

PORT OF BREMERTON

2021

BUDGET



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Mission Statement

Our mission is to increase the economic opportunity for all of Kitsap County by generating jobs, developing infrastructure and improving local quality of life. We are a regional leader in creating economic and recreational opportunities for our community. We support a sustainable local economy through strategic public investments and stewardship of our natural environment.

Cary Bozeman, Commissioner, January 1, 2016 - December 31, 2021

District 1: West Bremerton, portions of East Bremerton, Kitsap Lake and Chico

Previously the Chief Executive Officer of the Port of Bremerton from 2009-2011, Cary returned as Port Commissioner in 2016 for a six year term (2016-2021). He has also served as mayor of Bellevue and Bremerton, where he has lived since 1997. In addition, Cary is the founder of The Bozeman Group, a consulting firm that works with cities to create economically viable downtown urban neighborhoods. He has received several honors throughout his career including being named by Seattle Magazine as one of the most influential people of 2007 and receiving the Governor’s 2004 Economic Development Award.

Gary Anderson, Commissioner, January 1, 2020 - December 31, 2025

District 2: Downtown Port Orchard, portions of Eastern South Kitsap

Born and raised on a family farm in Kitsap County, Gary Anderson has more than 30 years of experience in land use and development issues. He worked at residential real estate before starting his own company focusing on commercial property development. He has served on the Board of Directors for the Port Orchard Chamber, as President of the Association of Realtors, and as a member of the Port Orchard Rotary. “I have held a desire to improve our community's way of life and have put that desire into my efforts as a commercial real estate broker.” Anderson said, “[I] have considered running for Port Commission for the past 10 years to further meet that desire.”

Anderson was elected to serve as Port Commissioner in 2020 for a six-year term and is looking forward to supporting the Port of Bremerton to create economic opportunity and jobs in Kitsap County. He’s focused on helping to improve the quality of life for residents and to uphold the commitment to fiscal responsibility to taxpayers investing in our community.

Axel Strakeljahn, Commissioner, January 1, 2018 – January 1, 2023

District 3: Portions of South Kitsap, Southwest Bremerton, Seabeck/Holly/Crosby

Axel Strakeljahn was first elected to the Board of Commissioners in 2012 and was reelected in 2018. Commissioner Strakeljahn has spent the past 30 years working and living on the shores of the Kitsap Peninsula. After years of leading successful businesses in the community, he also actively supports community organizations such as Boys and Girls Club and Habitat for Humanity. The retired director of one of Kitsap County’s largest retail corporations, Axel explains that his decision to run for commissioner was based on a desire to offer his extensive business knowledge in the public service arena. After successfully operating several large businesses, he hopes to bring decades of experience in producing and managing large budgets, controlling expenses, establishing more promotional events, and bringing new business to the Port of Bremerton.

Message From the CEO

The Port of Bremerton, like the rest of the world, experienced a year like no other. 2020 brought issues that the Port was not necessarily prepared for, but somehow found a way to strive and succeed. From shutdowns to work from home policies to social distancing, and so on, we were moving into a territory where every day brought on new challenges unique to any other challenges and trying to forecast the economic effects were almost impossible to predict. Not only the economy, but staff struggled both professionally and personally to all the unforeseen challenges that each of us had to endure in our own individual way. The credit of the Port's success this year really goes to employees who unified as a team together in these volatile moments.

The Port was able to react in ways necessary to handle the ups and downs of the business. The downside started with the inability to service its customers due to state and federal mandates requiring the Port to close most of the access to the public, the lost rent revenues from businesses who were struggling, and the highly anticipated activities being cancelled at the Marinas. The facilities crew at the Port did everything they could to keep the amenities at the Port maintained and operable. On the positive side, because the Port had positioned itself with shovel ready infrastructure, it was able to jump at opportunities that presented themselves as the economy adjusted from the effects of the COVID pandemic. With new tenants, a growth in jobs, new public and private partnerships, airport upgrades, new buildings, marina upgrades, and full marinas, the Port of Bremerton managed to continue to help grow the local economy and provide family wage jobs to the community.

