Current portion of long term debt	1,955,000	3,325,773	5,280,773
Noncurrent liabilities			
Net pension liability	3,447,843	2,715,973	6,163,816
Total OPEB liability	35,129,396	-	35,129,396
Due in more than one year	27,914,170	25,031,348	52,945,518
Total liabilities	<u>\$ 73,756,505</u>	<u>\$ 34,743,920</u>	<u>\$ 108,500,425</u>
<b>Deferred inflows of resources</b>			
Deferred amount grants received in advance	\$ 354,505	\$ -	\$ 354,505
Deferred amount related to pension	5,392,914	1,292,094	6,685,008
<b>Total deferred inflows of resources</b>	<u>\$ 5,747,419</u>	<u>\$ 1,292,094</u>	<u>\$ 7,039,513</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 89,793,827	\$ 165,615,921	\$ 255,409,748
Restricted for:			
Tourism promotion & facilities	320,758	-	320,758
Community development block grant	39,837	-	39,837
Public safety	425,325	-	425,325
Public Access Television	227,445	-	227,445
Debt service	68,293	1,693,936	1,762,229
Workers compensation	100,000	-	100,000
Capital projects	5,261,277	436,983	5,698,260
Unrestricted	(4,624,541)	27,840,687	23,216,146
Total Net Position	<u>\$ 91,612,221</u>	<u>\$ 195,587,528</u>	<u>\$ 287,199,749</u>

See accompanying notes to the financial statements.

**City of Bremerton  
Statement of Activities  
For the Year Ended December 31, 2019**

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	\$ 4,854,589	\$ 746,222	\$ -	\$ -	\$ (4,108,367)	\$ -	\$ (4,108,367)
Public safety	27,173,950	4,119,019	2,489,179	-	(20,565,752)	-	(20,565,752)
Transportation	8,336,420	3,093,756	-	987,738	(4,254,926)	-	(4,254,926)
Economic environment	2,701,913	1,868,392	759,426	-	(74,095)	-	(74,095)
Culture and recreation	7,240,365	2,455,690	-	132,022	(4,652,653)	-	(4,652,653)
Interest on long-term debt	979,440	-	-	-	(979,440)	-	(979,440)
Total governmental activities	51,286,677	12,283,079	3,248,605	1,119,760	(34,635,233)	-	(34,635,233)
Business-type activities							
Water	12,800,708	14,786,999	-	1,764,824	-	3,751,115	3,751,115
Wastewater	15,493,107	15,282,046	-	95,062	-	(115,999)	(115,999)
Stormwater	3,639,459	4,172,651	19,457	1,427,037	-	1,979,687	1,979,687
Golf course	4,296,600	4,615,727	-	-	-	319,127	319,127
Total business-type activities	36,229,874	38,857,424	19,457	3,286,923	-	5,933,930	5,933,930
Total government	\$ 87,516,551	\$ 51,140,503	\$ 3,268,062	\$ 4,406,683	\$ (34,635,233)	\$ 5,933,930	\$ (28,701,303)
General Revenues							
Taxes:							
Property					10,154,188	-	10,154,188
Sales					10,742,691	109,529	10,852,220
Business					4,266,679	15,041	4,281,720
Utility					10,630,789	-	10,630,789
Other					3,719,323	-	3,719,323
Unrestricted investment interest					814,043	768,583	1,582,626
Miscellaneous (leases, rentals, judgements & settlements)					54,420	754,731	809,151
Gain on disposal of capital assets					35,937	200	36,137
Transfers, internal activities					(237,714)	237,714	-
Total general revenues and transfers					40,180,356	1,885,798	42,066,154
Change in net position					5,545,123	7,819,728	13,364,851
Net position, beginning of year					86,067,098	187,790,800	273,857,898
Prior period adjustment (Note 1B)					-	(23,000)	(23,000)
Net position, end of year					\$ 91,612,221	\$ 195,587,528	\$ 287,199,749

See accompanying notes to the financial statements.

**City of Bremerton  
Balance Sheet  
Governmental Funds  
December 31, 2019**

	<u>General</u>	<u>2019 Refunding LTGO</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash and equivalents	\$ 6,593,487	\$ -	\$ 1,567,681	\$ 8,161,168
Investments	8,150,662	-	4,183,274	12,333,936
Restricted cash	144,061	-	4,413,470	4,557,531
Restricted investments	-	-	1,783,231	1,783,231
Receivables, net	6,127,463	18,919	960,265	7,106,647
Restricted receivables	-	-	2,173	2,173
Due from other funds	1,189,950	176,491	1,149,972	2,516,413
Due from other governments	116,893	-	736,738	853,631
Inventories	36,110	-	-	36,110
Other assets	-	-	378,221	378,221
Total assets	<u>22,358,626</u>	<u>195,410</u>	<u>15,175,025</u>	<u>37,729,061</u>
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 22,358,626</u>	<u>\$ 195,410</u>	<u>\$ 15,175,025</u>	<u>\$ 37,729,061</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts/contracts payable	\$ 1,161,973	\$ -	\$ 724,179	\$ 1,886,152
Due to other funds	865,474	25,000	1,873,202	2,763,676
Due to other governments	16,809	-	-	16,809
Employee wages payable	1,031,162	-	71,443	1,102,605
Custodial accounts	89,770	-	15,000	104,770
Unearned revenue	2,264,930	-	843,282	3,108,212
Total liabilities	<u>5,430,118</u>	<u>25,000</u>	<u>3,527,106</u>	<u>8,982,224</u>
Deferred inflows of resources:				
Deferred amount grants received-in-advance	9,520	-	344,985	354,505
Deferred amount for property taxes	309,026	-	17,016	326,042
Deferred amount for derived taxes	955,887	-	45,494	1,001,381
Total deferred inflows of resources	<u>1,274,433</u>	<u>-</u>	<u>407,495</u>	<u>1,681,928</u>
Total liabilities and deferred inflows of resources	<u>\$ 6,704,551</u>	<u>\$ 25,000</u>	<u>\$ 3,934,601</u>	<u>\$ 10,664,152</u>
Fund balances:				
Nonspendable	\$ 36,109	\$ -	\$ -	\$ 36,109
Restricted	144,061	-	6,198,874	6,342,935
Committed	1,360,441	-	1,382,691	2,743,132
Assigned	-	170,410	3,645,158	3,815,568
Unassigned	14,113,464	-	13,701	14,127,165
Total fund balances	<u>15,654,075</u>	<u>170,410</u>	<u>11,240,424</u>	<u>27,064,909</u>
Total liabilities and fund balances	<u>\$ 22,358,626</u>	<u>\$ 195,410</u>	<u>\$ 15,175,025</u>	<u>\$ 37,729,061</u>
Amounts reported for <i>governmental activities</i> 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.				115,852,202
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				18,999,549
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.				2,390,741
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.				(72,695,180)
Net position of governmental activities				<u>\$ 91,612,221</u>

See accompanying notes to the financial statements.

**City of Bremerton**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Year Ended December 31, 2019**

	<b>General Fund</b>	<b>2019 Refunding LTGO</b>	<b>Other Governmental Funds</b>	<b>Governmental Funds Total</b>
<b>REVENUES</b>				
Taxes				
Property	\$ 8,900,613	\$ -	\$ 1,258,215	\$ 10,158,828
Sales	10,343,874	18,919	1,023,048	11,385,841
Business	13,163,915	-	851,874	14,015,789
Other	66,544	-	3,411,973	3,478,517
Licenses and permits	1,535,956	-	394,571	1,930,527
Intergovernmental	3,810,445	-	2,747,295	6,557,740
Charges for services	3,847,144	-	301,234	4,148,378
Fines and forfeitures	1,334,383	-	524,384	1,858,767
Miscellaneous (leases, rentals, judgements & settlements)	634,490	-	1,993,628	2,628,118
Total revenues	<u>\$ 43,637,364</u>	<u>\$ 18,919</u>	<u>\$ 12,506,222</u>	<u>\$ 56,162,505</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 6,328,645	\$ -	\$ 189,869	\$ 6,518,514
Public safety	25,700,253	-	173,055	25,873,308
Utilities and environment	38,387	-	-	38,387
Transportation	952,321	80,956	4,856,591	5,889,868
Economic environment	1,966,210	-	762,300	2,728,510
Mental/physical health	84,683	-	-	84,683
Culture and recreation	4,525,877	-	623,654	5,149,531
Debt service:				
Principal	-	-	1,820,000	1,820,000
Interest and other costs	6,943	-	1,088,318	1,095,261
Capital outlay	192,321	-	2,038,652	2,230,973
Total expenditures	<u>\$ 39,795,640</u>	<u>\$ 80,956</u>	<u>\$ 11,552,439</u>	<u>\$ 51,429,035</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,841,724</u>	<u>\$ (62,037)</u>	<u>\$ 953,783</u>	<u>\$ 4,733,470</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries & surplus	\$ 11,475	\$ -	\$ 23,547	\$ 35,022
Proceeds of refunding debt	-	6,640,000	-	6,640,000
Payment to refunded debt escrow agent	-	(6,584,044)	-	(6,584,044)
Transfers in	860,000	176,491	2,681,915	3,718,406
Transfers out	(1,391,080)	-	(2,815,040)	(4,206,120)
Total other financing sources and uses	<u>\$ (519,605)</u>	<u>\$ 232,447</u>	<u>\$ (109,578)</u>	<u>\$ (396,736)</u>
Net change in fund balances	\$ 3,322,119	\$ 170,410	\$ 844,205	\$ 4,336,734
Fund balances-beginning	12,331,956	-	10,396,219	22,728,175
Fund balances-ending	<u>\$ 15,654,075</u>	<u>\$ 170,410</u>	<u>\$ 11,240,424</u>	<u>\$ 27,064,909</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, 2019**

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

Net change in fund balances – total government funds	\$ 4,336,734
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.	(2,692,496)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported in the funds.	2,393,187
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	1,768,425
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>(260,727)</u>
Change in net position of governmental activities	<u><u>\$ 5,545,123</u></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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 32,795,452	\$ 32,795,452	\$ 32,474,946	\$ (320,506)
Licenses and permits	1,160,050	1,160,050	1,535,956	375,906
Intergovernmental	2,105,146	2,105,146	3,810,445	1,705,299
Charges for services	5,599,169	5,599,169	2,191,492	(3,407,677)
Fines and forfeitures	1,117,250	1,117,250	1,334,383	217,133
Other revenues	740,510	747,155	1,068,491	321,336
Total revenues	<u>43,517,577</u>	<u>43,524,222</u>	<u>42,415,713</u>	<u>(1,108,509)</u>
<b>EXPENDITURES</b>				
City Council	376,187	384,487	223,991	160,496
Executive	355,918	358,818	187,929	170,889
Finance	1,505,740	1,565,840	655,734	910,106
Legal	1,419,378	1,539,978	879,741	660,237
Human Resources	674,421	686,621	393,914	292,707
Community Development	2,334,742	2,376,542	2,193,476	183,066
Municipal Court	1,460,412	1,498,339	1,455,838	42,501
City Auditor	87,085	89,385	50,292	39,093
Law Enforcement	11,794,552	11,832,652	11,376,825	455,827
Fire/Emergency Medical Services	10,648,819	10,657,119	10,390,156	266,963
Police & Fire pension	1,697,700	1,769,700	1,731,340	38,360
Facilities	1,830,521	1,877,621	1,279,595	598,026
Parks and Recreation	3,041,282	3,089,784	2,822,306	267,478
Engineering	2,620,280	2,680,180	965,502	1,714,678
Non-departmental	5,091,175	5,137,275	4,737,010	400,265
Total expenditures	<u>44,938,212</u>	<u>45,544,341</u>	<u>39,343,650</u>	<u>6,200,691</u>
Excess (deficiency) of revenues over expenditures	<u>(1,420,635)</u>	<u>(2,020,119)</u>	<u>3,072,063</u>	<u>5,092,182</u>
Fund balances-beginning	<u>9,216,595</u>	<u>11,194,478</u>	<u>11,194,478</u>	<u>0</u>
Fund balances-ending	<u>\$ 7,795,960</u>	<u>\$ 9,174,359</u>	<u>\$ 14,266,542</u>	<u>\$ 5,092,183</u>

Amounts reported for actual expenses is different because of the 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:

Conference Center Fund Balance-Beginning	\$ (67,734)
Conference Center Charges for Services Revenue	1,655,654
Conference Center Other Revenues	469,277
Conference Center Operating Expenses	(2,030,104)
Contingency Reserve Fund Balance-Beginning	1,298,269
Contingency Reserve Other Revenues	<u>62,171</u>
<b>Fund Balances Ending for General Fund of the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental funds.</b>	<b><u>\$ 15,654,075</u></b>

<b>EXPENDITURES</b>				
Personnel	32,514,077	32,554,979	28,658,413	(3,896,566)
Supplies, services & taxes	11,099,056	11,297,183	9,007,861	(2,289,322)
Capital expenditure	180,000	200,000	192,321	(7,679)
Transfers	1,145,079	1,492,179	1,485,055	(7,124)
Total expenditures	<u>44,938,212</u>	<u>45,544,341</u>	<u>39,343,650</u>	<u>(6,200,691)</u>

See accompanying notes to the financial statements.

**City of Bremerton**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	Business-type Activities Enterprise Funds					Governmental Activities	
	Water	Golf Course		Wastewater	Stormwater	Total	Internal Service Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>							
Current assets:							
Cash and cash equivalents	\$ 5,401,604	\$ 408,133	2,981,649	\$ 2,282,859	\$ 11,074,245	\$ 3,549,239	
Restricted cash	48,400	-	307,478	-	355,879	100,000	
Investments	6,520,253	493,734	3,126,643	2,761,659	12,902,289	4,370,430	
Restricted investments	125,824	-	799,332	-	925,156	-	
External receivables	2,000,800	58,933	2,745,349	746,859	5,551,940	87,117	
Interest receivables	28,900	2,147	17,072	12,009	60,127	19,005	
Due from other funds	213,321	-	318,439	122,336	654,097	420,893	
Due from other governments	-	-	-	508,307	508,307	-	
Inventories	783,436	213,427	577,710	-	1,574,573	95,022	
Prepayments	-	21,636	-	-	21,636	252,885	
Total current assets	15,122,538	1,198,010	10,873,672	6,434,029	33,628,249	8,894,591	
Noncurrent assets:							
Notes and contracts receivable	109,311	-	-	-	109,311	-	
Capital assets not being depreciated	5,780,392	2,793,733	8,466,819	2,197,354	19,238,298	11,757	
Capital assets net of depreciation	62,057,274	3,738,703	92,126,926	9,430,428	167,353,331	6,971,917	
Total noncurrent assets	67,946,977	6,532,436	100,593,745	11,627,782	186,700,940	6,983,674	
Total assets	83,069,515	7,730,446	111,467,417	18,061,811	220,329,189	15,878,265	
Deferred outflows of resources							
Deferred amount on refunding	-	25,598	-	-	25,598	-	
Deferred amount related to pension	396,535	-	253,900	106,727	757,162	89,607	
Total deferred outflows of resources	396,535	25,598	253,900	106,727	782,760	89,607	
Total assets and deferred outflows	\$ 83,466,050	\$ 7,756,044	\$ 111,721,317	\$ 18,168,538	\$ 221,111,949	\$ 15,967,872	
<b>LIABILITIES AND DEFERRED INFLOWS</b>							
Current liabilities:							
Accounts/contract payable	314,095	144,803	1,483,081	300,140	2,242,118	255,249	
Claims and judgements payable	-	-	-	-	-	299,330	
Due to other funds	191,325	-	514,601	115,295	821,222	6,501	
Due to other governments	-	38,918	-	-	38,918	-	
Employee wages payable	165,909	201,320	129,463	58,617	555,309	146,057	
Other accrued liabilities	175,533	9,139	129,111	56,097	369,879	31,576	
Current portion of long-term debt	748,014	325,000	2,142,795	109,965	3,325,773	-	
Custodial accounts	3,413	154,126	-	500	158,039	-	
Unearned revenue	115,104	-	-	-	115,104	-	
Other current liabilities	91,817	-	58,170	40,831	190,818	-	
Total current liabilities	1,805,210	873,306	4,457,220	681,444	7,817,181	738,713	
Noncurrent liabilities:							
Claims and judgments payable	-	-	-	-	-	1,197,320	
Bonds, notes and loans payable	7,241,987	2,965,000	12,236,698	2,179,085	24,622,771	-	
Net pension liability	1,745,582	-	659,063	311,328	2,715,973	83,053	
Compensated absences	223,747	-	114,421	70,409	408,577	46,148	
Total noncurrent liabilities	9,211,316	2,965,000	13,010,182	2,560,823	27,747,321	1,326,521	
Total liabilities	11,016,526	3,838,306	17,467,402	3,242,267	35,564,501	2,065,234	
Deferred inflows of resources related to pension	638,739	-	463,170	190,185	1,292,094	179,723	
Total liabilities and deferred inflows	\$ 11,655,265	\$ 3,838,306	\$ 17,930,572	\$ 3,432,452	\$ 36,856,595	\$ 2,244,957	
<b>NET POSITION</b>							
Net investment in capital assets	59,847,666	3,268,034	86,214,252	9,338,732	158,668,683	6,983,674	
Restricted for capital assets	-	436,983	-	-	436,983	-	
Restricted for debt service	186,566	-	1,507,371	-	1,693,936	-	
Restricted for worker's compensation	-	-	-	-	-	100,000	
Unrestricted	11,776,554	212,721	6,069,122	5,397,354	23,455,751	6,639,241	
Total net position	\$ 71,810,785	\$ 3,917,738	\$ 93,790,745	\$ 14,736,086	\$ 184,255,354	\$ 13,722,915	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					\$ 11,332,174		
Net position of business-type activities					\$ 195,587,528		

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, 2019**

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Golf Course	Wastewater	Stormwater	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 13,917,099	\$ 4,615,727	\$ 15,266,217	\$ 4,165,744	\$ 37,964,788	\$ 5,859,261
Other operating revenue	869,900	-	15,829	26,364	912,093	1,329
Total operating revenues	<u>14,786,999</u>	<u>4,615,727</u>	<u>15,282,046</u>	<u>4,192,109</u>	<u>38,876,881</u>	<u>5,860,590</u>
<b>OPERATING EXPENSES</b>						
Operations and maintenance	9,718,219	114,528	10,761,240	3,094,878	23,688,865	3,697,234
Contracted operations	-	3,878,031	-	-	3,878,031	-
Customer service and marketing	311,442	-	206,800	150,954	669,196	-
General administration	265,053	-	198,985	166,225	630,262	708,250
Depreciation and amortization	2,591,211	162,160	4,125,945	209,656	7,088,972	794,140
Risk transfer payments	-	-	-	-	-	721,523
Payments to claimants & beneficiaries	-	-	-	-	-	1,325,449
Total operating expenses	<u>12,885,925</u>	<u>4,154,719</u>	<u>15,292,969</u>	<u>3,621,713</u>	<u>35,955,326</u>	<u>7,246,596</u>
Operating income (loss)	<u>1,901,074</u>	<u>461,008</u>	<u>(10,923)</u>	<u>570,396</u>	<u>2,921,555</u>	<u>(1,386,006)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment revenue	290,726	21,579	241,156	125,463	678,924	177,192
Interest expense	(194,379)	(141,881)	(353,208)	(55,820)	(745,288)	-
Gain (loss) on capital asset disposal	-	200	(12,838)	-	(12,638)	(5,271)
Other nonoperating revenue/expense	496,553	14,532	365,312	2,904	879,301	15,042
Total nonoperating revenues (expenses)	<u>592,900</u>	<u>(105,570)</u>	<u>240,422</u>	<u>72,547</u>	<u>800,300</u>	<u>186,963</u>
Income (loss) before contributions and transfers	<u>2,493,974</u>	<u>355,438</u>	<u>229,499</u>	<u>642,943</u>	<u>3,721,855</u>	<u>(1,199,043)</u>
Capital contributions	1,764,824	-	95,062	1,427,038	3,286,924	1,261,551
Transfers from other funds	-	-	-	237,714	237,714	250,000
Change in net position	4,258,798	355,438	324,561	2,307,696	7,246,493	312,508
Total net position - beginning	<u>67,574,987</u>	<u>3,562,300</u>	<u>93,466,184</u>	<u>12,428,390</u>	<u>177,031,861</u>	<u>13,410,407</u>
Prior period adjustment (Note 1B)	<u>(23,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,000)</u>	<u>-</u>
Total net position - ending	<u>\$ 71,810,785</u>	<u>\$ 3,917,738</u>	<u>93,790,745</u>	<u>\$ 14,736,086</u>	<u>\$ 184,255,354</u>	<u>\$ 13,722,915</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					573,235	
Change in net position of business-type activities.					<u>\$ 7,819,728</u>	

See accompanying notes to the financial statements.

