



**Washington State Auditor's Office**

Government that works for citizens

## **Financial Statements Audit Report**

# **City of Camas**

**Clark County**

**For the period January 1, 2015 through December 31, 2015**

**Published May 23, 2016**

**Report No. 1016686**





## Washington State Auditor's Office

May 23, 2016

Mayor and City Council  
City of Camas  
Camas, Washington

### Report on Financial Statements

Please find attached our report on the City of Camas' financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

A handwritten signature in blue ink that reads "Troy X. Kelley".

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**City of Camas  
Clark County  
January 1, 2015 through December 31, 2015**

Mayor and City Council  
City of Camas  
Camas, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camas, Clark County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 09, 2016. As discussed in Note 1 to the financial statements, during the year ended December 31, 2015, the City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a

deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in dark ink, reading "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

May 9, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**City of Camas**

**Clark County**

**January 1, 2015 through December 31, 2015**

Mayor and City Council

City of Camas

Camas, 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 Camas, Clark County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 10.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Camas, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Camas-Washougal Fire and EMS funds, 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 1 to the financial statements, in 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 on pages 12 through 22, information on postemployment benefits other than pensions on pages 89 through 97 and pension plan information on pages 98 through 101 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.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2016 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 cursive script that reads "Troy X. Kelley".

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

May 9, 2016

## **FINANCIAL SECTION**

**City of Camas  
Clark County  
January 1, 2015 through December 31, 2015**

### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2015

### **BASIC FINANCIAL STATEMENTS**

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Statement of Activities – 2015

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### **REQUIRED SUPPLEMENTARY INFORMATION**

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Schedule of Proportionate Share of the Net Pension Liability – Fireman's Pension Plan –  
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Schedule of Employer Contributions – PERS 1 – 2015  
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Schedule of Investment Returns – Fireman’s Pension Fund – 2015  
Notes to Required Supplemental Information – Pension – 2015

# **CITY OF CAMAS, WASHINGTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **DECEMBER 31, 2015**

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

#### **FINANCIAL HIGHLIGHTS**

- City of Camas assets exceeded its liabilities at December 31, 2015 by \$204.4 million.
- Net investment in capital assets account for 94% of this amount, with a value of \$192 million.
- Of the remaining net assets, \$5.7 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The City's total net position showed an increase of \$4.8 million, 2.4% during 2015.
- As of December 31, 2015, City's governmental funds reported combined ending fund balances of \$10.2 million. Nearly 13% of this total amount, \$1,361,667 is available for spending at the government's discretion. General Fund has \$1.8 million in unassigned fund balance and in the two street construction funds, a \$.47 million deficit balance on the City's line of credit.
- City's total bonded debt at December 31, 2015 was \$29.7 million.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis provides an introduction and overview to the basic financial statements of the City of Camas (the City). This information will assist users in interpreting the basic statements. We will also provide other financial discussion and analysis of certain plans, projects and trends necessary for understanding the full context of the financial condition of the City.

##### **Basic Financial Statements**

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial condition. The two sets of financial statements provide two different views of the City's financial activities and financial position – long –term and short-term.

##### **Government-wide Financial Statements**

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

##### **The Statement of Net Position**

The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis. This statement presents information on all assets and liabilities including deferred outflows and deferred inflows of the City of Camas, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating

### **The Statement of Activities**

The Statement of Activities explains in detail the change in Net Position for the year. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent each program relies on taxes for funding.

All changes in net position are reported using the accrual basis of accounting, which requires that revenues are reported when they are earned and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2015, and earned but unused vacation leave and a portion of sick leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2015.

### **Fund Financial Statements**

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

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. Each major fund is presented individually with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of City's activities.

The City has three major funds in 2015 in addition to the General Fund, the Camas/Washougal Fire and EMS Fund, NW 38<sup>th</sup> Avenue Construction Fund and the Friberg Construction Fund.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major governmental funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the city-wide financial statements.

The focus of governmental funds is narrower than that of government-wide financial statements, so it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

### **Proprietary Funds**

The City has two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water-sewer, storm water and solid waste utilities. Internal service funds accumulate and allocate costs among the city's various functions. The city uses an internal service fund to account for its rolling stock repair and replacement. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statements of Net Position to the business-type column on the government-wide Statement of Net Position, the total net position agrees, therefore needs no reconciliation.

The proprietary fund financial statements provide separate information for the Water-Sewer, Storm Water and the Solid Waste Funds which have been designated as major funds. In addition to the presentation of these major funds, the internal service fund is displayed as a single presentation on these statements.

#### **Fiduciary Funds**

The City acts as an agent on behalf of others, holding amounts collected and disbursing them as directed or required. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Position and the Agency Funds Statement of Change in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

### **Notes to the Financial Statements**

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

### **Other Information**

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found in the supplemental information section of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

The City's net position decreased in 2015 by \$2.2 million or -1.9% from 2014. This change in net position reflects the City's implementation of GASB 68 which required the recording of net pension liability and pension related deferred inflows and outflows. See Note C – Employee Retirement Systems and Pension Plans for details of this reinstatement.

The largest portion, approximately \$114 million, of the City's net position represents its investment in infrastructure and other capital assets (e.g. land, building, other improvements, etc.) used in Governmental activities, net of amounts borrowed to finance the investment. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's governmental net position of \$2.8 million, or 2.4%, represents the resources that are subject to restrictions that may only be used to construct specified capital projects, debt service, tourism or public safety programs. The restrictions on these funds were placed by law makers or covenants and cannot be changed by the City.

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. Due to the implementation of GASB 68 and the recording of a net pension liability, the unrestricted net position was (\$1.7) million.

At the end of the fiscal year 2015, the City was able to report positive balances in all categories of net position for the government as a whole except for unrestricted due to the implementation of GASB 68 and recording the net pension liability, which will likely remain for a long term liability for several decades.

The following is a condensed version of the Government-Wide Statement of Net Position.

### City of Camas Net Position

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total Activities 2015	Total Activities 2014
Current and other assets	\$ 12,684,834	\$ 8,721,102	\$ 32,594,651	\$ 12,794,496	\$ 45,279,485	\$ 21,515,598
Pension Assets	5,095,345				5,095,345	
Capital assets (net of accumulated depreciation)	124,621,722	126,240,191	110,521,142	99,267,966	235,142,864	225,508,157
<b>TOTAL ASSETS</b>	<b>142,401,901</b>	<b>134,961,293</b>	<b>143,115,793</b>	<b>112,062,462</b>	<b>285,517,694</b>	<b>247,023,755</b>
Deferred Outflows	1,107,696	0	454,290	0	1,561,986	0
Long-term liabilities	23,371,970	12,644,914	48,451,829	25,355,250	71,823,799	38,000,164
Other liabilities	3,304,172	4,961,815	5,534,030	4,428,523	8,838,202	9,390,338
<b>TOTAL LIABILITIES</b>	<b>26,676,142</b>	<b>17,606,729</b>	<b>53,985,859</b>	<b>29,783,773</b>	<b>80,662,001</b>	<b>47,390,502</b>
Deferred Inflows	1,732,690	0	219,507	0	1,952,197	0
<b>NET POSITION</b>						
Net investment in capital assets	114,055,065	114,249,271	78,106,077	68,705,209	192,161,142	182,954,480
Restricted	2,804,098	1,616,942	3,756,220	4,413,154	6,560,317	6,030,096
Unrestricted	(1,758,398)	1,488,352	7,502,420	9,160,326	5,744,022	10,648,678
<b>TOTAL NET POSITION</b>	<b>\$ 115,100,765</b>	<b>\$ 117,354,565</b>	<b>\$ 89,364,717</b>	<b>\$ 82,278,689</b>	<b>\$ 204,465,482</b>	<b>\$ 199,633,253</b>

### Statement of Activities

The Statement of Activities provides information about the City's revenues and all of its expenses, with an emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The City's Governmental activities net position decreased by \$2.2 million in 2015. The governmental revenue decreased by \$4.17 million to \$31.4 million. The governmental expenses increased by \$1.9 million to \$29.1 million.

Of the total governmental revenues, total program revenues decreased by \$4.5 million or 25%, to \$13.3 million from the prior year. The decrease is primarily due to the decrease in capital grants and contributions of \$6.5 million from 2014 with charges for services increasing \$2 million.

General revenues increased overall by \$0.3 million, of which \$0.4 million due to an increase in property taxes reflecting strong housing prices and sales.

A summary version of the Statement of Activities is shown in the following table including comparison data from 2014. The full statement is a tabular depiction of the relationship of revenues and expenses for the City's governmental activities and proprietary funds. The graphs that follow illustrate the sources of revenue and the balance of governmental vs. business type expenses for 2015.

### City of Camas Change in Net Position

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Revenues:						
Program revenues:						
Charges for services	\$ 9,561,982	\$ 7,524,990	\$ 14,960,612	\$ 13,866,874	\$ 24,522,594	\$ 21,391,864
Operating grants and contributions	314,409	263,644	8,678	10,126	323,087	273,770
Capital grants and contributions	3,431,946	10,024,255	3,065,008	2,914,483	6,496,954	12,938,738
General revenues:						
Taxes:						
Property taxes levied for general purposes and EMS	11,544,269	11,126,757	-	-	11,544,269	11,126,757
Property taxes levied for debt service	626,083	629,144	-	-	626,083	629,144
Sales and use taxes	2,806,402	2,933,210	-	-	2,806,402	2,933,210
Business and occupation taxes	465,112	459,572	-	-	465,112	459,572
Excise and other taxes	1,604,166	1,091,913	-	-	1,604,166	1,091,913
Grants and contributions not restricted to specific programs	945,453	891,607	-	-	945,453	891,607
Unrestricted investment earnings	73,007	54,533	63,986	38,050	136,993	92,583
Miscellaneous	64,258	609,892	(1,289)	10,000	62,969	619,892
Total revenues	31,437,087	35,609,517	18,096,995	16,839,533	49,534,082	52,449,050
Expenses:						
General government	4,258,683	4,189,984	-	-	4,258,683	4,189,984
Judicial	295,080	292,099	-	-	295,080	292,099
Public safety	13,490,859	12,633,748	-	-	13,490,859	12,633,748
Physical environment	180,163	161,257	-	-	180,163	161,257
Transportation	5,706,801	5,463,050	-	-	5,706,801	5,463,050
Health and human services	4,505	3,274	-	-	4,505	3,274
Economic environment	989,996	756,702	-	-	989,996	756,702
Culture and recreation	3,656,969	3,343,810	-	-	3,656,969	3,343,810
Interest on long-term debt	523,178	277,979	-	-	523,178	277,979
Water-Sewer	-	-	9,731,456	9,232,931	9,731,456	9,232,931
Storm Water	-	-	1,343,496	1,173,260	1,343,496	1,173,260
Solid Waste	-	-	2,013,652	1,914,324	2,013,652	1,914,324
Total expenses	29,106,232	27,121,903	13,088,604	12,320,515	42,194,836	39,442,418
Excess or deficiency before Transfers	2,330,855	8,487,614	5,008,391	4,519,018	7,339,246	13,006,632
Transfers	(3,487,498)	-	3,487,498	-	-	-
Change in net position	(1,156,643)	8,487,614	8,495,889	4,519,018	7,339,246	13,006,632
Net position - beginning	117,354,564	108,866,950	82,278,689	77,737,971	199,633,253	186,604,921
Change in Accounting Principles	(783,834)		(1,409,861)		(2,193,695)	-
Prior Period Adjustment	(313,321)			21,700	(313,321)	21,700
Net position - ending	\$ 115,100,766	\$ 117,354,564	\$ 89,364,717	\$ 82,278,689	\$ 204,465,483	\$ 199,633,253



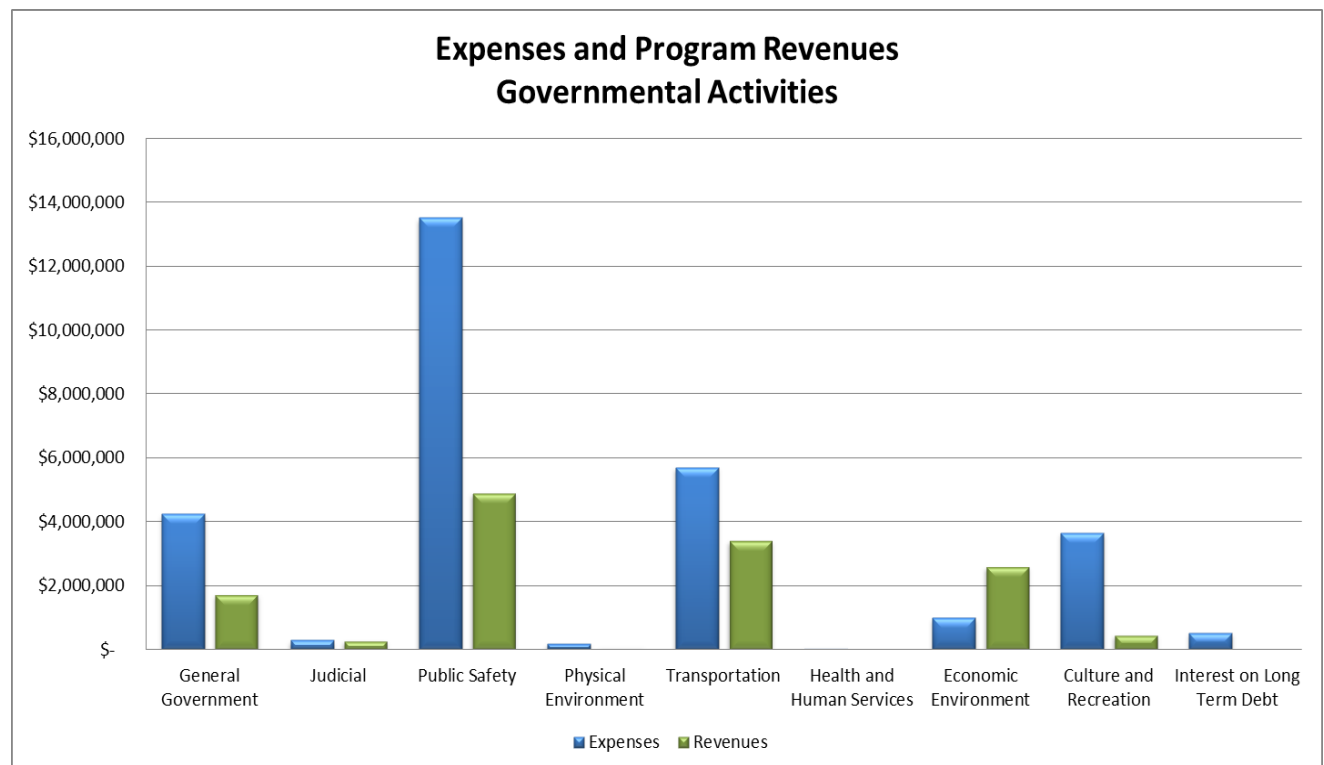
### Governmental Activity Analysis

The property tax collections increased in the City of Camas by \$442,839 or 4% with the growth in new construction in commercial properties and the increase in home building. Sales tax collected decreased by \$126,808 or -4.3% which is due to an over reporting error in 2014 of \$125,000. The Excise and Other Taxes increased by 47% with the rebound of home sales from the recession. Business and Occupational taxes grew at 63%, this category primarily includes franchise fees for Natural Gas and Cable which both reflect the impact on residential growth.

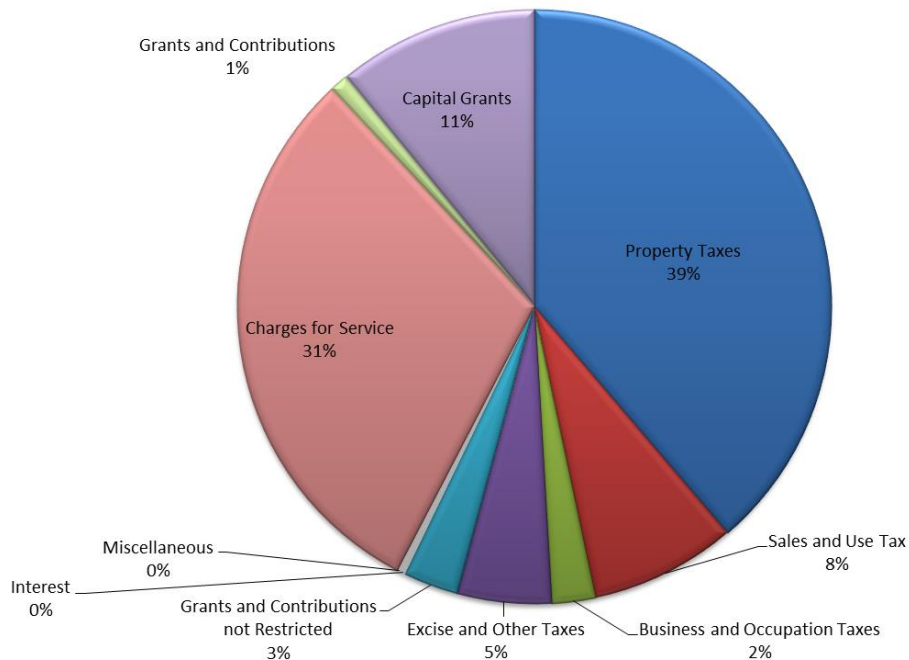
Governmental activities expenses for 2015 were 7.4% higher than 2014. Increased labor costs and increased debt payments are the main increases in expenses. Debt payments grew by 88% with an additional limited general obligation bond and government loans for transportation. Labor costs increased with additional seasonal help and healthcare.

The net position with governmental activities decreased by \$4.6 million due to the transfer of wetland assets to the Storm Water Utility, GASB 68 pension liability recognition and increased debt obligations.

The following charts display the City's governmental activities for 2015, highlighting the proportionate elements of the Revenue and Expenses by program.