Despite the pandemic, business growth and expansion at the Industrial Park continued at the Port with five new businesses who signed leases. These new tenants and other tenant expansions have increased the total jobs employed by Port tenants to 2,516. A record high for Bremerton and an increase of 255% over the last five years. In 2020 the Port completed a 20-year master plan that allows for flexibility depending on the market conditions in the area. This plan looks at three different industries for the Port to choose from depending on the future trends of the local economy: new manufacturing, sustainable and green industries, and the advance of transportation technology.

The Port's mission to grow and continue to help the community led to its 13-acre highway frontage development which gives direct highway visibility for companies that benefit from that type of exposure. The construction of two new buildings at the Port's industrial and business park commenced in 2020. A 17,433 square foot building is a flexible space which was immediately rented out to the county's Department of Emergency Management to store much needed emergency and medical supplies for the pandemic. The second building is 5,300 square feet and is scheduled for completion in March of 2021. This building will be occupied in April by a boat manufacturer who is planning to create a showroom and a finishing facility for its product.

Negotiations are taking place with a private developer on a 50,000 square foot and a 70,000 square foot building for existing tenants who are looking to expand their business within the Olympic View Industrial and Business Park. The Port is also completing the infrastructure for a current tenant looking to construct a 60,000 square foot building expansion. Stormwater,

landscaping, and sewer connections with Amazon have also been completed and all existing buildings are at 100% occupancy.

One of the Port's newer tenants, Circuit of the Northwest, is in the phase of final design to build a community event center for concerts and festivals, STEM center for continued education, an Emergency Vehicle training center for first responders and law enforcement, a road course which will have the capabilities for automobile and motorcycle racing, autonomous vehicle testing, and a go kart track. This new campus will greatly benefit the community through education, family-wage jobs, and entertainment.

Bremerton National Airport also was expanded and upgraded. Phase 1 infrastructure for new hangars at the airport was completed which will allow for three new private corporate hangars to be built in 2021. Infrastructure for box hangars and/or T-hangars is scheduled for Phase 2 of this project to help meet the demand for hangar space. Additionally, the airport was given a \$2.2 million grant by the FAA and a \$120,000 grant by WSDOT to upgrade runway, taxiway, and signage lighting and install a new electrical control system and backup generator for the lighting. The new automated LED system will be more energy-efficient, brighter, clearer, and have improved intensity levels, benefitting the pilots through better visibility and safety.

Plans for a redesigned and remodeled multipurpose building with a restaurant, pilot lounge, and hangar space were approved by the FAA, which allows the Port to continue to serve pilots and the community at this location. Construction is scheduled to commence in Q2 of 2021.

Design and engineering work was completed in 2020 for development of a 21-acre site. Sky Park is located on the North end of the runway and is slated for a combination of 30,000 to 60,000 square foot facilities. This site will allow for runway access and is ideal for new aeronautical industries looking to relocate to the Kitsap Peninsula. Construction for the pad ready sites can start as early as 2022.

The Port has been proactively marketing its two marinas in Port Orchard and Bremerton. Due to the issues with COVID, boat shows went to a virtual only format, significantly limiting its marketing capabilities. However, boating being allowed as an activity during the COVID stay-at-home requirements significantly increased the use of boats on the water. Both marinas held strong at full capacity in its long-term moorage. Its state-of-the-art marina facilities are attracting boaters from all over the country. For the first time, the revenues from the operations of the marinas were able to exceed operating expenses. These efficiencies were achieved while still upholding its exceptional customer service and well-maintained marina.

At the Bremerton Marina is an exciting new project planned for Bremerton's waterfront. Construction of Marina Square began in 2020 and includes a new hotel, restaurant/bar, apartments, and subterranean parking. The Port owned this waterfront property and previously used it as parking for marina tenants and the public. This new development will lead to a great community benefit by bringing jobs, housing, and significant economic benefits to the area, as well as increase parking capacity for marina tenants and the city of Bremerton.

