

City of Poulsbo, Washington 2014 Budget



Mayor Rebecca Erickson

Council Members

Linda Berry-Maraist • Jim Henry • Gary Nystul •
Connie Lord • Jeff McGinty •
David Musgrove • Ed Stern

CITY OF POULSBO MISSION STATEMENT:

Our City is committed to managing the public resources to promote community health, safety and welfare and plan for the future to accommodate growth, without burden, while preserving our natural resources and enhancing those qualities that make our community unique and desirable

CITY OF POULSBO, WASHINGTON
200 NE Moe Street
Poulsbo, Washington 98370
360-779-3901
www.cityofpoulsbo.com

FINAL 2014 BUDGET

For Fiscal Year January 1, 2014 to December 31, 2014

**Adopted by
Poulsbo City Council
December 18, 2013**

Ordinance No. 2013-18

**Document prepared by:
Deborah Booher, Finance Director
Dawn Hamrick, Administrative Assistant**



CITY OF POULSBO OFFICIALS

**MAYOR
Rebecca Erickson**

CITY COUNCIL

**Linda Berry-Maraist
Jim Henry
Gary Nystul
Connie Lord
Jeff McGinty
David Musgrove
Ed Stern**

DEPARTMENT HEADS

**City Clerk
Finance Director
Parks/Recreation Director
Planning Director
Police Chief
City Engineer
Public Works Superintendent**

**Kylie Purves
Deborah Booher
Mary McCluskey
Barry Berezowsky
Alan Townsend
Andrzej Kasiniak
Dan Wilson**

CITY OF POULSBO APPOINTED BOARDS AND COMMISSIONS

Civil Service Commission Meets: 1st Monday 3:00 PM	
Member	Term Expires
Ardis Morrow	2018
Kent Lord	2014
Donna Jean Bruce	2016

Community Police Advisory Board Meets: Last Wed. of Quarter 7:00 PM	
Member	Term Expires
Ginger Shields	2015
Vacant	2017
Vacant	2017
Jennifer Wiegand	2016
Vacant	2015
Tom Pelland	2014
Vacant	2016
Vacant	2017
Tanner McMullen	2014

Parks & Recreation Commission Meets: 4th Monday 7:00 PM	
Member	Term Expires
Mary Carter	2016
Judy Morgan	2016
Harold Benny	2014
Norm Hersman	2015
Diane Fitzpatrick	2016
Stephen Calhoun	2014
Yolanda Adams-Smith	2014

Planning Commission Meets: 2nd & 4th Tuesdays 7:00PM	
Member	Term Expires
Shane Skelley	2017
Jim Thayer	2018
Kate Nunes	2015
Ray Stevens	2016
Gordon Hanson	2016
James Coleman, Sr.	2014
Bob Nordnes	2019

Tree Board Meets: 2nd Monday 7:00 PM	
Member	Term Expires
Janet Brown	2015
Bess Bronstein	2015
John McColl	2015
Joan Hett	2016
Gayle Larson	2016
Bill Lockard	2014
Jim Leary	2014

CITY OF POULSBO APPOINTED BOARDS AND COMMISSIONS

Civil Service Commission: consists of three members appointed by the Mayor. The commission is responsible for implementing and enforcing rules in which examinations may be held, and how appointments, promotions, transfers, reinstatements, demotions, suspensions and discharges shall be made and for any other matters connected with the general subject of personnel administration. The Civil Service Secretary is the Human Resources Manager.

Community Police Advisory Board: consists of nine members. Five members shall be city residents; two members shall be owners or managers of businesses located within the City; one member shall be a representative from the North Kitsap School District; and one member shall be a student in the North Kitsap School District. The duties of the board include advising and making recommendations to the Mayor, City Council and Chief of Police concerning police protection and services; to enhance police-community relations; and to promote public awareness of the City's drug and crime prevention programs. The Police Department provides support staff.

Parks and Recreation Commission: advises and makes recommendations to the Mayor and City Council regarding the development and improvement of parks, trails and other recreational facilities for the use and benefit of the public. The Parks & Recreation Department provides support staff.

Planning Commission: is the advisory committee to the City Council on planning and development proposals in the City. The Commission reviews all applications that are subject to a public hearing before the Council, and will serve as the citizen advisory committee on future updates and amendments to the City's Comprehensive Plan and Development Regulations. The Planning Department provides support staff.

Tree Board: promotes the responsible planting of trees on public and private property; promotes public education about trees; promotes proper tree maintenance; advocates trees within the city; provides for aesthetics within the city through the formulation and implementation of tree programs; develops innovative and joint funding for tree projects from a variety of sources; and provides the mayor and city council with a yearly report regarding tree board activities. The Parks & Recreation Department provides support staff.

Table of Contents...

Preface

ii	City Officials
iii	Boards & Commissions
v	Table of Contents
viii	The City's Vision
xiv	How to Use This Document
xvi	Distinguished Budget Award

Section 1

Introduction

1-1	Mayor's Transmittal Message
1-15	City Profile
1-27	Budget Process
1-27	Purpose
1-27	Process
1-29	Components of the Budget
1-29	Implementation, Monitoring & Amendment
1-30	Budget Policies
1-31	Legal Structure
1-31	Basis of Accounting & Budgeting
1-32	Budget Structure
1-33	Organization Chart
1-33	Financial Summary
1-33	Capital Expenditures
1-33	Goals/Objectives/Performance Measures
1-33	Award
1-33	Changes for 2014 Budget
1-36	Budget Calendar

Section 2

Financial Plan

2-1	Financial Plan
2-2	Organization of the City
2-3	Organization of Budgeted Funds
2-5	Community Key Goals
2-7	Council Goals
2-9	Council Priorities
2-10	Departmental Goals & Performance Measures
2-32	Analysis of Revenues by Fund Source
2-34	Analysis of Expenditures by Fund and Type
2-36	How Does City Use It's Resources

Section 2 (continued)

2-37	Major Funds
2-38	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Major Funds
2-39	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – Major Funds
2-40	Summary of Estimated Financial Revenue/Sources and Expenditures/Uses – All Funds
2-41	Summary of Estimated Financial Sources and Uses – Governmental Funds
2-44	Working Capital
2.46	Summary of Estimated Revenues, Expenses & Changes in Retained Earnings – Enterprise Funds
2-49	Summary of Fund Activity and Changes in Fund Balance
2-51	Staffing Summary
2-52	Staffing Changes
2-53	Capital Improvement Summary
2-58	Long Term Debt Obligations and Capacity

Section 3

General Fund

3-2	General Fund Revenue Analysis
3-15	General Fund Revenue Detail
3-19	Baseline Budget
3-20	General Fund Organizational Chart
3-21	General Fund Expenditure Analysis
	General Fund Department Budgets
3-23	Legislative and Executive
3-29	Administrative Services
3-31	Personnel
3-35	Information Services
3-39	Municipal Court
3-43	Finance Department
3-49	City Clerk Department
3-53	Central Services
3-59	Police
3-67	Public Works Administration
3-71	Engineering
3-77	Parks & Cemetery Services
3-83	Planning & Building
3-91	Parks & Recreation
3-99	Non-Departmental

Section 3 (continued)

3-100	Audit
3-100	Legal
3-100	Employee Benefit Program (Wellness)
3-101	Care & Custody of Prisoners
3-101	Monitoring of Prisoners
3-101	Employment Administration
3-101	Communications
3-102	Disaster Preparedness
3-102	Pollutions Control
3-102	Excise Taxes
3-102	Animal Control
3-103	Public Health
3-103	Substance Abuse
3-103	Library
3-103	Soil & Water Conservation
3-104	Operating Transfers
3-105	Fund Balance & Reserves
3-105	General Fund Grand Total
3-106	General Fund Summary

Section 4

Special Revenue Funds (100's)

4-2	Special Revenue Funds Program Descriptions and Summary
4-4	Streets (101)
4-9	Capital Improvement (121)
4-11	Transportation Development (123)
4-12	Park Development (124)
4-14	Historic Downtown Poulsbo Association (HDPa) (131)
4-17	Paths and Trails (161)
4-18	Drug Enforcement (171)
4-20	Transient Occupancy Tax (181)
4-23	Police Restricted Funds (191)

Section 5

Debt Service Funds (200's)

5-2	Debt Service Funds Program Descriptions and Summary
5-4	Miscellaneous Governmental Debt (201)
5-5	Non-Voted General Obligation Debt (204)

Section 6

Capital Project Funds (300's)

6-2	Capital Project Funds Program Descriptions and Summary
6-4	Equipment Acquisition (301)
6-6	Park Reserve (302)
6-9	Street Reserve (311)
6-12	Cemetery Reserve (314)
6-14	Street Equipment Reserve (321)
6-16	Facilities (331)

Section 7

Proprietary Funds (400's)

7-2	Proprietary Funds Program Descriptions and Summary
7-4	Public Works Organizational Chart
7-5	Public Works Staffing Chart

Enterprise Funds

7-6	Water (401)
7-11	Sewer (403)
7-15	Solid Waste (404)
7-20	Storm Drain (410)

Section 8

Baseline Adjustment and New Program Requests

8-1	Baseline Adjustment Request Summary
8-21	New Program Request Summary

Section 9

City Improvement Plan

9-1	City Improvement Plan
9-10	Summary of Capital Projects
9-11	General Purpose Program
9-21	Transportation Program
9-33	Enterprise Program
9-61	Capital Improvement Policy
9-63	Debt Management Policy

Section 10

Appendix

10-1	Final Budget Ordinance
10-6	Employee Salary, Wage &Benefit Information
10-9	Salary & Wage Resolution
10-14	Tax Ordinance
10-18	Financial Policies
10-18	Financial Management Policies
10-23	Accounting, Financial Reporting & Auditing
10-24	Cash & Investment Management
10-25	Enterprise Funds
10-26	Operating Budgets
10-28	Performance Measures
10-30	Investment Policy
10-44	Debt Management Policies
10-52	Capital Improvement Policy

Section 11

Glossary

11-1	Glossary of Terms
Back	
Cover	Contact Information

THE CITY'S VISION

FOR THE ENVIRONMENT, OPEN SPACE	HOW ARE WE DOING?
Restore water quality in Liberty Bay to acceptable standards	<ul style="list-style-type: none"> • Fully implemented requirement of NPDES Phase II Storm water Permit • Encourage the use of Low Impact Development (LID) throughout all residential and commercial development • Partnered with Kitsap County Health District in the Storm Water Management Implementation Grant for Kitsap Regional Illicit Discharge Detection and Elimination Clean Runoff Project • Completed Construction projects on Mesford St. and Viking Avenue with LID features including pervious asphalt, pervious sidewalks, and bio-swales • Received LID Grants to install LID features on 6th Avenue and Anderson
Encourage conservation of trees and open space during the development process	<ul style="list-style-type: none"> • Participation in "Tree City USA" program – 17th year • Continued citizen participation in the Urban & Community Forestry Program • Development of landscaping standards • Development of a Master Public Tree Plan (completed) • Contract with a city forester
Create open spaces and parks	<ul style="list-style-type: none"> • Continue development of Poulsbo's Fish Park, a 36 acre nature park along the estuary on Lindvig Way • Acquire contiguous properties to enhance the nature park experience and protect the estuary • Continue developing Centennial Park • Final approval of the Urban Paths of Poulsbo was completed in 2012, implement trail connection projects as they become feasible • Adopted a Park Impact Fee ordinance in 2011
Preserve open space on Liberty Bay	<ul style="list-style-type: none"> • Continue development of 36 acres along the estuary on Lindvig Way known as Poulsbo's Fish park • Continue to watch for land acquisition possibilities and trail connections along the Liberty Bay shoreline