### Revenues by Source - Governmental Activities



### Business-Type Activities Analysis

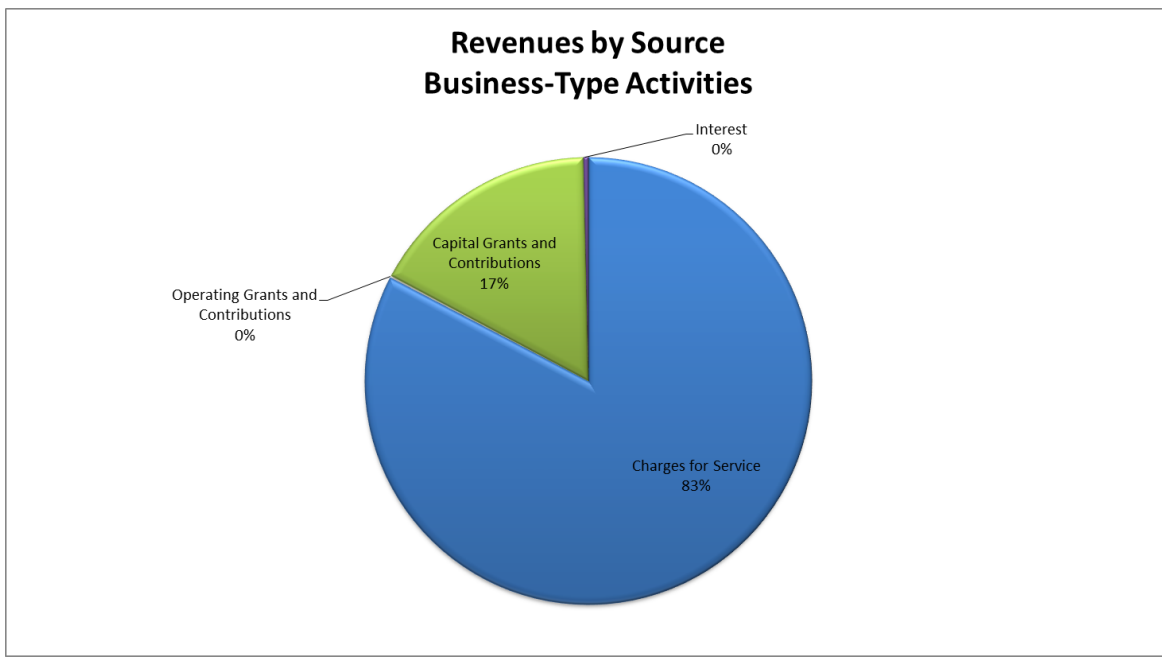
The financial position of the City's Business-Type funds consists of the Storm Water Fund, the Solid Waste Fund and the Water-Sewer Fund. The Water-Sewer Fund is the largest proprietary fund in the City. The financial position of the City's business-type funds is strongly influenced by the Water-Sewer Fund. In 2015, that fund had a \$888,416 increase in charges for services revenues, \$135,929 increase in capital grants and contributions, a \$232,649 increase in expenses (excluding depreciation and amortization) over the prior year but the most significant increase was the capital investment of \$5.97 million, all contributing to an overall increase in net position of 4.6%. The Solid Waste Fund improved net position by 6.5% in 2015. This increase was mostly attributed to increase in garbage and recycling revenue while maintain status quo expense budget. The Storm Water Fund improved net position by 33%. This large increase is primarily attributed in increase in capital investment projects.

#### Business-Type Activity Operating Revenues

Water-Sewer	\$11,364,309	76%
Storm Water	1,254,454	8%
Solid Waste	2,341,849	<u>16%</u>
		<u>100%</u>

#### Business-Type Activity Operating Expenses

Water-Sewer	\$8,964,347	72%
Storm Water	1,350,044	11%
Solid Waste	2,096,056	<u>17%</u>
		<u>100%</u>



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds Analysis

The City uses fund accounting to ensure compliance with legal requirements and to assist in the budgeting and operations of the different activities of the City. The City has 26 funds, of which 16 are governmental funds. The governmental funds are categorized into four different fund types. Each fund type has a unique purpose, General Fund, Special Revenue Funds, Debt Funds and Capital Project Funds.

For purposes of this report, four funds are classified as major funds, based on criteria set forth by the Governmental Accounting Standards Board (GASB). Those funds are the General Fund used for traditional government purposes; the Camas/Washougal Fire and EMS Fund (Special Revenue Fund), NW 38<sup>th</sup> Street Construction Fund (Capital Project Fund) and the Friberg Construction Fund (Capital Project Fund).

The change in Total Governmental Funds fund balance was an increase of \$7,521,898. Of the Major funds, the General Fund had a decrease of \$684,815. The Camas/Washougal Fire and EMS Fund had a decrease of \$185,991. The NW 38<sup>th</sup> Street Construction Fund had an increase of \$90,539 and the Friberg Construction Fund had an increase of \$1,334,824. All other governmental funds had a combined increase in their fund balances of \$6,967,341.

The decrease in the General Fund was primarily a result in the restructuring Community Development and Engineering Departments as well as changes with the Municipal Swimming Pool. The Camas/Washougal Fire and EMS Fund decrease resulted with changes in staffing and retirement payouts. The NW 38<sup>th</sup> Street Construction Fund reflects a project nearing completion. The Friberg Construction fund decreased with increased capital expenses and pending reimbursements from the State of Washington. The other funds saw increases resulting primarily through increase in development related revenues as well as the issuance of \$7.3 million limited general obligation bond.

### Business-Type Activities Analysis

Proprietary funds are those funds that account for government operations where the intent is for the costs to be primarily paid for by user charges. Enterprise funds are those funds that provide services primarily to external users, and the internal service funds provide their services primarily within the City, or to other governmental units. The City has three enterprise funds and one internal service fund.

The Water-Sewer Fund is the largest business-type fund in the city, accounting for 81% of net position for the enterprise funds at \$71.8 million. The Water-Sewer Fund had an increase in net position of nearly \$4.2 million. Revenues generated from operations were higher than the prior year by \$866 thousand (8.4%), and operating expenses increased by \$247 thousand (2.3%). The higher revenues were due to residential and commercial growth.

The Solid Waste Fund net position increased 6% in 2015. Charges for services increased 6% while operating expenses increased 3% with the main increase in collection and disposal services.

The Storm Water Fund net position increased by nearly \$4 million (35%) in 2015. In 2015, capital contributions from governmental activities are the reason for the large increase with the wetland mitigation constructed in 2015.

The Internal Service Fund, the Equipment Rental Fund net position showed an increase of \$439 thousand or 11% in 2015. Revenues increased 2.5% while expenses increased \$69 thousand (5.4%). Rates for the rental of equipment were adjusted with an updated Equipment Rental Rate Model in 2014. The financial model is sustainable and will be carefully monitored.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City operated with biennial budget for 2015-2016. General Fund revenues came in at 98% of the anticipated budget, while expenditures were 98% of the budget. Revenues ended the year \$376,618 lower than anticipated with development pace slowing in the latter quarter of the year. Overall, 2015 ended \$126,976 less than the previous year. This decrease reflects pressures of growing community with revenues which lag growth. As a result, service growth is demanding more staff time but property taxes growth lags a year with the prior year assessed value used to calculate current year property taxes.

State law allows funds to be expended if authorized by an ordinance amending the original budget [RCW 35A.33.120(4)]. The budget was amended for an increase of \$380,994 by City Council in Ordinance No. 15-022. This Ordinance supplemented the budget for Parks Maintenance seasonal help, extension of Municipal Swimming Pool season, and administrative adjustments.

The Budget was supplemented by \$5,000 by City Council in Ordinance No. 15-029. This budget adjustment transfer additional funds to the Cemetery for unforeseen cost increases.

The City had planned and budgeted to spend down General Fund balances in 2015 to 22% of Fund Balance; however, due to the moderate growth in revenue collections and higher expenditures, the fund balance for the General Fund decreased by \$682,554 ending the year with \$2,095,331. This balance represents 15% of expenditures and is below the City's adopted policies for fund balance of 17%.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

City's Investment in capital assets, including construction in progress for its governmental and business type activities as of December 31, 2015, was \$230,781,895 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, and construction in progress on buildings and systems. This reflects an increase in net capital assets of \$9.3 million during the year.

### City of Camas Capital Assets

(net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	1/1/2015	12/31/2015	1/1/2015	12/31/2015	1/1/2015	12/31/2015
Land	\$59,997,865	\$ 62,814,189	\$1,014,021	\$1,130,208	\$61,011,886	\$63,944,397
Buildings and systems	13,297,317	\$ 12,488,290	20,031,819	20,913,401	\$33,329,136	\$33,401,691
Improvements other than building	3,861,305	\$ 4,720,901	6,428,115	5,177,609	\$10,289,420	\$9,898,510
Machinery and equipment	4,307,129	\$ 5,767,117	20,441,699	18,581,558	\$24,748,828	\$24,348,675
Intangibles	15,973	\$ 20,400	10,164	388,526	\$26,137	\$408,926
Infrastructure	33,362,658	\$ 37,982,156	49,141,273	53,969,565	\$82,503,931	\$91,951,721
Construction in progress	11,397,944	\$ 828,669	2,200,875	10,360,275	\$13,598,819	\$11,188,944
Total	\$126,240,191	\$124,621,722	\$99,267,966	\$110,521,142	\$225,508,157	\$235,142,864

Major capital asset additions include completion of Phase II of the 38<sup>th</sup> Street (major arterial construction), completion of Friberg/Strunk Street, sewer bypass line and construction on a water treatment facility.

Additional information on the capital assets of the City of Camas can be found in the Notes to the Financial Statements - Note IV item C of this report.

#### Long-Term Debt

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy (unlimited general obligation bonds); or created by ordinance, adopted by City Council, and financed from general revenues (limited general obligation bonds).

At December 31, 2015, the City of Camas had total bonded debt outstanding of \$29.2 million and government loans of \$32 million. Of this amount, \$10.1 million is general obligation debt. The revenue bonds of \$19.1 million represent bonds secured solely by specified revenue source. The business-type government loans are intended to be repaid with a specified revenue source.

The table below is a comparison of the summary information for year-end 2015 and 2014 bonded and non-bonded debt (in thousands).

#### City of Camas Outstanding Bonded Debt

(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 9,363	\$ 3,301	\$ 762	\$ -	\$ 10,125	\$ 3,301
Revenue bonds	-	-	19,640	4,870	19,640	4,870
Government loans	5,903	6,702	26,487	22,496	32,390	29,198
Total	\$ 15,266	\$ 10,003	\$ 46,889	\$ 27,366	\$ 62,155	\$ 37,369

The total bonded debt of the City of Camas increased by a net \$21 million during 2015. This increase is primarily due to a \$7.3 million Limited General Obligation Bond for transportation projects and other governmental projects and \$22 million Bond/Refunding Bond for Sewer Project. The City's remaining capacity for non-voted debt is approximately \$35.8 million. City of Camas is currently rated AA+ for general obligation debt by Standard and Poor's Rating Service. The City received this rating in June, 2014 and it was recently confirmed in February, 2015.

Additional information on the City's long-term debt can be found in Note IV item E in the Notes to the Financial Statements and in the Appendices on Table 10 through Table 14.

### Significant Commitments

The City has remaining construction projects as of December 31, 2015. They include Governmental and Business type projects. While these projects have contracts issued for their construction, there is not an immediate liability to the City. Rather, the contracts represent a commitment that should be disclosed. The following lists these commitments:

#### Governmental Type Construction Projects:

Project	Projects to Date	Remaining Commitment
NW Friberg/Strunk Construction	\$5,823,250	\$50,000
Street Lighting LED Project	\$282,298	\$2,826,508
NW Brady Road Street Improvements	\$201,090	\$1,278,000
NW 6 <sup>th</sup> and Norwood Improvements	\$1,070,020	\$2,150,000
Cooper's View Park	\$55,449	\$565,000
Fire Truck Acquisition	\$0	\$503,000

#### Business Activity Construction Projects:

Project	Projects to Date	Remaining Commitment
544 Pressure Zone Project – Water Treatment Facility	\$7,773,213	\$6,000,000
Sewer Transmission Main	\$3,239,712	\$960,288
NUGA Sewer Transmission Main	\$338,308	\$16,835,770

## ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Letter of Transmittal.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to:

Finance Department  
City of Camas  
616 NE 4<sup>th</sup> Avenue  
Camas, WA, 98607.

Additional information about the City's operations and activities can be obtained from the website at [www.cityofcamas.us](http://www.cityofcamas.us).

The City has also implemented transparent budgeting in 2015-2016 which can be found at:  
[www.cityofcamas.us/index.php/financereporting/openbudget](http://www.cityofcamas.us/index.php/financereporting/openbudget)

**CITY OF CAMAS, WASHINGTON**

Statement of Net Position

December 31, 2015

	Governmental Activities	Business-type Activities	Total Primary Government
<b>Assets:</b>			
Cash, Cash Equivalents and Pooled Investments	\$ 5,937,306	\$ 7,489,141	\$ 13,426,447
Cash with Fiscal/Escrow Agent	35,326	-	35,326
Receivables (Net of Allowance for Uncollectible)	1,990,574	2,269,253	4,259,827
Internal Balances	(1,068,427)	1,068,427	-
<b>Restricted Assets</b>			
Cash, Cash Equivalents and Pooled Investments	5,790,055	6,743,812	12,533,867
Investments	-	15,024,018	15,024,018
Net Pension Assets	5,095,345	-	5,095,345
<b>Capital Assets Not Being Depreciated:</b>			
Land and Improvements to Land	62,814,189	1,130,208	63,944,397
Construction Work in Progress	828,669	10,360,275	11,188,944
<b>Capital Assets Net of Accumulated Depreciation:</b>			
Buildings	12,488,290	20,913,401	33,401,691
Improvements Other than Buildings	4,720,901	5,177,609	9,898,510
Machinery and Equipment	5,767,117	18,581,558	24,348,675
Intangibles	20,400	388,526	408,926
Infrastructure	37,982,156	53,969,565	91,951,721
<b>Total Assets</b>	<b>142,401,901</b>	<b>143,115,793</b>	<b>285,517,694</b>
<b>Deferred Outflows of Resources</b>			
Amounts related to pensions	1,107,696	208,124	1,315,820
Deferred amount on refunding	-	246,166	246,166
<b>Total deferred outflows of resources</b>	<b>1,107,696</b>	<b>454,290</b>	<b>1,561,986</b>
<b>Liabilities:</b>			
Accounts Payable and Other Current Liabilities	579,622	1,361,578	1,941,200
Accrued Interest Payable	56,061	227,132	283,193
Line of Credit	768,606	-	768,606
Revenues Collected in Advance	-	-	-
Custodial Accounts	87,788	-	87,788
Deferred Amount on Refunding - current	-	-	-
Unearned Revenue	-	35,000	35,000
Developer Credit	159,607	1,083,944	1,243,551
<b>Noncurrent Liabilities:</b>			
Due within One Year	1,652,488	2,826,376	4,478,864
Due in More than One Year	23,371,970	48,451,829	71,823,799
<b>Total Liabilities</b>	<b>26,676,142</b>	<b>53,985,859</b>	<b>80,662,001</b>
<b>Deferred Inflows of Resources</b>			
Amounts related to pensions	1,732,690	219,507	1,952,197
<b>Total deferred inflows of resources</b>	<b>1,732,690</b>	<b>219,507</b>	<b>1,952,197</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	114,055,065	78,106,077	192,161,142
<b>Restricted for:</b>			
Tourism	12,927	-	12,927
Public Safety	122,906	-	122,906
Debt Service	73,832	1,548,179	1,622,011
Capital	2,594,433	2,208,041	4,802,474
Unrestricted	(1,758,398)	7,502,420	5,744,022
<b>Total Net Position</b>	<b>\$ 115,100,765</b>	<b>\$ 89,364,717</b>	<b>\$ 204,465,482</b>

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

CITY OF CAMAS, WASHINGTON  
Statement of Activities  
Year Ended December 31, 2015

Functions/Programs	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
<b>PRIMARY GOVERNMENT</b>						
Governmental Activities:						
General Government	\$ 4,258,683	\$ 1,650,797	\$ 55,945	\$ -	(2,551,941)	\$ -
Judicial	295,080	264,466	-	-	(30,614)	-
Public Safety	13,490,859	4,624,332	258,464	-	(8,608,063)	-
Physical Environment	180,163	48,913	-	-	(131,250)	-
Transportation	5,706,801	170,007	-	3,222,770	(2,314,024)	-
Health and Human Services	4,505	-	-	-	(4,505)	-
Economic Environment	989,996	2,576,010	-	-	1,586,014	-
Culture and Recreation	3,656,969	227,457	-	209,176	(3,220,336)	-
Interest on Long-Term Debt	523,178	-	-	-	(523,178)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>29,106,232</b>	<b>9,561,982</b>	<b>314,409</b>	<b>3,431,946</b>	<b>(15,797,895)</b>	<b>-</b>
<b>Business Type Activities:</b>						
Water Sewer	9,731,456	11,364,309	-	2,456,273	-	4,089,126
Storm Water Drainage	1,343,496	1,254,454	8,678	608,735	-	528,371
Sanitary	2,013,652	2,341,849	-	-	-	328,197
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>13,088,604</b>	<b>14,960,612</b>	<b>8,678</b>	<b>3,065,008</b>	<b>-</b>	<b>4,945,694</b>
<b>Total Primary Government</b>	<b>\$ 42,194,836</b>	<b>\$ 24,522,594</b>	<b>\$ 323,087</b>	<b>\$ 6,496,954</b>	<b>\$ (15,797,895)</b>	<b>\$ (10,852,201)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes Levied for General Purposes				\$	10,308,096	\$ -
Property Taxes Levied for Voted Levy (EMs)					1,236,173	-
Property Taxes, Levied for Debt Service					626,083	-
Sales and Use Taxes					2,806,402	-
Business and Occupation Taxes					465,112	-
Excise and Other Taxes					1,604,166	-
Grants and Contributions not Restricted to Specific Programs					945,453	-
Unrestricted Investment Earnings					73,007	63,986
Miscellaneous					64,258	(1,289)
Transfers					(3,487,498)	3,487,498
Total General Revenues					3,550,195	-
Change in Net Position					(1,156,643)	8,495,889
Net Position - Beginning					117,354,564	82,278,689
Change in Accounting Principles					(783,835)	(1,409,861)
Prior Period Adjustments					(313,321)	-
Net Position - Ending				\$	115,100,765	\$ 89,364,717
						\$ 204,465,482