**City of Bremerton**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Year Ended December 31, 2019**

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Golf Course	Wastewater	Stormwater	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 14,013,591	\$ 4,727,019	\$ 15,134,347	\$ 4,065,406	\$ 37,940,362	\$ -
Cash receipts from interfund services	63,324	-	-	-	63,324	5,683,367
Other receipts and payments	806,576	-	15,829	29,428	851,833	1,329
Cash payments to suppliers	(3,026,775)	(3,915,606)	(2,220,829)	(131,534)	(9,294,745)	(2,116,217)
Cash payments to employees	(4,174,682)	-	(3,027,944)	(1,286,837)	(8,489,463)	(1,831,467)
Cash payments for interfund services	(4,183,947)	(97,101)	(5,568,232)	(1,709,905)	(11,559,185)	(741,323)
Purchase of insurance	-	-	-	-	-	(721,523)
Payment for insurance claims	-	-	-	-	-	(825,979)
Net cash provided (used) by operating activities	3,498,086	714,312	4,333,170	966,558	9,512,127	(551,813)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grant proceeds	-	-	-	(503,813)	(503,813)	-
Transfer ins	-	-	-	-	-	250,000
Transfer outs	-	-	-	237,714	237,714	-
Other receipts and payments	509,636	14,532	366,596	861	891,625	2,148
Net cash provided (used) by noncapital financing activities	509,636	14,532	366,596	(265,238)	625,526	252,148
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Loan proceeds	-	-	-	374,308	374,308	-
Capital contributions	1,764,824	-	95,062	1,427,037	3,286,923	2,306,821
Collections on notes receivable	44,909	-	-	-	44,909	-
Sale or involuntary conversion of capital assets	-	200	-	-	200	60,255
Acquisition and construction of capital assets	(1,270,610)	(45,091)	(8,183,669)	(1,515,907)	(11,015,277)	(1,837,850)
Principal paid bonds	(206,600)	(320,000)	(739,200)	(79,200)	(1,345,000)	-
Principal paid on other debt	(549,649)	-	(1,417,120)	(9,864)	(1,976,634)	-
Interest paid on bonds and other debt	(226,868)	(116,830)	(401,781)	(65,738)	(811,217)	-
Net cash provided (used) by capital and related financing activities	(443,994)	(481,721)	(10,646,708)	130,636	(11,441,787)	529,226
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Interest on loans and investments	277,141	20,604	247,905	121,019	666,669	172,201
Net change in investments	(1,864,070)	(127,683)	3,511,826	(399,854)	1,120,220	5,346
Net cash provided (used) by investing activities	(1,586,928)	(107,079)	3,759,732	(278,835)	1,786,889	177,547
Net increase (decrease) in cash and cash equivalents	1,976,800	140,044	(2,187,210)	553,121	482,755	407,108
Cash and equivalents - beginning	3,473,205	268,089	5,476,337	1,729,738	10,947,369	3,241,181
Cash and equivalents - ending	\$ 5,450,005	\$ 408,133	\$ 3,289,127	\$ 2,282,859	\$ 11,430,124	\$ 3,648,289
Cash at the end of the year consists of:						
Operating fund cash	5,401,604	408,133	2,981,649	2,282,859	11,074,245	3,549,239
Restricted cash	48,400	-	307,478	-	355,879	100,000
Total cash at end of year	\$ 5,450,005	\$ 408,133	\$ 3,289,127	\$ 2,282,859	\$ 11,430,124	\$ 3,649,239

See accompanying notes to the financial statements.

**City of Bremerton**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Year Ended December 31, 2019**

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Golf Course	Wastewater	Stormwater	Total	Internal Service Funds
<b>Reconciliation of operating income to net cash provided by</b>						
<b>operating activities:</b>						
Operating income (loss)	\$ 1,901,074	\$ 461,008	\$ (10,923)	\$ 570,396	\$ 2,921,555	\$ (1,386,006)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	2,591,211	162,160	4,125,945	209,656	7,088,972	794,140
Contra pension expense	(820,690)	-	45,223	63,970	(711,497)	(54,059)
Decrease (increase) in receivables	97,463	74,094	(131,871)	(100,339)	(60,652)	-
Decrease (increase) in due from other funds/govt	(127,767)	-	(265,119)	32,357	(360,529)	(175,894)
Decrease (increase) in prepaid expenses	-	1,590	-	-	1,590	-
Decrease (increase) in inventory	(49,817)	(17,237)	(689)	-	(67,743)	82,507
Increase (decrease) in accounts payable	(142,978)	(28,699)	552,764	234,477	615,563	(241,034)
Increase (decrease) in due to other funds/govt	(16,625)	4,346	68,406	(74,776)	(18,648)	(103,034)
Increase (decrease) in employee wages payable	37,137	19,851	(14,800)	18,665	60,853	36,090
Increase (decrease) in employee leave payable	30,049	-	(35,766)	12,151	6,434	(3,993)
Increase (decrease) in other payables	(971)	37,199	-	-	36,228	499,470
Net cash provided by operating activities	<u>\$ 3,498,086</u>	<u>\$ 714,312</u>	<u>\$ 4,333,170</u>	<u>\$ 966,558</u>	<u>\$ 9,512,127</u>	<u>\$ (551,813)</u>
<b>Noncash investing, capital and financial activities</b>						
Developers contributed infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

**City of Bremerton**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2019**

		<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	852,059
Total assets	\$	<u>852,059</u>
<b>Deferred outflows of resources</b>	\$	<u>-</u>
<b>LIABILITIES</b>		
Accounts/contracts payable		236,976
Other current liabilities		615,083
Total liabilities	\$	<u>852,059</u>
<b>Deferred inflows of resources</b>	\$	<u>-</u>

See accompanying notes to the financial statements.

**City of Bremerton**  
**Notes to Financial Statements**  
**January 1, 2019 – December 31, 2019**

**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.

**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.

**Accounting and Reporting Changes**

**Prior Period Adjustments**

The *Bonds, Notes and Loans Payable* balance for the Water fund on the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds and correlating *Due in More than One Year* balance on the Statement of Net Position – Business Type Activities reported in the prior year's financial statement was understated due to an error. The error was discovered during the long-term debt reconciliation process. The correction of this error resulted in a prior period adjustment to the Water fund's beginning net position as previously reported of \$23,000.

**Capital Asset, Business Activities**

The capital asset reconciliation process identified several errors that in aggregation resulted in a net negative amount of \$5,480. While this amount did not result in prior period adjustment, the beginning balances for multiple categories were restated in the note disclosure for Capital Assets (Note 5).

- Reclassified \$43,789 of costs from Improvements to Buildings in the Golf fund.
- Reclassified \$40,462 of costs from Machinery & Equipment to Work-in-Progress in the Wastewater fund for assets that were not actually placed-in service as previously reported.

- Machinery & Equipment costs were reduced \$43,453 and off-set by a reduction to accumulated depreciation of \$37,949 for fiscal year 2018 retirements in the Golf and Wastewater funds.
- Machinery & Equipment costs were reduced \$331,085 and off-set by a reduction to accumulated depreciation of \$229,668 and increase the Work-in Progress balance \$101,442 for cumulative errors in the Equipment Rental Reserve fund.

**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 2019 Refunding LTGO fund is used to account for the activity related to the issuance of refunding bonds in 2019.

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, 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 2019.

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, 2019, the City was holding \$27,798,058, 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 2019 was \$5,577,087.

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.

### 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. Specific debt service reserve requirements are described in Note 9, *Long-Term Debt*.

Restricted assets are composed of the following:

<b>Governmental type:</b>	
Cash and investments - Construction	\$ 5,183,613
Cash and investments - HUD programs	39,837
Cash and investments - Public safety	502,989
Cash and investments - Public Television	227,445
Cash and investments - Workers compensation	100,000
Cash and investments - Tourism promotion	320,758
Cash and investments - Debt Service	66,120
Receivables - Debt Service	2,173
Total governmental	<u>\$ 6,442,935</u>
<b>Business type:</b>	
Cash and Investments - Debt service Water fund	\$ 174,225
Cash and Investments - Debt service Wastewater fund	1,106,810
Total business	<u>\$ 1,281,035</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:

<b>Assets</b>	<b>Years</b>
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, risk management prepayments and receivables for community development block grant loans.

#### 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. The 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. Lastly, this account also includes the City's OPEB contributions subsequent to the measurement date. See Note 15, *Defined Benefit Other Postemployment Benefits (OPEB) Plans* for a discussion of OPEB 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, employee's 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 9, *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. The City's reported unearned revenue consists of the receivable portion determined to be long-term for red-light traffic infractions and court fines. 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.

	<b>2019</b>			
	<b>General Fund</b>	<b>Refunding LTGO</b>	<b>Other Funds</b>	<b>Total</b>
Fund balances:				
<b>Nonspendable:</b>				
Inventory	\$ 36,110	\$ -	\$ -	\$ 36,110
<b>Restricted for:</b>				
Tourism promotion & facilities	-	-	320,758	320,758
Community development block grant	-	-	39,837	39,837
Public safety	-	-	425,325	425,325
Public Access Television	-	-	227,445	227,445
Court Improvement	-	-	77,664	77,664
Debt service	-	-	68,293	68,293
Capital projects	144,061	-	5,039,552	5,183,613
<b>Committed to:</b>				
Fund balance stabilization	1,360,441	-	-	1,360,441
Employee Wellness	-	-	5,313	5,313
Parks	-	-	25,916	25,916
Public Access Television	-	-	-	-
Public safety	-	-	34,319	34,319
Public art	-	-	18,022	18,022
Residential Street	-	-	585,278	585,278
Transportation Capital	-	-	688,068	688,068
Affordable Housing	-	-	1,843	1,843
Other	-	-	23,931	23,931
<b>Assigned to:</b>				
Street Operations	-	-	895,120	895,120
Tourism promotion & facilities	-	-	45,388	45,388
Parking System	-	-	1,130,831	1,130,831
Building Abatement	-	-	334,049	334,049
Public Access Television	-	-	452,551	452,551
Court Improvement	-	-	9,542	9,542
Debt Service	-	170,410	84,757	255,167
Residential Street	-	-	56,740	56,740
Transportation Capital	-	-	324,844	324,844
Capital Improvements	-	-	311,336	311,336
<b>Unassigned:</b>	<b>14,113,464</b>	<b>-</b>	<b>-</b>	<b>14,113,464</b>
Total Fund Balances	\$ 15,654,076	\$ 170,410	\$ 11,226,722	\$ 27,051,208

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, 2019.

<b>Fund</b>	<b>Target Rate</b>	<b>Target Balance</b>	<b>Balance 12/31/2019</b>
General	8.5%	\$ 3,227,755	\$ 15,651,577
Water	12%	\$ 1,689,891	13,337,735
Wastewater	12%	\$ 1,754,113	6,601,980
Stormwater	12%	\$ 366,402	5,935,266
Golf Course	12%	\$ 506,100	445,416

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 2019 the target fund balance of the contingency reserve fund is \$1,351,276. At 12/31/19 the balance was \$1,360,441.

## 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 for governmental activities

The governmental fund balance sheet includes reconciliation between total fund balance and total net position for governmental activities 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	\$ 187,730,495
Accumulated depreciation	(71,878,292)
<b>Net adjustment to fund balance for capital assets</b>	<b>\$ 115,852,203</b>

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	\$ 4,189,953
Investment interest accrued beyond the city's 30 day measurable and available period	61,389
Due from other governments beyond the city's 30 day measurable and available period	33,586
Net Pension Asset	11,920,625
Deferred Pension Outflows	2,309,566
Deferred OPEB Outflows	484,430
<b>Net adjustment to fund balance for other long-term assets</b>	<b>\$ 18,999,549</b>

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	\$ 2,390,741
<b>Net adjustment to fund balance for internal service funds</b>	<b>\$ 2,390,741</b>

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	\$ (26,180,000)
Less: Issuance premiums	(775,216)
Add: Deferred amount on refunding	860,404
Accrued interest payable	(108,847)
Compensated absences	(2,784,144)
Net Pension Liability	(3,364,790)
Deferred Pension Inflow	(5,213,191)
Other Post Employment Benefits	(35,129,396)
Net adjustment to fund balance for long-term liabilities	<u>\$ (72,695,180)</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 for governmental 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	\$ 2,230,973
Depreciation	(4,904,199)
Gain <Loss> on retirement	(19,270)
Net adjustment to net change in fund balances - governmental funds	<u>\$ (2,692,496)</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 Principle Paid	\$ 1,820,000
Refunding Bonds Issued	(6,640,000)
Proceeds of Refunding Debt	6,390,000
Deferred Amount on Refunding	194,044
Amortized Deferred Amount on Refunding	(79,171)
Amortized Bond Premium	83,552
Net adjustment to net change in fund balances - governmental funds	<u>\$ 1,768,425</u>

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

Change in accrued interest receivable	\$ 21,325
Change in other receivables	327,442
Change in Build America Bond subsidy receivable	(2,487)
Change in Pension Expense GASB 68	1,757,430
Change in other post-employment benefits payable	685,282
Change in accrued interest payable	111,440
Change in compensated absences payable	(507,245)
Net adjustment to net change in fund balances - governmental funds	<u>\$ 2,393,187</u>

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

Net revenue of risk management activities	\$ (553,753)
Net revenue of self insurance activities	227
Net revenue of employment security activities	(88,534)
Net revenue of accrued leave activities	60,974
Net revenue of equipment maintenance activities	(153,831)
Net revenue of information technology activities	474,190
<b>Net adjustment to net change in fund balances - governmental funds</b>	<b>\$ (260,727)</b>

### 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.

##### Cash & Cash Equivalents

Cash on hand	<u>8,234,644</u>
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 8,234,644</b>

Investment Type	Investment Maturity (in Years)				Percent of Total
	Fair Value	<12 Months	13-24 Months	>25 Months	
Federal National Mortgage Association	\$ 6,048,340	\$ 2,004,880	\$ 4,043,460	\$ -	11.5%
Federal Home Loan Bank	8,078,960	2,000,840	2,017,540	4,060,580	15.3%
Federal Farm Credit Bank	10,161,640	-	7,143,070	3,018,570	19.3%
State Treasurer's Investment Pool	20,415,473	20,415,473	-	-	38.7%
US Treasury	8,026,100	6,003,520	-	2,022,580	15.2%
<b>Total</b>	<b>\$ 52,730,513</b>	<b>\$ 30,424,713</b>	<b>\$ 13,204,070</b>	<b>\$ 9,101,730</b>	<b>100.0%</b>

##### Total Cash and Investments

**\$ 60,965,157**

*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.

Investment Type	Fair Value (1)	Credit Ratings			
		AAA/Aaa (2)	AA/Aa (2)	A (2)	Unrated
Federal Agency Obligations	\$ 24,288,940	\$ 24,288,940	\$ -	\$ -	\$ -
State Treasurer's Investment Pool (3)	20,415,473	-	-	-	20,415,473
US Treasury	8,026,100	8,026,100	-	-	-
Bank Deposits	8,234,644	-	-	-	8,234,644
<b>Total</b>	<b>\$ 60,965,157</b>	<b>\$ 32,315,040</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,650,117</b>

(1) Fair Value includes accrued interest

(2) Rating agencies: Moody's AAA, AA, A; S&P Aaa, A

(3) Measured at amortized cost

*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 12/31/19 the portfolio was in compliance with this policy.

Local Government Investment Pool	33%
Federal National Mortgage Association	10%
Federal Home Loan Bank	13%
Federal Farm Credit Bank	17%
US Treasury	13%

*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.

### Investments Measured at Fair Value

The City measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 – Unobservable inputs for an asset or liability

Investments measured at Fair Value Level	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Federal Agency Obligations	\$ 24,288,940	\$ -	\$ 24,288,940	\$ -
US Treasury	8,026,100	8,026,100	-	-
<b>Total</b>	<b>\$ 32,315,040</b>	<b>\$ 8,026,100</b>	<b>\$ 24,288,940</b>	<b>\$ -</b>

### **Investments in Local Government Investment Pool (LGIP)**

The City is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

## **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 41.16.060 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 2019, the Kitsap Regional Library District levied \$0.39 per \$1,000 of assessed valuation, and therefore the City's maximum levy rate is \$3.13 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 2019 was \$2.11 per \$1,000 on an assessed valuation of \$3.603 billion, for a total regular levy of \$7,619,234.

Special levies approved by the voters are not subject to the above limitations. In 2019, the City levied an additional \$0.71 per \$1,000 for General Obligation Bonds and Emergency Medical Services, for a total additional levy of \$2,562,896.

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, 2019, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance 1/1/2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2019</b>
Capital assets, not being depreciated:				
Land	\$ 20,072,557	\$ 101,893	\$ -	\$ 20,174,450
Construction in progress	4,281,912	2,230,973	4,120,751	2,392,134
Intangibles	4,500	650	-	5,150
Total capital assets, not being depreciated	<u>24,358,969</u>	<u>2,333,516</u>	<u>4,120,751</u>	<u>22,571,734</u>
Capital assets, being depreciated:				
Buildings/building improvements	63,030,963	306,994	17,421	63,320,536
Improvements other than buildings	21,136,991	826,730	123,409	21,840,312
Machinery and equipment	12,017,687	361,530	51,080	12,328,137
Infrastructure	65,203,242	2,551,908	-	67,755,150
Total capital assets, being depreciated	<u>161,388,883</u>	<u>4,047,162</u>	<u>191,910</u>	<u>165,244,135</u>
Less accumulated depreciation for:				
Buildings/buildings improvements	17,589,620	1,287,015	9,371	18,867,264
Improvements other than buildings	13,409,884	702,653	112,190	14,000,347
Machinery and equipment	6,994,023	578,010	51,080	7,520,953
Infrastructure	29,165,353	2,373,313	-	31,538,666
Total accumulated depreciation	<u>67,158,880</u>	<u>4,940,991</u>	<u>172,641</u>	<u>71,927,230</u>
Total capital assets, being depreciated, net	<u>94,230,003</u>	<u>(893,829)</u>	<u>19,269</u>	<u>93,316,905</u>
Governmental activities capital assets, net	<u>\$ 118,588,972</u>	<u>\$ 1,439,687</u>	<u>\$ 4,140,020</u>	<u>\$ 115,888,639</u>

<b>Business-type Activities</b>	<b>Beginning Balance 1/1/2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2019</b>
Capital assets, not being depreciated:				
Land	\$ 9,881,734	\$ -	\$ -	\$ 9,881,734
Construction in progress (*)	4,843,553	12,857,703	8,450,840	9,250,416
Intangibles	117,905	-	-	117,905
Total capital assets, not being depreciated	14,843,192	12,857,703	8,450,840	19,250,055
Capital assets, being depreciated:				
Buildings/building improvements (*)	59,554,741	-	-	59,554,741
Intangibles	2,407,214	-	-	2,407,214
Improvements other than buildings (*)	160,056,726	5,424,721	-	165,481,447
Machinery and equipment (*)	72,245,674	3,067,273	578,665	74,734,282
Total capital assets, being depreciated	294,264,355	8,491,994	578,665	302,177,684
Less accumulated depreciation for:				
Buildings/buildings improvements	25,154,817	1,126,696	-	26,281,513
Intangibles	2,281,646	9,242	-	2,290,888
Improvements other than buildings	57,641,662	3,104,283	-	60,745,945
Machinery and equipment (*)	35,457,508	3,630,744	517,727	38,570,525
Total accumulated depreciation	120,535,633	7,870,967	517,727	127,888,872
Total capital assets, being depreciated, net	173,728,722	621,028	60,938	174,288,812
Business-type activities Capital assets, net	\$ 188,571,914	\$ 13,478,731	\$ 8,511,778	193,538,867

As disclosed in Note 1B, *Accounting and Reporting Changes*, the City restated the beginning balance from the prior year's reported ending balances for the business-type activities categories; construction in progress, buildings, improvements other than buildings, machinery and equipment and the accumulated depreciation for machinery and equipment.

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

<b>Governmental Activities:</b>	
General government	\$ 212,229
Public safety	636,597
Transportation, including depreciation of general infrastructure assets	2,513,881
Economic environment	87
Culture and recreation	1,541,405
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	12,145
Total depreciation expense - Governmental activities	<u>\$ 4,916,344</u>

**Business-type activities:**

Water	\$ 2,591,211
Wastewater	4,125,945
Stormwater	209,656
Golf	162,160
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>781,995</u>
Total depreciation expense - Business-type activities	<u>\$ 7,870,967</u>

**6. Construction Commitments**

The City has active construction projects and future construction projects which are in design phase as of December 31, 2019. The projects include:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Res SCADA Upgrade	84,838	119,125
Quincy Square on 4th Street	256,913	238,087
Remodel Fire Station 2	37,457	10,449
Remodel Fire Station 3	37,457	10,454
Ostrich Creek Culvert Replacements	224,387	197,013
Pine Road Basin Improvements	200,396	219,524
PS CE-1 Modification	4,407,953	352,254
E 11th St - Pitt to Perry	244,605	189,398
E 11th St Stormwater Treatment Design	46,750	53,250
6th St - Callow to Naval	76,380	48,450
6th St - Warren to Pacific	74,120	88,902
6th St Phase 2 Watermain	16,559	37,553
CW-4 Upgrades	1,479,094	748,403
Marine Drive Stormwater Retrofit	816,616	72,272
HSIP Phase III	107,337	258,121
Oyster Bay Beach Sewer Upgrades	96,709	340,297
Pump Station 14 Relocation	106,583	271,981
Downtown Bike Improvement	17,729	12,894
Warren Ave Playfield Renovation	61,869	13,646
Washington & 11th Roundabout	12,101	517,899
WWTP Salinity Study	54,387	177,513
	<u>\$ 8,460,240</u>	<u>\$ 3,977,487</u>

## 7. Pension Plans

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2019:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ (6,163,816)
Pension assets	\$ 11,920,625
Deferred outflows of resources	\$ 3,156,335
Deferred inflows of resources	\$ (6,685,008)
Pension expense/expenditures	\$ 709,455

### State Sponsored Pension Plans

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

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

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

Or the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://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 2019 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee*</b>
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.83%</b>	<b>6.00%</b>
July - December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.86%</b>	<b>6.00%</b>

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

The City's actual PERS 1 plan contributions totaled \$841,708 for the year ended December 31, 2019. The plan contributions includes \$801,144 from PERS 2/3 UAAL and \$9,997 from PSERS UAAL .

**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 2019 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates:</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January - June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.83%</b>	<b>7.41%</b>
July - December 2019:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.86%</b>	<b>7.90%</b>

\* For employees participating in JBM, the contribution rate was 18.53% for January through June 2019 and 19.75% for July through December 2019.

The City's actual PERS 2/3 plan contributions were \$1,250,838 for the year ended December 31, 2019.

#### **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 2019 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January - June 2019:		
PSERS Plan 2	7.07%	7.07%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.38%</b>	<b>7.07%</b>
July - December 2019:		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.14%</b>	<b>7.20%</b>

The City's actual PSERS plan contributions were \$14,437 for the year ended December 31, 2019.

#### **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 2018. 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.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January - June 2019:		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.43%</b>	<b>8.75%</b>
July - December 2019:		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.33%</b>	<b>8.59%</b>

The City's actual LEOFF 2 plan contributions were \$687,283 for the year ended December 31, 2019.

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, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$5,505,763.

#### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2017. 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* and the *2017 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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 changes in methods and assumptions since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

#### Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5 percent except LEOFF 2, which has assumed 7.4 percent). Consistent with the long-term expected rate of return, a 7.4 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 7.4 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 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

#### 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, 2019, 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	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

#### Sensitivity of Net Pension Liability/(Asset)

The table below presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
PERS 1	\$ 5,928,881	\$ 4,734,324	\$ 3,697,889
PERS 2/3	\$ 10,963,635	\$ 1,429,492	\$ (6,393,903)
PSERS 2	\$ 57,252	\$ (5,546)	\$ (54,878)
LEOFF 1	\$ (2,869,416)	\$ (3,507,615)	\$ (4,058,639)
LEOFF 2	\$ (1,563,302)	\$ (8,407,464)	\$ (13,993,867)

### 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, 2019, the City reported a net pension liability of \$6,163,816 and a net pension asset of \$11,920,625 for its proportionate share of the net pension liabilities (or assets) as follows:

Plan	Liability (or Asset)
PERS 1	\$ 4,734,324
PERS 2/3	\$ 1,429,492
PSERS 2	\$ (5,546)
LEOFF 1	\$ (3,507,615)
LEOFF 2	\$ (8,407,464)

The amount of the asset reported above for LEOFF Plans 1 and 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	\$ (3,507,615)	\$ (8,407,464)
State's proportionate share of the net pension asset associated with the employer	\$ (23,725,419)	\$ (5,505,763)
TOTAL	\$ (27,233,034)	\$ (13,913,227)

At June 30, 2019 the city's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.119525%	0.123118%	0.003593%
PERS 2/3	0.139523%	0.147167%	0.007644%
PSERS 2	0.048871%	0.042645%	-0.006226%
LEOFF 1	0.179985%	0.177456%	-0.002529%
LEOFF 2	0.369504%	0.362908%	-0.006596%

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 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, 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 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

#### **Pension Expense**

For the year ended December 31, 2019, the city recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ 370,289
PERS 2/3	\$ 291,089
PSERS	\$ 9,163
LEOFF 1	\$ (141,633)
LEOFF 2	\$ 180,548
<b>TOTAL</b>	<b>\$ 709,456</b>

#### **Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (316,293)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 403,065	\$ -
<b>TOTAL</b>	<b>403,065</b>	<b>(316,293)</b>
<b>PERS 2-3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 409,553	\$ (307,333)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (2,080,758)
Changes of assumptions	\$ 36,605	\$ (599,767)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 467,893	\$ (116,541)
Contributions subsequent to the measurement date	\$ 628,923	\$ -
<b>TOTAL</b>	<b>1,542,974</b>	<b>(3,104,399)</b>
<b>PSERS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,683	\$ (491)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (9,630)
Changes of assumptions	\$ 45	\$ (2,980)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 1,390	\$ (1,404)
Contributions subsequent to the measurement date	\$ 7,300	\$ -
<b>TOTAL</b>	<b>13,418</b>	<b>(14,505)</b>

<b>LEOFF 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (363,634)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
<b>TOTAL</b>	<b>-</b>	<b>(363,634)</b>
<b>LEOFF 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 604,992	\$ (151,188)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (1,723,793)
Changes of assumptions	\$ 13,851	\$ (946,109)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 232,774	\$ (65,088)
Contributions subsequent to the measurement date	\$ 345,262	\$ -
<b>TOTAL</b>	<b>1,196,879</b>	<b>(2,886,178)</b>

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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	<b>PERS 1</b>
2020	\$ (69,823)
2021	\$ (165,391)
2022	\$ (59,021)
2023	\$ (22,057)
<b>Total</b>	<b>\$ (316,293)</b>

<b>Year ended December 31:</b>	<b><i>PERS 2/3</i></b>
2020	\$ (593,280)
2021	\$ (1,007,769)
2022	\$ (413,461)
2023	\$ (193,323)
2024	\$ (40,996)
Thereafter	\$ 58,480
<b>Total</b>	<b>\$ (2,190,349)</b>

<b>Year ended December 31:</b>	<b><i>PSERS</i></b>
2020	\$ (1,625)
2021	\$ (3,138)
2022	\$ (1,929)
2023	\$ (999)
2024	\$ (110)
Thereafter	\$ (586)
<b>Total</b>	<b>\$ (8,387)</b>

<b>Year ended December 31:</b>	<b><i>LEOFF 1</i></b>
2020	\$ (84,462)
2021	\$ (186,162)
2022	\$ (67,553)
2023	\$ (25,457)
Thereafter	
<b>Total</b>	<b>\$ (363,634)</b>

<b>Year ended December 31:</b>	<b><i>LEOFF 2</i></b>
2020	\$ (424,590)
2021	\$ (829,123)
2022	\$ (377,335)
2023	\$ (194,526)
2024	\$ (56,404)
Thereafter	\$ (152,584)
<b>Total</b>	<b>\$ (2,034,562)</b>

## 8. 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 2019 insurance coverage and risk retention:

Risk	Coverage Limit Per Occurrence	Self-Insured Retention	Insurer
Blanket property	\$400,000,000	\$100,000	Hartford Fire Insurance Company
Excess liability	\$10,000,000	\$500,000	Vantapro Specialty Insurance Company
Excess workers' compensation	Statutory	\$500,000	Midwest Employers Casualty Company
Employee blanket bond	\$1,000,000	\$25,000	Great American Insurance Company
Pollution legal liability	\$5,000,000	\$100,000	Illinois Union Insurance Company
Cyber	\$5,000,000	\$25,000	Indian Harbor Insurance Company
Aviation	\$1,000,000	5%	Global Aerospace, Ince.
Marine	\$1,000,000	\$5,000	Travelers Indemnity

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, 2019, the Risk Management fund had cash and investment reserves of \$1.2 million. 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 \$1,197,320. 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 \$299,330

The following table shows the actual claims activity for 2018 and 2019:

	2018	2019
Claims liability - beginning of year	\$ 1,772,572	\$ 1,347,234
Claims incurred	298,647	1,821,528
Estimate change prior years	(468,872)	(405,573)
Payment on claims	(255,113)	(1,403,934)
Claims liability - end of year	\$ 1,347,234	\$ 1,359,255

## 9. 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 12/31/2019
2010 UTGO Refunding	12/1/2027	3.4191	5,790,000
2015 UTGO Fire Bonds	12/1/2025		2,640,000
2010 LTGO (B) BABS	12/1/2030	3.0664	115,000
2012 LTGO Refunding - Govt Center	7/1/2034	2.7954	3,900,000
2013 LTGOA Refunding - Conf Ctr Pkg	12/1/2036	3.0082	7,095,000
2013 LTGOB Refunding - Golf Course	12/1/2028	3.0082	3,290,000
2019 LTGO Refunding	9/1/2035	1.65	6,640,000
Total General Obligation Bonds and Notes			\$ 29,470,000

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
2020	1,955,000	808,811	325,000	109,670
2021	2,000,000	760,102	330,000	102,195
2022	2,065,000	703,742	340,000	93,450
2023	2,160,000	636,411	350,000	83,590
2024	2,235,000	565,154	360,000	72,915
2025-2029	8,480,000	1,811,883	1,585,000	156,060
2030-2034	5,815,000	774,927	-	-
2035-2039	1,470,000	67,986	-	-
Total	\$ 26,180,000	\$ 6,129,016	\$ 3,290,000	\$ 617,880

The revenue bonds and loans outstanding as of December 31, 2019 were as follows:

	Maturity Date	Interest Rate	Outstanding 12/31/2019
W/S REF & REVENUE BOND 2007	12/1/2021	4.28	885,000
W/S REF & REVENUE BOND 2014	12/1/2034	3.85	1,600,000
W/S REF & REVENUE BOND 2014	12/1/2034	3.85	4,005,000
W/S REF & REVENUE BOND 2016	12/1/2035	2.51	2,615,189
W/S REF & REVENUE BOND 2016	12/1/2035	2.51	2,655,412
W/S REF & REVENUE BOND 2016	12/1/2035	2.51	1,664,400
PWTF EAST BREMERTON CSO	7/1/2021	0.50	316,666
PWTF MULTI BASIN CSO	7/1/2020	1.00	149,326
PWTF CALLOW CSO PRI. 3 / 5	7/1/2020	1.00	223,429
PWTF ANDERSON COVE BASIN 12	7/1/2023	0.50	115,396
PWTF NA VAL AVE	7/1/2023	4.00	52,632
PWTF BRENTWOOD STORM DRAIN REPAIR	7/1/2024	4.00	49,321
PWTF PACIFIC AVE BASIN CSO	7/1/2024	0.50	349,886
PWTF WWTP UPGRADE	7/1/2025	0.50	64,034
PWTF ANDERSON COVE SEW PS CW 1	7/1/2027	0.50	284,211
PWTF WWTP UPGRADES	7/1/2027	0.50	1,303,683
PWTF OSTRICH CREEK CULVERT IMP	6/1/2038	1.66	196,824
PWTF PINE BASE WATERSHED STORM IMP	6/1/2038	1.66	177,484
DWSRF CASAD DAM VALVE REPL	10/1/2023	1.50	17,604
DWSRF EASTSIDE FLOW & PRESSURE IMP	10/1/2022	2.50	183,060
DWSRF CASAD DAM SEISMIC UPGRADE	10/1/2022	2.50	117,827
DWSRF ANDERSON CREEK	10/1/2024	1.50	26,909
DWSRF PUMP STATION 4 UPGRADE	10/1/2023	1.50	230,445
DWSRF SEISMIC UPGRADES	10/1/2024	1.50	141,491
DWSRF TRACYTON WD UPGRADE	10/1/2021	2.50	279,165
DWSRF SEISMIC VALVE FLOW CONTROL	12/1/2036	1.00	771,113
DWSRF RESERVOIR 4 COVER	10/1/2024		1,527,637
WPCRF CSO PLAN UPDATE	12/31/2022	1.50	43,650
WPCRF ANDERSON COVE CSO	2/27/2021	1.50	84,157
WPCRF CALLOW DESIGN FINAL	12/31/2022	1.50	100,948
WPCRF ANDERSON COVE CSO	1/23/2022	1.50	92,854
WPCRF TRENTON/CHERRY	10/15/2024	1.50	292,149
WPCRF ANDERSON COVE BASIN 12	9/17/2026	1.50	106,903
WPCRF TRENTON PUMP STATION	10/15/2024	1.50	291,959
WPCRF TRACYTON BEACH CSO	2/9/2025	1.50	186,363
WPCRF PACIFIC AVE CSO RED - SEP	6/30/2024	1.50	120,789
WPCRF PACIFIC AVE CSO REDUCTION	12/31/2027	1.50	481,800
WPCRF CHERRY/TRENTON CSO RED -F	12/31/2026	1.50	432,800
WPCRF WWTP UPGRADE	1/1/2029	2.60	351,876
WPCRF GORST SEWERAGE CONSTR	12/31/2030	1.40	359,507
WPCRF GORST SEWERAGE CONSTR	10/17/2032	1.40	37,308
WPCRF GORST SEPTIC SYSTEM DES	12/31/2030	2.90	72,302
WPCRF GORST SEWERAGE DESIGN	12/31/2030	1.40	346,332
Total Revenue Bonds and Loans			\$ 23,404,843

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

Year Ending December 31	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2020	\$ -	\$ -	\$ 3,000,772	\$ 637,196
2021	-	-	2,647,814	577,512
2022	-	-	1,870,198	520,770
2023	-	-	1,728,502	488,020
2024	-	-	1,655,961	451,113
2025-2029	-	-	6,651,716	1,677,407
2030-2034	-	-	5,201,076	720,276
2035-2038	-	-	648,803	26,070
Total	\$ -	\$ -	\$ 23,404,843	\$ 5,098,364

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, 2019, the City has \$348,056 available in debt service funds to service the general bonded debt. Restricted assets in proprietary funds contain \$1,592,066 in sinking funds and reserves as required by bond indentures.

#### B. Refunded Debt

On September 19, 2019 the City engaged with DA Davidson to refund the 2010 LTGO \$5,015,000 and the 2010 LTGO(B) \$1,375,000 outstanding Bonds. During the advertisement of the Bonds, JP Morgan Chase offered a private placement purchase in the amount of \$6,640,000.

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, 2019 there were no defeased bonds outstanding

## 10. Changes in Long Term Liabilities

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2019	Additions	Reductions	Ending Balance 12/31/2019	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 27,750,000	\$ 6,640,000	\$ 8,210,000	\$ 26,180,000	\$ 1,955,000
Add unamortized premiums	858,767	-	83,551	775,216	-
Total bonds payable:	\$ 28,608,767	\$ 6,640,000	\$ 8,293,551	\$ 26,955,216	\$ 1,955,000
Claims and judgments	\$ 797,744	\$ 399,576	\$ -	\$ 1,197,320	\$ -
Compensated absences	2,327,035	534,022	-	2,861,057	-
Other Post Employment Benefits	35,765,404	-	636,008	35,129,396	-
Pension Liability	4,237,230	-	789,387	3,447,843	-
Governmental activity long-term liabilities:	\$ 71,736,180	\$ 7,573,598	\$ 9,718,946	\$ 69,590,832	\$ 1,955,000
<b>Business-type Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 3,610,000	\$ -	\$ 320,000	\$ 3,290,000	\$ 325,000
Revenue bonds	14,450,000	-	1,025,000	13,425,000	1,055,001
Add unamortized premiums	1,334,225	-	80,520	1,253,705	-
Total bonds payable:	\$ 19,394,225	\$ -	\$ 1,425,520	\$ 17,968,705	\$ 1,380,001
Intergovernmental loans*	\$ 11,582,165	\$ 374,308	\$ 1,976,634	\$ 9,979,839	\$ 1,945,772
Compensated Absences	402,143	278,819	-	680,962	-
Pension Liability	3,483,635	-	767,662	2,715,973	-
Business-type activity long-term liabilities:	\$ 34,862,168	\$ 653,127	\$ 4,169,816	\$ 31,345,479	\$ 3,325,773

\* Beginning balance restated.

As disclosed in Note 1B, *Accounting and Reporting Changes*, the City restated the beginning balance for the business-type activities intergovernmental loans from the prior year's reported ending balance.

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 \$1,197,320 of Risk Management claims and judgments and \$18,442 of Information Technology 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.

## 11. Contingencies and Litigation

As of December 31, 2019, 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 9, Long-Term Debt, the City is contingently liable for repayment of refunded debt.

The City participates in several 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.

## 12. Restricted Net Position

The government-wide statement of net position reports \$8,573,854 of restricted net position, all of which is restricted by enabling legislation and external contractual commitments.

## 13. Interfund Balances and Transfers

### A. Interfund Balances

Interfund balances at December 31, 2019, were as follows:

		Due From							Total
		General Fund	2019 LTGO	Other Govt	Water	Waste-Water	Storm-Water	Internal Service	
Due To	General Fund	\$ -	\$ -	\$ 560,444	\$ 177,538	\$ 451,968	\$ -	\$ -	\$ 1,189,950
	2019 LTGO	-	-	176,491	-	-	-	-	176,491
	Other Governmental	2,340	25,000	1,023,524	-	-	99,107	-	1,149,972
	Water	164,877	-	5,750	-	42,599	95	-	213,321
	Wastewater	318,439	-	-	-	-	-	-	318,439
	Stormwater	17,171	-	95,517	-	9,648	-	-	122,336
	Internal Service	362,647	-	11,476	13,787	10,386	16,093	6,501	420,890
Total		\$ 865,474	\$ 25,000	\$ 1,873,202	\$ 191,325	\$ 514,601	\$ 115,295	\$ 6,501	\$ 3,591,398

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 2020. Interfund loans are approved by City Council Resolution and include a repayment date. The City had only one interfund loan outstanding at year end which is included in the interfund balances in the above schedule.

Loaned From	Purpose	Yr of final Payment	Loaned To	
			General Fund	Total
Internal service	Conference Ctr Exp	2034	292,665	292,665
Total			\$ 292,665	\$ 292,665

### B. Interfund Transfers

Interfund transfers at December 31, 2019 were as follows:

Transfer To	Transfer From		
	General Fund	Other Govt	Total
General Fund	\$ -	\$ 860,000	\$ 860,000
2019 LTGO	-	176,491	176,491
Other governmental funds	1,141,080	1,540,834	2,681,914
Stormwater	-	237,714	237,714
Internal Service	250,000	-	250,000
Total		\$ 1,391,080	\$ 2,815,040
			\$ 4,206,119

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.

There were no significant transfers in 2019.

## 14. Receivable and Payable Balances

### A. Receivables

Accounts Receivable at December 31, 2019 were as follows:

	Accounts	Taxes	Notes Contracts	Other	Total
<b>Governmental Activities:</b>					
General Fund	\$ 2,489,153	\$ 3,623,001	\$ 12,811	\$ 2,498	\$ 6,127,463
2019 LTGO Bond Fund	-	18,919	-	-	18,919
Non-major and other funds	298,750	622,249	107,640	-	1,028,639
Reconciliation of balances in fund financial statements to government-wide financial statements	87,117	-	-	70,672	157,789
Total governmental activities	\$ 2,875,020	\$ 4,264,169	\$ 120,451	\$ 73,170	\$ 7,332,810
<b>Business-Type Activities:</b>					
Water	\$ 1,960,370	\$ -	\$ 40,430	\$ 28,900	\$ 2,029,700
Golf	58,933	-	-	2,147	61,080
Wastewater	2,712,490	32,859	-	17,072	2,762,421
Stormwater	746,859	-	-	12,009	758,868
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	-	9,720	9,720
Total business-type activities	\$ 5,478,652	\$ 32,859	\$ 40,430	\$ 69,848	\$ 5,621,789

### B. Payables

Accounts Payable at December 31, 2019 were as follows:

	Vendors	Due to Other Governments	Custodial Accounts	Retainage	Other	Total
<b>Governmental Activities:</b>						
General Fund	\$ 1,148,923	\$ 16,809	\$ -	\$ 13,050	\$ 89,770	\$ 1,268,552
Non-major and other funds	711,130	-	-	13,049	15,000	739,179
Reconciliation of balances in fund financial statements to government-wide financial statements	254,609	-	-	-	1,499,764	1,754,373
Total governmental activities	\$ 2,114,662	\$ 16,809	\$ -	\$ 26,099	\$ 1,604,534	\$ 3,762,104
<b>Business-Type Activities:</b>						
Water	\$ 314,095	\$ -	\$ 3,413	\$ 18,647	\$ 248,703	\$ 584,858
Golf	144,803	38,918	154,126	-	9,139	346,986
Wastewater	1,483,081	-	-	58,170	129,111	1,670,362
Stormwater	300,140	-	500	40,831	56,097	397,568
Reconciliation of balances in fund financial statements to government-wide financial statements	638	-	-	-	-	638
Total business-type activities	\$ 2,242,757	\$ 38,918	\$ 158,039	\$ 117,648	\$ 443,050	\$ 3,000,412

## 15. Defined Benefit Other Postemployment Benefits (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2019:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 35,129,396
Deferred outflows of resources	\$ 484,430
OPEB expenses/expenditures	\$ 1,373,239

### 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 single employer defined benefit healthcare plan administered by the City. The eligible members are covered under LEOFF Plan 1. 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. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report.

### Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	89
Total	89

### Contributions

The City paid \$1,059,087 in medical benefits for plan members during the year ended December 31, 2019.

### Funding Policy

Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust or otherwise set aside for the exclusive benefit of the participants.

### Actuarial Assumptions

The Total OPEB Liability (TOL) was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Methodology	
Actuarial Cost Method	Entry Age*
Assumptions	
Discount Rate <sup>1</sup>	
Beginning of measurement year	3.87%
End of measurement year	3.50%
Health Care Trend Rates <sup>2</sup>	
Medical costs	Initial rate is approximately 6%, decreasing to about 5% in 2020 (assumes no excise tax)
Long-term care	4.50%
Medicare Part B premiums	Approximately 5%, varies by year
Mortality rates (100% male population)	
Base Mortality Table	RP-2000 Mortality Table

Age Setback	+1 year Healthy / -2 years Disabled Blended 50%/50% Healthy/Disabled
Mortality Improvements	100% Scale BB
Projection Period	Generational
<b>Medicare Participation Rate</b>	<b>100%</b>

- (1) Source: Bond Buyer General Obligation 20-Bond Municipal Index.
- (2) For additional detail on the healthcare trend rates, please see OSA's 2018 LEOFF Medical Benefits Actuarial Valuation Report.

The following presents the total OPEB Liability of the City calculated using the current healthcare cost trend rate of 6 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percent point lower (5 percent) or a 1-percent point higher (7 percent) than the current rate.

<b>Sensitivity Analysis – Healthcare Trend</b>			
	<b>1% Decrease</b> (5.00%)	<b>Current</b> (6.00%)	<b>1% Increase</b> (7.00%)
<b>Total OPEB Liability</b>	<b>\$32,081,617</b>	<b>\$35,129,396</b>	<b>\$38,624,280</b>

The following presents the total OPEB Liability of the City calculated using the discount rate of 3.50 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percent point lower (2.50 percent) or a 1-percent point higher (4.50 percent) than the current rate. A discount rate of 3.87% was used in the calculation of the Total OPEB liability, beginning. The end of year Discount Rate is being used in this analysis.

<b>Sensitivity Analysis – Discount Rate</b>			
	<b>1% Decrease</b> (2.50%)	<b>Current</b> (3.50%)	<b>1% Increase</b> (4.50%)
<b>Total OPEB Liability</b>	<b>\$38,869,016</b>	<b>\$35,129,396</b>	<b>\$31,942,273</b>

The following table presents the changes in Total OPEB Liability:

<b>Changes in Total OPEB Liability</b>	
Total OPEB Liability as of January 1, 2019 <sup>1</sup>	\$35,765,404
Interest	\$1,345,611
Difference between Expected and Actual Experience and Changes in Assumptions	\$27,628
Benefit Payments	(\$2,009,247)
<b>Net Change in Total OPEB Liability</b>	<b>(\$636,008)</b>
<b>Total OPEB Liability at December 31, 2019</b>	<b>\$35,129,396</b>

- (1) The valuation date is prior to the City's reporting date, December 31, 2019. The balances have not been rolled forward to the reporting date.