THE CITY'S VISION

FOR THE ENVIRONMENT, OPEN SPACE	HOW ARE WE DOING?
Preserve and enhance public access to the waterfront	<ul style="list-style-type: none"> • <i>Completed the Lindvig Bridge with a pedestrian walkway</i> • <i>Create the Liberty Bay Waterfront trail design in 2013</i>
Encourage the creation of a continuous trail around Liberty Bay, and trails throughout the community	<ul style="list-style-type: none"> • <i>Final approval of the Urban Paths of Poulsbo was completed in 2012; implement trail connection projects as they become feasible</i> • <i>Complete the shoreline trail connection from Fish Park to Nelson Park</i> • <i>Nelson Park Master Plan and Poulsbo's Fish Park provide for a substantial portion of trail around and near Liberty Bay</i> • <i>Development of the waterfront trail south along Fjord & Hostmark Streets, extending out two miles to Lemolo Shore Drive completed in 2009</i> • <i>Completed the Lindvig Bridge with a pedestrian walkway</i>
FOR THE QUALITY OF LIFE	HOW ARE WE DOING?
Provide quality, responsive, professional police services to the residents, businesses, and visitors of Poulsbo	<ul style="list-style-type: none"> • <i>Police Bike Patrol Unit</i> • <i>Police Marine Unit</i> • <i>Problem Oriented Policing Solutions</i> • <i>Crime Prevention Program</i> • <i>Member of Bremerton-Poulsbo Special Operations Group – drug and vice task force</i> • <i>Narcotics K-9 Program</i> • <i>Traffic Enforcement Unit – Motorcycle Patrol</i> • <i>Kitsap County DUI Task-Force</i> • <i>Member of the Kitsap County Special Assault Investigation and Victim Services Unit</i> • <i>Member of Kitsap County Investigative Response Team</i> • <i>Law Enforcement Information Exchange – nation criminal justice database</i> • <i>Volunteers in Police Service (VIPS)</i> • <i>Neighborhood Block Watch Program</i> • <i>Crisis Intervention Officer Program</i> • <i>Chaplain Program</i>

THE CITY'S VISION

FOR THE QUALITY OF LIFE	HOW ARE WE DOING?
Provide quality, responsive, professional police services to the residents, businesses, and visitors of Poulsbo (continued)	<ul style="list-style-type: none"> • <i>Regional Criminal Justice Records Management System</i> • <i>Regional 911 Dispatch Center</i> • <i>Regional Emergency Management System</i> • <i>Community Notification System through Email Alerts and Twitter</i> • <i>On-line Crime Mapping System for the Public</i> • <i>Coplogic On-line Crime Reporting</i>
Strive for continued improvement in educational facilities and achievement	<ul style="list-style-type: none"> • <i>Seek legislative support for "University Center" to pursue additional 4-year baccalaureate programs at OC Poulsbo</i> • <i>Parks & Recreation classes for adults and children</i> • <i>Worked with Public Facility Development for the upgrade of local school athletic fields. Continue to work with partners on Phase 2</i> • <i>The City purchased the Recreation Center in February 2010 and has made needed improvements</i> • <i>Continue to expand after school program opportunities at the elementary and middle schools</i>
Maintain or optimize City Services	<ul style="list-style-type: none"> • <i>Transition to automated equipment for residential garbage collection continued</i> • <i>Offering passport processing services</i> • <i>Home electronic monitoring program implemented</i> • <i>Court mitigations by mail, so defendants need not miss work to appear in court</i> • <i>City forms available on-line</i> • <i>Provide council meeting minutes, ordinance and resolutions on City web site</i> • <i>Provide council meeting agendas packets with attachments on the City website</i> • <i>Broadcasting City Council meetings on local cable access channels</i> • <i>Implemented utility billing automated payment option</i> • <i>On-line credit card payment option available</i> • <i>Plan to develop E-Gov software module for web self help to city services</i>

THE CITY'S VISION

FOR THE QUALITY OF LIFE	HOW ARE WE DOING?
Use electronic technology and other means as appropriate to increase citizen awareness of community issues, and their involvements in finding solutions	<ul style="list-style-type: none"> • <i>Implementation of Council Committee system</i> • <i>Development of City Web Pages</i> • <i>Linking Poulso's web page to Federal passport web page so forms can be downloaded</i> • <i>Offering forms on City's website</i> • <i>Poulso Municipal Code on City's website</i> • <i>Providing Council meeting minutes on the City website</i> • <i>Providing Council Committee meeting agendas with all attachments on the website</i> • <i>Council meetings televised through local cable programming</i>
FOR RESENTIAL DEVELOPMENT	HOW ARE WE DOING?
Provide a variety of housing types and densities	<ul style="list-style-type: none"> • <i>Adoption of new Zoning Code and Planned Residential Development Standards. Allow Accessory Dwelling Units in all residential zones. Encourage mixed use development in commercial zoning districts</i> • <i>City Council adopted an extended update to the Comprehensive Plan in 2009</i>
In appropriate areas, encourage mixed use development	<ul style="list-style-type: none"> • <i>Approval of the Olhava Master Plan, Poulso Place Master Plan, and mixed use development in the downtown core</i> • <i>City Council adopted an extended update to the Comprehensive Plan in 2009</i> • <i>Creation of the Office Commercial Industrial Zoning Code</i>
Maintain the character of existing neighborhoods	<ul style="list-style-type: none"> • <i>Established the City's urban growth area. Developed Infill Development Standards</i> • <i>City Council adopted an extended update to the Comprehensive plan in 2009</i>

THE CITY'S VISION

FOR COMMERCIAL DEVELOPMENT	HOW ARE WE DOING?
Preserve and enhance the historic downtown	<ul style="list-style-type: none"> • <i>Completed construction for new City Hall downtown</i> • <i>Continued support and participation in the local business improvement area association, Historic Downtown Poulsbo Association</i> • <i>Support of Poulsbo's Historical Society including negotiating an agreement to allow them space in City Hall</i> • <i>Implement Design Standards in all Commercial Zones</i> • <i>Parking and paving update and installing new lights at waterfront parking lot</i> • <i>Supported painting of new mural displaying historic Viking ship</i>
Encourage commercial recreational activities for everyone	<ul style="list-style-type: none"> • <i>Continued support of various City festivals and events: Street Dance, Viking Fest, Arts by the Bay, 3rd of July Celebration</i>
Encourage commercial and industrial development	<ul style="list-style-type: none"> • <i>Approval of the Olhava Master Plan. Many new businesses opened in 2006, with more development continuing</i> • <i>Attempting to provide more industrial zone in UGA</i> • <i>Member of EDC Telecommunication Group</i> • <i>Active participation in the Kitsap Economic Development Alliance established an Economic Development Committee</i>
Preserve the Scandinavian identity	<ul style="list-style-type: none"> • <i>Downtown core design standards</i>
FOR TRAFFIC CIRCULATION	HOW ARE WE DOING?
Take a bold step toward solving the traffic and parking problem downtown	<ul style="list-style-type: none"> • <i>Completed Downtown Parking Study</i> • <i>Completed Traffic Demand Management (TDM) Study and implemented recommended actions</i> • <i>Citizen Volunteers assist with handicap parking enforcement</i> • <i>Installed new marked street parking on Front and Jensen Streets</i> • <i>Created one-way traffic on 3rd Avenue to improve traffic</i> • <i>Completed new City Hall with public parking</i> • <i>Acquired grant to install LID features and improve traffic flow and parking in Anderson Parkway</i> • <i>Plan to redevelop existing City Hall Property to encourage additional parking solution</i>

THE CITY'S VISION

FOR TRAFFIC CIRCULATION	HOW ARE WE DOING?
Create a pedestrian-friendly environment	<ul style="list-style-type: none"> • <i>Completed Traffic Demand Management (TDM) Study and implemented Phase I actions</i> • <i>Constructed a pedestrian/bicycle trail along Fjord Drive</i> • <i>Completed improvement to Viking Way to include bike paths and sidewalks on both sides</i> • <i>Installed shared use path on Mesford Street</i> • <i>Acquired grants to install sidewalks and shared use paths on Noll Road and Hostmark Street</i> • <i>Completed improvements on Viking Way to Include bike paths and sidewalks and trail connection to Fish Park</i> • <i>Placed pedestrian figures highlighting downtown crosswalks</i>
Provide for and encourage alternative transportation	<ul style="list-style-type: none"> • <i>Completed Traffic Demand Management (TDM) Study</i> • <i>City participation in Community Trip Reduction Program and inclusion of it in zoning ordinance</i> • <i>Bike paths added to street standards</i> • <i>Completed improvements on Viking Way to include bike path and sidewalks and trail connection to Fish Park</i> • <i>Added sidewalks on Hostmark</i>
Improve traffic flow throughout the City	<ul style="list-style-type: none"> • <i>Completed Traffic Demand Management (TDM) Study and implemented recommended actions.</i> • <i>Installed permanent radar reader board.</i> • <i>Installation of drive up payment drop box at City Hall</i> • <i>Completed widening of Highway 305 with HOV lanes for commuting hours</i> • <i>Completed Viking Avenue improvements</i> • <i>Installed roundabout at Lincoln Avenue</i> • <i>Improvements for traffic and safety on Noll Road surrounding local schools</i>

HOW TO USE THIS BUDGET DOCUMENT

The City of Poulsbo's Budget Document provides comprehensive information about city policies, goals, objectives, financial structure and operations as well as an organizational framework that shows how City services are maintained and improved for fiscal year 2014. A main objective of the Budget Document is to communicate this information to our readers in a manner that is clear, concise and understandable. In this preface, pages x through xii contain the "Table of Contents" that will aid the reader in finding specific information quickly and provides a summary of the major topics. The "Budget Glossary" is the last section of the document and will be helpful to a reader not familiar with governmental terms. Following review of these two suggested sections, the reader can best receive an overview of the programs, services and resources available to the City by reviewing the major sections of the budget in the order they are presented. The budget is divided into ten major sections:

- 1 - Introduction
- 2 - Financial Plan
- 3 - General Fund
- 4 - Special Revenue Funds
- 5 - Debt Service Funds
- 6 - Capital Project Funds
- 7 - Proprietary Funds
- 8 - Baseline Adjustment Requests (BAR) and New Program Requests (NPR)
- 9 - City Improvement Plan
- 10 - Appendix
- 11 - Glossary

Section 1 – INTRODUCTION:

The *Mayor's Transmittal Message* pages 1 to 13 should be read first. It provides an overview of accomplishments for fiscal year 2013 and policy decisions made during the budget preparation process that influenced the 2014 budget. The message summarizes the contents of the budget with the goals and objectives of the City clearly outlined. In addition, the Introduction Section contains a *City Profile*. The reader can learn about the physical location of the City, the history of Poulsbo, services offered by the City and significant demographic information.

The *Budget Process* outlines the various parts of the budget: purpose, process, components, implementation and monitoring, policies and development, legal structure, basis of accounting and budgeting, budget structure (fund types), performances measures, and the budget calendar.

Section 2 – FINANCIAL PLAN:

The Financial Plan focuses on an analysis of the budget's financial data to identify the manner in which the operations of the city will be financed and the resources allocated to different functions and services. This section of the budget presents overall summary budget data for the entire city. Staffing, revenue and expenditures, goals and measurements, and debt are summarized for all funds.

Section 3 – GENERAL FUND (001):

This section begins with a discussion of General Fund revenue estimates and the basis of these estimates. It provides tables and graphic materials that address various issues identified by Council during the process, followed by line item detail of each revenue source.

Following the revenue, *Baseline Budgets* for each General Fund department's expenditures are presented including descriptive material outlining the services provided by the department, accomplishments from previous year, and the initiatives planned for the coming year. These initiatives are summarized in the goals of each department. If Baseline Adjustment Requests (BAR) or New Program Requests were approved by Council during the budget process, their expenditures are now incorporated in the department's budget.