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



## CITY OF CAMAS, WASHINGTON

## Governmental Funds

## Balance Sheet

December 31, 2015

	General Fund	Camas-Washougal Fire & EMS Fund	NW 38th Street Construction Fund	Friberg Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash, Cash Equivalents, and Pooled Investments	\$ 1,955,493	\$ 25,537	\$ -	\$ -	\$ 8,742,245	\$ 10,723,275
Cash with Fiscal Agent	35,326	-	-	-	-	35,326
Property Taxes Receivables	137,730	16,335	-	-	8,546	162,611
Sales Taxes Receivable	443,212	-	-	-	-	443,212
Other Taxes Receivable	-	12,779	-	-	-	12,779
Accounts Receivable (net)	28,855	477,123	-	-	5,035	511,013
Interest Receivable	4,236	-	-	-	-	4,236
Due from Other Governmental Units	178,014	-	672,823	-	-	850,837
Total Assets	<u>2,782,866</u>	<u>531,774</u>	<u>672,823</u>	<u>-</u>	<u>8,755,826</u>	<u>12,743,289</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	239,618	28,014	2,795	(6,707)	273,972	537,692
Due to Other Governmental Units	996	-	-	-	-	996
Line of Credit	-	-	380,257	93,758	-	474,015
Custodial Accounts	87,788	-	-	-	-	87,788
Total Liabilities	<u>328,402</u>	<u>28,014</u>	<u>383,052</u>	<u>87,051</u>	<u>273,972</u>	<u>1,100,491</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	300,891	422,584	672,823	-	7,096	1,403,394
Total deferred inflows of resources	<u>300,891</u>	<u>422,584</u>	<u>672,823</u>	<u>-</u>	<u>7,096</u>	<u>1,403,394</u>
<b>Fund Balances:</b>						
Restricted						
Tourism	-	-	-	-	12,927	12,927
Public Safety	122,906	-	-	-	-	122,906
Debt Service	35,326	-	-	-	38,506	73,832
Capital Outlay	-	-	-	-	8,384,488	8,384,488
Committed - Public Safety	-	81,176	-	-	-	81,176
Assigned - Cemetery	1,888	-	-	-	-	1,888
Assigned - Working Capital	161,683	-	-	-	38,837	200,520
Unassigned	1,831,770	-	(383,052)	(87,051)	-	1,361,667
Total Fund Balances	<u>2,153,573</u>	<u>81,176</u>	<u>(383,052)</u>	<u>(87,051)</u>	<u>8,474,758</u>	<u>10,239,404</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,782,866</u>	<u>\$ 531,774</u>	<u>\$ 672,823</u>	<u>\$ -</u>	<u>\$ 8,755,826</u>	<u>\$ 12,743,289</u>
Amounts reported for governmental activities in the statement of net position are different because (See Note II also):						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds						120,959,307
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds						1,403,394
Other items related to Pension activity that are not financial resources therefore, not reported in the funds.						4,472,484
Internal service funds are used to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.						2,959,716
Long-term liabilities that are not due and payable in the current period and are not reported in the funds						(24,933,540)
Net position of governmental activities						<u>\$ 115,100,765</u>

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

**CITY OF CAMAS, WASHINGTON**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended December 31, 2015

	General Fund	Camas-Washougal Fire & EMS Fund	NW 38th Street Construction Fund	Friberg Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 10,370,821	\$ 1,236,173	\$ -	\$ -	\$ 626,083	\$ 12,233,077
Sales and Use Taxes	2,796,425	-	-	-	9,977	2,806,402
Other Taxes	465,112	-	-	-	1,604,166	2,069,278
License and Permits	728,823	24,340	-	-	-	753,163
Intergovernmental	521,959	1,341	792,730	1,128,329	580,154	3,024,513
Charges for Services	2,808,336	4,187,542	-	-	1,089,381	8,085,259
Fines and Forfeits	197,248	12,355	-	-	-	209,603
Interest Earnings	7,021	2,818	-	-	47,067	56,906
Rents and Royalties	160,226	-	-	-	-	160,226
Contributions/Donations	58,400	870	-	-	147,202	206,472
Miscellaneous	45,365	12,322	-	-	1,620	59,307
<b>Total Revenues</b>	<b>18,159,736</b>	<b>5,477,761</b>	<b>792,730</b>	<b>1,128,329</b>	<b>4,105,650</b>	<b>29,664,206</b>
<b>Expenditures:</b>						
<b>Current</b>						
General Government	4,101,544	-	-	-	-	4,101,544
Judicial	295,080	-	-	-	-	295,080
Public Safety	5,289,173	8,242,796	-	-	-	13,531,969
Physical Environment	185,299	-	-	-	-	185,299
Transportation	-	-	-	-	1,676,943	1,676,943
Mental and Physical Health	4,505	-	-	-	-	4,505
Economic Environment	975,937	-	-	-	14,197	990,134
Culture and Recreation	3,023,856	-	-	-	1,368	3,025,224
Capital Outlay	255,974	319,534	1,198,250	780,727	2,424,219	4,978,704
<b>Debt Service</b>						
Principal Retirement	-	-	-	-	1,251,628	1,251,628
Interest and Other Charges	470	1,907	4,321	5,223	477,001	488,922
<b>Total Expenditures</b>	<b>14,131,838</b>	<b>8,564,237</b>	<b>1,202,571</b>	<b>785,950</b>	<b>5,845,356</b>	<b>30,529,952</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,027,898</b>	<b>(3,086,476)</b>	<b>(409,841)</b>	<b>342,379</b>	<b>(1,739,706)</b>	<b>(865,746)</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of Debt	77,748	-	-	-	7,324,999	7,402,747
Sale of Capital Assets	2,616	1,500	-	-	-	4,116
Insurance Recoveries	-	15,497	-	-	18,064	33,561
Premium on Bonds Issued	-	-	-	-	1,049,834	1,049,834
Debt Issuance Costs	-	-	-	-	(71,384)	(71,384)
Transfers In	35,326	2,919,590	500,380	1,000,759	2,960,079	7,416,134
Transfers Out	(4,770,161)	(36,102)	-	-	(2,609,871)	(7,416,134)
<b>Total Other Financing Sources and Uses</b>	<b>(4,654,471)</b>	<b>2,900,485</b>	<b>500,380</b>	<b>1,000,759</b>	<b>8,671,721</b>	<b>8,418,874</b>
<b>Net Change in Fund Balances</b>	<b>(626,573)</b>	<b>(185,991)</b>	<b>90,539</b>	<b>1,343,138</b>	<b>6,932,015</b>	<b>7,553,128</b>
Fund Balance at Beginning of Year	2,997,572	267,167	(473,591)	(1,365,016)	1,542,743	2,968,875
Prior period adjustment	(217,426)	-	-	(65,173)	-	(282,599)
<b>Fund Balance at End of Year</b>	<b>\$ 2,153,573</b>	<b>\$ 81,176</b>	<b>\$ (383,052)</b>	<b>\$ (87,051)</b>	<b>\$ 8,474,758</b>	<b>\$ 10,239,404</b>

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

# CITY OF CAMAS, WASHINGTON

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

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

Net changes in fund balances - total governmental funds:	\$	7,553,128
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period.		(4,662,288)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		1,775,338
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(69,544)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(6,222,451)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		239,055
Internal service funds are used by management to charge the costs of equipment, insurance and printing to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		230,119
Change in net position of governmental activities	\$	<u>(1,156,643)</u>

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

**CITY OF CAMAS, WASHINGTON**  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Compared to Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
<b>Revenues:</b>				
Property Taxes	\$ 10,302,717	\$ 10,302,717	\$ 10,370,821	\$ 68,104
Sales and Use Taxes	3,109,699	3,109,699	2,796,425	(313,274)
Other Taxes	478,124	478,124	465,112	(13,012)
License and Permits	868,583	868,583	728,823	(139,760)
Intergovernmental	512,450	512,450	521,959	9,509
Charges for Services	2,591,414	2,621,414	2,757,077	135,663
Fines and Forfeits	225,174	255,174	197,248	(57,926)
Interest Earnings	59,646	59,646	6,960	(52,686)
Rents and Royalties	143,304	143,304	160,226	16,922
Contributions/Donations	15,922	38,922	58,400	19,478
Miscellaneous	46,485	68,085	45,365	(22,720)
<b>Total Revenues</b>	<b>18,353,518</b>	<b>18,458,118</b>	<b>18,108,416</b>	<b>(349,702)</b>
<b>Expenditures:</b>				
<b>Current</b>				
General Government	4,200,262	4,154,725	4,101,544	(53,181)
Judicial	283,452	295,153	295,080	(73)
Public Safety	5,595,709	5,515,384	5,289,173	(226,211)
Mental and Physical Health	1,829	4,329	4,505	176
Economic Environment	806,871	1,036,148	975,937	(60,211)
Culture and Recreation	2,794,199	3,007,601	3,023,856	16,255
Capital Outlay	247,385	260,364	255,974	(4,390)
Debt Service				
Interest and Other Charges	-	-	470	470
<b>Total Expenditures</b>	<b>13,929,707</b>	<b>14,273,704</b>	<b>13,946,539</b>	<b>(327,165)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (under) Expenditures</b>	<b>4,423,811</b>	<b>4,184,414</b>	<b>4,161,877</b>	<b>(22,537)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Debt	-	-	77,748	77,748
Sale of Capital Assets	-	-	2,616	2,616
Transfers In	27,000	27,000	35,326	8,326
Transfers Out	(4,942,418)	(4,984,418)	(4,901,879)	82,539
<b>Total Other Financing Sources and Uses</b>	<b>(4,915,418)</b>	<b>(4,957,418)</b>	<b>(4,786,189)</b>	<b>171,229</b>
<b>Net Change in Fund Balance</b>	<b>(491,607)</b>	<b>(773,004)</b>	<b>(624,312)</b>	<b>148,692</b>
<b>Fund Balances at Beginning of Year</b>	<b>3,654,656</b>	<b>2,993,417</b>	<b>2,993,417</b>	<b>-</b>
Prior year adjustments	-	-	(217,426)	(217,426)
<b>Fund Balances at End of Year</b>	<b>\$ 3,163,049</b>	<b>\$ 2,220,413</b>	<b>\$ 2,151,679</b>	<b>\$ (68,734)</b>
Adjustments to general accepted accounting principles (GAAP) Basis				
Cemetery Fund			1,894	
<b>Fund Balance - GAAP basis</b>			<b>\$ 2,153,573</b>	

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

**CITY OF CAMAS, WASHINGTON**  
Camas-Washougal Fire & EMS Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Compared to Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended December 31, 2015

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 1,234,387	\$ 1,234,387	\$ 1,236,173	\$ 1,786
License and Permits	-	-	24,340	24,340
Intergovernmental	-	-	1,341	1,341
Charges for Services	4,159,527	4,199,527	4,187,542	(11,985)
Fines and Forfeits	13,325	13,325	12,355	(970)
Interest Earnings	837	837	2,818	1,981
Contributions/Donations	456	456	870	414
Miscellaneous	906	906	12,322	11,416
Total Revenues	<u>5,409,438</u>	<u>5,449,438</u>	<u>5,477,761</u>	<u>28,323</u>
Expenditures:				
Current				
Security/Persons and Property	7,993,620	8,287,517	8,242,796	(44,721)
Capitalized Expenditures	283,434	283,434	319,534	36,100
Debt Service				
Interest and Other Charges	-	-	1,907	1,907
Total Expenditures	<u>8,277,054</u>	<u>8,570,951</u>	<u>8,564,237</u>	<u>(6,714)</u>
Excess (Deficiency) of Revenues				
Over (under) Expenditures	(2,867,616)	(3,121,513)	(3,086,476)	35,037
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	1,500	1,500
Insurance Recoveries	-	-	15,497	15,497
Transfers In	2,971,439	2,971,439	2,919,590	(51,849)
Transfers Out	-	(36,103)	(36,102)	1
Total Other Financing Sources and Uses	<u>2,971,439</u>	<u>2,935,336</u>	<u>2,900,485</u>	<u>(34,851)</u>
Net Change in Fund Balance	103,823	(186,177)	(185,991)	186
Fund Balances at Beginning of Year	<u>342,460</u>	<u>186,177</u>	<u>267,167</u>	<u>80,990</u>
Fund Balances at End of Year	\$ <u><u>446,283</u></u>	\$ <u><u>-</u></u>	\$ <u><u>81,176</u></u>	\$ <u><u>81,176</u></u>

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

**CITY OF CAMAS, WASHINGTON**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2015**

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water	Solid Waste	Total	Internal Service - Equipment Rental
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash, Cash Equivalents, and Pooled Investments	\$ 4,619,622	\$ 1,576,769	\$ 1,292,750	\$ 7,489,141	\$ 1,004,086
Receivables					
Accounts	1,603,637	220,828	424,122	2,248,587	5,886
Due from Other Governmental Units	-	11,808	-	11,808	-
Restricted Assets					
Cash and Cash Equivalents	6,743,812	-	-	6,743,812	-
Investments	15,024,018	-	-	15,024,018	-
Interest Receivable	8,858	-	-	8,858	-
<b>Total Current Assets</b>	<b>27,999,947</b>	<b>1,809,405</b>	<b>1,716,872</b>	<b>31,526,224</b>	<b>1,009,972</b>
<b>Noncurrent Assets:</b>					
Nondepreciable Assets:					
Land and Improvements to Land	1,108,023	22,185	-	1,130,208	104,732
Construction in Progress	10,074,376	285,899	-	10,360,275	-
Property, Plant and Equipment (Net)					
Building	20,913,401	-	-	20,913,401	704,885
Intangible Assets	388,526	-	-	388,526	-
Improvements Other than Buildings	5,177,609	-	-	5,177,609	49,739
Machinery and Equipment	18,567,853	13,705	-	18,581,558	2,803,057
Infrastructure	39,776,490	14,193,075	-	53,969,565	-
<b>Total Noncurrent Assets</b>	<b>96,006,278</b>	<b>14,514,864</b>	<b>-</b>	<b>110,521,142</b>	<b>3,662,413</b>
<b>Total Assets</b>	<b>124,006,225</b>	<b>16,324,269</b>	<b>1,716,872</b>	<b>142,047,366</b>	<b>4,672,385</b>
<b>Total Deferred Outflows of Resources</b>					
Deferred Amount on Refunding	246,166	-	-	246,166	-
Amounts related to pensions	150,855	30,999	26,270	208,124	38,949
<b>Total Deferred Outflows of Resources</b>	<b>397,021</b>	<b>30,999</b>	<b>26,270</b>	<b>454,290</b>	<b>38,949</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	1,161,415	43,578	78,210	1,283,203	40,934
Accrued Interest Payable	227,132	-	-	227,132	-
Accrued Employee Benefits	12,916	1,685	2,152	16,753	2,712
Line of Credit	-	-	-	-	294,591
Unearned Revenues	35,000	-	-	35,000	-
Developer Credit	-	-	-	-	-
Bonds, Notes and Loans Payable	2,752,641	56,982	-	2,809,623	-
Payable from Restricted Assets	78,375	-	-	78,375	-
<b>Total Current Liabilities</b>	<b>4,267,479</b>	<b>102,245</b>	<b>80,362</b>	<b>4,450,086</b>	<b>338,237</b>
<b>Noncurrent Liabilities:</b>					
Bonds, Notes and Loan Payable	45,838,121	921,520	-	46,759,641	-
Unearned Revenue - Developer Credit	1,083,944	-	-	1,083,944	-
Net Pension Liability	1,031,588	211,985	179,644	1,423,217	266,341
Accrued Employee Benefits	208,142	15,202	45,627	268,971	37,534
<b>Total Noncurrent Liabilities</b>	<b>48,161,795</b>	<b>1,148,707</b>	<b>225,271</b>	<b>49,535,773</b>	<b>303,875</b>
<b>Total Liabilities</b>	<b>52,429,274</b>	<b>1,250,952</b>	<b>305,633</b>	<b>53,985,859</b>	<b>642,112</b>
<b>Deferred Inflows of Resources</b>					
Amounts related to Pensions	159,105	32,695	27,707	219,507	41,079
<b>Total deferred inflows of resources</b>	<b>159,105</b>	<b>32,695</b>	<b>27,707</b>	<b>219,507</b>	<b>41,079</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	64,569,715	13,536,362	-	78,106,077	3,662,413
Restricted for Debt Service	1,548,179	-	-	1,548,179	-
Restricted for Capital Purposes	2,208,041	-	-	2,208,041	-
Unrestricted	3,488,932	1,535,259	1,409,802	6,433,993	365,730
<b>Total Net Position</b>	<b>\$ 71,814,867</b>	<b>\$ 15,071,621</b>	<b>\$ 1,409,802</b>	<b>\$ 88,296,290</b>	<b>\$ 4,028,143</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,068,427	
<b>Net Position of Business-type Activities</b>				<b>\$ 89,364,717</b>	