As of the beginning of the fiscal year, the City's LEOFF I member count was below 100 members. The City utilized the alternative measurement method to calculate Total OPEB Liability. A measurement date of June 30, 2019 was used in the calculation of Total OPEB Liability and the Actuarial Measurement Date used was June 30, 2019.

For the year ended December 31, 2019, the City recognized OPEB expense of \$1,373,239. The City reported deferred outflows of resources related to OPEB from the following sources:

<b>LEOFF Plan 1</b>	<b>Deferred Outflows of Resources</b>
City contributions subsequent to the measurement date	\$ 484,430
<b>Total</b>	<b>\$ 484,430</b>

Deferred outflows of resources of \$484,430 related to OPEB benefits resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the year ended December 31, 2020.

## 16. 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. Except for 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, 2019, for the combined utility operations are as follows:

### Condensed Statement of Net Position

#### Assets and Deferred Outflows

Current assets	\$ 31,149,204
Restricted assets	1,281,035
Capital assets	180,059,193
Other assets	109,311
Total assets	<u>212,598,743</u>
Deferred outflows of resources	757,162
Total assets and deferred outflows	<u>213,355,905</u>

#### Liabilities and Deferred Inflows

Current liabilities	6,122,653
Due to other funds	821,222
Long-term liabilities	24,782,321
Total liabilities	<u>31,726,195</u>
Deferred inflows of resources	1,292,094
Total liabilities and deferred inflows	<u>33,018,289</u>

#### Net Position

Net investment in capital assets	155,400,649
Restricted for debt service	1,693,936
Unrestricted	23,243,030
Total net position	<u>\$ 180,337,616</u>

<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>	
<b>Total operating revenues</b>	\$ 34,261,154
<b>Operating Expenditures:</b>	
Operating expenses	24,873,793
Depreciation/amortization/depletion	6,926,812
Total operating expenses	<u>31,800,606</u>
Operating income(loss)	2,460,548
<b>Non-Operating Revenues/Expenses</b>	
Interest revenue/expense (net)	53,938
Other (net)	851,931
Total non-operating revenues/expenses	<u>905,869</u>
Capital contributions	3,286,924
Transfers	237,714
Change in net position	6,891,056
Beginning net position	<u>173,469,561</u>
Prior period adjustment (Note 1B)	(23,000)
Ending net position	<u>\$ 180,337,617</u>

<b>Condensed Statement of Cash Flows</b>	
Net cash provided by:	
(a) Operating activities	\$ 8,797,815
(b) Noncapital financing activities	610,994
(c) Capital and related financing activities	(10,960,066)
(d) Investing activities	1,893,968
Beginning cash and equivalents balance	<u>10,679,280</u>
Ending cash and equivalents balance	<u>\$ 11,021,991</u>

## 17. Tax Abatements

The City established a Multi-Family tax exemption in 2008. The program allows developers to defer property taxes on improvements to the property for either an eight or 12-year period. To get the 12-year exemption the development would require 20% of the unit's rents be at low to moderate income levels. As of December 31, 2019, the City of Bremerton had one development receiving the twelve-year exemption, 606 Apartments. Two properties, Sound West Quincy Square (B Flats) located at 252 4<sup>th</sup> Street and the Spyglass Hill Apartments located 646 Highland Avenue are receiving the eight-year exemption. The County Assessor has an assessed value of zero for these properties with deferred taxes listed as zero.

## 18. Subsequent Events

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Bremerton  
 Schedule of Proportionate Share of the Net Pension Liability  
 PERS 1  
 As of June 30, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.123118%	0.119525%	0.113091%	0.118770%	0.123666%
Employer's proportionate share of the net pension liability	\$ 4,734,324	\$ 5,338,027	\$ 5,366,256	\$ 6,378,508	\$ 6,468,882
Employer's covered employee payroll	16,639,813	15,180,306	13,566,127	13,389,026	13,311,432
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	28.45%	35.16%	39.56%	47.64%	48.60%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.147167%	0.139523%	0.131118%	0.135150%	0.142884%
Employer's proportionate share of the net pension liability	\$ 1,429,492	\$ 2,382,231	\$ 4,555,724	\$ 6,804,696	\$ 5,105,327
Employer's covered employee payroll	15,999,830	14,715,110	12,854,513	12,623,875	12,565,311
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8.93%	16.19%	35.44%	53.90%	40.63%
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.042645%	0.048871%	0.050267%	0.040694%	0.042703%
Employer's proportionate share of the net pension liability	\$ 5,546	\$ 606	\$ 9,849	\$ 17,294	\$ 7,794
Employer's covered employee payroll	196,720	191,844	177,976	131,920	126,609
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	2.82%	0.32%	5.53%	13.11%	6.16%
Plan fiduciary net position as a percentage of the total pension liability	101.85%	99.79%	96.26%	90.41%	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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.177456%	0.179985%	0.175920%	0.174239%	0.175712%
Employer's proportionate share of the net pension asset	\$ (3,507,615)	\$ (3,267,631)	\$ (2,669,093)	\$ (1,795,160)	\$ (2,117,718)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (23,725,419)	\$ (22,102,177)	\$ (3,273,223)	\$ (1,437,670)	\$ (2,701,196)
TOTAL	\$ (27,233,034)	\$ (25,369,808)	\$ (5,942,316)	\$ (3,642,932)	\$ (6,786,485)
Employer's covered employee payroll	-	-	99,976	126,465	122,729
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%	0.00%	(2669.74%)	(1419.49%)	(1725.52%)
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	135.96%	123.74%	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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.362908%	0.369504%	0.363627%	0.379152%	0.397479%
Employer's proportionate share of the net pension asset	\$ (8,407,464)	\$ (7,501,737)	\$ (5,045,965)	\$ (2,205,262)	\$ (4,085,289)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (5,505,763)	\$ (4,857,233)	\$ (3,273,223)	\$ (1,437,670)	\$ (2,701,196)
<b>TOTAL</b>	<b>\$ (13,913,227)</b>	<b>\$ (12,358,970)</b>	<b>\$ (8,319,188)</b>	<b>\$ (3,642,932)</b>	<b>\$ (6,786,485)</b>
Employer's covered employee payroll	12,620,374	12,297,035	11,374,905	11,486,092	11,496,279
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	-66.62%	-61.00%	(44.36%)	(19.20%)	(35.54%)
Plan fiduciary net position as a percentage of the total pension liability	119.43%	118.50%	113.36%	106.04%	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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 841,708	\$ 834,881	\$ 751,960	\$ 663,672	\$ 620,110
Contributions in relation to the contractually required contributions	<u>\$ 841,708</u>	<u>\$ 834,881</u>	<u>\$ 751,889</u>	<u>\$ 663,672</u>	<u>\$ 620,110</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>71</u>	<u>0</u>	<u>0</u>
Employer's covered employee payroll	16,650,360	15,660,667	14,680,139	13,155,996	12,333,775
Contributions as a percentage of covered employee payroll	5.06%	5.33%	5.12%	5.04%	5.03%

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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,250,838	\$ 1,140,802	\$ 945,685	\$ 773,957	\$ 708,885
Contributions in relation to the contractually required contributions	<u>\$ 1,250,838</u>	<u>\$ 1,140,802</u>	<u>\$ 945,761</u>	<u>\$ 773,957</u>	<u>\$ 708,885</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>(75)</u>	<u>0</u>	<u>0</u>
Employer's covered employee payroll	16,206,642	15,214,007	13,965,767	12,423,072	12,713,675
Contributions as a percentage of covered employee payroll	7.72%	7.50%	6.77%	6.23%	5.58%

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, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 14,437	\$ 13,202	\$ 12,572	\$ 10,081	\$ 8,196
Contributions in relation to the contractually required contributions	<u>\$ 14,437</u>	<u>\$ 13,202</u>	<u>\$ 12,572</u>	<u>\$ 10,081</u>	<u>\$ 8,196</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Employer's covered employee payroll	202,306	193,520	189,011	152,968	126,758
Contributions as a percentage of covered employee payroll	7.14%	6.82%	6.65%	6.59%	6.47%

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  
 LEOFF 2  
 As of December 31, 2019  
 Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contributions	\$ 687,283	\$ 647,179	\$ 618,727	\$ 560,851	\$ 596,403
Contributions in relation to the contractually required contributions	<u>\$ 687,283</u>	<u>\$ 647,179</u>	<u>\$ 618,726</u>	<u>\$ 560,851</u>	<u>\$ 596,403</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>0</u>
Employer's covered employee payroll	13,048,277	12,327,220	12,049,567	11,105,960	11,809,957
Contributions as a percentage of covered employee payroll	5.27%	5.25%	5.13%	5.05%	5.05%

Notes to Schedule:

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

City of Bremerton  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 LEOFF Plan 1  
 For the year ended June 30, 2019  
 Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability - beginning</b>	\$ 35,765,404	\$ 37,267,252
Service cost	-	-
Interest	1,345,611	1,303,334
Changes in benefit terms	-	-
Differences between expected and actual experience and Changes of Assumptions	27,628	(1,067,375)
Benefit payments	(2,009,247)	(1,737,807)
Other changes	-	-
<b>Total OPEB liability - ending</b>	<u>\$ 35,129,396</u>	<u>\$ 35,765,404</u>
<b>Covered-employee payroll</b>	-	-
<b>Total OPEB liability as a % of covered payroll</b>	N/A	N/A

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**City of Bremerton**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds**  
**December 31, 2019**

	Street	Lodging Tax	Parking System	Community Block Grant	Abatement Revolving	Police Special Projects	BKAT	Gift & Donation
<b>ASSETS and DEFERRED OUTFLOWS of RESOURCES</b>								
Cash and cash equivalents	\$ 375,982	\$ -	\$ 474,623	\$ 16,195	\$ 151,185	\$ -	\$ 85,651	\$ 40,497
Investments	454,840	44,892	574,169	-	182,892	11,538	378,764	48,992
Restricted Cash	-	165,472	-	39,837	-	197,699	227,445	-
Restricted Investments	-	155,286	-	-	-	227,626	-	-
Receivables	202,251	94,344	402,353	-	-	-	-	-
Restricted Receivables	-	-	-	-	-	-	-	-
Due from other funds	2,295	-	-	-	-	-	-	-
Due from other governments	-	-	-	140,534	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Other assets	-	-	-	378,221	-	-	-	-
Total assets	<u>1,035,368</u>	<u>459,994</u>	<u>1,451,145</u>	<u>574,787</u>	<u>334,077</u>	<u>436,863</u>	<u>691,860</u>	<u>89,489</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 1,035,368</u>	<u>\$ 459,994</u>	<u>\$ 1,451,145</u>	<u>\$ 574,787</u>	<u>\$ 334,077</u>	<u>\$ 436,863</u>	<u>\$ 691,860</u>	<u>\$ 89,489</u>
<b>LIABILITIES and FUND BALANCES</b>								
Liabilities:								
Accounts/contracts payable	\$ 86,567	\$ 48,416	\$ 57,317	\$ 117,307	\$ 26	\$ 10,878	\$ 789	\$ 10
Matured long-term obligations	-	-	-	-	-	-	-	-
Due to other funds	10,704	-	43,272	20,825	-	660	62	-
Due to other governments	-	-	-	-	-	-	-	-
Employee wages payable	42,913	-	345	4,896	-	-	11,014	-
Custodial Accounts	-	-	-	-	-	-	-	-
Unearned revenue	-	-	219,380	378,221	-	-	-	-
Total liabilities	<u>140,184</u>	<u>48,416</u>	<u>320,314</u>	<u>521,249</u>	<u>26</u>	<u>11,538</u>	<u>11,865</u>	<u>10</u>
Deferred amount Grants received in advance	-	-	-	-	-	-	-	-
Deferred amount for property taxes	-	-	-	-	-	-	-	-
Deferred amount related to derived taxes	63	45,431	-	-	-	-	-	-
Deferred Inflows of Resources	<u>63</u>	<u>45,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	320,758	-	39,837	-	425,325	227,445	-
Committed	-	-	-	-	-	-	-	89,479
Assigned	895,121	45,389	1,130,831	-	334,051	-	452,550	-
Unassigned	-	-	-	13,701	-	-	-	-
Total fund balances	<u>895,121</u>	<u>366,147</u>	<u>1,130,831</u>	<u>53,538</u>	<u>334,051</u>	<u>425,325</u>	<u>679,995</u>	<u>89,479</u>
Total liabilities and fund balances	<u>\$ 1,035,368</u>	<u>\$ 459,994</u>	<u>\$ 1,451,145</u>	<u>\$ 574,787</u>	<u>\$ 334,077</u>	<u>\$ 436,863</u>	<u>\$ 691,860</u>	<u>\$ 89,489</u>

See accompanying notes to the financial statements.

**City of Bremerton**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds**  
**December 31, 2019**

	Special Revenue			Debt Service				
	Trial Improvement	One Percent for Art	Total Special Revenue	2010 LTGO	2010 UTGO/ LTGO (B)	2012		Total Debt Service
						Government Center LTGO	2015 Public Safety Bond	
<b>ASSETS and DEFERRED OUTFLOWS of RESOURCES</b>								
Cash and cash equivalents	\$ -	\$ 8,156	\$ 1,152,289	\$ 49,454	\$ 2,015	\$ 38,492	\$ -	\$ 89,961
Investments	9,542	9,866	1,715,495	59,827	37,050	46,565	-	143,442
Restricted Cash	39,464	-	669,917	-	28,612	-	16,974	45,586
Restricted Investments	38,200	-	421,112	-	-	-	20,534	20,534
Receivables	-	-	698,948	-	9,781	-	11,579	21,360
Restricted Receivables	-	-	-	-	-	-	2,173	2,173
Due from other funds	-	-	2,295	25,000	-	-	-	25,000
Due from other governments	-	-	140,534	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Other assets	-	-	378,221	-	-	-	-	-
Total assets	<u>87,206</u>	<u>18,022</u>	<u>5,178,811</u>	<u>134,281</u>	<u>77,458</u>	<u>85,057</u>	<u>51,260</u>	<u>348,056</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 87,206</u>	<u>\$ 18,022</u>	<u>\$ 5,178,811</u>	<u>\$ 134,281</u>	<u>\$ 77,458</u>	<u>\$ 85,057</u>	<u>\$ 51,260</u>	<u>\$ 348,056</u>
<b>LIABILITIES and FUND BALANCES</b>								
Liabilities:								
Accounts/contracts payable	\$ -	\$ -	\$ 321,310	\$ 300	\$ 600	\$ 300	\$ 300	\$ 1,500
Matured long-term obligations	-	-	-	-	-	-	-	-
Due to other funds	-	-	75,523	133,981	42,509	-	-	176,490
Due to other governments	-	-	-	-	-	-	-	-
Employee wages payable	-	-	59,168	-	-	-	-	-
Custodial Accounts	-	-	-	-	-	-	-	-
Unearned revenue	-	-	597,601	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,053,602</u>	<u>134,281</u>	<u>43,109</u>	<u>300</u>	<u>300</u>	<u>177,990</u>
Deferred amount Grants received in advance			-					-
Deferred amount for property taxes			-		5,737		11,279	17,016
Deferred amount related to derived taxes			45,494					-
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>45,494</u>	<u>-</u>	<u>5,737</u>	<u>-</u>	<u>11,279</u>	<u>17,016</u>
Fund balances:								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	77,664	-	1,091,029	-	28,612	-	39,681	68,293
Committed	-	18,022	107,501	-	-	-	-	-
Assigned	9,542	-	2,867,484	-	-	84,757	-	84,757
Unassigned	-	-	13,701	-	-	-	-	-
Total fund balances	<u>87,206</u>	<u>18,022</u>	<u>4,079,715</u>	<u>-</u>	<u>28,612</u>	<u>84,757</u>	<u>39,681</u>	<u>153,050</u>
Total liabilities and fund balances	<u>\$ 87,206</u>	<u>\$ 18,022</u>	<u>\$ 5,178,811</u>	<u>\$ 134,281</u>	<u>\$ 77,458</u>	<u>\$ 85,057</u>	<u>\$ 51,260</u>	<u>\$ 348,056</u>

See accompanying notes to the financial statements.

**City of Bremerton**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds**  
**December 31, 2019**  
**Capital Projects**

Page 3 of 3

	<u>General Govt Cap Impr</u>	<u>Parks Construction</u>	<u>Residential Street Capital</u>	<u>Trans Capital Projects</u>	<u>Fire Public Safety</u>	<u>Lebo Blvd.</u>	<u>Affordable Housing</u>	<u>Total Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS and DEFERRED OUTFLOWS of RESOURCES</b>									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 310,634	\$ 7,740	\$ -	\$ 7,057	\$ 325,431	1,567,681
Investments	1,332,428	85,265	522,324	375,784	-	-	8,536	2,324,337	4,183,274
Restricted Cash	1,869,140	92,934	750,584	-	985,309	-	-	3,697,967	4,413,470
Restricted Investments	928,739	27,161	385,685	-	-	-	-	1,341,585	1,783,231
Receivables	231,779	-	8,178	-	-	-	-	239,957	960,265
Restricted Receivables	-	-	-	-	-	-	-	-	2,173
Due from other funds	-	10,917	196,422	915,338	-	-	-	1,122,677	1,149,972
Due from other governments	-	48,222	-	547,982	-	-	-	596,204	736,738
Inventories	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	378,221
<b>Total assets</b>	<u>4,362,086</u>	<u>264,499</u>	<u>1,863,193</u>	<u>2,149,738</u>	<u>993,049</u>	<u>-</u>	<u>15,593</u>	<u>9,648,158</u>	<u>15,175,025</u>
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 4,362,086</u>	<u>\$ 264,499</u>	<u>\$ 1,863,193</u>	<u>\$ 2,149,738</u>	<u>\$ 993,049</u>	<u>\$ -</u>	<u>\$ 15,593</u>	<u>\$ 9,648,158</u>	<u>15,175,025</u>
<b>LIABILITIES and FUND BALANCES</b>									
Liabilities:									
Accounts/contracts payable	\$ -	\$ 11,728	\$ 3,390	\$ 364,761	\$ 7,740	\$ -	\$ 13,750	\$ 401,369	724,179
Matured long-term obligations	-	-	-	-	-	-	-	-	-
Due to other funds	1,385,756	-	69,110	166,323	-	-	-	1,621,189	1,873,202
Due to other governments	-	-	-	-	-	-	-	-	-
Employee wages payable	-	(206)	12,405	76	-	-	-	12,275	71,443
Custodial Accounts	-	-	-	15,000	-	-	-	15,000	15,000
Unearned revenue	-	-	-	245,681	-	-	-	245,681	843,282
<b>Total liabilities</b>	<u>1,385,756</u>	<u>11,522</u>	<u>84,905</u>	<u>791,841</u>	<u>7,740</u>	<u>-</u>	<u>13,750</u>	<u>2,295,514</u>	<u>3,527,106</u>
Deferred amount Grants received in advance	-	-	-	344,985	-	-	-	344,985	344,985
Deferred amount for property taxes	-	-	-	-	-	-	-	-	17,016
Deferred amount related to derived taxes	-	-	-	-	-	-	-	-	45,494
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,985</u>	<u>407,495</u>
Fund balances:									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Restricted	2,797,879	120,095	1,136,269	-	985,309	-	-	5,039,552	6,198,874
Committed	-	-	585,279	688,068	-	-	1,843	1,275,190	1,382,691
Assigned	178,451	132,882	56,740	324,844	-	-	-	692,917	3,645,158
Unassigned	-	-	-	-	-	-	-	-	13,701
<b>Total fund balances</b>	<u>2,976,330</u>	<u>252,977</u>	<u>1,778,288</u>	<u>1,012,912</u>	<u>985,309</u>	<u>-</u>	<u>1,843</u>	<u>7,007,659</u>	<u>11,240,424</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,362,086</u>	<u>\$ 264,499</u>	<u>\$ 1,863,193</u>	<u>\$ 2,149,738</u>	<u>\$ 993,049</u>	<u>\$ -</u>	<u>\$ 15,593</u>	<u>\$ 9,648,158</u>	<u>15,175,025</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, 2019**

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**Special Revenue**

	Street	Lodging Tax	Parking	Community Block Grant	Abatement Revolving	Police Special Projects	BKAT	Gift & Donation	Trial Improvement	One Percent for Art	Total Special Revenue
<b>REVENUES</b>											
Taxes											
Property	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	708,790	-	-	-	-	-	-	-	-	708,790
Business											
Other	881,680	-	-	-	-	-	-	-	-	-	881,680
Licenses and permits	451	-	-	-	-	-	269,120	-	-	-	269,571
Intergovernmental	874,731	-	-	450,283	-	108,222	-	-	21,666	-	1,454,902
Charges for services	63,812	-	-	54,360	43,815	-	125,151	588	-	-	287,726
Fines and forfeitures	-	-	440,659	-	72,489	11,236	-	-	-	-	524,384
Miscellaneous	42,403	9,460	1,575,349	6,384	7,958	28,014	72,687	15,914	2,169	648	1,760,986
Total revenues	\$ 1,863,077	\$ 718,250	\$ 2,016,008	\$ 511,027	\$ 124,262	\$ 147,472	\$ 466,958	\$ 16,502	\$ 23,835	\$ 648	\$ 5,888,039
<b>EXPENDITURES</b>											
Current:											
General government	\$ 26,955	\$ -	\$ -	\$ 153,353	\$ -	\$ -	\$ -	\$ -	\$ 9,561	\$ -	\$ 189,869
Public safety	-	-	-	-	74,490	50,909	-	1,841	-	-	127,240
Transportation	2,633,444	-	1,018,035	-	-	-	-	-	-	-	3,651,479
Economic environment	-	326,762	-	335,538	-	-	-	-	-	-	662,300
Mental/physical health	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	41,093	150,000	-	-	-	-	392,685	11,409	-	11,889	607,076
Debt service:											
Principal	-	-	260,000	-	-	-	-	-	-	-	260,000
Interest and other debt issue costs	-	-	264,008	-	-	-	-	-	-	-	264,008
Capital outlay	38,411	-	7,643	-	-	-	80,782	-	-	-	126,836
Total expenditures	\$ 2,739,903	\$ 476,762	\$ 1,549,686	\$ 488,891	\$ 74,490	\$ 50,909	\$ 473,467	\$ 13,250	\$ 9,561	\$ 11,889	\$ 5,888,808
Excess (deficiency) of revenues over expenditures	(876,826)	241,488	466,322	22,136	49,772	96,563	(6,509)	3,252	14,274	(11,241)	(769)
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital asset donations & disposal	\$ -	-	-	-	-	-	-	-	-	-	\$ -
Payment to escrow for refunding debt											
Insurance recoveries	23,547	-	-	-	-	-	-	-	-	-	23,547
Transfers in	972,100	-	-	67,876	-	-	-	-	-	-	1,039,976
Transfers out	-	(350,000)	(171,500)	(78,580)	-	-	-	-	-	-	(600,080)
Total other financing sources and uses	\$ 995,647	\$ (350,000)	\$ (171,500)	\$ (10,704)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463,443
Net change in fund balances	118,821	(108,512)	294,822	11,432	49,772	96,563	(6,509)	3,252	14,274	(11,241)	462,674.00
Fund balances-beginning	776,300	474,659	836,009	42,106	284,279	328,762	686,504	86,227	72,932	29,263	3,617,041
Prior period adjustments	-	-	-	-	-	-	-	-	-	-	-
Fund balances-ending	\$ 895,121	\$ 366,147	\$ 1,130,831	\$ 53,538	\$ 334,051	\$ 425,325	\$ 679,995	\$ 89,479	\$ 87,206	\$ 18,022	\$ 4,079,715