Section 4 – SPECIAL REVENUE FUNDS (100's):

These funds account for proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. Similar to the General Fund section, this section provides a description and purpose for each special revenue fund as well as the detail for revenue and expenditures. Graphs are provided throughout the section.

Section 5 – DEBT SERVICE FUNDS (200's):

These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. This section includes a summary as well as detail of revenue and expenditures for each debt service fund. Debt information for the proprietary funds are not shown here, but are recorded within the proprietary funds.

HOW TO USE THIS BUDGET DOCUMENT

Section 6 – CAPITAL PROJECT FUNDS (300's):

These funds account for financial resources to be used for the acquisition or construction of major capital projects, other than those financed by the proprietary or trust funds. This section includes a summary as well as detail of revenue and expenditures for each capital improvement fund. Graphs are provided throughout the section where appropriate.

Section 7 – PROPRIETARY FUNDS (400's):

The proprietary funds section account for the enterprise funds. These funds account for operations that are normally financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis, be financed or recovered primarily through user charges.

This section includes a summary as well as detail of revenue and expenditures for each enterprise fund. Graphs are provided throughout the section.

Section 8 – BASELINE ADJUSTMENT REQUESTS (BAR) and NEW PROGRAM REQUESTS (NPR):

During the 2014 budget process, each Department was held to its 2013 program bottom line, meaning only salaries and benefits could increase in each department's budget. Council authorized the use of two forms for departments to request any additional funding over and above their 2013 program bottom line. They are:

- Baseline Adjustment Request (BAR)
- New Program Requests

The BAR provides more detail to help the Council prioritize the increases. When submitted the costs should be detailed as:

- Non Discretionary – meaning the department has no control over the prices, i.e. utility cost, fuel costs, contractual costs.
- Mandatory – items legally mandated.
- Other – all other items not falling in the two other categories i.e. training, supplies and small tools.

This section contains a detailed description of the program improvements that have been requested under this process. The Finance/Administration Committee reviews the requests and makes a formal recommendation to Council regarding inclusion of the requests in the final budget. Any requests approved during the budget process, are now included in the appropriate department's budget. Note: General Fund departments submit their Capital Equipment Replacement Requests through a process set up in Fund 301.

Section 9 – CITY IMPROVEMENT PLAN:

This section includes summary and detail of the City's plan for capital construction and purchases for a six –year period as required by the State of Washington Growth Management Act of 2000. Capital projects and major purchases are identified by City departments based on council goals and priorities and level of service standards. The reader can find the City's Improvement Plan and Debt Policies here also.

Section 10 – APPENDIX:

This section includes various documents, which support information contained in this document. It includes: Final Budget Ordinance; Employee salary, wage, benefit information; Salary and Wage Resolution; Ordinance setting the 2014 Tax Rate; and Financial Policies.

Section 11 – GLOSSARY:

The glossary is provided for users that may not be familiar with governmental or budgetary terms used throughout this document.

QUESTIONS:

Should you have any questions regarding the information presented in this document, please feel free to contact the Finance Director, Administrative Assistant, or any other staff members. Their names and phone numbers are listed on the back cover.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Poulsbo

Washington

For the Fiscal Year Beginning

January 1, 2013

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the City of Poulsbo with Special Capital Recognition for its annual budget for the fiscal year beginning January 1, 2013.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

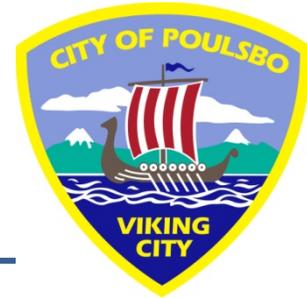
Section 1

Introduction



City of Poulsbo

Office of Mayor Rebecca Erickson



December 31, 2013

To the Honorable Poulsbo City Council and
Citizens of the City of Poulsbo:

The most important political office is that of the private citizen. ~ Louis Brandeis

I am proud to present the City of Poulsbo's 2014 Budget. The City Council, staff and citizens have worked diligently to help develop our annual budget. We continue to work hard to develop a budget which best serves our citizens and provide the resources for a safe, thriving and desirable community. Although economic times continue to make balancing a budget a tough task, it is through teamwork and perseverance we have worked industriously to present a balanced budget.

2013 continued to present challenges as the revenues return at a slower rate than the need for additional resources. The good news is there is and continues to be recovery. Construction of a Safeway grocery store began in 2013 and is anticipated to open for business in 2014. New housing developments again commenced construction and real estate sales in both commercial and residential increased over prior years. New commercial developers continue to work with City officials for plans of building and opening for business in Poulsbo. The City Council continues to work hard and seize the opportunity for Poulsbo to develop and grow with focus and a long-range plan to best serve the residents and business community of Poulsbo. The City Council and I continue to work collaboratively and reach out to our citizens to promote services that best serve our community. This includes supporting our education system, business community, transportation needs, recreational pursuits, technological growth and those who are struggling and in need of more social services.

The 2014 budget has been prepared conservatively, but with the intention of using reserves to promote the Council's goal of providing government services and more specifically emphasizing public safety. While capital projects continue to be scaled back allowing more funds for operations, the City still has many projects planned in 2014. Due to the success of achieving grant funding, several projects will commence in 2014. We will continue to be proactive in promoting economic development within the City's vision, working collaboratively towards our goals, and adjust expenditures in anticipation of changes in the community and economy.

Although 2013 continued with economic challenges, there were many community successes and reasons to celebrate.

- The 3rd annual tree lighting ceremony on Viking Avenue, with participation and attendance growing each year.

- Improvements to 6th Avenue including 5-way intersection and traffic calming devices. The project was also able to include improvements for aging utility infrastructure.
- Working with Safeway to facilitate the City's process for the contractor to commence construction of a new grocery store.
- Securing a grant from our neighboring Suquamish tribe to purchase a new police motorcycle to support traffic safety.
- The City began transition to a new risk insurance carrier who provides lesser premiums and many free training opportunities to support the City in having minimal areas of risk.
- The sale of a City property formerly planned for Poulsbo's Historical Museum. The museum operating in a portion of City Hall alleviating the need for the property.
- Due to vacancies, reorganization of City departments utilizing skills and resources taking into account changes and needs for City priorities.

Citizen participation is a key factor for successful government leadership. Educating and informing via this budget document demonstrates our commitment for a "partnership" with our citizens. The underlying mission of the City budget is to assist decision makers in making informed choices and promoting "stakeholder" participation in the process. The budget incorporates both political and managerial aspects, as well as a responsibility to report and account for the provision of services and use of resources. Our budget is a tool: informing our citizens, guiding our work programs, and providing a road map for our City's future.

I am pleased to present the City of Poulsbo's Final 2014 Budget, which, in essence is the financial plan for the ensuing year for the City and its many programs. The budget document is perhaps one of the most important documents of the City as it outlines the operational and capital goals with a related financial plan for the City. The 2014 budget is submitted in accordance with the Revised Code of Washington (RCW) and the Poulsbo Municipal Code (PMC).

BUDGET PRINCIPLES

The budget process consists of several broad principles that stem from the definition and mission of the City. These principles encompass many functions of the governmental organization and reflect development of a budget as a political and managerial process, which includes financial intentions. The four principles of the budget process include:

- **Policy Definition** – Establish broad goals to guide government decision making and provide direction for the City and serve as a basis for decision making.
- **Operating Guide** – Develop specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals. A guide that serves as an aid for management staff in the control of financial resources while complying with State requirements for code cities and generally accepted accounting principles for government.
- **Financial Plan** – Develop a budget consistent with approaches to achieve the goals. The plan should detail resources to support appropriations that are in accordance with City policies.
- **Communication Document** – Provide a user-friendly tool for the citizens to reference, which clearly defines the strategic plan for the City and the financial plan to achieve the adopted goals.

Poulsbo is a forward thinking community with a reputation for providing excellent local service, effective management, and credible performance in regional issues. I like to think of Poulsbo as progressive but still reflective of our cultural traditions. Our goal is to continually improve upon these favorable attributes.

The budget format allows the City Council the opportunity to comprehensively review the financial plan of the City and reallocate financial resources to the areas of highest priority. The framework of the 2014 Budget was developed with the following basic goals in mind:

- To establish a plan of policy and operations;
- To facilitate the evaluation of City programs;
- To provide management information; and
- To establish financial control

In order to accomplish these goals, it is imperative the budget document be easily understood and materials prepared in a format that is clear and comprehensible.

This budget provides the City with the necessary direction to accomplish the many goals and objectives approved by the City Council and allocate sufficient financial resources to accomplish these initiatives. Within this document, readers will find a plan for funding services and capital projects consistent with the City's 20 year Comprehensive Plan. This budget responds, in a positive manner, to the many and varied objectives and projects planned for 2013 and long range plans to provide quality municipal services to the citizens of Poulsbo.

The budget has been prepared based on policy, approved goals and direction given by the City Council. The Management Team and I utilized these directives when preparing their 2013 submissions.

2013 IN REVIEW

For the year 2013 the City continued to slowly make progress and reset from the economic struggles suffered throughout the nation. The slow growth has not put us back to revenue levels experienced prior to 2008, but the decline came to an end and there was small growth. Unfortunately growth rate for revenues is much slower than expenditures, so the City must continue to operate at some reduced service levels and continue to push out capital projects previously established in the long range plan. On the positive, the City did see several new developments as well as commercial and residential projects again commence after being put on hold for several years. Developer's fees and real estate excise taxes both saw increases in 2013 exceeding the conservative projections. The City was the recipient of several grants allowing several transportation and public works projects to commence.

The City's population continues to grow, increasing to 9,585, which is an increase of 225 people over the prior year. In the past 10 years, the City has approved many annexations, approximately 65% of our urban growth area. All of these annexations were initiated by property owners who were looking for access to City utilities and greater development densities. Several Housing developments continue to progress and provide additional single-family homes for our growing community.

Commercial construction continued at a slower pace in 2013, but a large Safeway grocery store with an attached gas station is under construction and a new restaurant located in the College Market Place development continues to be built. There have been several other commercial projects begin the planning and permitting process for construction in 2014.

The Edward Rose development is continuing to work through the planning process to construct a large mixed use, multi-family development that will span 55 acres of vacant land on the edge of Poulsbo's northern boundary.

The City continues to market their vacant properties in hopes the desirable site location will entice possible hotel or retail developers. A small parcel which had been intended for the historical museum was sold, but three other properties remain available. At this time the funds have been allocated to a reserve in anticipation of supporting the 2012 debt issue when principal amounts become due in 2015.

The City Hall building continues to provide meeting spaces for organizations. This has an added benefit bringing visitors who stay in the City to support our local lodging and eatery facilities. The City Hall facility hosted more than 50 different groups who utilized the building's conference rooms and council chambers. The City Hall was also able to offer office space for local legislators, providing a central location and local presence for citizens to stay in touch with their elected officials.

The City continues to maintain a rating of "AA" from Standard and Poor's for both their general obligation and revenue bonds. The reasoning behind the ratings include very strong operating and reserve balances, management policies with established monitoring practices, location in Kitsap County (within commuting distance to Seattle), strong military presence, large retail base with a very strong per capita retail sales and a moderate carrying charge, and updated functional plans including updated financial plans.

After a major Comprehensive Plan update, the City's Municipal Code went through a major update to reflect the updated plan. The plan's adoption followed many public meetings, revisions, staff and citizen input. The code update was presented through several Council workshops and meetings and approved in December.

The City continues to implement and stay in compliance with the required Stormwater permit for National Pollutant Discharge Elimination System (NPDES). It has become very difficult to remain in compliance with the requirements under the existing rates. Rates were increased in 2014 to assure the revenues are supporting the expenditures. It is anticipated to do a formal rate study in the near future to take into account new regulations which continue to be approved and assure the rates will support the increased costs due to regulatory changes.