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

**CITY OF CAMAS, WASHINGTON**  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended December 31, 2015

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water	Solid Waste	Total	Internal Service - Equipment Rental
Operating Revenues:					
Charge for Services	\$ 11,202,674	\$ 1,254,454	\$ 2,341,849	\$ 14,798,977	\$ 1,825,094
Total Operating Revenues	<u>11,202,674</u>	<u>1,254,454</u>	<u>2,341,849</u>	<u>14,798,977</u>	<u>1,825,094</u>
Operating Expenses:					
Collection and Disposal	-	-	1,821,942	1,821,942	-
Storm Drainage Operations and Maintenance	-	527,375	-	527,375	-
Water Operations and Maintenance	1,885,556	-	-	1,885,556	-
Sewer Operations and Maintenance	2,300,528	-	-	2,300,528	-
Customer Accounts	39,123	-	-	39,123	-
Administration	1,277,740	299,842	168,459	1,746,041	-
Equipment Rental Operations	-	-	-	-	916,720
Taxes	389,507	18,659	105,655	513,821	-
Depreciation and Amortization	3,071,893	519,434	-	3,591,327	435,471
Total Operating Expenses	<u>8,964,347</u>	<u>1,365,310</u>	<u>2,096,056</u>	<u>12,425,713</u>	<u>1,352,191</u>
Operating Income (loss)	2,238,327	(110,856)	245,793	2,373,264	472,903
Nonoperating Revenues (Expenses)					
Interest Earnings	26,983	19,255	17,748	63,986	16,102
State and Federal Grants	-	23,274	-	23,274	-
Interest and Fiscal Charges	(842,275)	-	-	(842,275)	(770)
Gain (Loss) on Disposal of Assets	(30,508)	-	-	(30,508)	(53,795)
Miscellaneous Revenue (Expense)	161,635	-	-	161,635	4,467
Total Nonoperating Revenues (Expenses)	<u>(684,165)</u>	<u>42,529</u>	<u>17,748</u>	<u>(623,888)</u>	<u>(33,996)</u>
Income (Loss) before Contributions and Transfers	1,554,162	(68,327)	263,541	1,749,376	438,907
Capital Contributions	2,601,733	3,935,992	-	6,537,725	-
Change in Net Position	<u>4,155,895</u>	<u>3,867,665</u>	<u>263,541</u>	<u>8,287,101</u>	<u>438,907</u>
Total Net Position at Beginning of Year	68,680,879	11,413,952	1,324,219		3,853,077
Change in Accounting Principles	(1,021,907)	(209,996)	(177,958)		(263,841)
Total Net Position at End of Year	<u>\$ 71,814,867</u>	<u>\$ 15,071,621</u>	<u>\$ 1,409,802</u>		<u>\$ 4,028,143</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				208,788	
Change in Net Position of Business-type Activities				<u>\$ 8,495,889</u>	

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

**CITY OF CAMAS, WASHINGTON**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2015

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water	Solid Waste	Total	Internal Service - Equipment Rental
Cash Flows from Operating Activities:					
Cash received from Customers	\$ 11,045,279	\$ 1,237,486	\$ 2,310,134	\$ 14,592,899	\$ -
Cash received from Interfund Services Provided	-	-	-	-	1,831,611
Cash payments to Suppliers	(2,793,684)	(433,025)	(994,797)	(4,221,506)	(482,344)
Cash payments to Employees	(2,081,873)	(370,005)	(402,543)	(2,854,421)	(446,838)
Cash payments to Disposal Contractor	-	-	(616,947)	(616,947)	-
Cash payments for Interfund Services Used	(389,691)	(30,923)	(105,655)	(526,269)	-
Cash received from Other Non-Operating Revenues	161,635	-	-	161,635	4,633
Net Cash Provided by Operating Activities	<u>5,941,666</u>	<u>403,533</u>	<u>190,192</u>	<u>6,535,391</u>	<u>907,062</u>
Cash Flows from Noncapital Financing Activities:					
Proceeds from State Grants	-	48,257	-	48,257	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>48,257</u>	<u>-</u>	<u>48,257</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Capital Grants	-	14,596	-	14,596	-
Proceeds from Revenue Bonds	17,661,818	-	-	17,661,818	-
Proceeds from Other Long Term Debt	5,183,385	-	-	5,183,385	-
Acquisition and Construction of Capital Assets	(8,352,761)	(15,047)	-	(8,367,808)	(1,901,011)
Principal Paid on Revenue Bonds	(735,000)	-	-	(735,000)	-
Principal Paid on Other Long Term Obligations	(1,702,486)	-	-	(1,702,486)	-
Interest Paid on Revenue Bonds and Other Long Term Debt	(661,978)	-	-	(661,978)	-
Proceeds from Line of Credit	-	-	-	-	294,591
Interest Paid on Short Term Debt	-	-	-	-	(770)
Capital Contributed from Customers and Developers	1,337,610	2,870	-	1,340,480	-
Proceeds from Sale of Property	44,302	-	-	44,302	73,886
Proceeds from Insurance Recoveries	-	-	-	-	-
Transfers - In	-	-	-	-	-
Transfers - Out	-	-	-	-	-
Net Cash Provided for Capital and Related Financing Activities	<u>12,774,890</u>	<u>2,419</u>	<u>-</u>	<u>12,777,309</u>	<u>(1,533,304)</u>
Cash Flows from Investing Activities:					
Interest on Investments and Cash Equivalents	92,141	19,255	17,748	129,144	16,102
Purchase of Investment Securities	(15,123,291)	-	-	(15,123,291)	-
Proceeds from Sale and Maturities of Investment Securities	229,209	-	-	229,209	-
Net Cash Used by Investing Activities	<u>(14,801,941)</u>	<u>19,255</u>	<u>17,748</u>	<u>(14,764,938)</u>	<u>16,102</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,914,615	473,464	207,940	4,596,019	(610,140)
Cash and Cash Equivalents at Beginning of Year	<u>7,448,819</u>	<u>1,103,305</u>	<u>1,084,810</u>	<u>9,636,934</u>	<u>1,614,226</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,363,434</u>	<u>\$ 1,576,769</u>	<u>\$ 1,292,750</u>	<u>\$ 14,232,953</u>	<u>\$ 1,004,086</u>
Cash and cash equivalents	\$ 4,619,622	\$ 1,576,769	\$ 1,292,750	\$ 7,489,141	\$ 1,004,086
Restricted cash and cash equivalents	<u>6,743,812</u>	<u>-</u>	<u>-</u>	<u>6,743,812</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 11,363,434</u>	<u>\$ 1,576,769</u>	<u>\$ 1,292,750</u>	<u>\$ 14,232,953</u>	<u>\$ 1,004,086</u>

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



**CITY OF CAMAS, WASHINGTON**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2015

	Enterprise Funds				(Governmental Activities)
	Water-Sewer	Storm Water	Solid Waste	Total	Internal Service - Equipment Rental
Reconciliation of Operating Income (Loss) to Net					
Cash Used by Operating Activities:					
Net Operating Income (Loss)	\$ 2,238,327	\$ (110,856)	\$ 245,793	\$ 2,373,264	\$ 472,903
Adjustments to Reconcile Net					
Operating Income (Loss) to Net					
Cash Provided by Operations:					
Depreciation Expense	3,071,893	519,434	-	3,591,327	435,471
(Increase) Decrease in Receivables	(157,395)	(16,968)	(31,715)	(206,078)	6,517
(Increase) Decrease in Prepaid Assets	-	-	-	-	-
Increase (Decrease) in Current Payables	633,190	12,715	(8,699)	637,206	5,886
Increase (Decrease) in Accrued Employee Benefits	(23,915)	(4,477)	(18,310)	(46,702)	(22,812)
Increase (Decrease) in Pension Related items	17,931	3,685	3,123	24,739	4,630
Increase (Decrease) in Customer Deposits	-	-	-	-	-
Receipt of Non-Operating Revenues	161,635	-	-	161,635	4,467
Total Adjustments	3,703,339	514,389	(55,601)	4,162,127	434,159
Net Cash Provided by Operating Activities	\$ 5,941,666	\$ 403,533	\$ 190,192	\$ 6,535,391	\$ 907,062
Noncash Investing, Financing and Capital Activities					
Capital Assets Donated	\$ 1,118,664	\$ 591,270	\$ -	\$ 1,709,934	\$ -
Capital Assets Built for Future Impact Credits	300,002	-	-	300,002	-
Capital Assets Transferred from other Funds	145,460	4,320,354	-	4,465,814	-
Long Term Debt Transferred from other Funds	-	(887,627)	-	(887,627)	-
Net Change in Fair Value of Investments	74,013	-	-	74,013	-
Capital Asset Obtained through Debt Finance	384,549	-	-	384,549	-
Debt Assumed in Inter-Local Agreement	(384,549)	-	-	(384,549)	-

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

**CITY OF CAMAS, WASHINGTON**  
Statement of Fiduciary Net Position  
December 31, 2015

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	<u>Firemen's Pension Fund</u>	<u>Agency Fund - Library</u>
Assets:		
Cash, Cash Equivalents, and Pooled Investments	\$ 2,552,619	\$ 100,206
Total Assets	<u>2,552,619</u>	<u>100,206</u>
Liabilities:		
Deposits payable	<u>-</u>	<u>100,206</u>
Total Liabilities	<u>-</u>	<u>100,206</u>
Fiduciary Net Position		
Restricted for Pension Benefits	<u>\$ 2,552,619</u>	<u>\$ -</u>

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

**CITY OF CAMAS, WASHINGTON**  
Statement of Changes in Fiduciary Net Position  
For The Year Ended December 31, 2015

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	<u>2015</u>
Additions:	
Investment Income:	
Interest Earnings	\$ <u>36,872</u>
Net Investment Income	<u>36,872</u>
Total Additions	<u>36,872</u>
Deductions:	
Pension Benefits	<u>17,614</u>
Total Deductions	<u>17,614</u>
Net Increase in Fiduciary Net Position	19,258
Net Position - Beginning	<u>2,533,361</u>
Net Position - Ending	\$ <u><u>2,552,619</u></u>

The notes to the financial statements are an integral part of

# City of Camas

## Notes to the Financial Statements

### December 31, 2015

#### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Camas, Washington 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. The significant accounting policies are described below.

##### A. REPORTING ENTITY

The City of Camas was incorporated June 2, 1906 and operates under laws of the State of Washington applicable to non-charter code cities with a mayor-council form of government. As required by generally accepted accounting principles the financial statements present the City of Camas, the primary government. The City provides police, fire, streets, solid waste management, recreation, library, cemetery, public improvements, planning and zoning, storm water management, water supply, treatment and distribution and sewage collection and treatment services. In addition, the City also provides fire protection services to all City of Camas and Washougal residents and provides ambulance and emergency aid to all City of Camas residents and residents of the geographic area of the City of Washougal and East County Fire and Rescue. To support these functions, the City of Washougal pays their proportionate cost of fire protection services and the City of Washougal and East County Fire and Rescue levies EMS property taxes and remits to the City their share of funding the ambulance and emergency aid services provided.

##### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The City incurs indirect costs for charges that benefit other funds such as administrative costs and overhead. The General Fund pays for all of the costs of operating City Hall, for general office supplies, the audit, banking services, and other administrative costs. The expenses are for the benefit of more than just the General Fund. Through an allocation procedure, the other funds are charged for proportionate share of the costs. For example, the audit costs are allocated based upon the City's actual expenditures and the Information Technology department costs by the number of computers by department. The General Fund incurred approximately \$1,472,776 in indirect costs which were reimbursed to the general fund through interfund charges.

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

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Camas/Washougal Fire and Emergency Services Fund* was established to account for the revenues and expenditures made in purchasing, maintaining and operating providing fire services for the City and the City of Washougal and emergency aid service and ambulance transport for the City, the City of Washougal and East County Fire and Rescue. The primary revenue for this is voted EMS property tax levy funds and the City of Washougal and East County Fire and Rescue pay the City a fee from their EMS levies to fund their proportionate share of service. Additionally, the City of Washougal makes additional contributions to fund Washougal's proportionate share of fire services and to build reserves. The monthly service fee is reconciled to actual expenses each year and any variance adjusts the next year's monthly service fee.

The *NW 38<sup>th</sup> Street Construction Fund* is a capital projects fund which accounts for construction and extension of transportation capital facilities. Dedicated grant revenues and loan proceeds finance this activity.

The *Friberg Construction Fund* is a capital projects fund which accounts for construction and extension of a major transportation capital facilities. Dedicated grant revenues and loan proceeds finance this activity.

The City reports the following major proprietary funds:

The *Water-Sewer Fund* accounts for the activities of one of the City's utilities. Its revenues are received from the sales of water and charges for sewer collection and treatment. Expenses are for maintenance and extensions of water and sewer service facilities, operating and expanding a water supply system, and operating a sewer treatment plant. This fund also reflects the operation of revenue bonds outstanding, cumulative bond reserves and construction funds.

The *Storm Water Fund* accounts for the activities of the City's storm water operations and capital facilities. Revenues are received from charges for storm water drainage services and system development charges. Expenses are for the maintenance of the drainage system, street cleaning, and expanding the City's storm water drainage facilities.

The *Solid Waste Fund* accounts for the activities of the city's solid waste operations. Revenues are received from charges for garbage and recycling services. Expenses are for the collection and disposal services provided to citizens and businesses within the City.

Additionally, the government reports the following fund types:

*Debt Service Funds* account for the resources accumulated and payments made for principal and interest on the general government 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 equipment management services provided to other departments of the government, or to other governments on a cost reimbursement basis.

The *Pension Trust Fund* accounts for the activities of the Firemen's Pension fund, which accumulates resources for pension benefit payments to qualified firefighter retirees.

The Agency Fund - *Library* accounts for the funds held in a purely custodial nature on behalf of the Friends and Foundation of the Camas Library.

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

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis relates to the timing of the measurements made, regardless of the measurement focus applied.

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 report 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 government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Sales tax is considered to be available if it is collected within 60 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, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the

Water-Sewer, Solid Waste and Storm Water funds, non-major enterprise funds, and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY**

**1. Cash and Cash Equivalents and Investments**

The City's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments. Cash resources of individual funds are invested in government securities with interest accruing for the benefit of the individual investing funds. Cash resources required for immediate reasons (within the next month) are placed to the extent possible in short-term investments such as the Washington State Local Government Investment Pool or the Clark County Investment Pool with interest accruing to the benefit of each individual fund based on the monthly average cash balance of each fund.

Statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Agencies, the State Treasurer's Investment Pool, obligations of the State of Washington or political subdivisions and public funds investment pools. The City is currently invested in two public funds investment pools, Washington State Local Government Investment Pool and the Clark County Investment Pool. Investments for the City are reported at fair value. The Clark County and State Treasurer Investment Pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. All securities are transacted on the delivery versus payment basis. (See Note IV A) For the purposes of the statement of cash flows, the City considers the Washington State Local Government Investment Pool and the Clark County Investment Pool.

**2. Receivables and Payables**

One of the largest receivables for the City of Camas is property taxes. The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually on January 1, on property value listed as of the prior May 31. Assessed values are established by the county assessor at 100 percent of fair market value. A revaluation of all property is required every four years. Taxes are due in two equal installments on April 30 and October 31. The county treasurer remits collections daily to the appropriate district (See Note V B). Taxes receivable consists of property taxes.

Other accounts receivable include accrued interest and customer accounts receivable. Accrued interest receivable consists of amounts earned on investments and notes at the end of the year. Customer accounts receivable consists of amounts owed from private individuals or organizations for services. (See Note IV B)

Accounts payable and other current liabilities consist of amounts owed to private individuals or organizations for goods and services and employees for amount for which checks have not been prepared.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual

balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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.

### 3. Restricted Assets

These accounts contain resources for debt service in enterprise funds. Certain proceeds of the Water-Sewer Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, certain development fees collected within the Water-Sewer Fund are restricted for capital projects.

The current portion of related liabilities are shown as Payables from Restricted Assets. Specific debt service reserve requirements are described in Note IV item E.

### 4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. (See Note IV C)

In the case of the initial capitalization of general infrastructure (i.e., those reported by government activities) the City chose to include all such items purchased or constructed by the City with an individual cost of more than \$5,000 regardless of their acquisition date. Historical costs had previously been recorded for these items. General infrastructure donated to the city by developers has been recorded from 1977 forward. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.



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

<b>Asset Category</b>	<b>Useful Life</b>
Buildings	50
Infrastructure	10-50
Utility Improvements	10-80
Building Improvements	5-25
Vehicles	3-15
Intangibles	5-10
Office Equipment	5-10
Computer Equipment	5
Software	5

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

#### 5. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, comp time, and a portion of sick leave. The City records all accumulated unused vacation. The City also records a liability for unpaid accumulated sick leave, as certain employees are eligible to receive 25% of their sick leave balance upon retirement. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. (See also Note IV F)

#### 6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Proprietary fund types record bond premiums and discounts, which are capitalized and amortized over the life of the bonds. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expensed in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. (See also Note IV F)

## 7. Unearned Revenue

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria has not been met. (See also Note V H)

## 8. Restricted Net Position

The government-wide statement of net position reports \$6,560,318 of restricted net position, of which \$2,681,192 is restricted by enabling legislation.

## 9. 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 single employer 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 and the City of Camas Fireman's Pension Fund, respectively. 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.

## 10. Fund Balance Classifications

Assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

*Nonspendable:* Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or are legally or contractually required to be maintained intact. Resources in nonspendable form include deferred inflows and outflows, petty cash accounts and revolving funds.

*Restricted:* Fund balance is reported as *restricted* when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed:* Fund balance is reported as *committed* when the City Council passes an ordinance that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance at any time through passage of an additional ordinance.

*Assigned:* Fund balance is reported as *assigned* when the City Council assign amounts for a specific purpose. The City's policy establishing this authorization is to adopt a resolution.

*Unassigned:* Fund balance reported as unassigned represent net resources in excess of nonspendable, restricted, committed and assigned fund balance. Only the general fund and street fund have unassigned fund balance.

When both restricted and unrestricted resources are available, the City's policy is to use restricted resources first, and then unrestricted resources, as they are needed. When committed, assigned or

unassigned amounts are available, the City's policy is to use committed resources first, assigned secondly and finally unassigned resources.

The City displays \$861,683 as assigned working capital in the General Fund. \$700,000 of this is intended as a stabilization fund. This is classified as assigned because the City did not adopt an ordinance to specifically set these funds aside. No requirements or conditions for addition or spending these funds have been established by the City. The City's policy states that the total of all fund balance of the General Fund is expected to remain at 17% of annual budgeted expenditures.