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
for the Year Ended December 31, 2019**

	2012													Total Nonmajor Governmental Funds
	2010 LTGO	2010 UTGO/ LTGO (B)	2012 Government Center LTGO	2015 Public Safety Bond	Total Debt Service	General Govt Cap Impr	Parks Construction	Residential Streets Capital	Transportation Capital	Fire Public Safety Capital	Lebo Blvd	Affordable Housing	Total Capital Projects	
<b>REVENUES</b>														
Taxes														
Property	\$ -	\$ 779,024	\$ -	\$ 479,191	\$ 1,258,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,258,215
Sales	314,258	-	-	-	314,258	-	-	-	-	-	-	-	-	1,023,048
Business	-	-	-	-	-	-	-	460,279	391,595	-	-	-	851,874	851,874
Other	-	-	-	-	-	1,944,476	-	585,817	-	-	-	-	2,530,293	3,411,973
Licenses and permits	-	-	-	-	-	-	-	125,000	-	-	-	-	125,000	394,571
Intergovernmental	100,790	23,459	-	-	124,249	-	123,222	-	1,044,922	-	-	-	1,168,144	2,747,295
Charges for services	-	-	-	-	-	-	-	-	13,508	-	-	-	13,508	301,234
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	524,384
Miscellaneous	4,099	8,997	3,235	4,475	20,806	92,730	31,565	38,675	19,644	25,223	3,260	739	211,836	1,993,628
Total revenues	\$ 419,147	\$ 811,480	\$ 3,235	\$ 483,666	\$ 1,717,528	\$ 2,037,206	\$ 154,787	\$ 1,209,771	\$ 1,469,669	\$ 25,223	\$ 3,260	\$ 739	\$ 4,900,655	\$ 12,506,222
<b>EXPENDITURES</b>														
Current:														
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,869
Public safety	-	-	-	-	-	-	-	-	-	45,815	-	-	45,815	173,055
Transportation	-	-	-	-	-	-	-	442,981	762,131	-	-	-	1,205,112	4,856,591
Economic environment	-	-	-	-	-	-	-	-	-	-	100,000	100,000	762,300	762,300
Mental/physical health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	16,578	-	-	-	-	-	16,578	623,654
Debt service:														
Principal	235,000	725,000	210,000	390,000	1,560,000	-	-	-	-	-	-	-	-	1,820,000
Interest and other debt issue costs	298,366	290,382	125,862	109,700	824,310	-	-	-	-	-	-	-	-	1,088,318
Capital outlay	-	-	-	-	-	-	129,724	277,477	1,429,701	74,914	-	-	1,911,816	2,038,652
Total expenditures	\$ 533,366	\$ 1,015,382	\$ 335,862	\$ 499,700	\$ 2,384,310	\$ -	\$ 146,302	\$ 720,458	\$ 2,191,832	\$ 120,729	\$ -	\$ 100,000	\$ 3,279,321	\$ 11,552,439
Excess (deficiency) of revenues over expenditures	(114,219)	(203,902)	(332,627)	(16,034)	(666,782)	2,037,206	8,485	489,313	(722,163)	(95,506)	3,260	(99,261)	1,621,334	953,783
<b>OTHER FINANCING SOURCES (USES)</b>														
Capital asset donations & disposal	-	-	-	-	-	-	-	-	-	\$ -	-	-	\$ -	\$ -
Payment to escrow for refunding debt	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Insurance recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	23,547
Transfers in	75,000	171,500	340,000	-	586,500	-	20,745	146,868	786,722	-	101,104	1,055,439	2,681,915	2,681,915
Transfers out	(133,981)	(42,509)	-	-	(176,490)	(1,800,756)	-	-	-	-	(237,714)	-	(2,038,470)	(2,815,040)
Total other financing sources and uses	\$ (58,981)	\$ 128,991	\$ 340,000	\$ -	\$ 410,010	\$ (1,800,756)	\$ 20,745	\$ 146,868	\$ 786,722	\$ -	\$ (237,714)	\$ 101,104	\$ (983,031)	\$ (109,578)
Net change in fund balances	(173,200)	(74,911)	7,373	(16,034)	(256,772)	236,450	29,230	636,181	64,559	(95,506)	(234,454)	1,843	638,303	844,205
Fund balances-beginning	173,200	103,523	77,384	55,715	409,822	2,739,880	223,747	1,142,107	948,353	1,080,815	234,454	-	6,369,356	10,396,219
Prior period adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances-ending	\$ -	\$ 28,612	\$ 84,757	\$ 39,681	\$ 153,050	\$ 2,976,330	\$ 252,977	\$ 1,778,288	\$ 1,012,912	\$ 985,309	\$ -	\$ 1,843	\$ 7,007,659	\$ 11,240,424

**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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 750,000	\$ 750,000	\$ 881,679	\$ 131,679
Licenses and permits	-	-	450	450
Intergovernmental	910,015	910,015	874,731	(35,284)
Charges for services	95,000	95,000	63,812	(31,188)
Fines and forfeitures				-
Other revenue	897,000	994,100	1,038,051	43,951
Total revenues	<u>2,652,015</u>	<u>2,749,115</u>	<u>2,858,723</u>	<u>109,608</u>
<b>EXPENDITURES</b>				
Personnel	1,350,550	1,461,350	1,107,522	353,828
Supplies, services & taxes	1,815,174	1,853,174	1,593,970	259,204
Capital expenditure	20,000	20,000	38,411	(18,411)
Debt service				-
Transfers	-	-	-	-
Total expenditures	<u>3,185,724</u>	<u>3,334,524</u>	<u>2,739,903</u>	<u>594,621</u>
Excess (deficiency) of revenues over expenditures	<u>(533,709)</u>	<u>(585,409)</u>	<u>118,820</u>	<u>704,229</u>
Fund balances-beginning	627,600	776,300	776,300	0
Prior period adjustments	-	-	-	-
Fund balances-ending	<u>\$ 93,891</u>	<u>\$ 190,891</u>	<u>\$ 895,120</u>	<u>\$ 704,229</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other revenue	\$ 42,975	\$ 42,975	\$ 62,172	\$ 19,197
Total revenues	42,975	42,975	62,172	19,197
<b>EXPENDITURES</b>				
Supplies, services & taxes	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	42,975	42,975	62,172	19,197
Fund balances-beginning	1,294,031	1,298,269	1,298,269	(0)
Fund balances-ending	\$ 1,337,006	\$ 1,341,244	\$ 1,360,441	\$ 19,197

**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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 650,000	\$ 650,000	\$ 708,789	\$ 58,789
Other revenue	4,000	4,000	9,460	5,460
Total revenues	<u>654,000</u>	<u>654,000</u>	<u>718,249</u>	<u>64,249</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	479,000	479,000	476,762	2,238
Transfers	350,000	350,000	350,000	0
Total expenditures	<u>829,000</u>	<u>829,000</u>	<u>826,762</u>	<u>2,238</u>
Excess (deficiency) of revenues over expenditures	<u>(175,000)</u>	<u>(175,000)</u>	<u>(108,512)</u>	<u>66,488</u>
Fund balances-beginning	448,529	474,660	474,660	(0)
Fund balances-ending	<u>\$ 273,529</u>	<u>\$ 299,660</u>	<u>\$ 366,147</u>	<u>\$ 66,487</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, 2018**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 425,000	\$ 425,000	\$ 440,659	\$ 15,659
Other revenue	1,443,000	1,443,000	1,575,349	132,349
Total revenues	<u>1,868,000</u>	<u>1,868,000</u>	<u>2,016,008</u>	<u>148,008</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	1,100,200	1,153,973	1,018,035	135,938
Capital expenditure	-	65,000	7,643	57,357
Debt service	523,408	523,408	524,008	(600)
Transfers	171,500	171,500	171,500	0
Total expenditures	<u>1,795,108</u>	<u>1,913,881</u>	<u>1,721,186</u>	<u>192,695</u>
Excess (deficiency) of revenues over expenditures	<u>72,892</u>	<u>(45,881)</u>	<u>294,822</u>	<u>340,703</u>
Fund balances-beginning	703,981	836,009	836,009	(0)
Fund balances-ending	<u>\$ 776,873</u>	<u>\$ 790,128</u>	<u>\$ 1,130,831</u>	<u>\$ 340,703</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 727,000	\$ 723,904	\$ 436,582	\$ (287,322)
Charges for services	-	71,919	54,359	(17,560)
Other revenue	79,500	79,500	74,260	(5,240)
Total revenues	<u>806,500</u>	<u>875,323</u>	<u>565,201</u>	<u>(310,122)</u>
<b>EXPENDITURES</b>				
Personnel	143,600	147,100	144,579	2,521
Supplies, services & taxes	283,907	407,832	344,312	63,520
Transfers	287,500	310,842	78,580	232,262
Total expenditures	<u>715,007</u>	<u>865,774</u>	<u>567,471</u>	<u>298,303</u>
Excess (deficiency) of revenues over expenditures	<u>91,493</u>	<u>9,549</u>	<u>(2,270)</u>	<u>(11,819)</u>
Fund balances-beginning	229,334	42,612	42,107	(505)
Fund balances-ending	<u>\$ 320,827</u>	<u>\$ 52,161</u>	<u>\$ 39,837</u>	<u>\$ (12,324)</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, 2018**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 43,815	\$ 43,815
Fines and forfeitures	25,000	25,000	72,489	47,489
Other revenue	500	500	7,957	7,457
Total revenues	<u>25,500</u>	<u>25,500</u>	<u>124,260</u>	<u>98,760</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	57,500	83,660	74,490	9,170
Transfers				-
Total expenditures	<u>57,500</u>	<u>83,660</u>	<u>74,490</u>	<u>9,170</u>
Excess (deficiency) of revenues over expenditures	<u>(32,000)</u>	<u>(58,160)</u>	<u>49,771</u>	<u>107,931</u>
Fund balances-beginning	258,885	284,278	284,278	0
Fund balances-ending	<u>\$ 226,885</u>	<u>\$ 226,118</u>	<u>\$ 334,049</u>	<u>\$ 107,931</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 108,222	\$ 108,222
Charges for services	-	-	-	-
Fines and forfeitures	15,000	15,000	11,236	(3,764)
Other revenue	3,500	3,500	28,014	24,514
Total revenues	<u>18,500</u>	<u>18,500</u>	<u>147,473</u>	<u>128,973</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	115,700	115,700	50,910	64,790
Capital expenditure	60,000	60,000	-	60,000
Total expenditures	<u>175,700</u>	<u>175,700</u>	<u>50,910</u>	<u>124,790</u>
Excess (deficiency) of revenues over expenditures	<u>(157,200)</u>	<u>(157,200)</u>	<u>96,563</u>	<u>253,763</u>
Fund balances-beginning	316,037	328,762	328,762	(0)
Fund balances-ending	<u>\$ 158,837</u>	<u>\$ 171,562</u>	<u>\$ 425,325</u>	<u>\$ 253,763</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses and permits	\$ 273,000	\$ 273,000	\$ 269,120	\$ (3,880)
Charges for services	123,047	123,047	125,153	2,106
Other revenue	54,600	54,600	72,687	18,087
Total revenues	<u>450,647</u>	<u>450,647</u>	<u>466,959</u>	<u>16,312</u>
<b>EXPENDITURES</b>				
Personnel	378,300	385,000	324,357	60,643
Supplies, services & taxes	72,140	72,140	68,328	3,812
Capital expenditure	100,000	100,000	80,781	19,219
Total expenditures	<u>550,440</u>	<u>557,140</u>	<u>473,467</u>	<u>83,673</u>
Excess (deficiency) of revenues over expenditures	<u>(99,793)</u>	<u>(106,493)</u>	<u>(6,507)</u>	<u>99,986</u>
Fund balances-beginning	672,468	686,503	686,503	0
Fund balances-ending	<u>\$ 572,675</u>	<u>\$ 580,010</u>	<u>\$ 679,996</u>	<u>\$ 99,986</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 588	\$ 588
Other revenue	8,200	11,200	15,914	4,714
Total revenues	<u>8,200</u>	<u>11,200</u>	<u>16,502</u>	<u>5,302</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	19,000	28,000	13,249	14,751
Total expenditures	<u>19,000</u>	<u>28,000</u>	<u>13,249</u>	<u>14,751</u>
Excess (deficiency) of revenues over expenditures	<u>(10,800)</u>	<u>(16,800)</u>	<u>3,253</u>	<u>20,053</u>
Fund balances-beginning	81,773	86,226	86,226	(0)
Fund balances-ending	<u>\$ 70,973</u>	<u>\$ 69,426</u>	<u>\$ 89,479</u>	<u>\$ 20,053</u>

**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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 22,000	\$ 22,000	\$ 21,666	\$ (334)
Other revenue	500	500	2,169	1,669
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>23,835</u>	<u>1,335</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	26,000	26,000	9,561	16,439
Capital expenditure	-	-		-
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>9,561</u>	<u>16,439</u>
Excess (deficiency) of revenues over expenditures	<u>(3,500)</u>	<u>(3,500)</u>	<u>14,274</u>	<u>17,774</u>
Fund balances-beginning	71,721	72,932	72,932	0
Fund balances-ending	<u>\$ 68,221</u>	<u>\$ 69,432</u>	<u>\$ 87,206</u>	<u>\$ 17,774</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Charges for services	\$ 11,500	\$ 11,500	\$ -	\$ (11,500)
Other revenue	3,700	3,700	648	(3,052)
Total revenues	<u>15,200</u>	<u>15,200</u>	<u>648</u>	<u>(14,552)</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	<u>18,000</u>	<u>18,000</u>	11,889	6,111
Total expenditures	18,000	18,000	11,889	6,111
Excess (deficiency) of revenues over expenditures	<u>(2,800)</u>	<u>(2,800)</u>	<u>(11,240)</u>	<u>(8,440)</u>
Fund balances-beginning	26,111	29,263	29,263	(1)
Prior period adjustments	-	-	-	-
Fund balances-ending	<u>\$ 23,311</u>	<u>\$ 26,463</u>	<u>\$ 18,022</u>	<u>\$ (8,441)</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Charges for services	\$ 1,498,846	\$ 1,498,846	\$ 1,655,654	\$ 156,808
Other revenue	463,000	493,695	469,277	(24,418)
Total revenues	<u>1,961,846</u>	<u>1,992,541</u>	<u>2,124,931</u>	<u>132,390</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	1,860,717	1,891,412	1,930,104	(38,692)
Debt service	6,943	6,943	6,943	-
Total expenditures	<u>1,867,660</u>	<u>1,898,355</u>	<u>1,937,047</u>	<u>(38,692)</u>
Excess (deficiency) of revenues over expenditures	<u>94,186</u>	<u>94,186</u>	<u>187,884</u>	<u>93,698</u>
Fund balances-beginning	38,496	224,931	224,931	-
Prior period adjustments				-
Fund balances-ending	<u>\$ 132,682</u>	<u>\$ 319,117</u>	<u>\$ 412,815</u>	<u>\$ 93,698</u>

**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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 330,000	\$ 330,000	\$ 314,258	\$ (15,742)
Intergovernmental	101,040	101,040	100,790	(250)
Other revenue	76,500	76,500	79,099	2,599
Total revenues	<u>507,540</u>	<u>507,540</u>	<u>494,148</u>	<u>(13,392)</u>
<b>EXPENDITURES</b>				
Debt service	532,766	532,766	533,366	(600)
Transfers	-	123,336	108,981	14,355
Total expenditures	<u>532,766</u>	<u>656,102</u>	<u>642,347</u>	<u>13,755</u>
Excess (deficiency) of revenues over expenditures	<u>(25,226)</u>	<u>(148,562)</u>	<u>(148,200)</u>	<u>362</u>
Fund balances-beginning	316,222	173,200	173,200	-
Fund balances-ending	<u>\$ 290,996</u>	<u>\$ 24,638</u>	<u>\$ 25,000</u>	<u>\$ 362</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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 780,000	\$ 780,000	\$ 779,024	\$ (976)
Intergovernmental	29,975	29,975	23,459	(6,516)
Other revenue	174,000	174,000	180,497	6,497
Total revenues	<u>983,975</u>	<u>983,975</u>	<u>982,980</u>	<u>(995)</u>
<b>EXPENDITURES</b>				
Debt service	1,053,302	1,053,902	1,015,382	38,520
Transfers	-	7,916	42,510	(34,594)
Total expenditures	<u>1,053,302</u>	<u>1,061,818</u>	<u>1,057,892</u>	<u>3,926</u>
Excess (deficiency) of revenues over expenditures	<u>(69,327)</u>	<u>(77,843)</u>	<u>(74,912)</u>	<u>2,931</u>
Fund balances-beginning	97,481	103,523	103,523	-
Fund balances-ending	<u>\$ 28,154</u>	<u>\$ 25,680</u>	<u>\$ 28,611</u>	<u>\$ 2,931</u>

**Government Center 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, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other revenue	\$ 341,500	\$ 341,500	\$ 343,235	\$ 1,735
Total revenues	341,500	341,500	343,235	1,735
<b>EXPENDITURES</b>				
Debt service	335,263	335,563	335,863	(300)
Total expenditures	335,263	335,563	335,863	(300)
Excess (deficiency) of revenues over expenditures	6,237	5,937	7,372	1,435
Fund balances-beginning	76,244	77,385	77,385	-
Fund balances-ending	\$ 82,481	\$ 83,322	\$ 84,757	\$ 1,435

**2015 Public Safety Bond Debt Services Fund**  
**Other Governmental Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 480,000	\$ 480,000	\$ 479,191	\$ (809)
Other revenue	1,000	1,000	4,475	3,475
Total revenues	<u>481,000</u>	<u>481,000</u>	<u>483,666</u>	<u>2,666</u>
<b>EXPENDITURES</b>				
Debt service	499,100	499,400	499,700	(300)
Total expenditures	<u>499,100</u>	<u>499,400</u>	<u>499,700</u>	<u>(300)</u>
Excess (deficiency) of revenues over expenditures	<u>(18,100)</u>	<u>(18,400)</u>	<u>(16,034)</u>	<u>2,366</u>
Fund balances-beginning	53,410	55,715	55,715	0
Prior period adjustments	-	-	-	-
Fund balances-ending	<u>\$ 35,310</u>	<u>\$ 37,315</u>	<u>\$ 39,681</u>	<u>\$ 2,366</u>

**City of Bremerton**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual 2019 Refunding LTGO**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other revenue	\$ -	\$ 131,252	\$ 6,816,491	\$ 6,685,239
Total revenues	-	131,252	6,835,410	6,704,158
<b>EXPENDITURES</b>				
Debt service	-	-	6,665,000	(6,665,000)
Total expenditures	-	-	6,665,000	(6,665,000)
Excess (deficiency) of revenues over expenditures	-	131,252	170,410	39,158
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ -	\$ 131,252	\$ 170,410	\$ 39,158

**General Government Capital Projects Fund**  
**Other Government Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,944,476	\$ 144,476
Other revenue	20,000	20,000	92,731	72,731
Total revenues	<u>1,820,000</u>	<u>1,820,000</u>	<u>2,037,207</u>	<u>217,207</u>
<b>EXPENDITURES</b>				
Capital expenditure	-	-	-	-
Transfers	1,976,007	2,269,556	1,800,756	468,800
Total expenditures	<u>1,976,007</u>	<u>2,269,556</u>	<u>1,800,756</u>	<u>468,800</u>
Excess (deficiency) of revenues over expenditures	<u>(156,007)</u>	<u>(449,556)</u>	<u>236,451</u>	<u>686,007</u>
Fund balances-beginning	2,478,370	2,739,879	2,739,879	-
Fund balances-ending	<u>\$ 2,322,363</u>	<u>\$ 2,290,323</u>	<u>\$ 2,976,330</u>	<u>\$ 686,007</u>

**Park Facilities Capital Projects Fund  
Other Government Funds  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 123,222	\$ 123,222
Other revenue	39,500	62,250	52,309	(9,941)
Total revenues	<u>39,500</u>	<u>62,250</u>	<u>175,531</u>	<u>113,281</u>
<b>EXPENDITURES</b>				
Supplies, services & taxes	-	39,500	16,578	22,922
Capital expenditure	39,500	140,515	129,724	10,791
Total expenditures	<u>39,500</u>	<u>180,015</u>	<u>146,302</u>	<u>33,713</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(117,765)</u>	<u>29,230</u>	<u>146,995</u>
Fund balances-beginning	97,585	223,748	223,748	-
Fund balances-ending	<u>\$ 97,585</u>	<u>\$ 105,983</u>	<u>\$ 252,978</u>	<u>\$ 146,995</u>