As the challenge of providing more services with fewer resources continues, the City's Management Team has done an excellent job of using resources efficiently. One of the benefits of having a professional staff is their ability to obtain grants and other funding for City improvements. With our limited tax base, grants and community participation are some of the ways we can accomplish goals we may not have otherwise been able to attain. Major projects started or completed in 2013 included:



1. **Poulsbo Fish Park Restoration:** With the acquisition of 13 acres and the donation of 7.42 acres at the head of Liberty Bay, along the Dogfish Creek Estuary, development **of the site into** Poulsbo's Fish Park has been an ongoing project continuing to develop with the assistance of many volunteers and donations. In conjunction with the City, volunteers have helped with construction of the public access trails, viewing platforms, interpretive signs, pedestrian bridges, and restoration plantings. The park boasts a landmarked entrance of a fish carved into a large boulder, public access into wildlife areas with viewing platforms, and information boards along the walking paths. In 2011, the City received donated property adjacent to the park and a grant to purchase another parcel which is also attached to the park. With these additions, the City will increase the parks trail system increasing visibility to the City's shoreline and enhance the possibilities of wildlife viewing. Continued improvements occurred in 2013 including development of an amphitheater. A bridge design connecting the east and west side of the park will roll over into 2014 in order to work with all regulatory requirements and organizations.

2. **Muriel Iverson Williams Waterfront Park Pavilion Repairs:** Repairs to a main landmark in our centralized waterfront park. This is a highly frequented facility used for many weddings and local events. The Gazebo floor was replaced and the roof was able to be repaired instead of replaced saving thousands of dollars. The City will continue to explore affordable options to update the seating area. Thanks to our very generous business community much of the project was funded by donations.



3. **Trail Easement to Nelson Park:** Planning for a trail on the easement leading into Nelson Park was completed. The intent is to design a stair climb allowing access from the upper to the lower part of the park.

4. **Anderson Parkway Parking Lot Stormwater and Lighting improvements:** Anderson Parkway is the single largest impervious surface in the downtown core that discharges untreated storm water to Liberty Bay. In conjunction with the improvements for storm water, lights were installed to help improve vehicle and pedestrian safety in this busy parking lot.



5. **6th Avenue Traffic Improvements:** A 5-way intersection with traffic calming devices was coupled with infrastructure improvements to our aging water and sewer pipe lines was completed on 6th Avenue.

6. **Lincoln Road Reconstruction:** Purchase of right of ways and design for widening, sidewalks, drainage and bike lanes on Lincoln Road was completed in 2013, with construction set to begin in 2014.
7. **KRCC Multi Modal Transportation Plan:** The City is administering a grant and working with other government entities in the County for a County wide multi-modal transportation plan.
8. **SR-305 Intersection Lighting** – The City is working with Washington State Department of Transportation and funding through grant proceeds a new light at a busy intersection on SR-305. Not to be confused with a signal light, but specifically a light to improve visibility for safer access to and from the busy highway.
9. **Big Valley – Little Valley Transmission Main:** Design was complete in 2011 and construction occurring in 2013. The transmission main between Big Valley Road/Bond Road and the Big Valley wells were replaced. The existing water main is a critical link between the Big Valley Wells and the city center.

BUDGET DIRECTIVES

Property Tax Revenue Distribution

The City's property tax levy rate is slightly less than our maximum rate. The maximum rate limit of \$3.60 can be reduced by up to \$.50 for the Kitsap Regional Library District Levy, and up to \$1.50 for Kitsap Fire District #18 levy. If both these taxing jurisdictions were levying their maximum rate, the City's maximum rate would be reduced to a rate of \$1.60 per \$1,000 of assessed value. For 2014, the City levied \$1.70 for its regular property tax levy, estimated to generate approximately \$2.09 million in revenue. The rate is slightly higher than the statutory limit due to the library district not being able to assess their maximum rate; however, the City is not able to assess the full 1% above the highest allowable levy due to the decrease in assessed value capping the rate at \$1.70.

In 2014, the City Council reduced transfers 50% to street and park reserves by delaying or reducing the construction of some projects. This allows the funds to remain in the General Fund for operations. The following distributions of the property tax revenue are as follows:

- 2.15% of the property tax revenue will be transferred to the Parks Reserve Fund. These funds are used to fund portions of capital park projects.
- 2.15% of the property tax revenue will be transferred to the Streets Reserve Fund. These funds are used to fund portions of capital transportation projects.
- 7% of the property tax revenue will be transferred to the Streets Reserve Fund to fund pavement restoration in lieu of new development throughout the City.
- 31% of property tax revenue will be transferred into the City Streets Fund for maintenance and operations of the City's streets.

Sales Tax Revenue Distribution

Sales tax is the City's largest revenue source and although it is a healthy source of income for the City, the City has historically been very conservative in its estimation – rarely estimating more sales tax revenue than it received the previous year. The 2014 estimate remains unchanged from the 2013 projection. The City had projected an increase in sales tax revenue for 2013, and received slightly less than projection, but due to a delay in construction for the

Safeway store those dollars will roll over into 2014, validating the projection to remain at this amount. Once the store opens for business much of the taxes generated from retail trade may be less than the construction dollars since food is a non-taxable item. There are several more commercial developments projected for 2014, which also supports the projection remaining at this level. For 2014, the sales tax estimate is \$2,850,000.

The City's sales tax revenue distribution changed from past directives by reducing the amount transferred for new and capital replacement to the Capital Acquisition Fund (301). The projected transfers in 2014 will be:

- The transfer for Capital Replacement has been reduced by 50% (7% to 3.5%) plus the amount for small tool items (i.e. computers, printers) which were previously purchased from the Capital Acquisition Fund and will now be expended in the General Fund (001). These are not classified as capital but as small tools and will be accounted for in the General Operating Fund.
- The standard transfer of 2% will be reduced for new capital and only the amount necessary to fund a portion of the City Hall debt attributed to equipment. Other expenditure requests were not granted as the need was determined it could be delayed.
- The standard transfer of 3% to revenue stabilization reserves was eliminated as it was necessary to use reserves to balance the General Fund.
- The balance of sales tax revenue remains in the General Fund to provide funding for various departments and services.

Other Budget Directives

It was apparent entering into the 2014 budget process the City would again need to develop budget requests conservatively as revenues continue to remain fairly flat and mandatory expenditures continue to increase. I have continued to work with managers and local boards to renegotiate contracts for potential savings.

All departments were directed to submit budgets at the 2013 level with the exception of wages, benefits and any contractual obligations. If additional funding was being requested, departments were instructed to submit requests, as shown below:

- Baseline Adjustment Request (BAR): submit if current funding will reduce the current level of service
- New Program Request (NPR): submit for any new programs

STATE INITIATIVES – BUDGET IMPLICATIONS

The City will continue to receive liquor excise tax based on a per capita basis but at a much smaller amount than 2012. The State has prepared their budget keeping a much larger percentage at the state level and highly reducing the amounts distributed to cities. The City uses a calculated amount provided from Municipal Research Services Center; however there was contradicting language in the bill creating two different methodologies for calculating the City's share. Poulsbo prepared their budget with the conservative estimate projecting revenue of \$11,400. If the larger amount is decided to be the correct amount this would generate a little less than \$9,000 in additional revenue.

Legislature approved the continued allowance of Lodging Tax to be used not only for promotion of tourist events or centers, but operation of these events and facilities. The one change returned to the original intent is that funds may not be used for capital improvement to a facility the government has no ownership. The City, for the past several years has used these funds for labor costs associated with setting up, taking down and policing the events. This will allow the City to provide services supporting the tourist events and not pass through charges to the sponsoring organizations.

A large change for the State of Washington, contradictory to federal laws, passed by voters is the legalization of marijuana, not only medicinal but recreational use. A state excise tax and license fees will be imposed on retailers. All of these funds will remain at the state level and not distributed back to Cities and Counties. Sales will also be subject to retail sales tax and distributed back to the local agencies in their sales tax distributions. At this time there are no existing businesses selling these items within the City of Poulsbo, so sales tax projections have not been increased anticipating any additional revenues.

Although we have not prepared and foresee an effect to the City's budget, the voters of Kitsap County passed an additional .1% sales tax increase for the purpose of providing additional funding for the County's mental health program. None of this revenue will be distributed to the City, but hopefully the increase will be able to provide more program support to the City for mental health issues.

2014 BUDGET SUMMARY

The 2014 Budget is presented as a balanced budget, meaning total resources equals total uses, keeping in mind the resources is inclusive of Beginning Balance and Uses is inclusive of Fund Balance.

One of the most significant objectives of the City's budget is to begin each year with an appropriate fund balance. Exactly what is an appropriate fund balance varies between funds. The City has prepared their budget in accordance with the City's Financial Management Policy, which addresses an adequate level of reserves. The policy sets the goals of maintaining a two month operating cash balance and a minimum 12% of operating revenues Fund Balance. Also included in the policy is that any reduction to the reserves will require a super majority approval from the City Council. This helps to promote fiscal responsibility. A quarterly report is presented to the City Council measuring both cash and projected fund balance levels to assure funds comply with the policy. The City Council continues to be reassured that due to proactive planning and good management in a conservative but productive manner, reserve funds maintain appropriate levels. This provides insurance against unexpected needs, allows for unanticipated opportunities, such as grant matching, and positive ratings from the rating agencies for debt issues.

The 2014 budget for the City of Poulsbo totals \$28,197,244 and does not include a projected ending fund balance of approximately \$10.4 million. This represents a decrease of \$265 thousand in total expenditure budget, or a .93% decrease over the 2013 expenditure budget. This means the budget is almost flat from the prior year. The majority of the decrease is due to a reduction in capital projects for 2014. Several large projects were completed in 2013 including Anderson Parkway stormwater and parking lot improvements and improvements to 6th Avenue for enhancing pedestrian and vehicle safety. All reduction in reserves to fund expenditures will continue to require a super majority approval from the City Council. This helps promote fiscal responsibility.

The General Fund budget, providing the basic complement of municipal services, totals \$10,283,020. This is a decrease of \$36,308 over 2012 or a .35% decrease. The decrease is a net effect of increased expenditures for contractual obligations, new police department staffing increased wages and benefits and a decrease due to the completion in 2013 of a grant for a large county wide transportation plan administered by the City's Engineering Department.

The City employs 83.87 full-time equivalents (FTE's). The detail of FTE's is in the Financial Plan on page 2-50.

<i>Expenditures</i>	2014 Budget (Final)	2013 Budget (Final)	Increase/ (Decrease)	% of Variance Inc/(Dec)
<i>General Fund</i>	10,283,020	10,319,627	(36,608)	-0.35%
<i>Special Revenue Funds</i>	1,981,264	2,272,431	(291,167)	-12.81%
<i>Debt Service Funds</i>	1,069,500	1,074,917	(5,417)	-0.50%
<i>Capital Project Funds</i>	4,506,000	2,006,381	2,499,619	124.58%
<i>Enterprise Funds</i>	10,357,460	12,789,313	(2,431,853)	-19.01%
<i>Totals</i>	28,197,244	28,462,669	(265,426)	-0.93%

SUMMARY ANALYSIS OF FUND TYPES

A comprehensive overview/summary of each of the major budgets and a brief narrative that compares the 2014 and 2013 budgets and budgeting formats, on a fund-type by fund-type basis, are provided below:

General Fund

The General Fund includes the basic governmental services such as executive, legislative, administration, financial, judicial, law enforcement, planning, engineering, parks and recreation and maintenance of the parks. The General Fund accounts for all transactions of ordinary City operations not required to be accounted for in another fund.