## NOTE II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position." The details of this difference are as follows:

Net position of the internal service funds	\$ 4,028,143
Less: Internal receivable representing cost to business-type activities in excess of charges - prior years	(859,639)
Add: Internal payable representing charges in excess of cost to business-type activities - current year	<u>(208,788)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u><u>2,959,716</u></u>

Another element of that reconciliation explains that "other items related to pension activity that are not financial resources therefore, not reported in the funds." The details of this difference are as follows:

Net pension assets	\$ 2,861,002
Deferred outflows related to pensions	936,262
Deferred inflows related to pensions	<u>(1,559,393)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u><u>2,237,871</u></u>

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

Bonds Payable	\$ 9,363,468
Plus issuance premiums	916,981
Accrued Interest Payable	56,061
Due to other governments	5,903,325
Plus issuance premiums	170,933
Net Pension Liability	4,477,605
Net OPEB Obligation	2,456,553
Impact Fee Credits	159,607
Compensated Absences	<u>1,427,002</u>

Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* \$ 24,931,535

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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, and the capital outlay that was donated to proprietary funds is treated as a transfer out.” The details of this difference are as follows:

Capital Outlay	\$ 4,978,704
Donated Assets to Storm Water Fund	(4,513,430)
Depreciation expense	<u>(5,127,562)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>(4,662,288)</u></u>

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

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	\$ 1,788,298
The statement of activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets; conversely, governmental funds do not report any gain or loss on a trade-in of capital assets	<u>(12,960)</u>
Net adjustment to increase <i>net changes in fund balances - t</i> <i>governmental funds</i> to arrive at <i>changes in net position of</i> <i>governmental activities</i>	<u><u>\$ 1,775,338</u></u>

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

Impact Fee Credit revenues recognized	\$ 170,097
Court receipts	(25,662)
EMS receipts	176,220
State contribution towards LEOFF plan	239,764
Grant revenues recognized	(567,239)
Property taxes	<u>(62,724)</u>
Net adjustments to increase <i>net changes in fund balances total governmental</i> <i>funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (69,544)</u></u>

Another element of that reconciliation states that “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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are capitalized and amortized in the statement of activities.” The details of this difference are as follows:

General obligation debt issued	\$ (7,402,748)
Premium on issuance of debt	(1,049,834)
Debt transferred to business type activities	887,813
Premium on issuance of debt transferred to business type activities	90,690
Principal repayments	<u>1,251,628</u>
Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net position</i> <i>of governmental activities</i>	<u><u>\$ (6,222,451)</u></u>

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

Compensated Absences	\$ 54,076
Accrued Interest	(22,329)
Net Pension Adjustment	275,105
Net OPEB Obligation	(127,254)
Amortization of premium on issuance of debt	<u>59,457</u>
Net adjustment to decrease <i>net changes in fund balances - t</i> <i>governmental funds</i> to arrive at <i>changes in net position of</i> <i>governmental activities</i>	\$ <u>239,055</u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this difference are as follows:

Change in net position of internal service funds	\$ 438,907
Less: Profit from charges to business-type activities	<u>(208,788)</u>
Net adjustment to decrease <i>net changes in fund balances - t</i> <i>governmental funds</i> to arrive at <i>changes in net position of</i> <i>governmental activities</i>	\$ <u><u>230,119</u></u>

### NOTE III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. BUDGETARY INFORMATION

The City of Camas adopted a budget in accordance with provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington.

Biennial appropriated budgets are adopted for the General Fund, special revenue funds and debt service funds not related to special assessments, on the modified accrual basis of accounting. The City Council elected the biennial budget to take the form of two one year budgets. The budgetary basis of accounting differs from generally accepted accounting principles. The budget assumes that all revenues and expenditures as well as associated cash, will be received or expended during the fiscal year.

The City budgets the Cemetery Fund activity as if it was a special revenue fund. However, GAAP requires this activity to be reported with the General Fund, as they do not have significant streams of restricted resources. From a budgetary perspective, the City budgets for the Cemetery activity separate from the General Fund. The budgetary comparison for the General Fund does not include the managerial fund.

Capital project funds and special assessment projects are appropriated as projects are scheduled, on the modified accrual basis of accounting.

Proprietary funds are budgeted on the full accrual basis for management control purposes only.

The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is adopted at the fund level. All appropriations lapse at the end of the year.

Budget amounts shown on the basic financial statements include the original budget amounts and all appropriation transfers and adjustments approved by the City Administrator or City Council as required. The City Administrator is authorized to transfer budget amounts between departments within any fund;

however any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges or other conditions of employment must be approved by the City Council.

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

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

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

**B. DEFICIT FUND BALANCE**

At December 31, 2015, the NW 38<sup>th</sup> Street capital project fund had a deficit fund balance of \$383,052 due to not yet receiving intergovernmental loan proceeds to cover 2015 construction costs. These have been billed, but not received in the period of availability. Further, the Friberg Construction capital project fund has a deficit of \$95,365. This fund's position has improved from the deficit of \$1,365,016 at the end of 2014. The City utilized the line of credit to finance the deficit while waiting for the state reimbursement.

**NOTE IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Deposits:

All of the City's deposits and certificates of deposits are insured either by FDIC, or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. Total public deposits may not exceed one and one-half times its net worth or 30% of the total public funds on deposit statewide in each qualified public depository. If public deposits exceed either of these limitations, it must collateralize the excess at 100%.

Investments:

As of December 31, 2015 the City had the following pooled investments:

Investment Type	Par Value	Fair Value	Weighted Average (Maturity Years)	Weighted Average (To Call)
Washington State Local Investment Pool (LGIP)	\$671,950	\$671,950	0	0
Clark County Investment Pool	\$2,913,531	\$2,913,531	0	0
U.S. Agencies	\$15,140,150	\$15,099,048	2.89(1,040 days)	.12 (43 days)
Total	\$18,725,631	\$18,684,529	2.34 (842 days)	.19 (68 days)

Additionally, the City had the following investments pooled for the benefit of the four non-major capital project bond funds, which are presented in the financial statements as cash equivalents:

Investment Type	Par Value	Fair Value	Weighted Average (Maturity Years)	Weighted Average (To Call)
Clark County Investment Pool	\$3,272,800	\$3,272,800	0	0
US Agencies	\$2,455,000	\$2,462,172	.37	.32

The City also held unpooled securities held for the benefit of City of Camas Water/Sewer Bond Reserve Fund and the Water Sewer Revenue Bond Fund:

Investment Type	Par Value	Fair Value	Weighted Average (Maturity Years)	Weighted Average (To Call)
Clark County Investment Pool	\$3,332,340	\$3,332,340	0	0
US Agencies (Held by Water Sewer Bond Reserve Fund)	\$1,495,515	\$1,480,136	6.32	.04
US Agencies (Held by W/W Revenue Bond Fund)	\$13,604,542	\$13,543,883	1.58	1.58

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages exposure to declines in fair values from interest rates by limiting the weighted average maturity of its investment portfolio to maturities that will fulfill the cash flow needs of the City of Camas. The securities in the portfolio are structured in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information. The maximum average maturity of the portfolio cannot exceed two years. In 2013, the City opted to extend maturities with callable securities. The effective duration of the portfolio is currently 2.34 years with a duration to call of 43 days or .12 years.

*Credit rate risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit risk, state law does not allow general governments to invest in corporate equities.

The ratings of debt securities as of December 31, 2015 are:

Debt Security	Standard and Poor's Credit Rating
Federal National Mortgage Association	AA+
Federal Farm Credit	AA+
Federal Home Loan Corp	AA+

*Concentration of credit risk.* Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City of Camas policy requires that the portfolio be structured to diversify investments to reduce the risk of loss by over-concentration of assets in a specific



maturity, a specific issuer or a specific type of security. Diversification according to City Policy is limited as follows:

Security Type	Portfolio Maximum
Washington State LGIP or Clark County Investment Pool	75%
Single Financial Institution or Single Security Type	25%
Single Federal Agency	25%

The City has investments in government sponsored agencies. The Federal Home Loan Corp securities represent 29.39% of the City's portfolio. Those securities that exceed the portfolio maximum are disclosed below:

Investment Type	Maturity Date	Fair Value	Percentage of Portfolio
Federal Home Loan Corp	8/23/2017	\$1,488,830	3.5%
Federal Home Loan Corp	01/29/2018	\$1,000,016	2.3%
Federal Home Loan Corp	06/12/2018	\$994,958	2.3%
Federal Home Loan Corp	10/15/2018	\$1,185,619	2.8%
Federal Home Loan Corp	07/26/2019	\$1,480,626	3.5%
Federal Home Loan Corp	11/21/2019	\$1,001,339	2.3%
Federal Home Loan Corp	01/08/2020	\$987,290	2.3%
Federal Home Loan Corp	08/18/2020	\$492,728	1.2%
Federal Home Loan Corp	01/10/2020	\$984,760	2.3%
Federal Home Loan Corp	01/10/2023	\$987,408	2.3%
Federal Home Loan Corp	02/19/2016	\$995,010	2.3%
Federal Home Loan Corp	05/27/16	\$972,675	2.3%

*Custodial credit risk (deposits).* Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The City's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) and/or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the City's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

*Custodial credit risk (investments).* Custodial risk for investments is in the event of a failure of the counterparty, the government would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City uses US Bank as the custodial agent for safekeeping of the City's investments. The bank provides monthly reports on the City's securities, all of which are held in the City's name. The investments held by the City at year-end are all book-entry, registered securities.

Reconciliation of cash and investments by type to the statements is detailed in the following tables:

Cash and Investments by Type

Bank of America Checking Account	\$846,697.24
Deposits/Debits in Transit at December 31, 2015	\$9,648.28
Checks/Credits in Transit at December 31, 2015	(\$110,652.31)
Petty Cash	\$5,220.00
State of Washington LOCAL Program (Cash held in trust)	\$35,326.36
Washington State Investment Pool	\$671,950.11
Clark County Investment Pool	\$9,519,086.32
Federal Home Loan Bank	\$11,131,700.00
Federal National Mortgage Association	\$9,434,092.00
Federal Farm Credit Bank	\$6,983,873.00
Financing Corporation (US Agency)	\$5,145,542.00
<u>Grand Total of Cash and Investments by Type</u>	<u>\$43,672,483.00</u>

	Cash & Equivalents, Pooled Investments	Restricted Cash	Restricted Investments
<b>Governmental Funds</b>			
General Fund	\$ 1,955,493	\$ 35,326	
Camas-Washougal Fire & EMS	\$ 25,537		
NW 38th Street Construction	\$ -		
Friberg Construction	\$ -		
Other Governmental Funds	\$ 8,742,245		
<b>Proprietary Funds</b>			
Water-Sewer	\$ 4,619,622	\$ 6,743,812	\$ 15,024,018
Storm Water	\$ 1,576,769		
Solid Waste	\$ 1,292,750		
Internal Service	\$ 1,004,086		
<b>Fiduciary Funds</b>			
Firemen's Pension Fund	\$ 2,552,619		
Agency Fund	\$ 100,206		
	<u>\$ 21,869,327</u>	<u>\$ 6,779,138</u>	<u>\$ 15,024,018</u>
 Grand Total Cash and Investments by Statements			<u>\$ 43,672,483</u>

**B. RECEIVABLES**

Receivables as of December 31, 2015 for the City's individual major funds, nonmajor, internal services and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts, are shown as follows:

	Taxes	Accounts Receivable	Due from Other Gov'ts	Interest	Total
General Fund	\$ 558,026	\$ 28,855	\$ 178,014	\$ 4,236	\$ 769,131
Camas/Wash. Fire-EMS	29,114	477,123	-	-	506,237
NW 38th Street	-	-	672,823	-	672,823
Other Govt. Funds	8,546	5,035	-	-	13,581
Water-Sewer	-	1,603,637	-	8,858	1,612,495
Storm Water	-	220,828	11,808	-	232,636
Solid Waste	-	424,122	-	-	424,122
Internal Service	-	5,886	-	-	5,886
Net Receivables	<u>\$ 595,686</u>	<u>\$ 2,765,486</u>	<u>\$ 862,645</u>	<u>\$ 13,094</u>	<u>\$ 4,236,911</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but have not yet been earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unavailable revenue reported in the governmental funds were as follows:

	Unavailable
Property taxes receivable (general fund)	\$ 113,771
Property taxes receivable (debt service fund)	7,096
Court fines receivable (general fund)	187,120
Grant receivable (38th Street)	672,823
Accounts receivable (fire EMS fund)	422,584
Total deferred/unavailable revenue for governmental funds	<u>\$ 1,403,394</u>

### C. CAPITAL ASSETS

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

	Balance 12/31/14	Reclass assets	Beginning Balance 01/01/15	Increases	Decreases	Ending Balance 12/31/15
<b>Governmental activities:</b>						
Capital assets, not being depreciated						
Land	\$ 59,997,865	\$ 39,460	\$ 60,037,325	\$ 953,280	\$ -	\$ 60,990,605
Land Rights	0	5,563	5,563	1,818,021	-	1,823,584
Construction in progress	11,397,944	(52,801)	11,345,143	777,521	11,293,995	828,669
Total capital assets, not being depreciated	<u>71,395,809</u>	<u>(7,778)</u>	<u>71,388,031</u>	<u>3,548,822</u>	<u>11,293,995</u>	<u>63,642,858</u>
Capital assets, being depreciated/depleted						
Buildings	18,708,589	(388,709)	18,319,880	-	-	18,319,880
Improvements other than buildings	8,996,538	408,877	9,405,415	853,101	16,295	10,242,221
Machinery and equipment	11,627,467	(6,827)	11,620,640	2,572,163	1,582,570	12,610,233
Intangibles	98,459	(5,563)	92,896	13,348	-	106,244
Infrastructure	92,335,575	-	92,335,575	8,485,288	-	100,820,863
Total capital assets being depreciated	<u>131,766,628</u>	<u>7,778</u>	<u>131,774,406</u>	<u>11,923,900</u>	<u>1,598,865</u>	<u>142,099,441</u>
Less accumulated depreciation for:						
Buildings	5,411,272	-	5,411,272	420,318	-	5,831,590
Improvements other than buildings	5,135,233	-	5,135,233	394,068	7,981	5,521,320
Machinery and equipment	7,320,338	-	7,320,338	879,498	1,356,720	6,843,116
Intangibles	82,486	-	82,486	3,358	-	85,844
Infrastructure	58,972,917	-	58,972,917	3,865,790	-	62,838,707
Total accumulated depreciation	<u>76,922,246</u>	<u>-</u>	<u>76,922,246</u>	<u>5,563,032</u>	<u>1,364,701</u>	<u>81,120,577</u>
Total capital assets, being depreciated, net	54,844,382	7,778	54,852,160	6,360,868	234,164	60,978,864
<b>Governmental activities</b>						
capital assets, net	<u>\$ 126,240,191</u>	<u>\$ 0</u>	<u>\$ 126,240,191</u>	<u>\$ 9,909,690</u>	<u>\$ 11,528,159</u>	<u>\$ 124,621,722</u>

	Beginning Balance 01/01/15	Increases	Decreases	Ending Balance 12/31/15
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,014,021	\$ 1,157	\$ -	\$ 1,015,178
Land Rights	-	115,030		115,030
Construction in progress	2,200,875	9,330,640	1,171,240	10,360,275
Total capital assets, not being depreciated:	<u>3,214,896</u>	<u>9,446,827</u>	<u>1,171,240</u>	<u>11,490,483</u>
Capital assets, being depreciated:				
Buildings and system	27,714,330	-	-	27,714,330
Intangibles	14,062	384,549	-	398,611
Improvements other than buildings	8,652,021	-	61,981	8,590,040
Machinery and equipment	28,281,407	23,471	444,844	27,860,034
Infrastructure	68,107,575	6,235,701	-	74,343,276
Total capital assets, being depreciated	<u>132,769,395</u>	<u>6,643,721</u>	<u>506,825</u>	<u>138,906,291</u>
Less accumulated depreciation for:				
Buildings and system	5,977,059	823,870	-	6,800,929
Intangibles*	7,273	2,812	-	10,085
Improvements other than buildings	3,210,260	254,795	52,624	3,412,431
Machinery and equipment	8,741,856	916,015	379,395	9,278,476
Infrastructure	18,779,877	1,593,834	-	20,373,711
Total accumulated depreciation	<u>36,716,325</u>	<u>3,591,326</u>	<u>432,019</u>	<u>39,875,632</u>
Total capital assets, being depreciated, net	96,053,070	3,052,395	74,806	99,030,659
<b>Business-type activities</b>				
<b>capital assets, net</b>	<u>\$ 99,267,966</u>	<u>\$ 12,499,222</u>	<u>\$ 1,246,046</u>	<u>\$ 110,521,142</u>

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

**Governmental activities:**

General government	\$ 89,960
Public safety	367,564
Transportation, including depreciation of general infrastructure assets	4,021,786
Physical environment	4,924
Culture and recreation	643,327
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>435,471</u>
Total depreciation expense—governmental activities	<u>\$5,563,032</u>

**Business-type activities:**

Water-Sewer	\$3,071,893
Storm Water Drainage	<u>504,168</u>
Total depreciation expense—business-type activities	<u>\$3,576,061</u>

Significant Commitments

The City has remaining construction projects as of December 31, 2015. They include Governmental and Business type projects. While these projects have contracts issued for their construction, there is not an immediate liability to the City. Rather, the contracts represent a commitment that should be disclosed. The following lists these commitments:

## Governmental Type Construction Projects:

Project	Projects to Date	Remaining Commitment
NW Friberg/Strunk Construction	\$5,823,250	\$50,000
Street Lighting LED Project	\$282,298	\$2,826,508
NW Brady Road Street Improvements	\$201,090	\$1,278,000
NW 6 <sup>th</sup> & Norwood Signal	\$1,070,020	\$2,150,000
Cooper's View Park	\$55,449	\$565,000
Fire Truck Acquisition	\$0	\$503,000

## Business Activity Construction Projects:

Project	Projects to Date	Remaining Commitment
544 Pressure Zone Project – Water Treatment Facility	\$7,773,213	\$6,000,000
Sewer Transmission Main	\$3,239,712	\$960,288
NUGA Sewer Transmission Main	\$338,308	\$16,835,770

**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Loans between funds are classified as interfund loans receivable or payable or as advances to and from other funds on the Statement of Net Position. Within the City, one fund may borrow from another when specifically authorized by council resolution. Due to other funds and due from other funds result from work performed or services rendered to or for the benefit of another fund of the same government.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These are transfers to support other funds without a requirement for repayment. The interfund transfer activity for the year is as follows:

<b>Transfers Out:</b>					
<b>Transfers In:</b>	Emergency Management Services	NW 38th Street Construction	Friberg Construction	Non Major Governmental	Total
General Fund	\$ 2,919,590	\$ -	\$ -	\$ 1,850,571	\$ 4,770,161
EMS	-	-	-	36,102	36,102
Nonmajor Govt.	-	500,380	1,000,759	1,108,732	2,609,871
Total	<u>\$ 2,919,590</u>	<u>\$ 500,380</u>	<u>\$ 1,000,759</u>	<u>\$ 2,995,405</u>	<u>\$ 7,416,134</u>

At the Government wide level, governmental activities transferred capital assets of \$4,465,815 to the Storm Water and Water Sewer Utility Funds. Along with these assets, the related debt of \$887,626 was transferred to the Storm Water Fund. At the fund level, this is shown as contributed capital in the proprietary fund statements.