**Residential Street Capital Fund**  
**Other Government Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,017,379	\$ 1,017,379	\$ 1,046,096	\$ 28,717
Intergovernmental	125,000	125,000	125,000	-
Other revenue	107,000	107,000	185,544	78,544
Total revenues	<u>1,249,379</u>	<u>1,249,379</u>	<u>1,356,640</u>	<u>107,261</u>
<b>EXPENDITURES</b>				
Personnel	348,100	358,100	289,408	68,692
Supplies, services & taxes	406,242	406,242	153,574	252,668
Capital expenditure	445,000	445,000	277,477	167,523
Total expenditures	<u>1,199,342</u>	<u>1,209,342</u>	<u>720,458</u>	<u>488,884</u>
Excess (deficiency) of revenues over expenditures	<u>50,037</u>	<u>40,037</u>	<u>636,181</u>	<u>596,144</u>
Fund balances-beginning	1,278,778	1,142,106	1,142,106	-
Fund balances-ending	<u>\$ 1,328,815</u>	<u>\$ 1,182,143</u>	<u>\$ 1,778,287</u>	<u>\$ 596,144</u>

**Transportation Capital Projects Fund**  
**Other Governmental Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 417,379	\$ 417,379	\$ 391,595	\$ (25,784)
Licenses and permits	-	-	-	-
Intergovernmental	2,748,545	3,465,581	870,210	(2,595,371)
Charges for services	-	-	13,508	13,508
Fines and forfeitures	-	-	-	-
Other revenue	1,202,007	1,634,769	981,078	(653,691)
Total revenues	<u>4,367,931</u>	<u>5,517,729</u>	<u>2,256,391</u>	<u>(3,261,338)</u>
<b>EXPENDITURES</b>				
Personnel	-	20,000	17,571	2,429
Supplies, services & taxes	782,500	1,128,984	744,560	384,424
Capital expenditure	<u>3,563,140</u>	<u>4,330,535</u>	<u>1,429,701</u>	<u>2,900,834</u>
Total expenditures	4,345,640	5,479,519	2,191,832	3,287,687
Excess (deficiency) of revenues over expenditures	<u>22,291</u>	<u>38,210</u>	<u>64,559</u>	<u>26,349</u>
Fund balances-beginning	<u>1,703,278</u>	<u>948,353</u>	<u>948,353</u>	<u>-</u>
Fund balances-ending	<u>\$ 1,725,569</u>	<u>\$ 986,563</u>	<u>\$ 1,012,912</u>	<u>\$ 26,349</u>

**Fire Public Safety Capital Projects Fund**  
**Other Governmental Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other revenue	\$ 5,000	\$ 5,000	\$ 25,223	\$ 20,223
Total revenues	5,000	5,000	25,223	20,223
<b>EXPENDITURES</b>				
Supplies, services & taxes	-	-	45,815	(45,815)
Capital expenditure	981,531	981,531	74,914	906,617
	981,531	981,531	120,729	860,802
Excess (deficiency) of revenues over expenditures	(976,531)	(976,531)	(95,506)	(840,578)
Fund balances-beginning	976,531	1,080,815	1,080,815	-
Fund balances-ending	\$ -	\$ 104,284	\$ 985,309	\$ (840,578)

**Lebo Boulevard Construction Capital Projects Fund**  
**Other Government Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other revenue	\$ -	\$ 3,546	\$ 3,260	\$ (286)
Total revenues	-	3,546	3,260	(286)
<b>EXPENDITURES</b>				
Transfers	-	238,000	237,714	286
	-	238,000	237,714	286
Excess (deficiency) of revenues over expenditures	-	(234,454)	(234,454)	(571)
Fund balances-beginning	-	234,454	234,454	-
Fund balances-ending	\$ -	\$ -	\$ (0)	\$ (571)

**Affordable Housing Capital Projects Fund**  
**Other Governmental Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2019**

	<b>Original Budget 2019</b>	<b>Final Budget 2019</b>	<b>Actual 2019</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Other revenue	\$ 101,104	\$ 101,104	\$ 101,843	\$ 739
Total revenues	101,104	101,104	101,843	739
<b>EXPENDITURES</b>				
Supplies, services & taxes	-	100,000	100,000	-
Capital expenditure	100,000	-	-	-
Transfers	-	-	-	-
Total expenditures	100,000	100,000	100,000	-
Excess (deficiency) of revenues over expenditures	1,104	1,104	1,843	739
Fund balances-beginning	-	-	-	-
Fund balances-ending	\$ 1,104	\$ 1,104	\$ 1,843	\$ 739

**Combining Statement of Net Position  
Internal Service Funds  
December 31, 2019**

	Governmental Activities Internal Service Funds							Total
	Risk Management	Self Insurance Health & Welfare	Employment Security	Accrued Leave Liability	Equipment Rental Operations	Equipment Reserve	Information Technology	
<b>ASSETS AND DEFERRED OUTFLOWS</b>								
Current assets:								
Cash and cash equivalents	\$ 1,033,258	\$ 36,529	\$ 116,336	\$ 120,397	\$ 2,457	\$ 1,848,079	\$ 392,183	\$ 3,549,239
Restricted cash	100,000	-	-	-	-	-	-	100,000
Investments	1,370,944	-	140,736	145,649	2,972	2,235,690	474,439	4,370,430
Restricted Investments	-	-	-	-	-	-	-	-
External receivables	37,535	-	-	49,582	-	-	-	87,117
Interest receivables	5,962	-	612	633	13	9,722	2,063	19,005
Due from other funds	23,000	-	-	-	99,785	292,665	5,443	420,893
Due from other governments	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	95,022	-	-	95,022
Prepayments	252,885	-	-	-	-	-	-	252,885
Total current assets	<u>2,823,584</u>	<u>36,529</u>	<u>257,684</u>	<u>316,261</u>	<u>200,249</u>	<u>4,386,156</u>	<u>874,128</u>	<u>8,894,591</u>
Restricted assets:	-	-	-	-	-	-	-	-
Noncurrent assets:								
Notes and contracts receivable	-	-	-	-	-	-	-	-
Capital assets not being depreciated	-	-	-	-	-	11,757	-	11,757
Capital assets net of depreciation	-	-	-	-	-	6,935,481	36,436	6,971,917
Total noncurrent assets	-	-	-	-	-	<u>6,947,238</u>	<u>36,436</u>	<u>6,983,674</u>
Total assets	<u>2,823,584</u>	<u>36,529</u>	<u>257,684</u>	<u>316,261</u>	<u>200,249</u>	<u>11,333,394</u>	<u>910,564</u>	<u>15,878,265</u>
Deferred outflows of resources								
Deferred amount on refunding	-	-	-	-	-	-	-	-
Deferred amount related to pension	-	-	-	-	36,253	-	53,354	89,607
Total deferred outflows of resources	-	-	-	-	<u>36,253</u>	-	<u>53,354</u>	<u>89,607</u>
Total assets and deferred outflows	<u>\$ 2,823,584</u>	<u>\$ 36,529</u>	<u>\$ 257,684</u>	<u>\$ 316,261</u>	<u>\$ 236,502</u>	<u>\$ 11,333,394</u>	<u>\$ 963,918</u>	<u>\$ 15,967,872</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>								
Current liabilities:								
Accounts/contract payable	146,602	-	28,707	-	75,045	640	4,255	255,249
Claims and Judgements Payable	299,330	-	-	-	-	-	-	299,330
Due to other funds	-	-	-	-	5,828	580	93	6,501
Employee wages payable	-	-	-	92,240	20,768	-	33,049	146,057
Other accrued liabilities	-	-	-	-	19,281	-	12,295	31,576
Current portion of long-term debt	-	-	-	-	-	-	-	-
Custodial accounts	-	-	-	-	-	-	-	-
Total current liabilities	<u>445,932</u>	<u>-</u>	<u>28,707</u>	<u>92,240</u>	<u>120,922</u>	<u>1,220</u>	<u>49,692</u>	<u>738,713</u>
Payable from restricted assets:	-	-	-	-	-	-	-	-
Noncurrent liabilities:								
Claims and judgments payable	1,197,320	-	-	-	-	-	-	1,197,320
Bonds, notes and loans payable	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	33,736	-	49,317	83,053
Compensated absences	-	-	-	-	27,706	-	18,442	46,148
Total noncurrent liabilities	<u>1,197,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,442</u>	<u>-</u>	<u>67,759</u>	<u>1,326,521</u>
Total liabilities	<u>1,643,252</u>	<u>-</u>	<u>28,707</u>	<u>92,240</u>	<u>182,364</u>	<u>1,220</u>	<u>117,451</u>	<u>2,065,234</u>
Deferred inflows of resources pension	-	-	-	-	73,144	-	106,579	179,723
Total liabilities and deferred inflows	<u>\$ 1,643,252</u>	<u>\$ -</u>	<u>\$ 28,707</u>	<u>\$ 92,240</u>	<u>\$ 255,508</u>	<u>\$ 1,220</u>	<u>\$ 224,030</u>	<u>\$ 2,244,957</u>
<b>NET POSITION</b>								
Net investment in capital assets	-	-	-	-	-	6,947,238	36,436	6,983,674
Restricted for capital assets	-	-	-	-	-	-	-	-
Restricted for debt service	-	-	-	-	-	-	-	-
Restricted for Worker's Compensation	100,000	-	-	-	-	-	-	100,000
Unrestricted	1,080,332	36,529	228,977	224,021	(19,006)	4,384,936	703,452	6,639,241
Total net position	<u>\$ 1,180,332</u>	<u>\$ 36,529</u>	<u>\$ 228,977</u>	<u>\$ 224,021</u>	<u>\$ (19,006)</u>	<u>\$ 11,332,174</u>	<u>\$ 739,888</u>	<u>\$ 13,722,915</u>

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
for the Year Ended December 31, 2019**

	Governmental Activities Internal Service Funds							Total
	Risk Management	Self Insurance Health & Welfare	Employment Security	Accrued Leave Liability	Equipment Rental Operations	Equipment Reserve	Information Technology	
<b>OPERATING REVENUES</b>								
Charges for services	\$ 1,806,294	\$ -	\$ -	\$ 600,334	\$ 1,776,621	\$ -	\$ 1,676,012	\$ 5,859,261
Other operating revenue	1,329	-	-	-	-	-	-	1,329
Total operating revenues	1,807,623	-	-	600,334	1,776,621	-	1,676,012	5,860,590
<b>OPERATING EXPENSES</b>								
Operations and maintenance	107,688	-	95,664	544,707	1,491,275	916	1,456,984	3,697,234
General administration	267,400	-	-	-	440,850	-	-	708,250
Depreciation and amortization	-	-	-	-	-	781,995	12,145	794,140
Risk transfer payments	721,523	-	-	-	-	-	-	721,523
Payments to claimants & beneficiaries	1,325,728	(279)	-	-	-	-	-	1,325,449
Other operating expenses	-	-	-	-	-	-	-	-
Total operating expenses	2,422,339	(279)	95,664	544,707	1,932,125	782,911	1,469,129	7,246,596
Operating income (loss)	(614,716)	279	(95,664)	55,627	(155,504)	(782,911)	206,883	(1,386,006)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Interest and investment revenue	58,763	-	7,130	5,347	(64)	89,659	16,357	177,192
Gain (loss) on capital asset disposal	-	-	-	-	1,737	(7,008)	-	(5,271)
Other nonoperating revenue/expense	2,200	(52)	-	-	-	11,944	950	15,042
Total nonoperating revenues (expenses)	60,963	(52)	7,130	5,347	1,673	94,595	17,307	186,963
Income (loss) before contributions and transfers	(553,753)	227	(88,534)	60,974	(153,831)	(688,316)	224,190	(1,199,043)
Capital contributions	-	-	-	-	-	1,261,551	-	1,261,551
Transfers to other funds	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	250,000	250,000
Special items (Note)	-	-	-	-	-	-	-	-
Change in net position	(553,753)	227	(88,534)	60,974	(153,831)	573,235	474,190	312,508
Total net position - beginning	1,734,085	36,302	317,511	163,047	134,825	10,758,939	265,698	13,410,407
Total net position - ending	\$ 1,180,332	\$ 36,529	\$ 228,977	\$ 224,021	\$ (19,006)	\$ 11,332,174	\$ 739,888	\$ 13,722,915

**City of Bremerton**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**for the Year Ended December 31, 2019**

	<b>Governmental Activities</b>							<b>Total</b>
	<b>Internal Service Funds</b>							
	<b>Risk Management</b>	<b>Self Insurance Health &amp; Welfare</b>	<b>Employment Security</b>	<b>Accrued Leave Liability</b>	<b>Equipment Rental Operations</b>	<b>Equipment Reserve</b>	<b>Information Technology</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash receipts from interfund services	1,764,759	-	607	568,403	1,679,029	-	1,670,569	5,683,367
Other receipts and payments	1,329	-	-	-	-	-	-	1,329
Cash payments to suppliers	(311,140)	(150)	24,493	(35,640)	(1,125,786)	-	(667,994)	(2,116,217)
Cash payments to employees	-	-	-	(511,717)	(543,340)	-	(776,410)	(1,831,467)
Cash payments for interfund services	(267,400)	-	(95,664)	-	(187,363)	(100,843)	(90,053)	(741,323)
Purchase of insurance	(721,523)	-	-	-	-	-	-	(721,523)
Payment for insurance claims	(826,258)	279	-	-	-	-	-	(825,979)
Net cash provided (used) by operating activities	(360,233)	129	(70,564)	21,046	(177,460)	(100,843)	136,112	(551,813)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfer ins	-	-	-	-	-	-	250,000	250,000
Transfer outs	-	-	-	-	-	-	-	-
Other receipts and payments	2,200	(52)	-	-	-	-	-	2,148
Net cash provided (used) by noncapital financing activities	2,200	(52)	-	-	-	-	250,000	252,148
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Capital contributions	-	-	-	-	-	2,306,821	-	2,306,821
Sale or involuntary conversion of capital assets	-	-	-	-	1,737	58,518	-	60,255
Acquisition and construction of capital assets	-	-	-	-	-	(1,837,850)	-	(1,837,850)
Net cash provided (used) by capital and related financing activities	-	-	-	-	1,737	527,489	-	529,226
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
Interest on loans and investments	57,985	-	7,111	5,157	257	86,538	15,153	172,201
Net change in investments	247,783	-	44,284	(7,202)	101,448	(174,603)	(206,364)	5,346
Net cash provided (used) by investing activities	305,768	-	51,395	(2,045)	101,705	(88,065)	(191,211)	177,547
Net increase (decrease) in cash and cash equivalents	(52,265)	77	(19,169)	19,001	(74,018)	338,581	194,901	407,108
Cash and equivalents - beginning	1,185,523	36,452	135,505	101,396	76,475	1,509,498	196,332	3,241,181
Cash and equivalents - ending	<u>\$ 1,133,258</u>	<u>\$ 36,529</u>	<u>\$ 116,336</u>	<u>\$ 120,397</u>	<u>\$ 2,457</u>	<u>\$ 1,848,079</u>	<u>\$ 391,233</u>	<u>\$ 3,648,289</u>
Cash at the end of the year consists of:								
Operating fund cash	1,033,258	36,529	116,336	120,397	2,457	1,848,079	392,183	3,549,239
Restricted cash	100,000	-	-	-	-	-	-	100,000
Total cash at end of year	<u>\$ 1,133,258</u>	<u>\$ 36,529</u>	<u>\$ 116,336</u>	<u>\$ 120,397</u>	<u>\$ 2,457</u>	<u>\$ 1,848,079</u>	<u>\$ 392,183</u>	<u>\$ 3,649,239</u>

**City of Bremerton**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**for the Year Ended December 31, 2019**

	Governmental Activities Internal Service Funds							Total
	Risk Management	Insurance Health & Welfare	Employment Security	Accrued Leave Liability	Equipment Rental Operations	Equipment Reserve	Information Technology	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>								
Operating income (loss)	(614,716)	279	(95,664)	55,627	(155,504)	(782,911)	206,883	(1,386,006)
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	-	-	-	-	-	781,995	12,145	794,140
Contra pension expense	-	-	-	-	(19,787)	-	(34,272)	(54,059)
Decrease (increase) in receivables	-	-	-	-	-	-	-	-
Decrease (increase) in due from other funds/govt	(41,535)	-	607	(31,931)	(97,592)	-	(5,443)	(175,894)
Decrease (increase) in prepaid expenses	-	-	-	-	-	-	-	-
Decrease (increase) in inventory	-	-	-	-	82,507	-	-	82,507
Increase (decrease) in accounts payable	(203,452)	(150)	24,493	(35,640)	(2,787)	-	(23,498)	(241,034)
Increase (decrease) in due to other funds/govt	-	-	-	-	(2,092)	(99,927)	(1,015)	(103,034)
Increase (decrease) in employee wages payable	-	-	-	32,990	8,800	-	(5,700)	36,090
Increase (decrease) in employee leaves payable	-	-	-	-	8,995	-	(12,988)	(3,993)
Increase (decrease) in other payables	499,470	-	-	-	-	-	-	499,470
Net cash provided by operating activities	<u>\$ (360,233)</u>	<u>\$ 129</u>	<u>\$ (70,564)</u>	<u>\$ 21,046</u>	<u>\$ (177,460)</u>	<u>\$ (100,843)</u>	<u>\$ 136,112</u>	<u>\$ (551,813)</u>
<b>Noncash investing, capital and financial activities</b>								
Developers contributed infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-	-	-

**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**December 31, 2018**

	<u>Salary Clearing</u>	<u>Administrative Trust</u>	<u>Water Clearing</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 354,405	\$ 200,205	\$ (13,159)	541,451
Total assets	<u>\$ 354,405</u>	<u>\$ 200,205</u>	<u>\$ (13,159)</u>	<u>\$ 541,451</u>
<b>Deferred outflows of resources</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts/contracts payable	-	39,671		39,671
Other current liabilities	354,405	160,534	(13,159)	501,780
Total liabilities	<u>\$ 354,405</u>	<u>\$ 200,205</u>	<u>\$ (13,159)</u>	<u>\$ 541,451</u>
<b>Deferred inflows of resources</b>				
	<u>\$ -</u>	<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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets	\$ 66,905,386	\$ 71,532,476	\$ 78,295,484	\$ 80,093,194	\$ 83,690,399	\$ 82,209,827	\$ 82,392,861	\$ 92,668,578	\$ 90,725,735	\$ 89,793,827
Restricted	8,275,949	6,008,032	4,200,925	4,104,980	3,767,053	8,629,268	7,876,417	5,168,496	6,595,111	6,442,935
Unrestricted	9,434,193	5,948,429	8,795,698	9,704,988	9,237,898	3,997,964	7,725,636	10,461,715	(11,238,387)	(4,624,541)
<b>Total government activities net position</b>	<b>\$ 84,615,528</b>	<b>\$ 83,488,937</b>	<b>\$ 91,292,107</b>	<b>\$ 93,903,162</b>	<b>\$ 96,695,350</b>	<b>\$ 94,837,059</b>	<b>\$ 97,994,914</b>	<b>\$ 108,298,789</b>	<b>\$ 86,082,459</b>	<b>\$ 91,612,221</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 128,158,641	\$ 128,930,881	\$ 139,290,172	\$ 145,318,353	\$ 147,992,658	\$ 147,071,444	\$ 151,010,043	\$ 151,096,269	\$ 157,667,887	\$ 165,615,921
Restricted	1,305,903	1,527,135	1,616,969	1,778,954	7,648,222	2,201,230	9,750,551	4,415,105	2,013,883	2,130,920
Unrestricted	23,973,489	26,398,932	24,624,122	21,386,988	14,110,023	19,858,485	12,406,380	22,542,260	28,222,526	27,840,687
<b>Total business-type activities net position</b>	<b>\$ 153,438,033</b>	<b>\$ 156,856,948</b>	<b>\$ 165,531,263</b>	<b>\$ 168,484,295</b>	<b>\$ 169,750,903</b>	<b>\$ 169,131,159</b>	<b>\$ 173,166,974</b>	<b>\$ 178,053,634</b>	<b>\$ 187,904,296</b>	<b>\$ 195,587,528</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 195,064,027	\$ 200,463,357	\$ 217,789,699	\$ 225,411,547	\$ 231,683,057	\$ 229,281,271	\$ 233,402,904	\$ 243,764,847	\$ 248,393,622	\$ 255,409,748
Restricted	9,581,852	7,535,167	5,817,894	5,883,934	11,415,275	10,830,498	17,626,968	9,583,601	8,608,994	8,573,855
Unrestricted	33,407,682	32,347,361	33,215,777	31,091,976	23,347,921	23,856,449	20,132,016	33,003,975	16,984,139	23,216,146
<b>Total primary government net position</b>	<b>\$ 238,053,561</b>	<b>\$ 240,345,885</b>	<b>\$ 256,823,370</b>	<b>\$ 262,387,457</b>	<b>\$ 266,446,253</b>	<b>\$ 263,968,218</b>	<b>\$ 271,161,888</b>	<b>\$ 286,352,423</b>	<b>\$ 273,986,755</b>	<b>\$ 287,199,749</b>