The General Fund's baseline operating revenues (not including operating transfers, or beginning fund balance) are estimated to decrease by \$214,916 from \$9,680,729 to \$9,465,813. A portion of the decrease is due to a decrease in utility tax rates for water, sewer, and storm drain but largely can be attributed to a reduction in grant proceeds as the grant was anticipated to be completed in 2013. Development fees are projected to increase in 2014, which helps offset the decrease.

The decrease in General Fund expenditures (exclusive of transfers) is primarily due to a net effect of expenditures related to a grant expected to be complete in 2014 and increases for contractual obligations including wages and benefits, including an increase to positions in the Police Department.

Special Revenue Funds

These funds account for the proceeds of specific revenue sources with legally restricted expenditures.

The change in Special revenue funds can mostly be attributed to revenues and expenditures related to a grant for increased street lighting for safety at a busy intersection on SR 305.

Debt Service Funds

The Debt Service funds provide budget capacity for the principal and interest payments scheduled to be paid during 2013. The debt of the City consists of:

- Non-Voted GO - debt is for;
 - transportation project (10th Avenue, Lindvig and Finn Hill
 - 2005, 2009, and 2012 debt issues for the City Hall project
 - participation with the State LOCAL program for debt issued for purchase of the Park and Recreation building.
- Miscellaneous Debt – debt for
 - Public Works Trust Fund Loan used for improvements to Front Street

Capital Project Funds

Capital Project Funds account for major general government construction and acquisition projects. The funding of capital projects identified for the year 2013 is included in the appropriate capital project funds. The complete City Improvement Plan (CIP) can be found in Section 9 of this document. A summary of the major projects scheduled for 2013 can also be found in the Financial Plan Section 2.

1. **Poulsbo Fish Park Restoration:** Additional land was donated and another parcel purchased with grant funds has increased the size and accessibility of Fish Park. Continued improvements occurred in 2013 including development of an amphitheater and a bridge connecting the west and east side of the park. The bridge design will roll over into 2014 in order to work with all regulatory requirements. The improvements will stay within the master plan providing walking trails and wildlife viewing areas in a natural setting.

10. **Liberty Bay Waterfront Trail:** A trail designed to link City parks and the boardwalk around Liberty Bay. This will provide pedestrian waterfront access and connectivity around Liberty Bay. It is phased over several years.



11. **Trail Easement to Nelson Park:** Planning for a trail on the easement leading into Nelson Park. The intent is to design a stair climb allowing access from the upper to the lower part of the park.

12. **Lincoln Road Reconstruction:** Construction on Lincoln Road will include a new shared-use path, bicycle lanes, sidewalks and storm drainage improvements. The project will be completed in 2014. The majority of the project is funded through state and federal grants.

13. **Pavement Restoration Program:** The City has received a grant to fund pavement restoration and handicap ramp upgrades for several City streets.

Enterprise Funds

Enterprise Funds are used to account for operations: (a) that are normally financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The significant changes in the City's 2012 Enterprise Fund budgets are related to capital projects. The proprietary funds account for both operating and capital budgets, which will fluctuate greatly depending on the nature of the projects. Major Capital Projects scheduled in the enterprise Funds for 2013 include:

1. **Pump Station Upgrades:** Design for improvements to the 6th & 9th Avenue pump station and replacement of the transmission mains began construction in 2013 and is anticipated to be completed in 2014.
2. **Capital Facilities Charge for Central Kitsap Plant:** An agreement with the County for a plan to improve the treatment plant has been completed. The agreement calls for an annual distribution supporting the City's share of the plant.
3. **Harrison Force Main Replacement:** Construction of a 12 inch force main from the Marine Science Center pump station along Fjord Drive to tie into the existing main at Harrison Street.
4. **Pugh Well/Lincoln Well – Treatment for Manganese:** Design will be completed in 2014 with construction beginning in 2015 for a treatment facility at the well to eliminate the higher than normal manganese content in the raw water.
5. **Raab Park Tank Repair:** The project to be completed in 2014 will include structural defects to be compliant with Seismic evaluation requirements and to repaint the tank.
6. **Replace Lindvig/Bond Road Water Line:** Concurrent with Bond Road overlay the water line on Bond Road will be replaced with a new line to be compliant with City standards.

7. **3rd Avenue Central Business District LID Retrofit:** Construction will be completed on 3rd Avenue and the downtown business district installing landscaping and pervious pavement to improve safety and water run-off. A majority of the project is related to Storm Drain improvements, but a portion will be transportation related for the repair and construction of the road improvements.



8. **Public Works Complex Relocation:** A parcel of land was purchased for the intent of relocating the Public Works facility and moving the large equipment out of the center of town. Design and construction will be phased over several years and construction set for 2017 when existing debt is retired. In 2013 a solid waste transfer station was constructed and in 2014 the City is the recipient of a grant to begin construction of a decant facility for the disposal of storm water waste on the site.

SUMMARY

The overall financial condition of the City of Poulsbo, while currently sound, still demands attention and careful thought by the City's management and Council. It is imperative to continue to pursue other resourceful ways of funding projects, social and environmental programs, and improvements to the City's infrastructure. It appears City revenues have stabilized and no longer trending at a decline. Unfortunately expenditures appear to grow at a higher pace than

revenues. This can be remedied by two different tactics; reduce expenditures and/or grow revenues. With Council, I continue to focus on the second option of growing our revenues and work diligently to entice and restore economic development in the City. This allows the City to continue providing a high level of services to our citizens and maintain a desirable, safe and livable community. As revenues are stabilizing and experiencing minimal growth, the Council, staff and myself are cautiously looking at restoring some of our previously reduced funding for future capital projects and necessary personnel to maintain our high level of City Services.

Poulsbo has been successful maintaining strong policies and reserve balances, but have built the budget anticipating use of reserves to fund and promote public safety and exceptional service levels to our citizens. We will continue to look for cost savings where available, grant opportunities and sharing of local resources to minimize the impacts to citizens but still provide optimum customer service.

With the help of City Council and Departments, it is imperative to carefully monitor revenues and expenditures and move forward in a cautious and disciplined direction by carefully reviewing needs and service levels prior to committing future revenues and expenditures.

The budget document has been conservatively prepared not banking on hopeful growth and addresses measures that need to be undertaken in order to lead the City to accomplish the many progressive programs and projects set to be achieved in 2014 and beyond. The goals and objectives we have planned are numerous and the schedule of achievements is aggressive. We are excited and ready to take on these challenges as a committed and professional management team.

I encourage citizen participation, collaboration and communication. Since taking office I continue to offer Saturday mornings open office hours providing an increased opportunity for citizens to have a voice in their community, ask questions about your leadership and provide suggestions for our thriving community.

ACKNOWLEDGMENT

The Mayor's Office and the Finance Department sincerely appreciate the cooperation and assistance of the City Council and City staff in addressing the financial requirements of fiscal year 2014. Many people throughout the organization have put a great deal of effort and skill into the production of this document.

The City will continue to work with the community in 2014 expending our resources and energies to provide the type of local leadership needed to face the challenges and needs of our citizens. We hope you find this document useful and interesting. We provide the document on our website (www.cityofpoulsbo.com) in both a Budget in Brief format or complete document making it accessible for all citizens. As always, the staff looks forward to any comments and suggestions. Feedback is always helpful as we can continue to refine the document to make it as useful and reader friendly as possible for the City Council and the community we represent.

It is my pleasure to present to you this 2014 Budget document. After serving on the Poulsbo City Council for 2 years and completing my first term as your Mayor, I am excited to serve another 4 year term and have many ideas, aspirations and goals to achieve for our citizens. I believe the City of Poulsbo is progressing and growing in a thoughtful and planned direction. It has been a busy year continually working on economic development, leading the City through some tough economic times, managing and re-organizing staff and serving as executive board

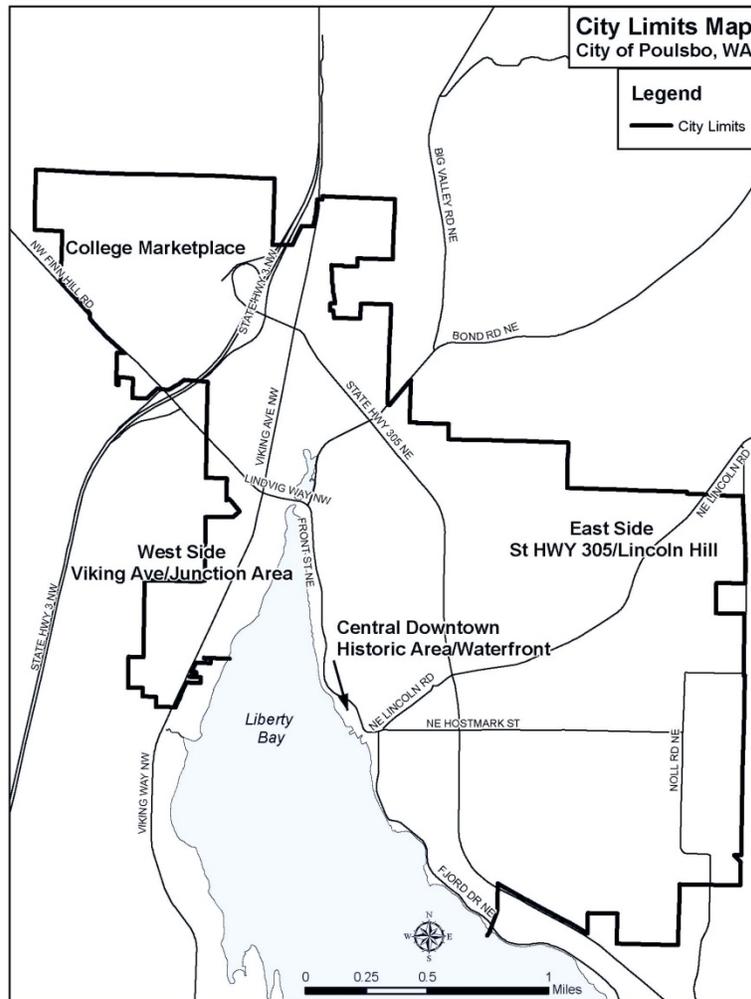
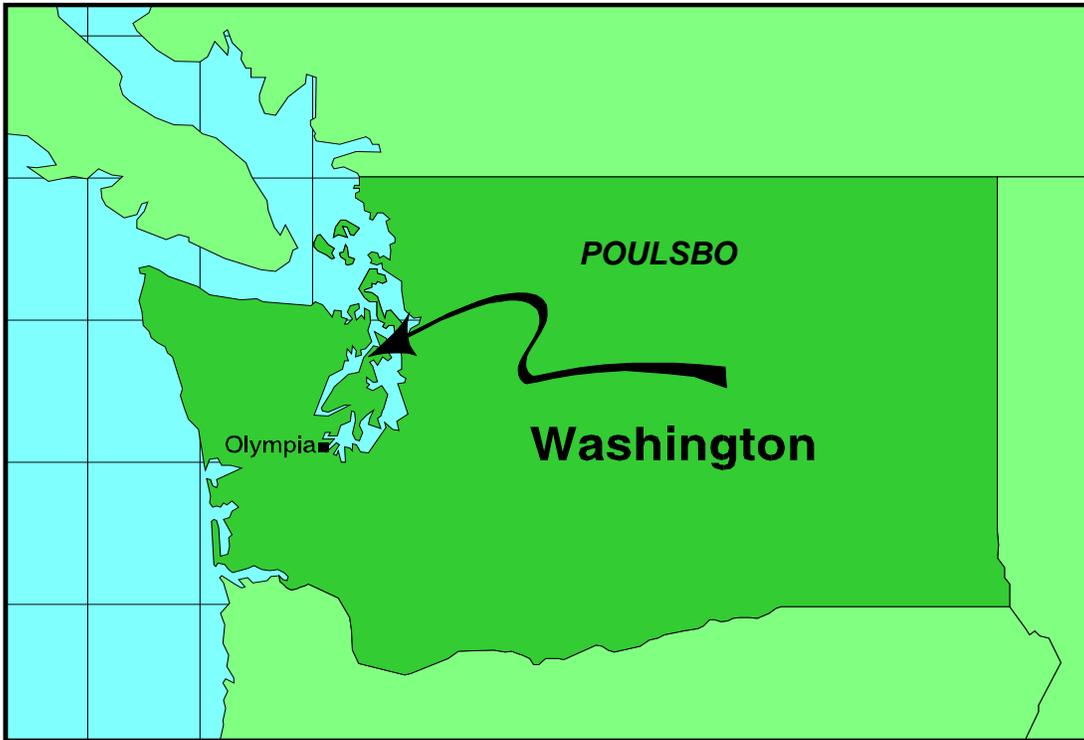
member and/or officer on several local government agencies. I want to continue to honor our founding ancestors, but be reflective of the new generations hoping to raise their families and mark their time in our small progressive City.