Interfund transactions usually involve the exchange of goods and services between funds in a normal business relationship. At December 31, 2015, there are no interfund receivable or payables.

**E. RESTRICTED COMPONENT OF NET POSITION**

The balances of the restricted net position in the enterprise funds are as follows:

	Amount
Revenue bond debt service account - Water-Sewer	\$ 1,548,179
Capital Reserve Account - Water-Sewer	2,208,041
	<u>3,756,220</u>

**F. LONG-TERM DEBT**

**1. General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major governmental activity capital facilities. In 2015, the City issued \$7,325,000 in non-voted bonds to be used to finance capital projects. The City had \$10,126,000 in general obligation bonds outstanding on December 31, 2015.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and financed from general revenues.

General obligation bonds currently outstanding are as follows:

Name & Amount of Issuance	Governmental Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2005 Unlimited GO (\$5,432,000)	Refunding	10/11/2005	12/1/2020	3.70%	2,801,000
2015 Limited GO (\$7,325,000)	Capital	3/18/2015	12/1/2035	2.0% to 5.0%	7,325,000
Total General Obligation Bonds					<u>\$ 10,126,000</u>

\$37,056 is available in the Debt Service Funds to service the 2005 Unlimited General Obligation Bonds.

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

General Obligation Bonds						
Governmental Activities				Business Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2016	\$ 742,975	393,841	1,136,816	\$ 26,025	\$ 33,721	\$ 59,746
2017	770,454	370,159	1,140,613	26,546	33,200	59,746
2018	790,934	343,736	1,134,670	27,066	32,669	59,735
2019	820,893	317,900	1,138,793	28,107	31,857	59,964
2020	853,852	289,225	1,143,077	29,148	31,014	60,162
2021-2025	1,397,603	1,182,117	2,579,720	162,397	137,358	299,755
2026-2030	1,751,484	830,051	2,581,535	203,516	96,449	299,965
2031-2035	2,235,450	346,266	2,581,716	259,730	40,234	299,964
	<u>\$ 9,363,645</u>	<u>\$ 4,073,295</u>	<u>\$ 13,436,940</u>	<u>\$ 762,535</u>	<u>\$ 436,502</u>	<u>\$ 1,199,037</u>

Annual debt service requirements to maturity for each of general obligation bonds are as follows:

2005 Unlimited Tax GO Refunding Bonds				
	Coupon Rates	Principal	Interest	Total Requirements
2016	3.70	\$ 519,000	103,637	622,637
2017	3.70	542,000	84,434	626,434
2018	3.70	558,000	62,580	620,580
2019	3.70	579,000	43,732	622,732
2020	3.70	603,000	22,311	625,311
		<u>\$ 2,801,000</u>	<u>\$ 316,694</u>	<u>\$ 3,117,694</u>



2015 Limited Tax GO Bonds					
	Coupon				Total
	Rates		Principal	Interest	Requirements
2016	2.00%	\$	250,000	323,925	573,925
2017	2.00		255,000	318,925	573,925
2018	3.00		260,000	313,825	573,825
2019	3.00		270,000	306,025	576,025
2020	4.00		280,000	297,925	577,925
2021-2025	2.5%-5.0%		1,560,000	1,319,475	2,879,475
2026-2030	5.00		1,955,000	926,500	2,881,500
2031-2035	5.00		2,495,000	386,500	2,881,500
		\$	7,325,000	\$ 4,193,100	\$ 11,518,100

## 2. Government Loans

The City has also received government loans to provide for construction of capital projects. Government loans outstanding at year-end are as follows:

Name & Amount of Issuance	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
<u>Governmental Activities</u>					
1996 PWTF (\$1,350,000)	Capital	8/21/1996	7/1/2016	3.00%	\$ 96,428
1997 PWTF (\$900,000)	Capital	7/1/1997	7/1/2017	3.00%	115,714
2001 PWTF (\$613,731)	Capital	3/26/2001	7/1/2022	0.50%	199,508
2003 PWTF (\$2,350,000)	Capital	5/21/2004	7/1/2023	0.50%	1,151,901
2009 State LOCAL (\$408,840)	Capital	6/23/2009	1/9/2016	4.01%	33,040
2012 PWTF (\$2,600,000)	Capital	12/13/2011	6/1/2031	0.50%	2,214,491
2013 State LOCAL (\$1,715,000)	Capital	8/22/2013	6/1/2028	3.52%	1,545,000
2013 State LOCAL (\$259,767)	Capital	8/22/2013	6/1/2021	2.61%	280,495
2013 PWTF (\$300,000)	Capital	6/3/2013	6/1/2018	1.00%	156,425
2013 State LOCAL (\$159,985)	Capital	8/22/2013	6/1/2019	1.62%	110,323
Governmental Total					<u>5,903,325</u>
<u>Business-type Activities</u>					
1999 PWTF (\$3,195,000)	Water-Sewer	5/5/1999	7/1/2019	1.00%	676,368
Comm. Econ. Revital. Board (\$600,000)	Water-Sewer	1/1/2001	1/1/2016	5.85%	55,514
1996 Department of Ecology (EPA) (\$1,185,920)	Water-Sewer	1996	4/17/2017	4.30%	127,547
1998 Department of Ecology (EPA) (\$8,826,516)	Water-Sewer	1998	9/15/2020	4.10%	2,939,750
2007 PWTF (\$1,000,000)	Water-Sewer	8/6/2007	7/1/2027	0.50%	541,668
2008 PWTF (\$10,000,000)	Water-Sewer	3/7/2008	7/1/2028	0.50%	7,218,421
2009 ARRA (\$1,313,000)	Water-Sewer	4/27/2009	10/1/2032	1.00%	493,078
2011 DOE (\$5,168,026)	Water-Sewer	1/10/2011	6/30/2032	2.80%	4,591,593
2012 PWTF (\$3,740,000)	Water-Sewer	8/9/2012	6/1/2032	0.50%	2,358,345
2012 PWTF (\$10,513,790)	Water-Sewer	4/9/2013	10/1/2036	1.00%	6,974,474
2012 PWTF (\$2,600,000)	Storm Water	12/13/2011	6/1/2031	0.50%	56,704
2013 PWTF (\$300,000)	Storm Water	6/3/2013	6/1/2018	1.00%	68,575
2015 Steigerwald (\$384,549)	Water-Sewer	9/8/2015	7/1/2025	3.75%	384,549
Business-type Total					<u>26,486,586</u>
<i>Total Government Loans</i>					<u>\$ 32,389,911</u>

Government loan debt service requirements to maturity are as follows:

Governmental Activities			
	Principal	Interest	Total Requirements
2016	\$ 700,765	\$ 113,588	\$ 814,353
2017	573,285	101,059	674,344
2018	523,092	90,388	613,480
2019	479,038	80,321	559,359
2020	456,265	71,143	527,408
2021-2025	1,890,446	222,063	2,112,509
2026-2030	1,142,028	41,966	1,183,994
2031	138,406	692	139,098
	<u>\$ 5,903,325</u>	<u>\$ 721,220</u>	<u>\$ 6,624,545</u>

Business-type Activities			
	Principal	Interest	Total Requirements
2016	1,926,904	339,653	2,266,557
2017	2,210,003	496,802	2,706,805
2018	2,198,395	326,790	2,525,185
2019	2,208,643	283,958	2,492,601
2020	2,073,989	240,018	2,314,007
2021-2025	7,336,264	835,325	8,171,589
2026-2030	6,070,414	398,935	6,469,349
2031-2035	2,595,929	86,892	2,682,821
2036	348,723	3,487	352,210
	<u>\$ 26,969,264</u>	<u>\$ 3,011,860</u>	<u>\$ 29,981,124</u>

Annual debt service requirements to maturity for each of the individual governmental loans are as follows:

1996 Public Works Trust Fund Loan-Parker St			
	Principal	Interest	Total Requirements
2016	\$ 96,428	\$ 2,893	\$ 99,321
	<u>\$ 96,428</u>	<u>\$ 2,893</u>	<u>\$ 99,321</u>

1997 Public Works Trust Fund Loan-Parker St.

	Principal	Interest	Total Requirements
2016 \$	57,857	\$ 3,471	\$ 61,328
2017	57,857	1,736	59,593
\$	<u>115,714</u>	<u>\$ 5,207</u>	<u>\$ 120,921</u>

2001 Public Works Trust Fund Loan-SE 1st Ave

	Principal	Interest	Total Requirements
2016 \$	33,252	\$ 998	\$ 34,250
2017	33,252	831	34,083
2018	33,251	665	33,916
2019	33,251	499	33,750
2020	33,251	333	33,584
2021	33,251	166	33,417
\$	<u>199,508</u>	<u>\$ 3,492</u>	<u>\$ 203,000</u>

2003 Public Works Trust Fund Loan-SE 1st Ave

	Principal	Interest	Total Requirements
2016 \$	143,988	\$ 5,760	\$ 149,748
2017	143,988	5,040	149,028
2018	143,988	4,320	148,308
2019	143,987	3,600	147,587
2020	143,987	2,880	146,867
2021-2023	431,963	4,320	436,283
\$	<u>1,151,901</u>	<u>\$ 25,920</u>	<u>\$ 1,177,821</u>

2009 Local Option Capital Asset Lending (LOCAL) Loan

	Principal	Interest	Total Requirements
2016 \$	33,040	\$ 663	\$ 33,703
\$	<u>33,040</u>	<u>\$ 663</u>	<u>\$ 33,703</u>

**2012 Public Works Trust Fund Loan-38th St**

	Governmental Activities			Business Type Activities (Storm)		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2016 \$	138,406	\$ 11,072	\$ 149,478	\$ 3,544	\$ 284	\$ 3,828
2017	138,406	10,380	148,786	3,544	266	3,810
2018	138,406	9,688	148,094	3,544	248	3,792
2019	138,406	8,996	147,402	3,544	231	3,775
2020	138,406	8,304	146,710	3,544	213	3,757
2021-2025	692,028	31,140	723,168	17,720	798	18,518
2026-2030	692,028	13,841	705,869	17,720	355	18,075
2031	138,405	692	139,097	3,544	18	3,562
\$	<u>2,214,491</u>	<u>\$ 94,113</u>	<u>\$ 2,308,604</u>	<u>\$ 56,704</u>	<u>\$ 2,413</u>	<u>\$ 59,117</u>

**2013 Local Option Capital Asset Lending (LOCAL) Loan--Community Center**

	Principal	Interest	Total Requirements
2016 \$	90,000	\$ 70,150	\$ 160,150
2017	90,000	67,000	157,000
2018	95,000	62,825	157,825
2019	100,000	57,950	157,950
2020	105,000	52,825	157,825
2021-2025	615,000	177,375	792,375
2026-2028	450,000	28,125	478,125
\$	<u>1,545,000</u>	<u>\$ 516,250</u>	<u>\$ 2,061,250</u>

**2013 Local Option Capital Asset Lending (LOCAL) Loan--Ambulance**

	Principal	Interest	Total Requirements
2016 \$	25,908	\$ 4,341	\$ 30,249
2017	26,833	3,416	30,249
2018	28,071	2,177	30,248
2019	29,511	738	30,249
\$	<u>110,323</u>	<u>\$ 10,672</u>	<u>\$ 120,995</u>

2013 Local Option Capital Asset Lending (LOCAL) Loan--HVAC

	Principal	Interest	Total Requirements
2016 \$	29,746 \$	12,676 \$	42,422
2017	30,809	11,613	42,422
2018	32,231	10,191	42,422
2019	33,884	8,538	42,422
2020	35,621	6,801	42,422
20121-2023	118,204	9,062	127,266
\$	<u>280,495</u> \$	<u>58,881</u> \$	<u>339,376</u>

2013 Public Works Trust Fund Loan-NW Friberg/NW Goodwin

Governmental Activities				Business Type Activities			
	Principal	Interest	Total Requirements		Principal	Interest	Total Requirement
2016 \$	52,140	\$ 1,564	\$ 53,704	\$	22,860	\$ 686	\$ 23,546
2017	52,140	1,043	53,183		22,860	457	23,317
2018	52,145	521	52,666		22,855	229	23,084
\$	156,425	\$ 3,128	\$ 159,553	\$	68,575	\$ 1,372	\$ 69,947

1999 Public Works Trust Fund Loan-WWTP Upgrade

	Principal	Interest	Total Requirements
2016 \$	169,092	6,764	175,856
2017	169,092	5,073	174,165
2018	169,092	3,382	172,474
2019	169,092	1,691	170,783
\$	<u>676,368</u> \$	<u>16,910</u> \$	<u>693,278</u>

2001 Community Economic Revitalization Board

	Principal	Interest	Total Requirements
2016	55,514	3,247	58,761
\$	<u>55,514</u> \$	<u>3,247</u> \$	<u>58,761</u>

1996 Department of Ecology (EPA) Loan-STP

	Principal	Interest	Total Requirements
2016 \$	84,124 \$	4,590 \$	88,714
2017	43,423	934	44,357
\$	<u>127,547</u> \$	<u>5,524</u> \$	<u>133,071</u>

1998 Department of Ecology (EPA) Loan-STP

	Principal	Interest	Total Requirements
2016 \$	541,219	\$ 115,039	\$ 656,258
2017	563,637	92,621	656,258
2018	586,983	69,275	656,258
2019	611,296	44,962	656,258
2020	636,615	19,642	656,257
\$	<u>2,939,750</u>	<u>\$ 341,539</u>	<u>\$ 3,281,289</u>

2007 Public Work Trust Fund Loan-WWTP Design

	Principal	Interest	Total Requirements
2016 \$	45,139	\$ 2,708	\$ 47,847
2017	45,139	2,483	47,622
2018	45,139	2,257	47,396
2019	45,139	2,031	47,170
2020	45,139	1,806	46,945
2021-2025	225,695	5,642	231,337
2026-2027	90,278	677	90,955
\$	<u>541,668</u>	<u>\$ 17,604</u>	<u>\$ 559,272</u>

2008 Public Work Trust Fund Loan-WWTP Construction

	Principal	Interest	Total Requirements
2016 \$	555,263	\$ 36,092	\$ 591,355
2017	555,263	33,316	588,579
2018	555,263	30,539	585,803
2019	555,263	27,763	583,026
2020	555,263	24,987	580,250
2021-2025	2,776,316	83,290	2,859,606
2026-2028	1,665,789	16,658	1,682,447
\$	<u>7,218,421</u>	<u>\$ 252,646</u>	<u>\$ 7,471,066</u>

2009 ARRA Loan-Well #14

			Total
	Principal	Interest	Requirements
2016	\$ 30,817	\$ 4,931	\$ 35,748
2017	30,817	4,623	35,440
2018	30,817	4,314	35,131
2019	30,817	4,006	34,823
2020	30,817	3,698	34,515
2021-2025	154,088	13,868	167,956
2026-2030	154,088	6,164	160,252
2031	30,817	308	31,125
	<u>\$ 493,078</u>	<u>\$ 41,912</u>	<u>\$ 534,990</u>

2011 Department of Ecology Loan

			Total
	Principal	Interest	Requirements
2016	\$ 222,083	\$ 127,764	\$ 349,847
2017	228,382	121,465	349,847
2018	234,859	114,988	349,847
2019	241,520	108,327	349,847
2020	248,370	101,477	349,847
2021-2025	1,351,596	397,639	1,749,235
2026-2030	1,554,453	194,781	1,749,234
2031-2032	510,330	14,440	524,770
	<u>\$ 4,591,593</u>	<u>\$ 1,180,881</u>	<u>\$ 5,772,474</u>

2012 Public Works Trust Fund -- Surface Water Supply

			Total
	Principal	Interest	Requirements
2016	\$ -	\$ -	\$ -
2017	348,724	197,272	545,996
2018	348,724	66,257	414,981
2019	348,724	62,770	411,494
2020	348,724	59,283	408,007
2021-2025	1,743,618	244,107	1,987,725
2026-2030	1,743,618	156,926	1,900,544
2031-2035	1,743,618	69,744	1,813,362
2036	348,724	3,487	352,211
	<u>\$ 6,974,474</u>	<u>\$ 859,846</u>	<u>\$ 7,834,320</u>



2012 Public Works Trust Fund--Sewer Main

	Principal	Interest	Total Requirements
2016 \$	138,726	\$ 8,179	\$ 146,905
2017	138,726	11,098	149,824
2018	138,726	10,404	149,130
2019	138,726	9,711	148,437
2020	138,726	9,017	147,743
2021-2025	693,631	34,682	728,313
2026-2030	693,631	17,341	710,972
2031-2032	277,454	2,081	279,535
\$	<u>2,358,346</u>	<u>\$ 102,513</u>	<u>\$ 2,460,859</u>