Plans for a new breakwater began at the Port Orchard Marina. The breakwater benefits the public and community by protecting the marina and its 471 boat slips, providing a place to walk on the water, places to gather and recreate, and a space for more boaters to come in and spend time at the Port Orchard waterfront. The marina business brings in more than \$10 million in revenue to Port Orchard and Kitsap County every year which makes replacing the breakwater a vital investment. Additionally, a new activity shelter was constructed to be used for boater rendezvous, events, weddings, and other activities requiring a place for small gatherings near the waterfront.

Pre-Covid, the Port of Bremerton marinas participated in more than 55 events each year and is looking forward to participating in these events again as soon as possible. Until then, many event organizers found ways to connect with the local communities using drive-through farmers markets, virtual movies & concerts, online car and boat shows, independent scavenger hunts with social media, and limited socially distanced gatherings in phased approaches to accommodate the public health. In 2021 the Port expects to have increased activities available for visiting boaters during the summer months.

During winter, the Port coordinated with the local community and yacht clubs to take every effort to light up the winter months with an exuberant display of holiday lights along the waterfront. Every tenant was encouraged to participate with bright lights on their boats and incentivized to keep them lit long into January. The visual joy expressed through the festivelighting efforts were a much-needed bright spot in the dark winter months.

Administratively, the Port continues to focus on operational efficiencies and improved customer service. The ability to administer to aeronautical, marine, and industrial business sectors in a timely and user-friendly fashion as well as remain in compliance with all city, state and federal regulations requires efficient infrastructure and creative personnel. The Port's culture is driven by accountability from all employees, and that they be proactive in finding new ways to better serve our tenants and our community.

Within these investments mentioned above, lies several underlying components which continues to be the backbone of the Commissioners' direction for 2021;

- To be responsible with taxpayer investment
- To continue the vision of job growth and quality of life to the community
- To create a professional looking industrial park, marina, and airport
- To be the leader in industrial economic development
- To accommodate needs of current tenants
- To be better prepared for future tenants

With this budget plan for 2021 and the current workforce and leadership at the Port of Bremerton, I believe we are positioned to accomplish those goals and I am very excited for the years to come.

Jim Rothlin
Chief Executive Officer

Message From the CFO

The budget translates the Port's policies and plans into a reality that delivers services and capital improvement projects. The budget communicates the plans to the general public by outlining the costs of Port services and projects, and the revenues that will support these services and projects. Once the Commission adopted the budget, it became the work plan to be accomplished for the coming year.

Preparation of the budget involves stakeholders. Each of them has the opportunity and responsibility to contribute suggestions for projects and processes that would improve the use of Port's resources more efficiently.

The budget provides four functions:

Function 1

The budget as a policy guideline

Fiscal policies provide guidelines for the Port Commissioners and Management Team to make sound business decisions. These policies help ensure that the Port's day-to-day operations are maintained and the Commissioners' vision for the community is achieved.

Function 2

The budget as a fiscal plan

Fiscal planning is an aspect of the budget and is also a legal requirement by the State. Revenues and beginning fund balances are estimated to determine resources available in the Port operations. Expenditures and project commitments and ending fund balances are measured against available resources to determine the Port's fund appropriations.

Function 3

The budget as an operational guideline

The total expenditures including staffing time to complete the objective of operations should be reported out by department or division. The process ensures to maintain the operations of the Port and how they reach goals of the Port Commissioners.

Function 4

The budget as a communication tool

The budget encourages the general public review of the Port operations and invites citizens to provide input to the budget. Citizens are welcome to discuss challenges and opportunities with the Port Commissioners.

Sherman Hu

Chief Financial Officer

➡ **Fiscal Management:**

The Port can meet the public requirements through continual systems improvement, automation and innovation.