**Total Net Position**

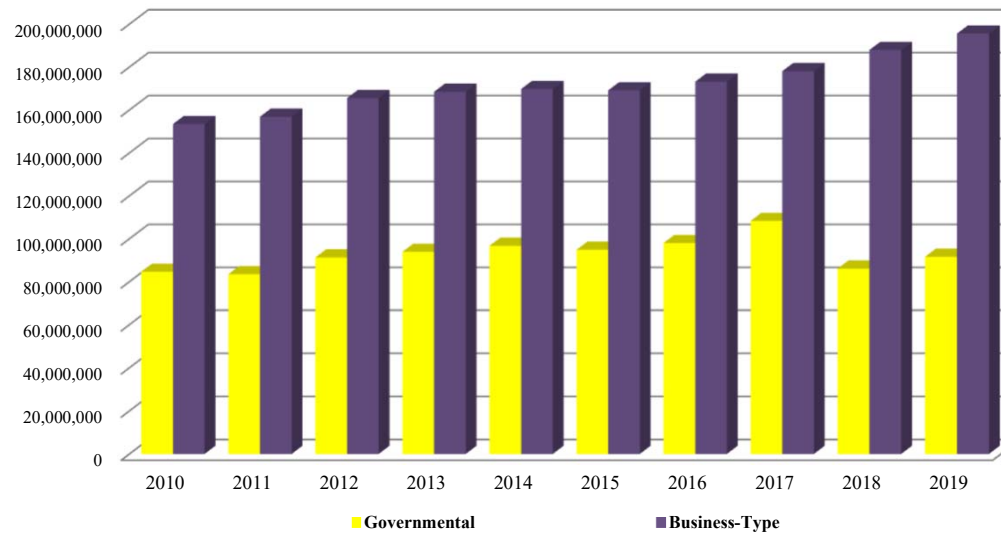


Table 2

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

	December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenues</b>										
Governmental activities:										
Program revenues										
Charges for services	\$ 7,974,533	\$ 8,134,426	\$ 8,147,866	\$ 7,554,419	\$ 7,375,242	\$ 8,149,740	\$ 8,567,603	\$ 9,658,198	\$ 12,243,017	\$ 12,283,079
Operating grants and contributions	2,685,281	1,862,766	677,864	756,478	686,422	821,207	564,000	546,661	724,939	3,248,605
Capital grants and contributions	3,748,282	1,753,775	6,847,248	3,752,058	3,072,619	3,342,402	1,819,614	8,861,763	3,348,533	1,119,760
General revenues										
Property taxes	8,553,934	8,546,532	8,578,750	8,511,679	8,688,122	8,971,576	9,618,496	9,746,766	10,044,803	10,154,188
Sales taxes	6,538,977	7,050,928	7,295,954	7,678,855	8,129,965	8,662,583	8,950,661	9,626,108	10,098,968	10,742,691
Business taxes	3,406,535	3,175,405	3,256,913	2,665,107	2,733,787	2,878,276	4,018,179	3,788,009	4,005,726	4,266,679
Utility taxes	4,531,307	4,512,670	4,407,473	4,415,712	4,332,386	9,695,992	9,773,769	10,337,783	10,358,465	10,630,789
Other taxes	2,391,050	2,384,628	2,679,142	3,147,164	4,045,311	4,045,245	4,209,946	3,969,957	4,054,630	3,719,323
Other general revenues	1,428,517	657,845	488,144	(720,663)	692,314	484,086	192,569	454,653	717,528	666,686
Total governmental program revenues	41,258,416	38,078,975	42,379,354	37,760,809	39,756,168	47,051,107	47,714,837	56,989,898	55,596,609	56,831,800
Business-type activities:										
Charges for services:										
Charges for services	25,981,745	26,471,213	26,807,859	29,197,326	31,020,945	34,561,549	34,191,517	35,986,319	37,760,459	38,857,424
Operating grants and contributions	65,812	258,531	3,000	392,179	-	11,005	24,951	-	-	19,457
Capital grants and contributions	7,417,318	2,580,408	9,253,974	3,877,546	1,386,750	2,132,266	1,975,830	3,691,094	3,278,279	3,286,923
General revenues										
Sales taxes	-	16,735	16,201	30,041	28,022	47,570	75,552	87,043	77,053	109,529
Business taxes	6,486	395	1,120	4,598	3,915	14,020	17,948	8,316	8,056	15,041
Other general revenues	584,246	613,062	683,660	474,662	531,817	644,409	153,087	(108,993)	831,174	1,761,228
Total business-type activities program revenues	34,055,607	29,940,344	36,765,814	33,976,352	32,971,449	37,410,819	36,438,885	39,663,779	41,955,021	44,049,602
Total primary government program revenues	\$ 75,314,023	\$ 68,019,319	\$ 79,145,168	\$ 71,737,161	\$ 72,727,617	\$ 84,461,926	\$ 84,153,722	\$ 96,653,677	\$ 97,551,630	\$ 100,881,402
<b>Expenses</b>										
Governmental activities:										
General government										
General government	\$ 4,001,383	\$ 3,250,587	\$ 4,585,130	\$ 2,335,832	\$ 3,353,284	\$ 3,898,120	\$ 4,205,961	\$ 4,368,302	\$ 4,627,444	\$ 4,854,589
Public safety	23,922,957	24,187,445	23,718,909	23,177,212	23,337,415	24,347,998	25,840,494	26,645,815	23,379,480	27,173,950
Utilities and environment	226,975	219,431	219,631	219,560	220,176	-	-	-	-	-
Transportation	4,214,922	4,012,477	4,235,164	4,206,821	4,459,164	5,801,997	5,515,358	6,014,666	6,865,230	8,336,420
Economic environment	2,031,753	3,310,097	2,231,951	1,865,434	1,813,732	1,889,697	1,905,763	2,142,745	2,037,587	2,701,913
Cultural and recreation	5,944,853	6,510,247	5,975,233	6,061,443	5,991,865	6,127,784	5,967,564	6,210,732	6,577,861	7,240,365
Interest on long-term debt	961,926	976,987	1,511,968	1,172,255	1,221,700	1,214,965	1,097,787	1,211,659	1,168,037	979,440
Total governmental activities expenses	41,304,769	42,467,271	42,477,986	39,038,557	40,397,336	43,280,561	44,532,927	46,593,919	44,655,639	51,286,677
Business-type activities:										
Water										
Water	9,242,707	8,298,916	8,868,640	8,923,134	9,276,527	10,222,657	13,163,870	13,690,176	13,596,316	12,800,708
Wastewater	8,927,299	9,009,876	9,822,019	9,943,879	9,945,606	10,128,629	12,725,757	13,653,478	14,661,810	15,493,107
Golf course	3,198,390	2,256,772	2,135,886	2,271,036	4,008,939	3,827,264	3,972,630	3,417,408	4,364,422	3,639,459
Other proprietary funds	1,478,026	1,603,135	1,831,098	2,281,994	2,151,899	1,823,388	2,564,868	4,016,057	2,930,825	4,296,600
Total business-type activities expenses	22,846,422	21,168,699	22,657,643	23,420,043	25,382,971	26,001,938	32,427,125	34,777,119	35,553,373	36,229,874
Total primary government expenses	\$ 64,151,191	\$ 63,635,970	\$ 65,135,629	\$ 62,458,600	\$ 65,780,307	\$ 69,282,499	\$ 76,960,052	\$ 81,371,038	\$ 80,209,012	\$ 87,516,551

Table 2

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

	December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Change in Net Position</b>										
Governmental activities:										
Excess of revenues over expenses	\$ (46,353)	\$ (4,388,296)	\$ (98,632)	\$ (1,277,748)	\$ (641,168)	\$ 3,770,546	\$ 3,181,910	\$ 10,395,979	\$ 10,940,970	\$ 5,545,123
Transfers	4,175,924	3,610,764	3,737,965	4,462,373	5,492,002	6,416,953	(24,055)	-	-	-
Governmental activities change in net position	4,129,571	(777,532)	3,639,333	3,184,625	4,850,834	10,187,499	3,157,855	10,395,979	10,940,970	5,545,123
Business-type activities:										
Excess of revenues over expenses	11,209,185	8,771,645	14,108,171	10,556,309	7,588,478	11,408,881	4,011,760	4,886,660	6,401,648	7,819,728
Transfers	(4,175,924)	(3,610,764)	(3,737,965)	(4,462,373)	(5,492,002)	(6,416,953)	24,055	-	-	-
Business-type activities change in net position	7,033,261	5,160,881	10,370,206	6,093,936	2,096,476	4,991,928	4,035,815	4,886,660	6,401,648	7,819,728
Governmental Activities Net Position:										
Net position - beginning	85,911,876	84,358,110	84,615,528	83,488,937	91,292,107	93,903,162	94,837,059	97,994,914	109,377,800	86,067,098
Prior period adjustment/special items	(5,811,306)	(2,144,491)	(465,545)	-	(244,420)	(100,372)	-	986,907	-	-
Net position - ending	84,230,141	81,436,087	87,789,316	86,673,562	95,898,521	103,990,289	97,994,914	109,377,800	120,318,770	91,612,221
Business-type activities net position										
Net position - beginning	128,900,769	144,890,858	153,438,033	156,856,948	165,531,263	168,484,295	169,131,159	173,166,974	178,053,634	187,790,800
*Prior period adjustment/special items	10,904,141	(728,969)	(125,821)	(209,083)	(148,347)	714,050	-	-	(30,787,297)	(23,000)
Net position - ending	146,838,171	149,322,770	163,682,418	162,741,801	167,479,392	174,190,273	173,166,974	178,053,634	153,667,985	195,587,528
Total Primary Government Net Position	\$ 231,068,312	\$ 230,758,857	\$ 251,471,734	\$ 249,415,363	\$ 263,377,913	\$ 278,180,562	\$ 271,161,888	\$ 287,431,434	\$ 273,986,755	\$ 287,199,749

\* GASB 75

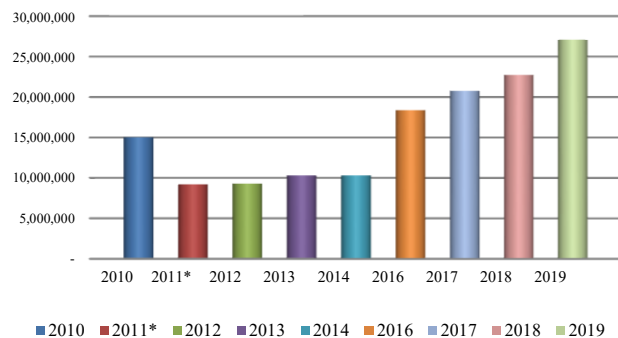
Cumulative Effect of Change in Accounting Principle

Table 3

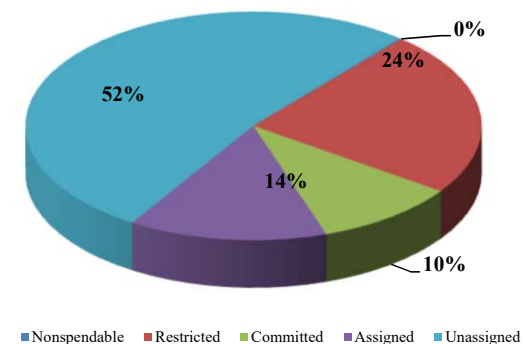
**Fund Balance of Governmental Funds  
Last Ten Fiscal Years**

	December 31,									
	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
<b>General fund</b>										
Nonspendable	\$ -	\$ 18,683	\$ 18,418	\$ 24,801	\$ 20,060	\$ 18,827	\$ 23,407	\$ 18,957	\$ 30,279	\$ 36,109
Restricted	-	48,556	20,562	50,179	50,179	76,836	59,868	173,169	117,097	144,061
Committed	-	-	-	-	-	729,705	939,373	1,024,537	1,298,268	1,360,441
Assigned	-	65,926	545,168	-	-	-	-	-	-	-
Unassigned	-	3,274,281	4,018,522	4,794,308	4,725,880	4,658,608	6,942,454	9,102,269	10,886,312	14,113,464
<b>General fund *</b>										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	3,049,878	-	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 3,049,878</b>	<b>\$ 3,407,446</b>	<b>\$ 4,602,670</b>	<b>\$ 4,869,288</b>	<b>\$ 4,796,119</b>	<b>\$ 5,483,976</b>	<b>\$ 7,965,102</b>	<b>\$10,318,932</b>	<b>\$12,331,956</b>	<b>\$ 15,654,075</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ 23,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	4,592,196	2,786,592	3,040,543	2,923,689	7,813,051	7,121,639	6,536,627	6,378,014	6,198,874
Committed	-	232,026	313,984	357,663	652,253	674,653	566,466	785,236	1,269,567	1,382,691
Assigned	-	1,045,415	1,577,720	2,051,610	1,927,149	1,674,781	2,700,402	3,125,414	2,748,639	3,815,568
Unassigned	-	(96,866)	-	-	-	-	-	-	-	13,701
<b>All other governmental funds *</b>										
Reserved	391,078	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	4,488,327	-	-	-	-	-	-	-	-	-
Capital projects funds	6,662,498	-	-	-	-	-	-	-	-	-
Debt service funds	433,778	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$11,975,681</b>	<b>\$ 5,796,035</b>	<b>\$ 4,678,296</b>	<b>\$ 5,449,816</b>	<b>\$ 5,503,091</b>	<b>\$10,162,485</b>	<b>\$10,388,507</b>	<b>\$10,447,277</b>	<b>\$10,396,220</b>	<b>\$ 11,410,834</b>

**Governmental Fund Balances by Fiscal Year**



**2018 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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$23,958,593	\$24,139,778	\$24,476,535	\$24,893,527	\$25,964,771	\$32,486,301	\$34,904,810	\$36,450,093	\$38,800,480	\$39,038,975
License and permits	1,165,394	1,233,719	1,133,301	1,264,323	1,306,759	1,439,387	1,499,846	1,470,392	1,677,810	1,930,527
Intergovernmental	8,266,451	5,650,308	6,961,371	5,597,461	6,010,619	4,982,307	4,476,429	9,216,305	6,347,630	6,557,740
Charges for services	5,648,907	4,950,225	6,601,588	3,345,061	3,079,275	3,507,757	3,113,149	6,889,927	3,980,621	4,148,378
Fines and forfeits	1,581,937	1,536,690	1,492,213	1,252,160	1,260,469	1,377,204	1,475,329	1,571,777	1,682,679	1,858,767
Miscellaneous	2,962,238	1,706,691	1,985,835	1,737,857	2,030,651	2,129,699	1,702,113	2,178,425	2,272,045	2,628,118
<b>Total revenues</b>	<b>43,583,520</b>	<b>39,217,411</b>	<b>42,650,843</b>	<b>38,090,389</b>	<b>39,652,544</b>	<b>45,922,655</b>	<b>47,171,676</b>	<b>57,776,919</b>	<b>54,761,265</b>	<b>56,162,505</b>
<b>Expenditures</b>										
General government	6,878,458	7,237,760	6,096,052	4,833,662	4,713,790	5,204,949	5,384,977	7,638,665	6,333,353	6,518,514
Public safety	22,369,568	21,787,632	21,161,867	21,473,549	22,513,669	23,534,874	23,363,734	23,430,397	24,799,370	25,873,308
Utilities and environment	219,431	219,631	219,560	28,166	23,165	28,694	28,401	24,450	31,103	38,387
Transportation	3,010,848	3,135,657	4,419,430	3,242,692	4,236,661	4,382,943	3,807,174	5,763,284	4,690,768	5,889,868
Economic environment	3,269,259	2,292,909	1,891,527	1,616,533	1,647,643	1,799,656	1,832,929	2,330,587	2,343,463	2,728,510
Mental/physical health	75,126	75,573	69,963	271,038	274,877	275,421	154,084	126,279	82,030	84,683
Cultural and recreation	4,867,545	4,364,162	4,530,933	4,226,772	4,480,333	4,552,498	4,458,543	4,544,247	5,078,832	5,149,531
Debt service										
Principle	771,500	1,382,500	1,458,239	10,025,000	1,260,000	1,255,000	1,685,000	1,715,000	1,770,000	1,820,000
Interest and other debt issue costs	964,772	1,402,902	1,140,116	1,174,562	1,192,256	1,222,366	1,259,364	1,228,139	1,185,478	1,095,261
Capital	9,361,248	7,256,768	5,708,349	4,781,135	6,028,569	4,879,056	2,598,779	9,262,740	6,172,520	2,230,973
Intergovernmental Payments	-	42,203	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>51,787,755</b>	<b>49,197,697</b>	<b>46,696,036</b>	<b>51,673,109</b>	<b>46,370,963</b>	<b>47,135,457</b>	<b>44,572,985</b>	<b>56,063,788</b>	<b>52,486,917</b>	<b>51,429,035</b>
Excess of revenues over (under) expenditures	(8,204,235)	(9,980,286)	(4,045,193)	(13,582,720)	(6,718,419)	(1,212,802)	2,598,691	1,713,131	2,274,348	4,733,470
<b>Other Financing Sources (Uses)</b>										
Proceeds of long-term debt	19,407,267	9,675,000	5,215,000	8,590,000	-	4,160,000	-	-	-	6,640,000
Premiums on bonds sold			122,033	401,073	-	399,823	-	-	-	-
Payments to refunded escrow agent	(10,387,010)	(9,675,000)	(5,653,814)	-	-	-	-	-	-	(6,584,044)
Capital asset donation and disposal	40,930	511,823	-	137,498	199,550	67,728	123,770	1,186,254	186,152	-
Insurance recoveries	18,629	1,251	349	285	8,817	10,620	8,741	13,218	8,877	35,022
Transfers in	5,630,979	6,921,147	6,074,690	6,932,744	8,098,633	4,746,365	1,885,584	2,568,366	4,109,782	3,718,406
Transfers out	(2,020,214)	(3,282,833)	(1,612,316)	(1,440,742)	(1,681,679)	(2,840,790)	(1,909,639)	(3,068,366)	(4,617,196)	(4,206,120)
<b>Total other financing sources and uses</b>	<b>12,690,581</b>	<b>4,151,388</b>	<b>4,145,942</b>	<b>14,620,858</b>	<b>6,625,321</b>	<b>6,543,746</b>	<b>108,456</b>	<b>699,472</b>	<b>(312,385)</b>	<b>(396,736)</b>

Table 4

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

	December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Change in Fund Balance</b>										
Change in reserves for inventory	(10,666)	6,820	(23,264)	-	-	-	-	-	-	-
Net change in fund balances	4,475,680	(5,822,078)	77,485	1,038,138	(93,098)	5,330,944	2,707,147	2,412,603	1,961,963	4,336,734
Fund balances-beginning	10,426,451	15,025,559	9,203,481	9,280,966	10,319,104	10,299,210	15,646,461	18,353,609	20,766,212	22,728,175
Prior Period Adjustments	123,428	-	-	-	73,204	16,307	-	-	-	-
Fund balances-ending	\$ 15,025,559	\$ 9,203,481	\$ 9,280,966	\$ 10,319,104	\$ 10,299,210	\$ 15,646,461	\$ 18,353,608	\$ 20,766,212	\$ 22,728,175	\$ 27,064,909
Debt service as a percentage of noncapital expenditures	4.09%	6.64%	6.34%	23.88%	6.08%	5.86%	7.01%	6.29%	6.38%	5.93%

**Changes in Fund Balance by Fiscal Year**

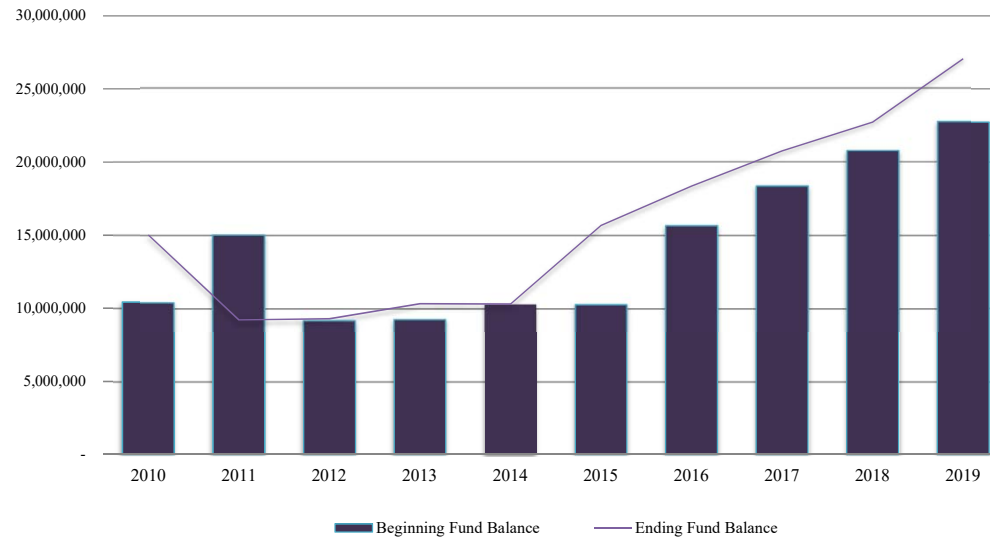
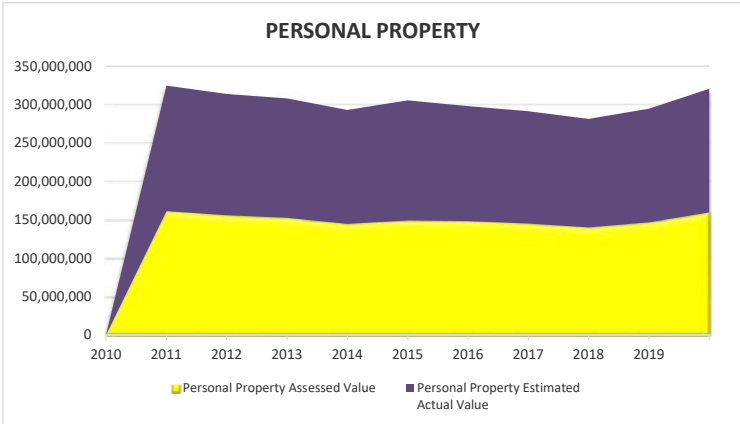
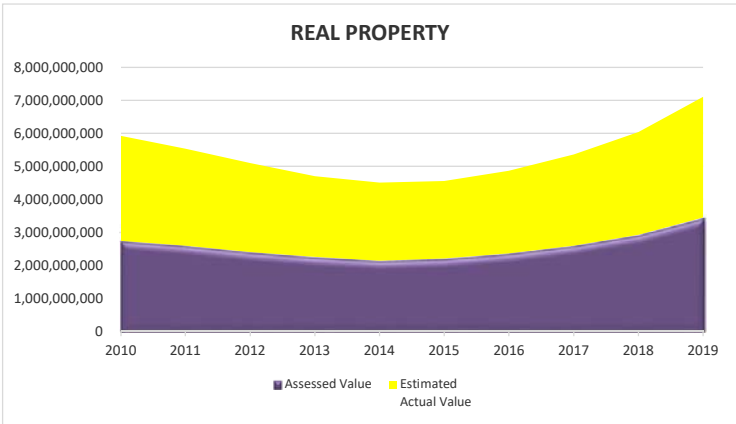