2015 Steigerwald Contract --Washougal

	Principal	Interest	Total Requirements
2016	28,355	24,542	52,898
2017	30,228	22,669	52,898
2018	32,225	20,672	52,898
2019	34,354	18,544	52,898
2020	36,623	16,274	52,898
2021-2025	222,763	41,726	264,489
	<u>384,549</u>	<u>\$ 144,428</u>	<u>\$ 528,977</u>

3. Revenue Bonds

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from enterprise fund revenues. The original amount of revenue bonds issued in prior years was \$9,890,000. In 2015, the City advance refunded \$3,640,000 and issued new bonds for capital improvements to the system in the amount of \$15,055,000. The water sewer revenue bonds are issued to finance capital projects. Revenue bonds outstanding at year-end are as follows:

Revenue bond debt service requirements to maturity are as follows:

<u>Name &amp; Amount of Issuance</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
2007 Water Sewer (\$5,520,000 - partially refunded)	9/5/2007	12/1/2017	5.00%	545,000
2015 Water Sewer Refunding (\$19,145,000)	9/10/2015	12/1/2035	2.0% to 5.0%	<u>19,095,000</u>
<i>Total Revenue Bonds</i>				<u>\$ 19,640,000</u>

Revenue Bonds			
	Principal	Interest	Total Requirements
2016	\$ 705,000	\$ 1,000,235	\$ 1,705,235
2017	695,000	978,185	1,673,185
2018	720,000	814,175	1,534,175
2019	735,000	799,775	1,534,775
2020	745,000	785,075	1,530,075
2021-2025	4,160,000	3,500,675	7,660,675
2026-2030	5,245,000	2,415,850	7,660,850
2031-2035	6,635,000	1,027,750	7,662,750
	<u>\$ 19,640,000</u>	<u>\$ 11,321,720</u>	<u>\$ 30,961,720</u>

The maximum annual debt service of \$1,563,525 is required to be set aside in the reserve account of the Water-Sewer Fund in accordance with bond requirements. The amount presented on the financial statements is \$1,548,179 which is the required investment of \$1,563,525 net of the fair value loss. Annual debt service requirements to maturity for each of the individual revenue bonds are as follows:

2007 Water-Sewer Bond				
	Coupon Rates	Principal	Interest	Total Requirements
2016	5.00	\$ 265,000	\$ 168,960	\$ 433,960
2017	5.00	280,000	155,710	435,710
		<u>\$ 545,000</u>	<u>\$ 324,670</u>	<u>\$ 869,670</u>

2015 Water-Sewer Bond/Refunding Bond				
	Coupon Rates	Principal	Interest	Total Requirements
2016	2.00	\$ 440,000	\$ 831,275	\$ 1,271,275
2017	2.00	415,000	822,475	1,237,475
2018	2.00	720,000	814,175	1,534,175
2019	2.00	735,000	799,775	1,534,775
2020	3.00	745,000	785,075	1,530,075
2021-2025	3.0 to 5.0	4,160,000	3,500,675	7,660,675
2026-2030	4.0 to 5.0	5,245,000	2,415,850	7,660,850
2031-2035	3.15-3.27	6,635,000	1,027,750	7,662,750
		<u>\$ 19,095,000</u>	<u>\$ 10,997,050</u>	<u>\$ 30,092,050</u>

The City is required by revenue bond indenture ordinances to maintain debt service coverage of its revenue bonded debt of at least 1.25. Total operating revenues less operating expenses, not including depreciation and amortization, must be at least 1.25 times the maximum principal and interest due in any one year until date of retirement of the bonds. Debt service coverage from operating revenues for the year ended December 31, 2015 was 3.43.

4. Arbitrage

The City has four bond issues subject to arbitrage calculations for the Internal Revenue Service. The first bond, 2005 Unlimited Tax General Obligation Refunding Bonds does not have a rebatable arbitrage liability due to the negative arbitrage calculation of \$10,629, with a final calculation due October 11, 2020. The second bond issue, 2007 Water and Sewer Revenue Bonds also has a negative arbitrage calculation of \$156,496 and has been refunded in 2015. The third bond, 2015 Limited Tax General Obligation Bonds will be subject to arbitrage calculations with the first calculation scheduled for March 18, 2020. The fourth bond issue, 2015 Water and Sewer Revenue and Refunding Bonds will be subject to arbitrage calculations with the first calculation scheduled for September 10, 2020.

5. Advance Refunding

In September 2015, the City issued \$19,145,000 for the purpose of issuing new bonds and advance refunding \$450,000 of 1998 Water Sewer Refunding Bonds and \$3,190,000 of 2007 Water-Sewer Bonds. The Par value of the refunding bonds is \$3,565,000. The net present value savings of the refunding portions is \$182,429. The nominal savings is \$198,200.

6. Compensated Absences

Accumulated amounts of vacation and sick leave are accrued as an expenditure when incurred in Proprietary Funds, but only the amount of reimbursable unused vacation leave payable to employees who have terminated their employment as of the end of the fiscal year is shown as a liability in governmental funds. The remainder of the liability is reported in the governmental activities column of the Statement of Net Position.

As of December 31, 2015, the recorded liability on the government-wide statements for vacation and sick leave is \$1,621,690, with \$1,454,119 recorded in governmental activities and \$167,571 in business-type activities. City employees receive vacation and sick leave time at monthly rates established by city ordinance or union agreement. Vacation is accrued monthly by employees at annual rates ranging from 8 to 30 days depending upon tenure and union agreements with a maximum accrual limit of 50 days. Sick leave accruals vary, depending upon union agreement, between 8 and 18 hours per month. Vacation pay is paid upon termination or retirement, and 25% of sick pay is paid upon retirement.

### Changes in Long-Term Liabilities

The following is a summary of long-term debt changes of the City for the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$ 3,301,000	\$ 7,325,000	\$ 1,262,533	\$ 9,363,467	\$ 742,975
Less deferred amounts					
For issuance premiums (discounts)	-	1,049,833	132,852	916,981	46,041
Total bonds payable	3,301,000	8,374,833	1,395,385	10,280,448	789,016
Government loans	6,702,484	77,748	876,907	5,903,325	700,765
Less deferred amounts					
For Issuance premiums (discounts)	190,234	-	17,295	172,939	17,295
Total government loans	6,892,718	77,748	894,202	6,076,264	718,060
OPEB obligation	2,340,281	129,400	-	2,469,681	-
Net Pension Liability	2,993,887	1,750,059	-	4,743,946	-
Compensated absences	1,533,153	1,165,863	1,244,897	1,454,119	145,412
Governmental activity long-term liabilities	\$ 17,061,039	\$ 11,497,903	\$ 3,534,484	\$ 25,024,458	\$ 1,652,488
<b>Business-type activities</b>					
General obligation bonds	\$ -	\$ 762,533	\$ -	\$ 762,533	\$ 26,025
Revenue bonds	4,870,000	19,145,000	4,375,000	19,640,000	705,000
Less deferred amounts					
For issuance premiums (discounts) on refunding	71,967	2,727,944	119,770	2,680,141	181,862
Total bonds payable	4,941,967	22,635,477	4,494,770	23,082,674	912,887
Government loans	22,495,857	5,693,215	1,702,486	26,486,586	1,896,737
OPEB obligation	109,825	15,022	6,690	118,157	-
Net Pension Liability	1,409,861	13,356	-	1,423,217	-
Compensated absences	222,605	141,756	196,790	167,571	16,757
Business-type activity long-term liabilities	\$ 29,180,115	\$ 28,498,826	\$ 6,400,736	\$ 51,278,205	\$ 2,826,381

Governmental activities transferred \$125,274 of government loans and \$762,353 of general obligation bonds to the Storm Water Fund, when storm assets were related to two completed projects were transferred in 2015.

The City of Washougal acquired land from the Port of Camas/Washougal to develop a well field near the Steigerwald Wildlife Refuge on the Columbia River. The City of Camas entered into an Utilities Cooperation Agreement for Water System Development with the City of Washougal for 60% Capacity Allocation. In exchange, the City of Camas agrees to pay 60% of the real estate agreement to the City of Washougal for ten years (\$52,897.72 for ten years).

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 internal service funds compensated absences are \$27,117, net pension liability is \$266,341 and OPEB liability is \$13,128. Also, for the governmental activities, claims and judgments, compensated absences and net other post-employment benefit obligations are generally liquidated by operating funds, such as the General Fund, Street Fund, and the Camas/Washougal Fire and Emergency Management Services Fund.

The City's legal limit of indebtedness is 1½% of assessed property value without a vote of the taxpayers and 2½% with a vote of the taxpayers. At December 31, 2015, the remaining nonvoted and voted remaining capacity was \$36,636,674 and \$80,553,186, respectively.

#### **G. SHORT-TERM DEBT**

The City obtained a tax anticipation note authorized at \$7,000,000 for the purpose of paying expenditures of the City's construction and other funds, pending the receipt of taxes, debt proceeds and other revenues. This note is drawn down as needed, similar to a line of credit. The following funds shared in the borrowing: General Fund, Cemetery, 38<sup>th</sup> Avenue Construction, Friberg-Strunk Construction, Camas Washougal Fire and EMS fund, Community Center Capital, and Equipment Rental.

The beginning balance of the line of credit was \$1,798,549, including accrued interest of \$1,347. During 2015, proceeds of \$7,273,628 and repayments of \$8,302,224 were made. At December 31, 2015 the balance of the line of credit was \$768,606.

### **NOTE V. OTHER DISCLOSURES**

#### **A. RISK MANAGEMENT**

The City is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 179 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

In the past three years, the City has not had any settlements exceeding the City's coverage with WCIA.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

## **B. PROPERTY TAXES**

The county treasurer bills and collects all property taxes and remits the City's share once daily. Property taxes are recognized when levied, and measurable and available to finance expenditures of the current period. Property taxes not available to finance the current period are disclosed as unearned revenue on the balance sheet.

A city is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following reasons:

- The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all the districts exceed this amount, each is proportionately reduced until total is at or below the one percent limit.
- Washington State Law RCW 84.55.010 limits the growth of regular property taxes to one percent per year or by the Implicit Price Deflator per year (whichever is lower), after adjustments for new construction. If the assessed valuation increases by more than one percent due to revaluation, the levy will decrease.
- The City may voluntarily levy taxes below the legal limit.

Property tax is recorded as a receivable and revenue when levied. No allowance is recorded for uncollectible tax because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal and delinquent taxes are evaluated annually.

The City's regular levy for 2015 was \$3.40 per \$1,000 on an assessed valuation of \$3.058 (billion) for a total regular levy of \$10,381,661.

Special levies approved by the voters are not subject to the limitations described above. In 2015, the City levied an additional \$.40 per \$1,000 to provide emergency medical services for a total additional levy of \$1,235,230. Further, in 2015, the City levied an additional \$.21 for payment of library bonds for a total additional levy of \$626,112.

## **C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

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

Aggregate Pension Amounts - All Plans	
Pension Liabilities	\$ 6,167,163
Pension Assets	\$ 5,413,621
Deferred outflows of resources	\$ 1,315,820
Deferred inflows of resources	\$ 1,952,197
Pension expense/expenditures	\$ 921,253

#### 1. State Sponsored Pension Plans

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

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

Department of Retirement Systems  
Communications Unit  
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).

#### 2. Public Employees' Retirement System (PERS)

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

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

## Contributions

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

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

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

The City's actual contributions to the plan were \$13,466 for the year ended December 31, 2015.

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

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

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

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



#### Contributions

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

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

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

The City's actual contributions to the plan were \$723,294 for the year ended December 31, 2015.

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

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

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

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

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

#### Contributions

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

*LEOFF Plan 2* provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits

are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

#### Contributions

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

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

The City's actual contributions to the plan were \$389,941 for the year ended December 31, 2015.

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

#### 4. Actuarial Assumptions

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

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

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

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

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

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

#### 5. Discount Rate

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

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

#### 6. Long-Term Expected Rate of Return

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

#### 7. Estimated Rates of Return by Asset Class

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

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

#### 8. Sensitivity of NPL

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 4,066,254	\$ 3,340,053	\$ 2,715,355
PERS 2/3	\$ 8,266,616	\$ 2,827,110	\$ (1,337,716)
LEOFF 1	\$ (203,759)	\$ (318,215)	\$ (415,920)
LEOFF 2	\$ 2,546,437	\$ (2,542,787)	\$ (6,372,622)

#### 9. Pension Plan Fiduciary Net Position

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

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

At June 30, 2015, the City reported a total pension liability of \$3,306,161 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 3,340,053
PERS 2/3	\$ 2,827,110
LEOFF 1	\$ (318,215)
LEOFF 2	\$ (2,542,787)

The amount of the liability/ (asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net

pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	Liability (or Asset)
LEOFF 2 – employer’s proportionate share	\$ (2,542,787)
LEOFF 2 – State’s proportionate share of the net pension liability/(asset) associated with the employer	(1,681,297)
TOTAL	\$ (4,224,084)

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

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.059601%	0.063852%	0.004251%
PERS 2/3	0.073414%	0.079123%	0.005709%
LEOFF 1	0.026185%	0.026403%	0.000218%
LEOFF 2	0.211038%	0.247401%	0.036363%

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

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

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

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

## Pension Expense

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

	Pension Expense
PERS 1	\$ 130,549
PERS 2/3	\$ 729,888
LEOFF 1	\$ (64,592)
LEOFF 2	\$ 125,408
TOTAL	\$ 921,253

## Deferred Outflows of Resources and Deferred Inflows of Resources

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

<b>PERS 1</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 182,737
Contributions subsequent to the measurement date	177,728	-
<b>TOTAL</b>	<b>\$ 177,728</b>	<b>\$ 182,737</b>

<b>PERS 2/3</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 300,523	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	754,704
Changes of assumptions	4,555	-
Changes in proportion and differences between contributions and proportionate share of contributions	183,696	-
Contributions subsequent to the measurement date	222,513	-
<b>TOTAL</b>	<b>\$ 711,287</b>	<b>\$ 754,704</b>

<b>LEOFF 1</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 53,721
<b>TOTAL</b>	\$ -	\$ 53,721

<b>LEOFF 2</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 222,663	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	770,451
Changes of assumptions	6,707	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	190,583
Contributions subsequent to the measurement date	197,434	-
<b>TOTAL</b>	\$ 426,804	\$ 961,034

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

Year ended December 31:	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2016	\$ (70,823)	\$(150,877)	\$(20,846)	\$(293,722)
2017	(70,823)	(150,877)	(20,846)	(293,722)
2018	(70,823)	(150,877)	(20,846)	(293,725)
2019	29,731	186,702	8,816	140,553
2020	-	-	-	7,461
Thereafter	-	-	-	1,492

#### CITY OF CAMAS FIREMAN'S PENSION FUND

The Firemen Pension Plan is not administered by DRS, but by the City of Camas.

The City is the administrator of a single employer defined benefit pension plan, the Firemen's Pension Fund. The plan is limited to firefighters and beneficiaries employed before March 1, 1970, and as of March 1, 1970, the plan was closed to new entrants. Firefighters hired before March 1, 1970 at retirement receive

the greater of the pension benefit provided under this plan or under the LEOFF plan. Any excess benefit over the LEOFF benefit is provided by the city plan. Future benefits paid under this plan are pension difference payments. This Plan is closely tied to the LEOFF plan therefore; the LEOFF board would be considered the Plan's board. Further, the state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. Any changes to the LEOFF plans filter over to the City's Firemen Pension Plan.

The plan presently has three inactive individuals retired under the LEOFF plan, but drawing excess benefits from this plan. There are no inactive employees entitled to, but not receiving benefits. Nor are there any active employees eligible to receive benefits. All other firefighter pension benefits are provided under the state pension system, LEOFF.

There are no contribution requirements for this plan, as it is fully funded. There is no separate publicly available report for the Firemen's Pension Fund.

### **Actuarial Assumptions and Other Inputs**

The total pension liability (TPL) for Firemen's Pension plan was determined using the most recent actuarial valuation completed with a valuation date of January 1, 2015. The actuarial assumptions used in the valuation were based on the results of the Independent Actuaries, Inc.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of December 31, 2015, assuming no actuarial gains or losses. Plan liabilities were rolled forward from January 1, 2015, reflecting each plan's normal cost (using the Entry Age Normal method), assumed interest and actual benefit payments.

- **Inflation:** 2.5% total economic inflation
- **Salary increases:** There are no salary related changes necessary as all plan participants are retired.
- **Future Benefit Increases:** Benefits were assumed to inflate at different rates for each of the three benefits. The rate increases ranged from 14.0% to 3.0%.
- **Investment rate of return:** 4.0%

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.

The discount rate used to measure the total pension liability was 4.0 percent. The long-term expected rate of return on the pension plan investments of 4.0% is based on an assumed inflation rate of 2.5%, plus an assumed 1.5% real rate of return on invested assets. The assumed real rate of return reflects the likelihood that assets will continue to be invested conservatively. There is not significant risk related to the rate of return because the Fiduciary Net Position exceeds 800% of the total pension liability. The assets of the Pension fund are all held within the City of Camas' internal investment pool, which is disclosed in Note IV A. As such there is no estimated rate of return by asset class, as the assets of the Pension plan are not identifiable. Further, there were no assumptions made about future cash flows, other than the expected benefit payments, as there are no future employer or employee contributions required in the plan.



### Sensitivity of NPL

The Trust Fund's net pension liability calculated using the discount rate of 4.0 percent is \$(2,234,343). If the net pension liability were calculated using a discount rate that is 1-percentage point lower (3.0 percent) versus 1-percentage point higher (5.0 percent) than the current rate it would be \$(2,198,835) and \$(2,264,617), respectively.

1% Decrease (3%)	Current Discount Rate (4%)	1% Increase (5%)
\$ (2,189,835)	\$ (2,234,343)	\$ (2,264,617)

### Pension Expense

For the year ended December 31, 2015, the trust fund recognized expense in the amount of \$(24,291).