➡ **Budget Development Process:**

Commissioners, CEO, COO, CFO, Directors/Managers participated in 2021 Budget Process. Discussed on how to use the Port's resources more efficiently and effectively.

➡ **Budget Oversight/Monitoring:**

Finance provides monthly financial status reports to ensure that spending activities staying within the budget limits.

Property Tax Comparison - 2020 to 2021			
2020 (2020 Tax Payment)		2021 (2021 Tax Payment)	
2019 Levied Amount	\$ 3,756,225	2020 Levied Amount	\$ 3,835,039
0% Increase	-	0% Increase	-
New Construction	53,985	New Construction	58,590
Utilities	-	Utilities	-
Refunds	24,829	Refunds	27,334
Total 2020 Levy	\$ 3,835,039	Total 2021 Levy	\$ 3,920,963

Sources: Kitsap County Assessor's Office

2021 TAX YEAR LEVY LIMIT CALCULATION

PORT OF BREMERTON

District # 8800

Previous Year's Levy Including Any Refunds & Canceled Taxes Levied = 3,835,039.

The district's resolution or ordinance must authorize any increase in terms of both the dollars and percentage over the previous year's levy. This increase is exclusive of new construction, increases in state assessed property (utilities), any annexations and refunds requested.

Highest Allowed Levy Since 1986 = 4,100,359

Differences between this amount and the previous year's levy are refunds and canceled taxes levied last year which are not included in this amount and/or any banked capacity your district may have.

1% Increase to Highest Allowed Levy = 4,141,363

This is the maximum allowed but may change to match what is authorized by resolution or is lawfully allowed for your district. It is exclusive of the items listed under the previous year's levy. The dollar and percent increase over the previous year's actual levy to collect this amount is \$306,324 and 7.987507%.

Amount due to New Construction = 58,590

New construction assessed value 214,203,218 X .273524 (the prior year's levy rate) = 58,590

Amount due to Increase in Utilities = 0

This amount will be zero until the values are received from the Department of Revenue. Since this amount may be unknown when you have your budget hearings, you may want to add an amount in your budget or levy certification in order to collect any unknown amount due to an increase in utilities.

AV of Annexed Property = 0

Amount due to Annexations = 0

The amount due for annexations is set when assessed values are final in January. Districts with annexations may want to add an amount in the budget or levy certification for any increases allowed.

Current Total Assessed Value = 15,248,945,936

This amount may fluctuate until values are final in January.

Tax Refunds & Canceled Taxes less Supplements = 27,334

Please include a dollar amount for refunds and canceled taxes in your budget and or levy certification to show the district's intent to collect these amounts.

Projected Levy Rate = .275426

Maximum Levy Rate = .45

Maximum levy rates for cities are estimated until final levy rates for Fire and Library Districts are known.

ESTIMATED TOTAL LEVY LIMIT AMOUNT = 4,227,287

Budget Summary		2021 Final Budget
Total Revenues		13,950,371
Total Operating Expenses		6,898,626
Total Capital Expenses		7,051,745
Total Expenses	\$	13,950,371
Revenues		2021 Final Budget
Airport		520,420
Industrial Parks		1,434,263
Port Orchard Marina		1,787,885
Bremerton Marina		1,057,230
Non Operating		9,150,573
Total Revenues		13,950,371
Operating Expenses		2021 Final Budget
Airport		1,032,966
Industrial Parks		764,577
Port Orchard Marina		1,596,331
Bremerton Marina		1,349,601
Other Marinas		79,626
General & Administrative		2,075,526
Total Operating Expenses		6,898,626
Available Resources for Capital Projects		7,051,745