Table 5

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		
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%	3.89
2017	2,596,377,541	2,762,103,767	140,227,596	141,216,109	2,736,605,137	2,903,319,876	89.2%	3.57
2018	2,926,744,313	3,113,557,780	146,755,271	147,789,800	3,073,499,584	3,261,347,580	89.1%	3.27
2019	3,443,857,735	3,663,678,441	159,545,958	160,670,653	3,603,403,693	3,824,349,094	90.4%	2.83



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

Table 6

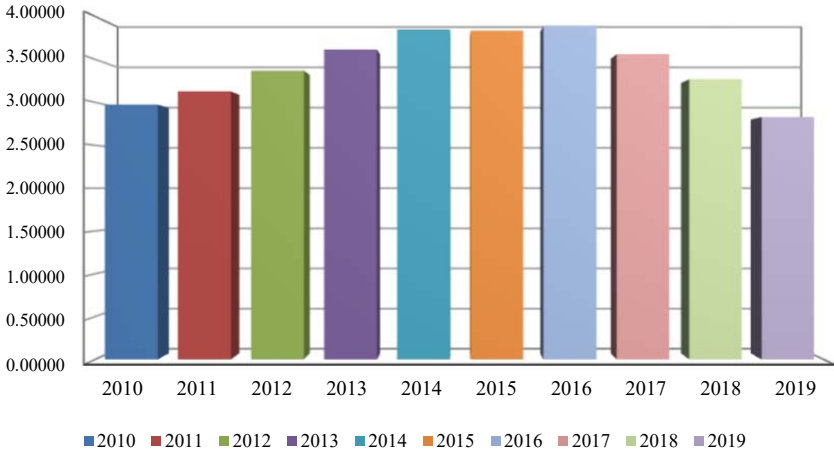
	December 31,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues</b>										
Taxes										
Property Tax	8,553,934	8,546,532	8,578,750	8,511,679	8,688,122	8,971,576	9,618,497	9,746,766	10,044,803	10,154,188
Local Sales & Use Tax										
Local Retail Sales & Use Tax	6,120,060	6,604,669	6,844,193	6,489,850	6,864,848	7,288,823	8,007,178	8,568,933	9,041,182	9,655,021
Local Revitalization Financing	146,258	370,613	339,594	337,450	340,860	349,901	352,173	356,075	343,160	330,000
Hotel/Motel Sales & Use Tax	347,792	393,288	417,131	388,620	434,001	529,682	555,833	637,423	695,492	713,309
Criminal Justice Sales & Use Tax	418,917	446,258	451,761	462,935	490,256	541,747	591,310	628,843	714,625	757,669
<b>Total Local Sales &amp; Use Tax</b>	<b>7,033,027</b>	<b>7,814,828</b>	<b>8,052,679</b>	<b>7,678,855</b>	<b>8,129,965</b>	<b>8,710,153</b>	<b>9,506,494</b>	<b>10,191,274</b>	<b>10,794,459</b>	<b>11,455,999</b>
Business Taxes										
Business & Occupation Taxes	2,811,903	2,765,879	2,698,574	2,609,466	2,664,794	2,838,188	3,254,215	3,075,502	3,127,854	3,327,812
Gambling Excise Taxes	276,734	93,146	81,841	55,641	68,993	54,108	68,301	61,669	71,722	57,187
<b>Total Business Taxes</b>	<b>3,088,637</b>	<b>2,859,025</b>	<b>2,780,415</b>	<b>2,665,107</b>	<b>2,733,787</b>	<b>2,892,296</b>	<b>3,322,516</b>	<b>3,137,171</b>	<b>3,199,576</b>	<b>3,384,999</b>
Utility Taxes										
Electric Utility	1,716,776	1,776,770	1,756,362	1,822,957	1,839,046	1,786,917	1,921,464	2,056,594	1,966,767	1,918,055
Gas Utility	419,100	449,995	375,524	365,522	394,593	371,878	346,428	401,961	392,287	463,906
Garbage/Solid Waste Utility	454,929	455,621	459,818	476,599	483,359	573,835	653,451	681,545	716,044	753,030
Cable TV Utility	601,782	619,550	617,149	618,076	636,564	609,528	727,765	659,854	626,234	594,961
Telephone Utility	1,338,542	1,210,552	1,198,455	1,132,558	978,824	987,549	860,916	788,543	732,356	662,570
Water Utility	1,267,675	1,307,466	1,310,542	1,366,011	1,722,961	1,767,957	1,717,541	2,063,033	2,324,594	2,320,742
Wastewater Utility	2,015,319	2,044,970	2,699,404	2,621,252	2,750,903	3,051,164	2,964,677	2,999,130	3,436,132	3,082,822
Stormwater Utility	327,771	343,308	452,427	481,739	376,536	547,164	581,527	687,123	164,051	834,703
<b>Total Utility Taxes</b>	<b>8,141,894</b>	<b>8,208,232</b>	<b>8,869,681</b>	<b>8,884,714</b>	<b>9,182,786</b>	<b>9,695,992</b>	<b>9,773,769</b>	<b>10,337,783</b>	<b>10,358,465</b>	<b>10,630,789</b>
Other Taxes and State Shared Revenue										
Leasehold Tax	101,570	110,491	112,087	111,758	123,721	128,893	127,049	153,008	156,644	48,222
TBD Vehicle Fees	-	-	189,169	431,866	444,012	480,625	510,642	549,548	580,020	585,817
Parking Tax	317,898	316,380	476,499	497,088	547,288	626,078	695,664	650,837	806,149	881,679
Real Estate Excise Tax	412,518	336,378	427,807	481,898	788,594	982,512	1,291,762	1,688,426	2,144,954	1,944,476
State & Local Shared Revenue	1,529,170	1,544,471	1,722,117	1,624,554	2,141,696	1,827,137	2,280,493	1,562,466	1,753,031	1,013,317
<b>Total Other Taxes and State Shared Revenue</b>	<b>2,361,156</b>	<b>2,307,720</b>	<b>2,927,679</b>	<b>3,147,164</b>	<b>4,045,311</b>	<b>4,045,245</b>	<b>4,905,610</b>	<b>4,604,285</b>	<b>5,440,798</b>	<b>4,473,511</b>
	<b>29,178,648</b>	<b>29,736,337</b>	<b>31,209,204</b>	<b>30,887,519</b>	<b>32,779,971</b>	<b>34,315,262</b>	<b>37,126,886</b>	<b>38,017,279</b>	<b>39,838,101</b>	<b>40,099,486</b>

Table 7

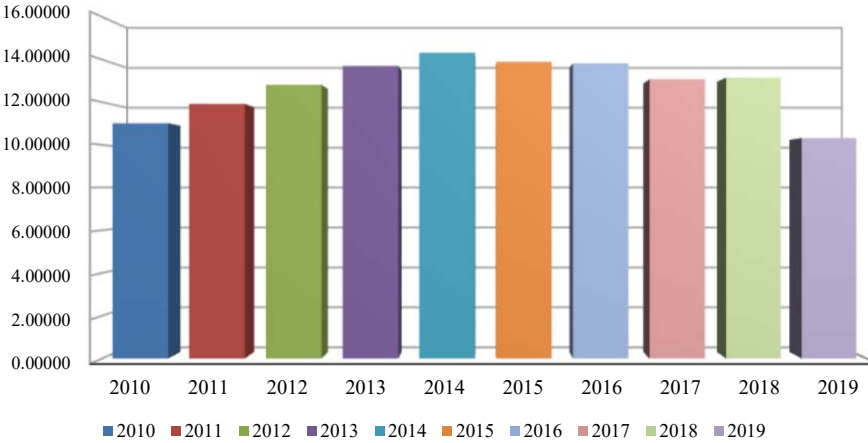
**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

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	
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
2017	2.63000	0.45000	0.48000	3.56000	1.08619	2.11674	5.53232	0.35055	0.07411	0.35337	9.51326	13.07326
2018	2.40800	0.41000	0.45000	3.26800	1.01971	3.02127	5.01543	0.32699	0.06816	0.43169	9.88325	13.15125
2019	2.11445	0.36265	0.35137	2.82847	0.93002	2.66173	3.14878	0.29431	0.06383	0.39380	7.49247	10.32094

**City of Bremerton Direct Property Tax Rate**



**Total Direct & Overlapping Property Tax Rates**



Source: Kitsap County Assessor's Office

Table 8

**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	2019			Taxpayer	2009		
	Taxable Assessed Valuation	Rank	Percentage of Assessed Valuation		Taxable Assessed Valuation	Rank	Percentage of Assessed Valuation
Puget Sound Energy	\$ 44,384,122	1	1.4%	Puget Sound Energy	\$ 32,103,305	1	2.0%
SP/LLU Insignia LLC	22,774,840	2	0.7%	East Park LLC	20,796,880	2	0.7%
EP Holdings LLC	20,014,800	3	0.7%	Kitsap Community Credit Union	18,925,960	3	0.6%
Cascade Living Group	19,819,120	4	0.6%	SHP II Bremerton LLC	11,968,680	4	0.4%
Pine Ridge Partners LLC	15,392,960	5	0.5%	New Albertsons Inc	11,295,780	5	0.4%
Bremerton Fee Owner LLC	14,508,970	6	0.5%	Bremer Trust	11,208,290	6	0.4%
Qwest Corporation	13,706,227	7	0.4%	Bremerton Residential Investments	10,609,630	7	0.3%
Oyster Bay Holdings LLC	13,118,950	8	0.4%	Toyexpansion	10,046,230	8	0.3%
Arch BPBRMWA01 LLC	12,639,349	9	0.4%	R & L Property Management	9,831,040	9	0.3%
Sylvan Associates	12,221,110	10	0.4%	Ryan Tim Properties LP	9,735,710	10	0.3%
<b>Top Ten Taxpayer Taxable Assessed Valuation</b>	<b>188,580,448</b>		<b>6.1%</b>	<b>Top Ten Taxpayer Taxable Assessed Valuation</b>	<b>146,521,505</b>		<b>4.7%</b>
<b>All Other Taxpayer Taxable Assessed Valuation</b>	<b>2,884,919,136</b>		<b>93.9%</b>	<b>All Other Taxpayer Taxable Assessed Valuation</b>	<b>2,968,236,923</b>		<b>95.3%</b>
<b>Total Taxpayer Taxable Assessed Valuation</b>	<b>\$ 3,073,499,584</b>		<b>100.0%</b>	<b>Total Taxpayer Taxable Assessed Valuation</b>	<b>\$ 3,114,758,428</b>		<b>100.0%</b>

**Assessed Valuation of 2019 Top Ten Taxpayers Compared to Total Taxable Assessed Valuation**

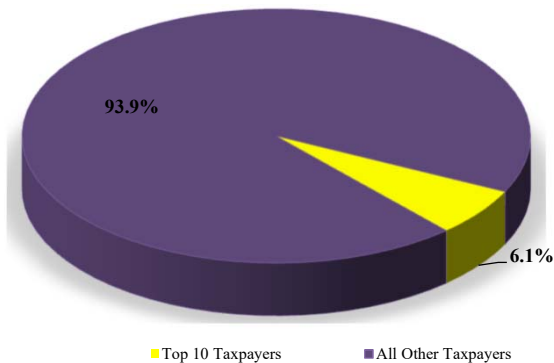
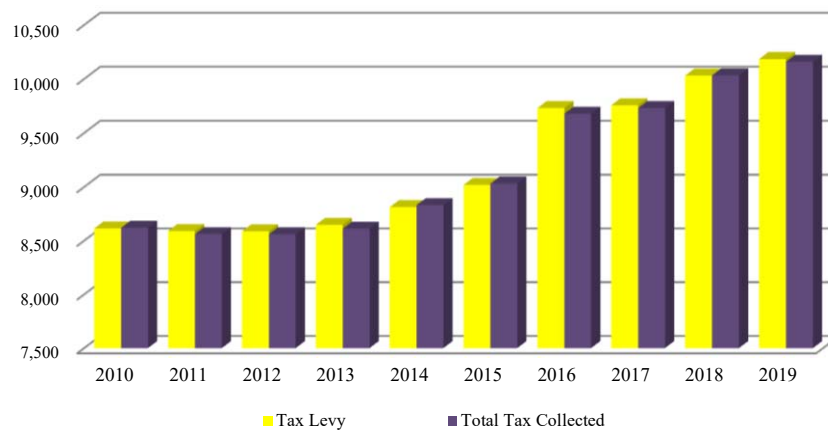


Table 9

**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
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%
2017	9,756	9,603	98.43%	127	9,730	99.73%	319	3.27%
2018	10,031	9,885	98.54%	148	10,033	100.02%	327	3.26%
2019	10,184	10,038	98.57%	121	10,159	99.75%	326	3.20%

**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**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Assessed Value**</b>	<b>General Obligation Bonded Debt</b>	<b>Less Debt Service Fund</b>	<b>Net Bonded Debt</b>	<b>Percentage Net Bonded Debt to Assessed Value</b>	<b>Debt per Capita</b>
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
2017	40,630	2,736,605,137	33,445,000	438,766	33,006,234	1.21%	812
2018	41,500	3,073,499,584	31,360,000	475,595	30,884,405	1.00%	744
2019	42,080	3,603,403,693	29,470,000	323,460	29,146,540	0.81%	693

\* State of Washington, Office of Financial Management

\*\* Kitsap County Treasurer's Office

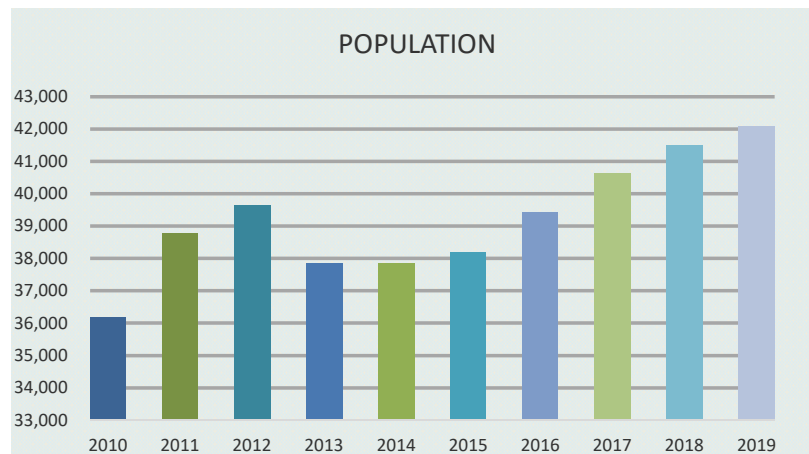
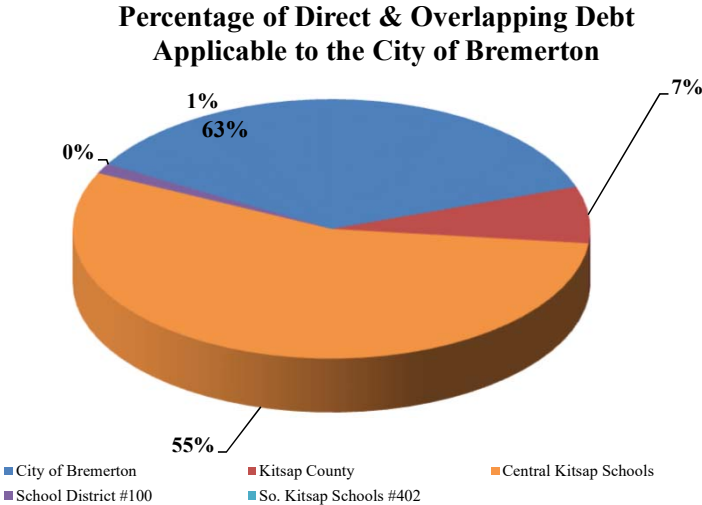


Table 11

Computation of Direct and Overlapping Debt  
December 31, 2019

Jurisdiction	Gross General Obligation	Percentage Applicable to Bremerton	Amount Applicable to Bremerton
City of Bremerton	26,180,000	100.00 %	26,180,000
Kitsap County	58,934,744	8.60 %	5,068,388
Central Kitsap Schools	183,480,000	21.68 %	39,778,464
School District #100	1,224,000	73.27 %	896,825
So. Kitsap Schools #402	1,392,986	0.36 %	5,015
<b>TOTAL</b>	<b>271,211,730</b>		<b>71,928,692</b>



**Computation of Legal Debt Margin  
as of December 31, 2019**

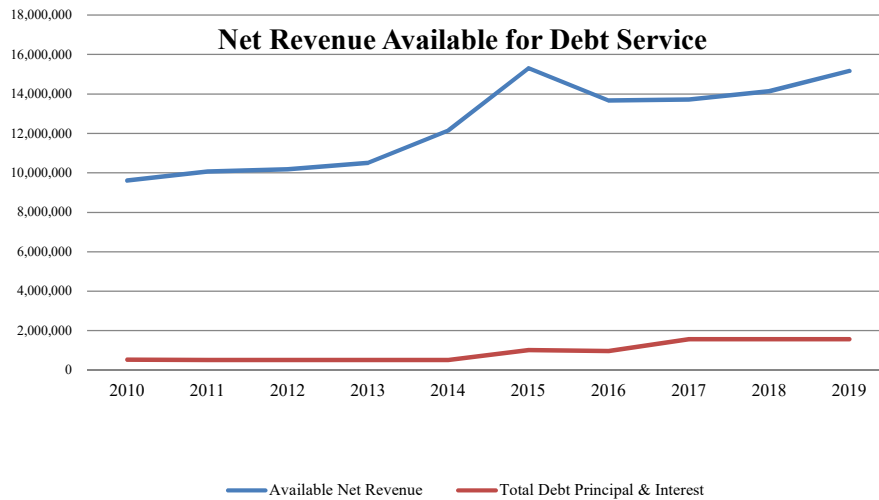
Total Taxable Property Value	3,603,403,693	
2.5% General purpose limit is allocated between	90,085,092	
Up to 1.5% debt without a vote (RCW 39.36.020)	54,051,055	
Less: Outstanding Debt (non-voted)	21,040,000	
Less: Excess of Debt with a Vote	-	
Add: Available Assets	293,692	
<i>Equals remaining debt capacity without a vote</i>		33,304,747
Up to 2.5% debt with a vote (RCW 39.36.020)	69,338,784	
Less: Outstanding Debt (voted)	8,430,000	
Add: Available Assets	85,057	
<i>Equals remaining debt capacity with a vote</i>		60,993,841
2.5% Utility purpose limit, voted (RCW 39.36.020)	90,085,092	
Less: Outstanding Debt	-	
Less: Contracts Payable	-	
Add: Available Assets	-	
<i>Equals remaining debt capacity- Utility purpose, voted</i>		90,085,092
2.5% <i>Open Space, park &amp; capital facilities, voted (RCW 39.36.020)</i>	90,085,092	
Less: Outstanding Debt	-	
Less: Contracts Payable	-	
Add: Available Assets	-	
<i>Equals remaining debt capacity - Open space, park &amp; capital facilities voted</i>		90,085,092

Table 13

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

<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Maintenance &amp; Operating Expenses*</b>	<b>Net Revenue Available for Debt Service</b>	<b>Current Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Current Coverage Ratio</b>
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
2017	32,292,432	18,577,191	13,715,241	915,000	651,782	1,566,782	8.75
2018	33,149,206	19,014,390	14,134,816	988,950	575,110	1,564,060	9.04
2019	34,184,896	19,014,390	15,170,506	1,025,000	542,440	1,567,440	9.68

\* Net of depreciation, amortization and City taxes



Miscellaneous Statistics

**DATE OF INCORPORATION**

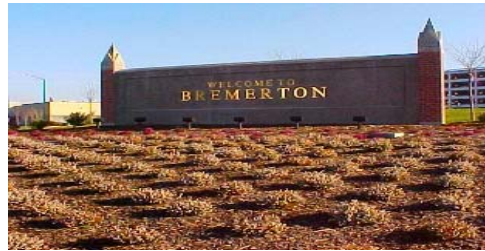
October 14, 1901

**FORM OF GOVERNMENT**

Council - Mayor

**Type of Government**

Home-Rule Charter



**Demographics in 2019**

Total Area for City of Bremerton 32.1 Square Miles

**Number of City Employees 2019**

Full-Time Equivalents 369.00

**Fire Protection**

Number of Personnel 61  
 Number of Stations 3  
 Fire and Aid Calls - 2019 9,357  
 Priority 1 Response Time (minutes) 5:57



**Police Protection**

Number of Police Officers 51  
 Calls for Service - 2019 52,321  
 Average Priority 1 Response Time (minutes) 3:36  
 Average Priority 2 Response Time (minutes) 4:46



**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 - 2019 4,483  
 Number of Business Licenses Issued in City Limits 1,408  
 Number of Landlord Licenses Issued - 2019 1,702

## Miscellaneous Statistics

**Water Utility Services 2019**

Residential Accounts	17,574
Commercial Accounts	1,896
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 2019**

Residential Sewer Accounts	10,472
Commercial Sewer Accounts	937
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 2019**

Residential Accounts	10,601
Commercial Accounts	1,037
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 14**

**Miscellaneous Statistics**

**City Streets**

Street Miles	144
State Highway Miles	19
Miles of Sidewalks	127
Signalized Traffic Intersections	39
Street Lights:	
City Owned	948
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 14

## Miscellaneous Statistics

**Local Transportation**

Washington State Ferries	
Seattle Bremerton Route - Total Annual Rides 2019	2,460,465
Kitsap Transit 2019	
Foot Ferry	
Annual Rides - Port Orchard & Annapolis	560,486
Buses (County Wide)	
Annual Bus Rides ( <i>Routed Service</i> )	1,977,106
Kitsap Access & VanLink	310,374
Worker/Driver Service	370,165
Fast Ferry	476,936
<b>2019 Total Bus Ridership</b>	<b>3,695,067</b>
Vanpool and Other	
Vanpool Service	153,305
<b>2019 Total Vanpool Ridership</b>	<b>153,305</b>
Guaranteed Ride Home	
Guaranteed Ride Home	
<b>2019 Total Guaranteed Ride Home</b>	<b>113</b>
Total Kitsap Transit Ridership	4,408,971

Sources: Washington State Ferries  
Kitsap Transit