### Change in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at 12/31/2014	\$ 323,309	\$ 2,533,361	\$ (2,210,052)
Changes for the Year			
Service Cost	-	-	-
Interest	12,580	-	12,580
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions or other input	-	-	-
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net Investment income	-	36,871	(36,871)
Benefit payments	(17,613)	(17,613)	-
Administrative expense	-	-	-
Net Changes	(5,033)	19,258	(24,291)
Balances at 12/31/2015	\$ 318,276	\$ 2,552,619	\$ (2,234,343)

The fiduciary net position as a percentage of the total pension liability is 802.01%. There is no covered payroll.

### Pension Plan Investments

The Firemen's Pension Fund assets consist of \$2,552,619 in pooled investments as of December 31, 2015. The Pension Fund follows the city investment policies as disclosed in Note IV A. Further, as these are pooled investments, there are no identifiable assets.

**D. POST RETIREMENT HEALTH CARE PROGRAM (OPEB)**

Plan Description:

In addition to the pension benefits described, the City administers a Post-Retirement Health Care Program under a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. This plan provides two basic benefits:

*Pre-65 Medical Coverage:* The City provides post-retirement health premium benefits continue from retirement until Medicare eligibility for employees retiring with at least 10 years of service, under the provision of the applicable PERS or LEOFF II retirement plan. Eligibility for these benefits is determined by the particular bargaining agreements. These benefits are provided as per requirements of a local ordinance. The City's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of year-end, there were twenty three employees who had retired and were receiving these benefits.

*LEOFF I Healthcare Reimbursements:* The City provides health insurance benefits for retired public safety employees. Substantially all city LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the City. These benefits are provided by the city in order to meet state statutory requirements under the LEOFF I system whereby the City will pay for their medical premiums for life.

At December 31, 2015, there are twelve participants who have retired and receive these benefits.

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

Funding Policy:

This plan is not currently funded. It is financed on a pay-as-you-go basis.

The City pays the medical insurance premiums on plan members of the pre-65 medical coverage. Qualified spouses and children may qualify for coverage; however, the plan member must pay the entire dependent premium in return for this coverage. Obligations of the employees and City may be amended through the related employee bargaining agreements.

Under the LEOFF I Healthcare Reimbursements, the plan member has no required contributions. Amendments to the plan may be made through State statute.

The City was required to contribute \$376,879, but only contributed \$239,147 at December 31, 2015. This \$239,147 contributed differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go-basis. The difference between the OPEB costs and the required contribution is called the Net OPEB Obligation (NOO). The amount of \$2,587,838 is the actuarial accrued liability recognized on the government wide statement of net position. \$2,469,681 and \$118,157 is recognized as a liability on the governmental activities and a business type statement of net position, respectively.

As of the most recent actuarial valuation date, January 1, 2015, the total unfunded actuarial liability (UAAL) is \$5,030,423. The covered payroll (annual payroll of active employees covered by the plan) was \$6,485,797 and the ratio of the UAAL to the covered payroll was 78 percent.

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

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2015	\$ 376,879	63%	\$ 2,587,838
2014	597,469	74%	2,450,106
2013	583,404	60%	2,293,674

Annual OPEB Cost and Net OPEB Obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determine in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Actuarial Required Contribution (ARC)	\$ 423,479
Interest on Net OPEB Obligation (NOO)	98,004
Adjustment to NOO	(144,604)
Annual OPEB Cost	376,879
Employer Contributions	239,147
Increase (Decrease) in NOO	137,732
Net OPEB Obligation - Beginning of Year	2,450,106
Net OPEB Obligation - Ending of Year	\$ 2,587,838

Actuarial Methods and Assumptions:

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additionally, calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective.

The specific actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

Valuation Date	Pre-65 Medical 1/1/2015	LEOFF I 1/1/2015
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Method used to determine the actuarial value of assets	N/A	N/A
Interest Rate for Discounting Future Liabilities	4.00%	4.00%
Projected Payroll Growth	3.75%	3.75%
Inflation Rate	2.50%	2.50%
Investment Return	N/A	N/A
Healthcare Cost Trend Rate – Initial	6.5%	6.5%
Healthcare Cost Trend Rate – Ultimate	5%	5%
Amortization Method	Level Dollar	Level Dollar
Amortization Period - Closed	22	11

#### **E. HEALTH & WELFARE**

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

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris

plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with fewer than 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

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

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

#### **F. FEDERAL FINANCIAL ASSISTANCE**

The City recorded the following federal grant revenues for 2015.

<b>Federal Catalog No.</b>	<b>Government</b>	<b>Program</b>	<b>Amount</b>
20.205	Dept. of Transportation	Highway Planning and Construction	\$98,364
20.600	Dept. of Transportation	State and Community Highway Safety	1,967
16.607	Department of Justice	Bulletproof Vest Partnership	<u>3,079</u>
<b>Total Federal Financial Assistance</b>			<u><b>\$103,410</b></u>

#### **G. CONTINGENT LIABILITIES**

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

#### **H. SUBSEQUENT EVENTS**

On August 9, 2013, the City received a twenty year loan for \$3,740,000 at .50% interest from the Washington State Department of Commerce to assist with partial financing for the construction of a sewer transmission main with anticipated construction costs of \$4,400,000. As of December 31, 2015 draws of \$2,400,675 had been made on this loan. Annual debt service payments began in 2014, but the remaining \$1,339,326 will be received during 2016 as the project continues.

On August 9, 2013, the City received a twenty year loan for \$2,040,000 at .50% interest from the Washington State Department of Commerce to assist with partial financing for the construction of a 2 million gallon water reservoir with anticipated construction costs of \$2,400,000. As of December 31, 2015 no draws have been made on this loan by the City, therefore this debt is not shown on the financial statements. Annual debt service payments were scheduled to commence in 2015, principal payments are deferred until 2017.

On August 27, 2013, the City received a twenty-four year loan of \$7,920,792 at 1% interest from the Drinking Water State Revolving Fund to finance the construction of a pressure zone surface water supply project with anticipated total construction costs of \$8,000,000. At construction completion, \$819,190 of this loan will be forgivable and will reduce the amount of the loan outstanding by this amount. As of December 31, 2015 \$6,974,474 in drawdowns had been made on this loan by the City. The remaining balance will be drawn down in 2016. Annual debt service payments are began October 1, 2017.

In December, 2015, the City was offered a 24 year loan from of \$6,000,000 at 1% interest from the Drinking Water State Revolving Fund to finance the construction of the final phase of the pressure zone surface water supply project. As of December 31, 2015, the City is in negotiations with the Department of Commerce over the terms of the loan. No drawdowns had been made on this loan by the City; therefore this debt is not shown on the financial statements. Annual debt service payments would commence in 2018, principal payments are deferred until 2019.

In December, 2015, the City was offered a 24 year loan from of \$2,600,000 at 0% interest from the Drinking Water State Revolving Fund to finance the final portion of the construction of the slow sand filtration plant. As of December 31, 2015, the City is in final negotiations regarding the terms of the loan. No drawdowns had been made on this loan by the city, therefore this debt is not shown on the financial statements. Annual debt service payments would commence in 2018, principal payments are deferred until 2019.

On December 31, 2015, the City entered into a contractual arrangement with a developer to share the costs of sewer improvements. The developer will pay the city \$2,491,440 over 15 years for their proportionate share of the improvements. The interest rate on the receivable is 3.6918%. The principal amount is \$1.9 million. Annual payments of \$166,096 will begin in October 2016. The City, as the beneficiary, holds an irrevocable Standby Letter of Credit that authorizes the City to make draws against the developer's credit in the event the developer does not make payment. The Letter of Credit expires December 1, 2030. At December 31, 2015, no amount is collectible under this arrangement.

In December, the City had a significant weather event resulting in two major land slides. The City has requested funding from the Federal Emergency Management Agency and will be receiving reimbursement for 75% of the repairs. At December 31, 2015, no engineering assessment of the damage was complete.

#### ***I. IMPACT FEE/DEVELOPMENT CHARGE CREDITS***

The City, in order to ensure that adequate facilities are available to serve new growth, levies impact fees on developers as a condition of issuance of a building permit or development approval. The developer may be entitled to a "credit" against the applicable impact fee component for the proportional fair market value of appropriate dedications of land, improvement or new construction of system improvements provided by the developer. In the event that the amount of the "credit" is calculated to be greater than the amount of the impact fee due, the developer may apply the excess "credit" toward impact fees assessed on other developments within the same service area.

2015 Impact fee credits and system development charge credit activity is as follows:

Impact Fee/Development Charge Credits	Beginning Balance	Additions	Applied	Ending Balance
Traffic Impact Fees	\$ 333,082	\$ -	\$ 217,077	\$ 116,005
Park Impact Fees	35,278	13,288	4,964	43,602
	<u>368,360</u>	<u>13,288</u>	<u>222,041</u>	<u>159,607</u>
Water System Development Charges	684,311	-	187,915	496,396
Sewer System Development Charges	<u>734,635</u>	<u>-</u>	<u>147,087</u>	<u>587,548</u>
	1,418,946	-	335,002	1,083,944
Total Impact Fee Credits	\$ <u>1,787,306</u>	\$ <u>13,288</u>	\$ <u>557,043</u>	\$ <u>1,243,551</u>

#### **J. ACCOUNTING AND REPORTING CHANGES**

The City implemented GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. As a result of implementing this standard, the city recognized an adjustment to beginning net position of \$(2,193,695), presented as a change in accounting principles.

Although the City administers the Firemen's Pension Plan, it is funded 100% by a percentage of the tax on fire insurance premiums. Based on legal counsel and Washington State Attorney General opinion, it has been determined that the plan assets do not belong to the City, and upon the dissolution of the plan the remaining balance will not revert to the City. Therefore, the City of Camas had previously determined that no net pension asset should be included in the City's Statement of Net Position. Based on GASB Statement No. 68 requirements that the net pension liability (asset) be reported in the government-wide statement of net position, as well as the State Auditor's Office opinion that while the net pension asset will not revert to the City, it does, in effect, reduce the amount that the City must pay into the Plan in the future, the City has reported the net pension asset (currently \$2,552,619) in the City's Statement of Net Position beginning in 2015.

#### **K. RELATED PARTY TRANSACTIONS/JOINT VENTURE**

##### Emergency Services

The City has entered into an interlocal agreement with Clark County, the City of Vancouver and other local governments in the establishment and operation of the Clark Regional Services Agency (CRESA). CRESA was created by agreement under the Inter-Local Cooperation Act (RCW 39.34). The purpose of CRESA is to equip and operate a consolidated public safety communications service. CRESA is a separate reporting entity and each participant's share of authority is defined by the terms of the enabling charter of the CRESA. Control of this joint venture is shared equitably by the controlling organizations. The City has a 4.4% interest in equity and operations of CRESA, thus CRESA is not dependent on the rates paid by the City, no ongoing financial responsibility exists.

The City paid the following in fees to CRESA during 2015 for Emergency Management purposes:

Emergency Management	\$17,867
Dispatching EMS	\$122,968
Dispatching Fire	\$89,041
Dispatching Police	\$211,825
800 MHZ Fees	\$52,044
<u>Annual Software Costs</u>	<u>\$9,909</u>

Total \$503,654

The CRESA Financial Annual Report may be obtained by writing to:

CRESA 911  
710 W 13<sup>th</sup> Street  
Vancouver, WA 98660-2810

**L. PRIOR PERIOD ADJUSTMENTS**

The governmental activities column of the Statement of Activities, presents a prior period adjustment in the amount of \$282,599. Additionally, this same prior period adjustment is recognized in the statement of Revenues, Expenditures and Changes in Fund Balance. \$217,426 represents an overstatement of the general fund sales tax revenue from prior years in the General Fund. \$65,173 represents a grant accrual which was not reversed in the Friberg Construction Major Capital Project Fund.



**CITY OF CAMAS, WASHINGTON**  
Required Supplementary Information  
Other Postemployment Benefits Plan  
Schedule of Funding Progress

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 5,966,966	\$ 5,966,966	0.00%	\$ 7,755,426	76.94%
1/1/2009	-	7,181,555	7,181,555	0.00%	7,482,701	95.98%
1/1/2011	-	8,027,014	8,027,014	0.00%	7,161,601	112.08%
1/1/2013	-	7,459,061	7,459,061	0.00%	6,241,891	119.50%
1/1/2015		5,030,423	5,030,423	0.00%	6,485,797	77.60%

**CITY OF CAMAS, WASHINGTON**

## Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30

Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.063852%	0.059601%
Employer's proportionate share of the net pension liability	\$ 3,340,053	\$ 3,002,428
Employer's covered employee payroll	\$ 132,583	\$ 139,320
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	2519%	2155%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%

**CITY OF CAMAS, WASHINGTON**  
Schedule of Employer Contributions  
PERS 1  
As of December 31  
Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 330,219	\$ 293,264
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (330,219)</u>	<u>\$ (293,264)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 134,251	\$ 130,864
Contributions as a percentage of covered employee payroll	245.97%	224.10%

**CITY OF CAMAS, WASHINGTON**

## Schedule of Proportionate Share of the Net Pension Liability

PERS 2/3

As of June 30

Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.079123%	0.073414%
Employer's proportionate share of the net pension liability	\$ 2,827,110	\$ 1,483,962
Employer's covered employee payroll	\$ 7,022,586	\$ 7,077,011
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.26%	20.97%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%

**CITY OF CAMAS, WASHINGTON**  
Schedule of Employer Contributions  
PERS 2/3  
As of December 31  
Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 406,541	\$ 348,075
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (406,541)</u>	<u>\$ (348,075)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 7,203,243	\$ 6,838,381
Contributions as a percentage of covered employee payroll	5.64%	5.09%

**CITY OF CAMAS, WASHINGTON**

## Schedule of Proportionate Share of the Net Pension Liability

LEOFF 1

As of June 30

Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	-0.026403%	-0.0261850%
Employer's proportionate share of the net pension liability (asset)	\$ (318,215)	\$ (317,569)
Employer's covered employee payroll	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	127.36%	126.91%

**CITY OF CAMAS, WASHINGTON**  
Schedule of Employer Contributions  
LEOFF 1  
As of December 31  
Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ -	\$ -
Contributions in relation to the statutorily or contractually required contributions	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employer payroll	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A

**CITY OF CAMAS, WASHINGTON**

## Schedule of Proportionate Share of the Net Pension Liability

LEOFF 2

As of June 30

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	-0.063852%	-0.059601%
Employer's proportionate share of the net pension liability (asset)	\$ (2,542,787)	\$ (2,800,565)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (1,681,297)	\$ (1,829,840)
TOTAL	<u>\$ (4,224,084)</u>	<u>\$ (4,630,405)</u>
Employer's covered employee payroll	\$ 7,180,562	\$ 7,017,401
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	-58.83%	-65.98%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	116.75%



**CITY OF CAMAS, WASHINGTON**  
Schedule of Employer Contributions  
LEOFF 2  
As of December 31  
Last Two Fiscal Years

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	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 389,941	\$ 345,299
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (389,941)</u>	<u>\$ (345,299)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 7,455,858	\$ 6,602,254
Contributions as a percentage of covered employee payroll	5.23%	5.23%

**CITY OF CAMAS, WASHINGTON**  
Schedule of Proportionate Share of the Net Pension Liability  
Firemen's Pension Plan  
Last One Fiscal Year

	2015
<b>Total Pension Liability</b>	
Service cost	\$ -
Interest	\$ 12,580
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	0
Benefit payments, including refunds of contributions	(17,613)
<b>Net change in Total Pension Liability</b>	(5,033)
<b>Total Pension Liability - Beginning</b>	323,309
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 318,276</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	0
Contributions - nonemployer contributing entities	0
Contributions - employee	0
Net investment income	36,871
Benefit payments, including refunds of contributions	(17,613)
Administrative expense	0
Other	0
<b>Net Change in Plan Fiduciary Net Position</b>	19,258
<b>Plan Fiduciary Net Position - Beginning</b>	2,533,361
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>2,552,619</u>
<b>Net Pension Asset Ending (a) - (b)</b>	<u>(2,234,343)</u>
<b>Plan Fiduciary Net Position as a % of Total Pension Asset (b)/(a)</b>	802.01%
<b>Covered-employee payroll</b>	0
<b>Net pension liability as a % of covered employee payroll</b>	N/A

**Notes to Schedule:**

**Note 1: Information Provided**

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

**Note 2: Significant Factors**

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

**CITY OF CAMAS, WASHINGTON**  
Schedule of Employer Contributions  
Firemen's Pension Plan  
Last Nine Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially/statutorily/contractually determined contribution	\$ -	\$ -	\$ 38,286	\$ 32,866	\$ 34,521	\$ 36,432	\$ 31,032	\$ 30,875	\$ 27,284
Actual contribution in relation to the above	-	-	38,286	32,866	34,521	36,432	31,032	30,875	27,284
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered employee payroll	0	0	0	0	0	0	0	0	0
Contributions as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule:**

Valuation date: December 31, 2015  
Methods and assumptions used to determine contribution rates:  
Actuarial cost method - entry age  
Amortization method - N/A  
Remaining amortization period - N/A  
Asset valuation method - market Value  
Inflation - 2.5%  
Investment rate of return - 4.0%, net of pension plan investment expense, including inflation  
Mortality - RP 2000

**Note 1: Information Provided**

The City implemented GASB 68 for the year ended December 31, 2015. In rebuilding this table, information was only available to 2007.

**CITY OF CAMAS, WASHINGTON**  
Schedule of Investment Returns  
Firemen's Pension Fund  
Last One Fiscal Year

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2015

Annual money-weighted rate of return, net of investment  
expense

1.36%

**Notes to Schedule:**

***Note 1: Information Provided***

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

***Note 2: Significant Factors***

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

**CITY OF CAMAS, WASHINGTON**  
Notes to Required Supplemental Information - Pension  
As of December 31  
Last Two Fiscal Years

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**Note 1:** Information Provided

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

**Note 2:** Significant Factors

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

**Note 3:** Change in contribution rate

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

**Note 4:**

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

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>