2021 Capital Budget Details						Available Resources For Capital Projects \$ 7,051,745
	Project continues to happen	2021 Project Budget	Port 2020 Budget	New \$\$ 2021	Grants/Loans for 2021	Net \$\$ 2021
Airport	Airport Diner (Construction)	\$ 4,261,988	\$ 2,763,861	\$ 1,498,127	\$ 750,000	\$ 748,127
Airport	Airport Diner (Engineering)	\$ 413,294	\$ 295,000	\$ 118,294	\$ -	\$ 118,294
Airport	South Hangar (Phase 1) Construction	\$ 2,067,526	\$ 2,067,526	\$ -	\$ -	\$ -
Airport	Replace HIRL Runway 02/20 & MITL Taxi A Signs	\$ 2,499,335	\$ 2,499,335	\$ -	\$ -	\$ -
Airport	Taxiway/Apron Rehab (Design +CN) (AIP)	\$ 3,008,600		\$ 3,008,600	\$ 2,707,740	\$ 300,860
OVIP	SR3 Frontage Starter Building	\$ 719,025	\$ 719,025	\$ -	\$ -	\$ -
POM	North & East Breakwater (Design)(DOC Grant)*	\$ 1,521,000	\$ 808,430	\$ 712,570	\$ -	\$ 712,570
GA	Site, Utility, Building Improvements	\$ 200,000	\$ 127,101	\$ 200,000	\$ -	\$ 200,000
GA	Business Development Opportunities	\$ 75,000	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
GA	Software Upgrades, System Expansion	\$ 200,000	\$ 150,000	\$ 50,000	\$ -	\$ 50,000
	TOTAL:	\$ 14,965,768	\$ 9,505,278	\$ 5,662,591	\$ 3,457,740	\$ 2,204,851
						\$ 4,846,894
	Project - priority for 2021 (Funded by 2020 Capital or Grant)	2021 Project Budget	Port 2020 Budget	New \$\$ 2021	Grants/Loans for 2021	Net
Airport	New Airport Monument Plus Upgrades	\$ 176,750	\$ 176,750	\$ -	\$ -	\$ -
Airport	New Airport Monument (South)	\$ 81,000	\$ 81,000	\$ -		\$ -
Airport	100LL Fuel Truck	\$ 50,000	\$ 30,000	\$ 20,000	\$ -	\$ 20,000
Airport	Security Gates 1 & 12 Upgrade	\$ 55,000	\$ 48,500	\$ 6,500		\$ 6,500
Airport	Skid Steer Accessories (50~50 split AP OVIP)	\$ 60,000	\$ 60,000	\$ -		\$ -
OVIP	Wastewater Emergency Generator Project	\$ 65,000		\$ 65,000	\$ 65,000	\$ -
BM	Afterhour Kiosk/Payment Terminal	\$ 10,000	\$ 10,000	\$ -		\$ -
BM	Fish Cleaning Station (RCO Grant)	\$ 3,000		\$ 3,000	\$ 3,000	\$ -
BM	Portable Pump Out Pump (RCO Grant)	\$ 9,000		\$ 9,000	\$ 9,000	\$ -
POM	Resurface & Upgrade A Dock/Misc Interior/Floatation (Eng)	\$ 30,000	\$ 30,000	\$ -		\$ -
POM	North Breakwater (Crack Seal/floatation)	\$ 100,000	\$ 100,000	\$ -		\$ -
POM	East Breakwater (Crack repair/floatation)	\$ 50,000	\$ 50,000	\$ -		\$ -
POM	Afterhour Kiosk/Payment Terminal	\$ 10,000	\$ 10,000	\$ -		\$ -
POM	Small Craft Activity Float/Program	\$ 25,000	\$ 25,000	\$ -		\$ -
	TOTAL	\$ 724,750	\$ 621,250	\$ 103,500	\$ 77,000	\$ 26,500
						\$ 4,820,394