Sincerely,



Rebecca Erickson
Mayor





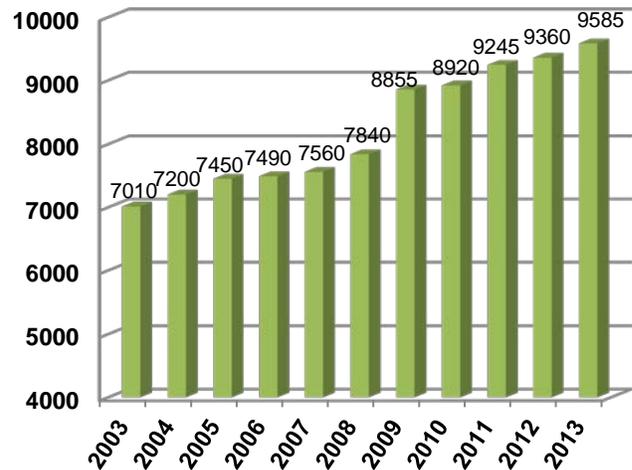
CITY OF POULSBO PROFILE

The City of Poulsbo is located in Kitsap County, west of Seattle. Originally settled by Norwegian immigrants in the late 1800's on Liberty Bay, a fjord of Puget Sound, Poulsbo continues to maintain its Scandinavian atmosphere through its architecture, celebrations, and hospitality. Holding to its Scandinavian heritage has earned the City the nickname "Little Norway" and visits from two Norwegian Kings.

Three military bases are located in Kitsap County; Bremerton's Puget Sound Naval Shipyard, Naval Submarine Base Bangor and Keyport's Naval Undersea Warfare Center. With a population of 9,585, many of Poulsbo's residents are employed at one of the federal bases or commute to metropolitan Seattle by ferry. In addition, Poulsbo has a large and active senior citizen population.

More and more, people are deciding that Poulsbo and the surrounding area is a great place to live and work. The City has become a very popular place for development. The City acknowledges its responsibility to respond to growth and has adopted development regulations, which are called for by state law, to protect the environment and our quality of life. The City continues to review and revise these regulations based on the City's experience to date.

**City of Poulsbo Population
2003-2013**



Most future growth will occur in the designated urban growth areas for which cities are the primary service providers. Poulsbo's population is expected to increase by more than 5,000 to have a population over 14,000 by 2020. A large population increase was recognized in 2009 due to a reporting error in the method the City used to account for number of building permits issued. The larger increase for 2011 is due to the US Census conducted by the federal government. Official population figures are provided by the Office of Financial Management (OFM) for the State of Washington

Since 2003 the City has approved 17 annexations, totaling a little less than 850 acres. Through the annexation process the City has annexed more than 69% of its Urban Growth Area. This represents more than a 47% expansion in the City's acreage over the last several years.

- | | |
|---|--|
| <ul style="list-style-type: none"> • CENTRAL • WEST SIDE • EAST SIDE • NORTHWEST CORNER | <ul style="list-style-type: none"> Downtown Poulsbo (Historic area and waterfront) Junction Area/Viking Ave Corridor State Highway 305 and Lincoln Hill College Market Place |
|---|--|

CENTRAL AREA – Downtown Poulsbo (Historic area and waterfront)

Centrally located in the heart of Poulsbo, this is the area most people associate with Poulsbo. The downtown area has maintained its history and many of the original buildings have been renovated. Graced with a photographic waterfront parkway and boardwalk, the area invites tourists to shop and spend an afternoon or weekend. The downtown business core has formed a successful business improvement area association called the "Historic Downtown Poulsbo Association" (HDPA). Assessments to each of the businesses in the HDPA area are included in the City's budget and administered by the City, but controlled by the Association. These funds are used to enhance and promote the downtown area. Large flower pots, hanging baskets, colorful blue metal benches, light standards, and festive banners are included in the Association's beautification program. HDPA continues to organize and/or work with other organizations to promote events being conducted in the downtown area.

Downtown is home to several popular community celebrations including: Viking Fest in mid-May, 3rd of July Celebration, Poulsbo Street Dance in July, Arts by the Bay in August, Community Trick or Treat in October, Girls Night Out Event, and the Yule Fest in December. The Parks and Recreation Department facilitates "Summer Nights at the Bay," a music concert series, at the waterfront park in July and August.

Poulsbo's waterfront is active year round. Where sailing schooners and steamships previously exchanged their wares, kayakers and yachts now fill the bay. Many commercial fishing boats still homeport in Poulsbo. Poulsbo continues to be a favorite destination port for day excursions and vacationing boaters.



Historic Downtown Poulsbo

There are several parks within walking distance of the downtown area for those visiting by boat; the Muriel Williams Waterfront Park, which is adjacent to the Port of Poulsbo; the American Legion Park, a short walk on the boardwalk; Net Shed Park; Lion's Park; and Oyster Plant Park. The Muriel Williams Waterfront Park contains sidewalks circling a gazebo which is used for hosting many private and community events. The sidewalks link to a waterfront boardwalk connecting to the American Legion Park. The park also provides access to the beach, back dropped by a concrete shoreline wall, detailed with decorative waves and a "Welcome to Poulsbo" insignia welcoming vacationing boaters at the Port of Poulsbo's marina. The American Legion Park has wooded paths and a small playground in a lush wooded area overlooking Liberty Bay. Lions Park offers a playground, tennis court, ADA accessible sidewalks and a restroom building decorated with hand-painted tiles residents created in a local ceramic shop through a fundraising project. Oyster Plant Park is a small waterfront park boasting an outstanding view of the Olympic Mountains in the background. The park has water access, water-viewing pier, trail to the beach, and a launching ramp for hand carried boats. Net Shed Park is a small strip of land sitting waterside with a couple picnic tables for visitors to enjoy a water and mountain panoramic view.



Poulsbo Marine Science Center

Anderson Parkway is a popular destination for parking as it is located between the waterfront park and the historic downtown. It is also the single largest impervious surface in the downtown core that discharges untreated storm water into Liberty Bay. In 2013, improvements were made to Anderson Parkway including rain gardens, pedestrian walkways, pervious pavement, new parking stall design helping traffic flow and repair of the asphalt parking surface. Lights were installed to help improve vehicle and pedestrian safety. In 2014 storm water educational signage will be added to the lot.

Located at the east end of historic downtown is the Marine Science Center. The City, as the owner of the building, allows the Marine Science Society use of the building to provide educational programs to local school age children and display marine life for local citizens and visitors. The use of the building is the City's commitment and



Poulsbo Place Homes

contribution to providing the opportunity for citizens to be provided with hands on education of local marine life and environmental impacts to our surrounding waters. The Center is free of charge and open to the public during regular operating hours Thursday through Sundays. The Foundation is continuing to add more exhibits and conduct outreach programs to the many school districts in Kitsap County.

The residential section of the downtown area includes many of the first homes in the City. These homes have been well maintained and provide residents the convenience of being within walking distance of the downtown amenities.

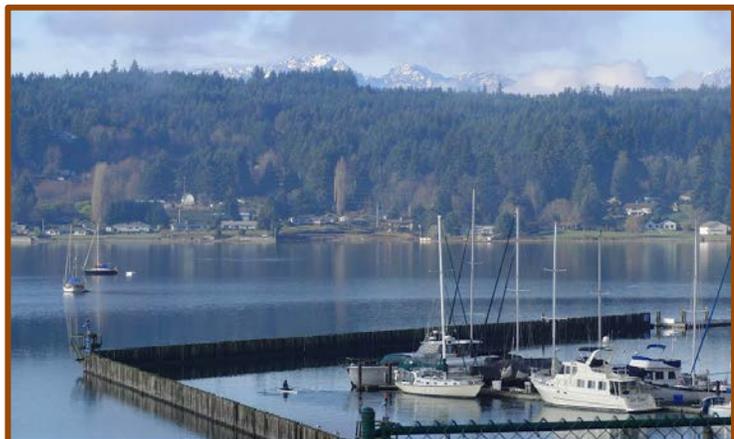
In 1988, the City approved a master plan for redevelopment of a 31-acre residential section of the downtown area known as “the Project”. The project earned its name when homes were built during World War II to provide housing for government workers. The project has earned three awards from the State’s Master Builders Association including “Community of the Year” and “Best Community Land Use”. The approved master plan calls for a residential village that complements and enhances the downtown district, included are family residences, luxury view-oriented town homes, and a small number of live-work units. The goal is for the community to expand the walkable downtown core, provide community living and provide a combined residential commercial option. Development slowed for a time due to the national decline in the housing market but now continues at a steady pace into 2014.

A pedestrian/bicycle trail is located along Fjord Drive. Because of its scenic location along Liberty Bay, more than 200 persons per day travel this route in non-motorized modes. Some of the highlights of the trail are scenic vistas, including Net Shed Park.

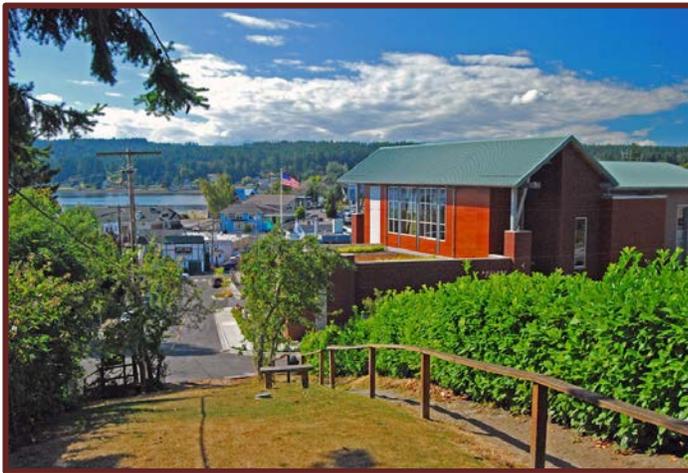
Improvements to 6th Avenue a main arterial street through a residential section leading to the popular Lion’s Park and waterfront were completed in 2013. Improvements included replacing aging infrastructure for water and sewer, sidewalk improvements and pedestrian safety enhancements.

The Jewel Box Theatre is a local theater with an intimate setting providing live productions at a reasonable cost. This 4,000 square foot multi-purpose space theater has seating for up to 100. The Poulsbo Players, a local non-profit community group, puts on different plays throughout the year. The theater has a catering kitchen, which makes it possible to rent out the space for meetings, fund raising events, wedding receptions and children’s classes.