			New \$\$ 2021	Grants/Loans for 2021	Net
Fiber Installation (Airport Way/Radian)	\$ 100,000		\$ 100,000		\$ 100,000
South Hangar Project (Phase 2) (Design)	\$ 331,443		\$ 331,443		\$ 303,443
Airport Vehicle	\$ 34,500		\$ 34,500		\$ 34,500
Inventech Marine Site (Construction)	\$ 1,200,000		\$ 1,200,000		\$ 1,200,000
CNW Community Event Area (Design) (PFD Grant)	\$ 1,439,363		\$ 1,439,363	\$ 1,214,412	\$ 224,951
Pile Coatings Splash Zone Repairs (40 piles/Year)	\$ 150,000		\$ 150,000		\$ 150,000
WIFI Antenna Upgrade	\$ 5,000		\$ 5,000		\$ 5,000
Turner Joy Mooring Improvements	\$ 10,000		\$ 10,000		\$ 10,000
Real Estate Purchases	\$ 775,000		\$ 775,000	\$ 532,500	\$ 242,500
Breakwater reserve	\$ 2,500,000		\$ 2,500,000		\$ 2,500,000
Pile Coatings Splash Zone Repairs (20 piles/Year)	\$ 40,000		\$ 40,000		\$ 40,000
Marina WIFI Antenna Upgrade	\$ 5,000		\$ 5,000		\$ 5,000
HARPER DOCK Electrical Upgrades (Additional Circuits)	\$ 5,000		\$ 5,000		\$ 5,000
TOTAL	\$ 6,595,306	\$ -	\$ 6,595,306	\$ 1,746,912	\$ 4,820,394
					\$ (0)

Supplemental Information

Planning Calendar For 2021 Budget

August 24 – September 4	September 4 to 15	September 16 to September 30	October 13 to 27	November 10 to 21	November 24 to 30
<ul style="list-style-type: none"> • Finance distributes budget worksheets to department directors. • Directors give back budget worksheet on 9/4. 	<ul style="list-style-type: none"> • Finance completes preliminary budget 9/9. • Finance distributes preliminary budget to department directors 9/9. • Department directors give back to Finance 9/11. • Finance reviews feedback from department directors 9/12, 13, 14 and 15. 	<ul style="list-style-type: none"> • 9/16 CFO & COO provide first preliminary budget to CEO. • 9/17-9/25 CEO reviews and provides feedback. • 9/28-9/30 CFO finalizes first preliminary budget. 	<ul style="list-style-type: none"> • 10/13, Community budget workshop. • 10/27 first preliminary budget presented (work study session). 	<ul style="list-style-type: none"> • 11/10 second preliminary budget presented (work study session). • 11/11, first Public Hearing Notice (Kitsap Sun). • 11/18, second Public Hearing Notice (Kitsap Sun). 	<ul style="list-style-type: none"> • 11/24, Public Hearing and Final Budget and related Resolutions Approval. • 11/30 Resolutions due to Kitsap County per RCW.

					
2021 Community Activities Budget					
	2017	2018	2019	2020	2021
	Final Budget	Final Budget	Final Budget	Final Budget	Final Budget
Allocation of Port Resources to Community Agencies / Groups					
Kitsap Regional Coordinating Council	9,199.00	9,658.95	9,336.10	9,336.00	9,336.00
Kitsap Economic Development Alliance (KEDA)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
KEDA Decision Makers I & II	850	850	850		
Kitsap Aerospace & Defense Alliance (KADA)	10,000	10,000	10,000	15,000	15,000
Gorst Coalition Work					20,000
Puget Sound Regional Council	4,957	5,155	5,361	5,365	5,577
Washington Public Ports Assn.	11,125	11,125	11,125	11,558	11,558
Leadership Kitsap	1,000	1,000	1,000	1,000	1,000
Visit Kitsap Peninsula	2,000	2,000	2,000	2,000	2,000
Sub -Totals	54,131	54,789	54,673	59,259	79,471
Other Community Events					
Blackberry Festival/Bremerton Rotary	1,000	1,000	2,500	2,500	2,500
Airport Fly-In & Car Show	1,000	5,000	2,500	7,500	3,500
Wings of Freedom					1,000
Bremerton Pilots Association	3,500	3,500	5,250	7,000	7,000
Bremerton Bridge Blast				6,000	8,000
Explore Port Orchard	1,000	1,000	0	1,000	
Fathoms of Fun (POM) Concerts by the Bay	2,500	2,500	2,500	2,500	
Fathoms of Fun (POM) Fireworks		2,500	2,500	6,000	
Kitsap Harbor Festival	4,000	3,000	2,500	2,500	1,000
Legislative Luncheon		2,000	2,000		2,000
Future Economic Development Opportunities		15,000	10,000		5,000
Rock the Dock (Bremerton Marina)	5,000	5,000	2,500	2,500	2,500
Other	1,000	1,000	0	2,000	2,000
Sub -Totals	19,000	41,500	32,250	39,500	34,500
TOTAL	73,131	96,289	86,923	98,759	113,971

Glossary

Accounting System

The set of records and procedures that are used to record, classify, and report information as to the financial status and operating conditions of an entity.

Accrual Basis of Accounting

Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements. Proprietary (enterprise and internal service) and non-expendable trust funds use this basis of accounting.

Adopted Budget

Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the final budget approved by the Port Commissioners. The adopted budget becomes effective January 1st. Subsequent to adoption Commissioners may make changes throughout the year.

Appropriation

An authorization made by the Commissioners that permits officials to make expenditures or incur obligations against governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one year period. Multi-year appropriations can also be established for capital project and other special purpose funds. Multi-year appropriation authority remains in effect until the amount appropriated has been totally expended or until the fund, program, or project is closed because its assigned purpose has been changed or accomplished.

Assessed Valuation

The assessed value (AV) set on taxable property as a basis for levying property taxes placed upon real and personal property by the Kitsap County Assessor.

Assets

Resources having a monetary value and that are owned or held by an entity.

Audit

An annual financial report prepared by an independent auditor. A comprehensive audit document contains a summary statement of the scope of the audit, explanatory comments concerning any exceptions to generally accepted auditing standards, explanatory comments concerning verification procedures, financial statements and schedules, statistical information, supplemental comments, and any finding or recommendations.

B.A.R.S.

The prescribed "Budgeting, Accounting and Reporting System" where compliance is required for all governmental entities within the State of Washington.

Balanced Budget

Revenues (include Beginning Fund Balance) equals or exceeds expenditures (include Ending fund Balance).

Beginning Fund Balance

The beginning fund balance is the residual fund balances representing unused funds brought forward from the previous financial year (ending fund balance).

Bond

A debt instrument with a written promise to pay a specified principal amount along with periodic interest at specific future dates. Bonds are typically used for financing of specific capital expenditures.

Budget

A budget is a financial operational plan including an estimate of proposed expenditures and the means of financing them. The budget designates the financial plan presented for adoption and finally approved. It is usually to specify whether the budget under consideration is preliminary and proposed, or whether the appropriating body has approved it.

Budget Amendment

A change to a budget adopted in accordance with State law. A budget may be amended to increase expenditures/expenses at the fund level by ordinance without public notice or public hearing requirements,

Budgetary Basis

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that neither depreciation nor amortization is budgeted for proprietary funds and bond principal in the enterprise funds is subject to appropriation.

Capital (Outlay/Asset)

Expenditures made to acquire, reconstruct, or construct major fixed or capital assets. A fixed asset is a tangible object of a long-term, will continue to be held or used such as land, buildings, machinery, furniture, and other equipment. A capital asset must exceed \$5,000 in cost and have an expected live expectancy of 12 months.

Capital Improvement Fund

Account for the acquisition or construction of major capital facilities, with exception to those facilities financed by proprietary and trust funds.

Capital Improvement Program (CIP)

A plan for a capital expenditure to be incurred each year over a period of five or more future years setting forth each capital project, the amount to be expended in each year, and the method of funding those expenditures.