City Hall is located in the heart of historic downtown Poulsbo. The building houses all City Departments with the exception of Public Works and Parks & Recreation. The building is visible and accessible to all citizens and visitors, in such a way that it serves as a landmark on the skyline and enhances the character of the City. The building provides for City services with a welcoming environment and better technology for more efficient



View of from Fjord Drive



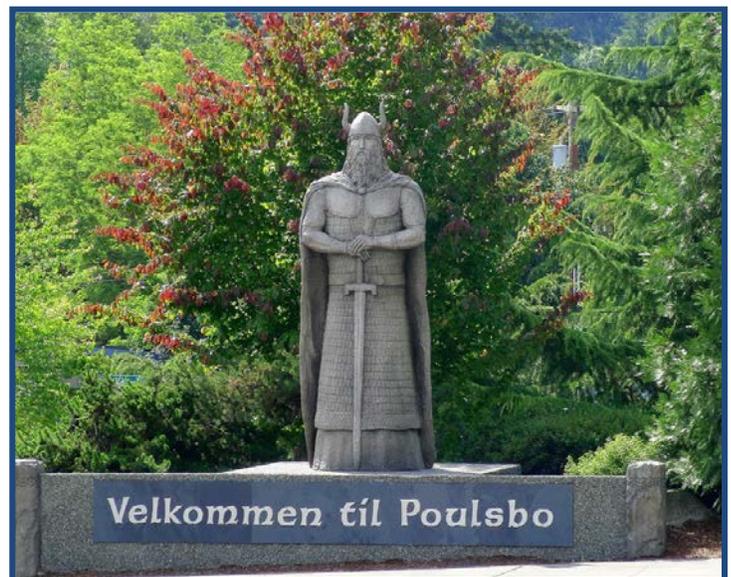
Poulsbo City Hall as seen from Moe Street Trail

Auto Dealership will continue its planning phase, as well as a trail for Nelson Park to allow access from the lower to upper portion of the park.

An exciting addition to 2013 was the arrival of a small cruise ship line making Poulsbo one of its stops on their journey. Several times beginning last spring the City was visited by close to 100 passengers from the cruise ship walking the historic downtown Poulsbo waterfront visiting shops and stopping for lunch in one of our many downtown eating establishments. They City welcomed the visitors with an official Police boat escort and live Norwegian Dancers greeting. Poulsbo will continue to be one of the port visits in 2014.

WEST SIDE – Junction Area/Viking Ave Corridor

This area, previously located on a state highway, is now a City avenue dotted with commercial businesses. Quite a bit of the Viking Avenue corridor has been a victim of the national economy. Much of the Viking avenue corridor housed automobile dealerships and they have closed their doors leaving a large amount of vacant properties. The City Council has set a goal and continues to emphasize economic development in the City focusing much of their efforts to vacancies along this corridor. The City is working with Viking Avenue businesses to revitalize this area of the City. In 2013 some of these properties were beginning to be occupied. A new auto body shop has opened their doors for business in 2013. A children's theater group is a tenant in a large building once housing a car dealership. Fishline, a non-profit food bank serving Poulsbo has purchased a large vacant parcel on Viking Avenue and intends to move and expand their operations. There continues to be growing interest in occupying other vacant parcels on Viking Avenue, which will help support the rebound from the economic downturn experienced in the past few years.



Viking Statue

Viking Avenue is the main route through the west side of the city. Several years ago the road was expanded to four lanes with a center turn lane through the business district. The avenue is pedestrian

friendly with sidewalks, lighting, several cross walks and landscaping.

A large Viking statue marks the City entrance from the west side of town to the historic downtown. The statue called "Norseman" is mounted on a large concrete pedestal touting "Velkommen til Poulsbo". This is City landmark with local residents adorning the statue with scarves or necklaces to match the season.

A destination for many city residents is the 10-plex-movie theater. Stadium seating, digital sound, 3D capabilities, new releases on multiple screens, and catered parties draw patrons from all over Kitsap County.

Nelson Park is located at the end of the bay. The park contains a picnic shelter, playground, a caretaker's residence and public restrooms. Nelson Park is the home to the Martinson Cabin, a log cabin that was lovingly taken apart and rebuilt at its present location. The Poulsbo Historical Society hosts docents to showcase the memorabilia from over 100 years. In 2014, an unused trail easement from under the Lindvig Bridge to a stairclimb on the Westside of Nelson Park will continue to be developed, creating continuous access between several City parks.



Fish Park Artwork

Lindvig Bridge is located over Dogfish Creek. The bridge provides pedestrian walkways and is a true fish enhancement allowing a viewing platform for travelling salmon and a passage and from the Dogfish Creek to Liberty Bay.

The entrance to Fish Park is marked with a beautiful stone carved sculpture and engraved stone with the park's name. Grants have helped to develop the property to include public access trails, educational signage, interpretive areas, a small amphitheater, wildlife-viewing, and educational opportunities. Volunteer work forces from local service groups constructed a boardwalk to enhance the wildlife viewing. The park has several viewing platforms, multiple interpretive signs, three pedestrian bridges, one footbridge, approximately one mile of compacted gravel trails, stream re-direction and restoration plantings. Most of the improvements have been donated by local individuals and organizations including: Eagle Scouts, Rotary, Poulsbo Lions Club, numerous students, church groups, and volunteers. In 2011 additional adjacent land was donated and a grant to purchase an additional 2.69 acres of shoreline parcel hooked to the park was received. In 2014 improvements to the park will continue. All improvements will stay within the master plan providing walking trails and wildlife viewing areas in a natural setting. The park has grown to 36.27 acres with the assistance of volunteers and community support and has become a popular destination for walkers and wildlife viewers.



Liberty Hill Home

Located off of Viking Avenue is Finn Hill which provides access to a main freeway, Highway 3, and a southern entrance to College Market Place. Residential development continues to grow in this area with a new housing development. The development known as Liberty Hill is a residential neighborhood consisting of 71 homes on over two acres. The development includes walking trails providing access to some of the close points of interest. This newest Poulsbo neighborhood will be connected to City sewer but have water service from the KPUD.

EAST SIDE – State Highway 305 and Lincoln Hill

State Highway 305 runs through the east side of Poulsbo providing access to the Bainbridge Island/Seattle ferry, twelve miles to the south. SR 305 includes peak hour high occupancy vehicle (HOV) and is the primary roadway for residents to travel in their morning and afternoon commutes to work and school.

In years past, this was the agricultural area of Poulsbo. Today, "Poulsbo Village," a shopping mall with retail stores, offices, athletic club and medical facilities, occupies the land, which was previously a dairy farm.



View of Poulsbo from Lincoln Hill

The commercial area on both sides of State Highway 305 continues to enjoy a healthy customer base. A business park campus located on Lincoln Hill, east of State Highway 305 changed an old gravel pit into a contemporary business park with a spectacular view of the Olympic Mountains. The campus continues to expand and attract new businesses and professional services to our area. These companies are able to provide family wage earning jobs for professionals who prefer not to commute to the Seattle area.

Poulsbo is the home of several large grocery store options including a large Central Market, which has been deemed a destination market boasting local produce and many quick gourmet dining options.

In 2013, construction of a new large Safeway store inclusive of a gas station began. The store is anticipated to open for business mid May 2014. This large retail grocery development will enhance the options for residents as well as entice travelers to make a quick stop with easy highway access.

Poulsbo is served by the North Kitsap School District. The Lincoln Hill area includes the North Kitsap Senior High, Poulsbo Middle School, Poulsbo Elementary and the North Kitsap School District Administrative offices.

A traffic signal at the corner of Caldart and Lincoln and a four way stop at the corner of Hostmark and Caldart, help support the heavy vehicle and pedestrian traffic for school hours. Both the high school and middle school are located near the Caldart intersection, which causes a high level of pedestrian traffic. The North Kitsap School District participated in the funding to help provide for the safety of both the students and pedestrians. New sidewalks of pervious concrete and bio-swales to aid in stormwater treatment, speed tables and improved landscaping were installed at the North end of Caldart which contains several housing developments and the City owned Cemetery.

Construction of Noll Road improvements is planned over several phases. Upcoming phases will continue to address increased traffic flow for pedestrians and overflow vehicle traffic from the main highway. The project is primarily funded with grants and City contributions. The corner of Noll Road and Hostmark is the home to an elementary school and very busy athletic fields owned by the school district. Improvements in this area include road, pedestrian and bicycle lane



Commercial Buildings on Lincoln Hill

improvements. The City worked closely with the local schools to address the safety concerns for pedestrian and vehicles traveling to Poulsbo Elementary School and is very supportive of the continued improvements. Landscaped sidewalks greatly improved access for safe foot and bicycle traffic. Access to school parking and the fields were included helping streamline the busy school zone traffic during school hours. At the south end of Noll, pedestrian, non-motorized and vehicle traffic improvements including a roundabout at the Lincoln intersection was constructed streamlining the traffic flow.



Poulsbo Farmer's Market Season Opening

The Poulsbo Farmer's Market, which is located at 7th Avenue and Iverson near Poulsbo Village, continues to operate on Saturdays during the months of April through October. Since the market's inception a little more than 6 years ago, more vendors and customers are making the market an increasingly popular event. The market emphasizes environmentally friendly products and allows local farmers a venue to sell their goods.

One of the City's busiest parks is Raab Park. The park boasts a large picnic shelter, restrooms and updated playground. The park has a walking path around the perimeter, small playground, performing stage, and Skate Park. The picnic shelter is available for rent to the public and continues to be a popular venue for family and organization events.

A community Pea-Patch, consisting of small blocks for community members to rent and set up a garden area, continues to be ever popular with local gardeners. Educational workshops are offered in this area for different gardening techniques and ideas. Located in the corner of Raab Park, a fenced "Bark Park" allows pets to be exercised off-leash. This continues to grow in popularity among pet owners.

NORTHWEST CORNER – College Market Place

In 1994, 215 acres of undeveloped property known as the "Olhava Property" was annexed into the City and City Council approved the adequacy of the environmental impact statement (EIS) and the master plan in 1998. The Olhava Master Plan continues to be completed in phased development. The master plan includes 840,000 square feet of commercial buildings, a 325,000 square foot business park, 70 single-family units and 420 multi-family residents and ball fields. Developers also donated 20 acres to the local community college.



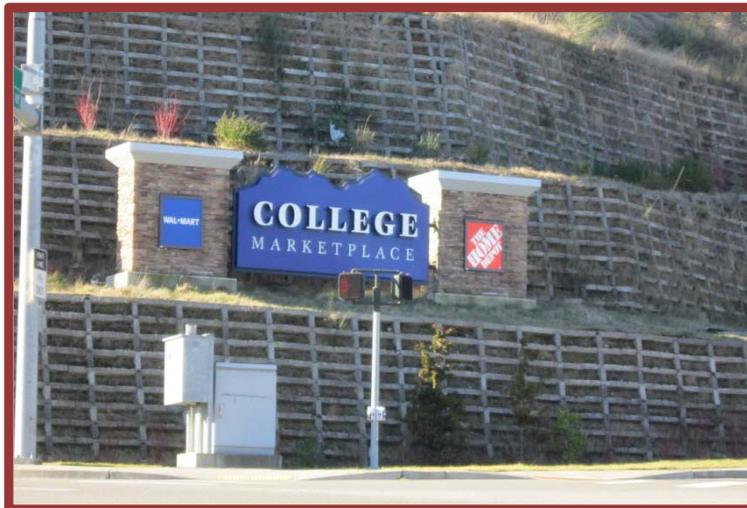
Olympic College

A satellite campus of Olympic Community College offers the latest in technology such as satellite classes and video conferencing to enhance educational opportunities. The college has become so popular there are preliminary discussions of expansion.

The development now carries the name, "College Market Place." Several anchor stores, Wal-Mart, Home Depot, Petco, Office Max and Big 5 are located in this development. Several businesses are located in adjacent strip malls. The area continues to develop with many additional businesses adding to the ever popular location. A couple fast food restaurants including Jack in the Box and Wendy's are also located in the development

Apart from the retail developments a large beverage distribution warehouse and large medical building is located in the development. This is a great enhancement for the residents of Poulsbo offering local employment and services reducing the need for travel to other locations for medical services. This project continues to be a huge investment of private dollars into the community and continues to support Poulsbo's strong Retail Sales Tax base.