Cash Management

Management of cash necessary to pay for Port services while investing temporary cash excesses in order to earn investment income. Include forecasting inflows and outflows of cash, establishing and maintaining banking relationships, and investing funds in accordance with the Port's investment policy objectives.

Contingency

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. Contingency may be appropriated for a specific purpose by the Commissioners upon the approval of a resolution.

Debt Service

Principal and Interest on outstanding bonds due and payable, during the calendar or fiscal year.

Debt Service Fund

Established to account for the accumulation of resources and for the payment of general obligation debt that have been approved by the voters. It would exclude Enterprise fund debt and contractual obligations accounted for in other individual funds.

Depreciation

Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

Employee Benefits

Contributions made by a government to meet commitments or obligations for employee related expenses. Included is the government's share of costs for social security and the pension, medical and life insurance plans.

Encumbrance

Amount of money committed and set aside, but not yet expended, for the purchases of goods or services.

Ending Fund Balance

The residual non-restricted funds that is spendable or available for appropriation after the end of the fiscal or calendar year, or during the fiscal or calendar year.

Expenditures/Expenses

The type of accounts that record transactions for the cost of goods received or services rendered whether cash payments have been made or not. These accounts are called expenditures on the modified accrual basis of accounting and expenses on the accrual basis.

General Fund

Accounts for all receipts and disbursement transactions associated with ordinary Port operations. This fund is tax general revenue supported. Major revenue sources for the General Fund include property, sales, excise taxes, and miscellaneous permits and fees.

G.O. Bonds

Governmental Obligation Bonds (G.O. Bond) are secured by the full faith and credit of the issuer. G.O. bond issued by local units of government are secured by a pledge of the issuer's property taxing power. Usually issued G.O Bond pays for general capital improvements such as parks and Port facilities.

Grant

A contribution by one governmental entity to another entity. The contribution is usually made to aid in the support of a specified function. Infrastructure Public domain capital assets such as roads, bridges, streets, sidewalks and similar assets that is immovable.

Indirect Charges

Administrative and overhead costs that are incurred in one area, and charged to the rest of the agency. These charges are budgeted as inter-fund transfers.

Inter-local Agreement

A contract between two government entities whereby one government assumes the lead responsibility of a project that overlaps both jurisdictions.

Levy

Gross amount of property taxes imposed on the assessed value of taxable property. The net amount received by a government will be less than the gross levy as a result of delinquent or uncollectible payments or early payment discounts. Budgets are developed on the basis of the projected amount of property taxes receivable.

Line Item Budget

The individual account lines of budget, where proposed appropriations are based on individual objects of expense within a department or program.

Operating Budget

The operating budget is the primary means by which most of the acquisition, spending, and service delivery activities of a government are controlled. Law requires the use of annual operating budgets.

Operating Transfer

Routine or recurring transfers of assets between funds that support the normal operations of the recipient fund.

Outstanding Debt

The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

Personnel Benefits

Employer contributions paid by the Port as part of the conditions of employment. Examples include health/dental/vision insurance, state public employee's retirement system, and employment security.

Property Tax

Based off of the assessed value of property times the permanent tax rate and are used as the source of monies to pay general obligation debt and core city services.

Proposed Budget

Combines the operating, non-operating and reserve estimated prepared by the Chief Financial Officer, then presented to the Port Commissioners for their review, recommendation and approval.

Resource

Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.

Revenue

Income received by the Port in support of a program of services to the local community. It includes such items as property taxes, fees, user charges, grants, interest income, and miscellaneous revenue.

Services and Charges

An expenditure classification that includes professional services, communication, travel, advertising, rentals, leases, insurance, public utility services, and repairs and maintenance.

Supplies

An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory, resale items, small tools and equipment.

Tax Levy

The total amount of property taxes needed to pay for basic government operations as well as sufficient amounts to pay for principal and interest on voter-approved bond issues.

Tax Rate

The amount of tax levied for each \$1,000 of assessed valuation as determined by the Kitsap County Assessor's office.