The City of Poulsbo continues to promote smart growth with new businesses coming into the area and providing local employment as well as maintaining our "small town" atmosphere. We feel government, citizens, and developers working together can successfully accomplish the goal of making Poulsbo the premier place to live and work on the Kitsap Peninsula. Poulsbo has many times been termed "small but sophisticated". Dedicated citizens, elected officials and staff continue to promote Poulsbo as a premier place to live and work.



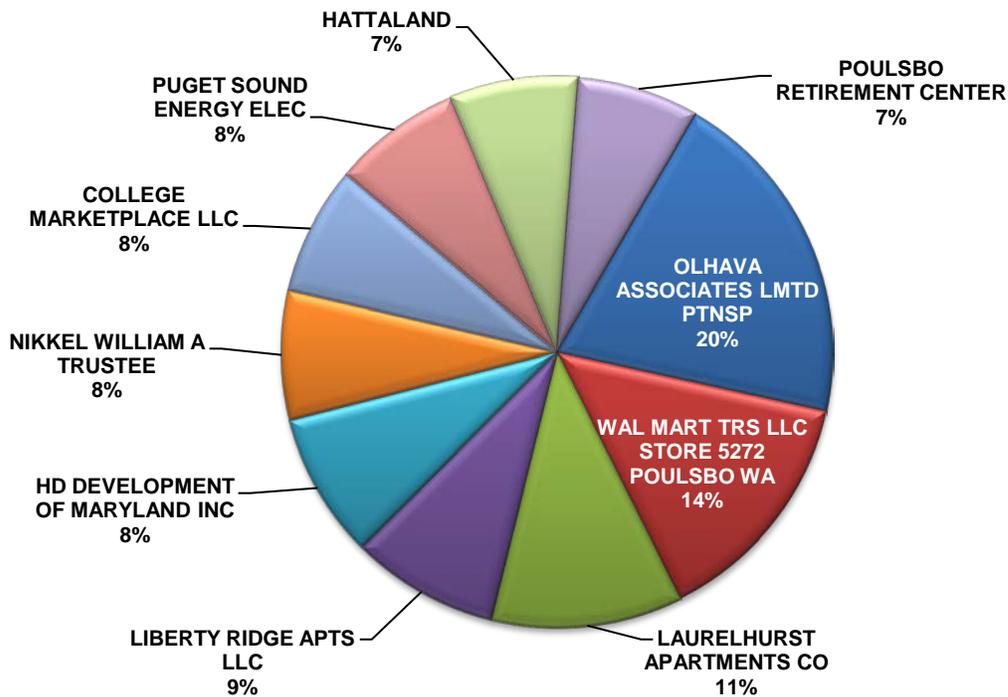
Sign at Entrance of College Marketplace

PRINCIPAL TAXPAYERS

Taxpayer	2014		
	2014 Assessed Valuation	Rank	% of Total Assessed Valuation
OLHAVA ASSOCIATES LMTD PTNSP	\$23,739,620	1	1.93%
WAL MART TRS LLC STORE 5272 POULSBO WA	\$16,723,690	2	1.36%
LAURELHURST APARTMENTS CO	\$13,234,340	3	1.08%
LIBERTY RIDGE APTS LLC	\$10,211,710	4	0.83%
HD DEVELOPMENT OF MARYLAND INC	\$10,070,450	5	0.82%
NIKKEL WILLIAM A TRUSTEE	\$8,934,440	6	0.73%
COLLEGE MARKETPLACE LLC	\$8,918,790	7	0.73%
PUGET SOUND ENERGY ELEC	\$8,901,636	8	0.72%
HATTALAND	\$8,873,510	9	0.72%
POULSBO RETIREMENT CENTER	\$8,369,240	10	0.68%
TOTALS:	\$117,977,426		9.59%

Source: Kitsap County Assessor's Office

Assessed Value of Top Ten Taxpayers



City of Poulsbo Top 10 Employers

<u>Taxpayer</u>	2013		
	TOTAL EMPLOYEES ¹	Rank	% of Total City Employment
North Kitsap School District	844	1	10.91%
Martha & Mary Lutheran Services	599	2	7.74%
Walmart	300	3	3.88%
Central Market	230	4	2.97%
Raytheon Systems	167	5	2.16%
Home Depot	116	6	1.50%
Liberty Shores / Harbor House	105	7	1.36%
Masterworks	95	8	1.23%
City of Poulsbo	81	9	1.05%
Gateway Fellowship	79	10	1.02%
Subtotal of Ten Largest Employers	2616		33.82%
All Other Employers	5120		66.18%
Total Poulsbo Employment ²	7736		100.00%

¹ Full and part-time employees are tracked.

² Total Poulsbo Employment numbers from ESD as of Q1 2013

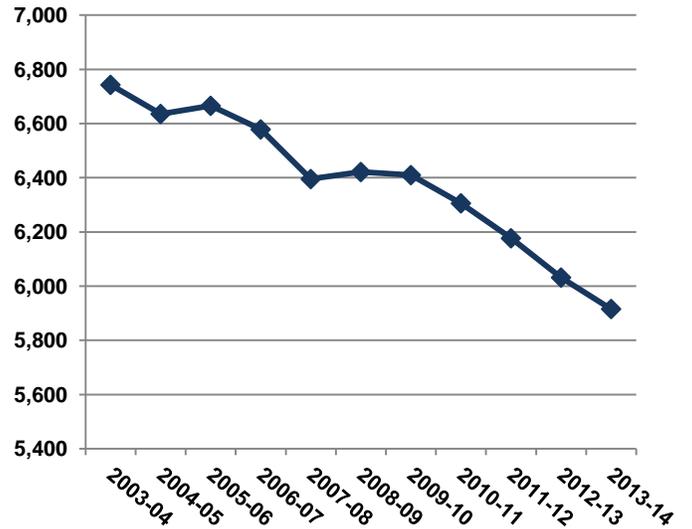
Source: Kitsap Economic Development Council Survey, WA St Employment Security Department, City of Poulsbo Finance Department

CITY OF POULSBO DEMOGRAPHIC STATISTICS (FROM 2010 US CENSUS DATA)

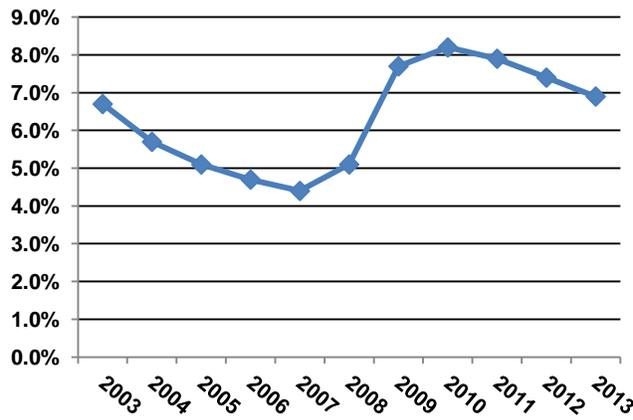
Persons under 5 years	6.2%
Persons under 18 years	23.8%
Persons 65 years and over	19.4%
High School Graduates, % of age 25+	94.4%
Bachelor's Degree or higher, % of age 25+	31.7%
Homeownership rate (2006-2010)	68.1%
Median Value of Owner-occupied Housing	\$305,400
Persons per Household (2006-2010)	2.35
Per Capita Income (2010)	\$28,565

KITSAP COUNTY'S 2013 TOP TEN EMPLOYERS	
Naval Base Kitsap	30,784
Harrison Medical Center	2,442
Washington State Government	1,746
Central Kitsap School District	1,469
Olympic College	1,206
South Kitsap School District	1,176
Kitsap County	1,124
North Kitsap School District	844
Port Madison Enterprises	752
Bremerton School District	663

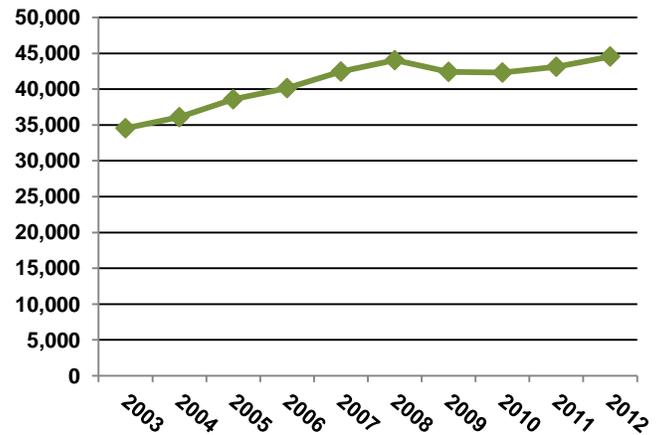
North Kitsap School District Enrollment
2003 - 2013



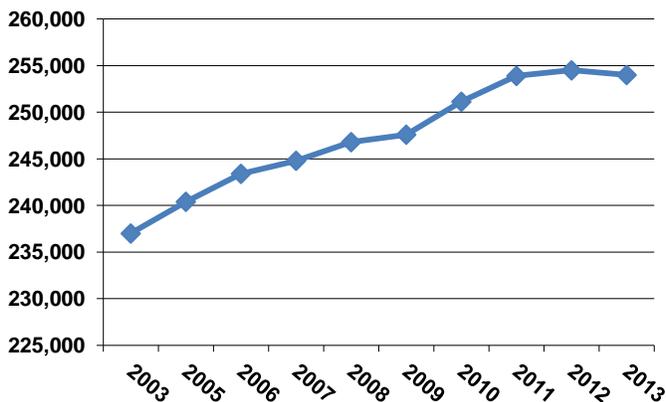
Kitsap County Unemployment Rate
2003 - 2013



Kitsap County Per Capita
Personal Income 2003-2012



Kitsap County Population
2003 - 2013



SOURCES:

Unemployment: Washington State Department of Employment Security

Kitsap Population: Washington Office of Financial Management

Per Capita Personal Income: US Department of Commerce, Bureau of Economic Analysis

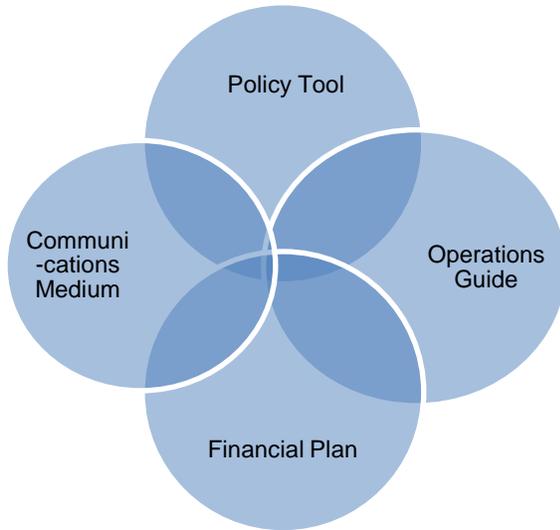
School Enrollment: North Kitsap School District

Kitsap County Top Ten Employers: Economic Development Council of Kitsap County

BUDGET PROCESS

A. PURPOSE

The City of Poulsbo's Budget seeks to achieve four basic purposes:



1. A policy tool: The City's budget process is conducted in a manner that allows the City's policy officials to comprehensively review the direction of the City and to redirect its activities by means of the allocation of financial resources. On this basis, the budget sets policy for the following year. The budget process also facilitates the evaluation of City programs by providing a means to measure the financial activities of the departments.

2. An operations guide: The budget provides financial control by setting forth both legislative and administrative guidance to City employees regarding the character and scope of their activities in both summary and detail form in the various products of the budget process.

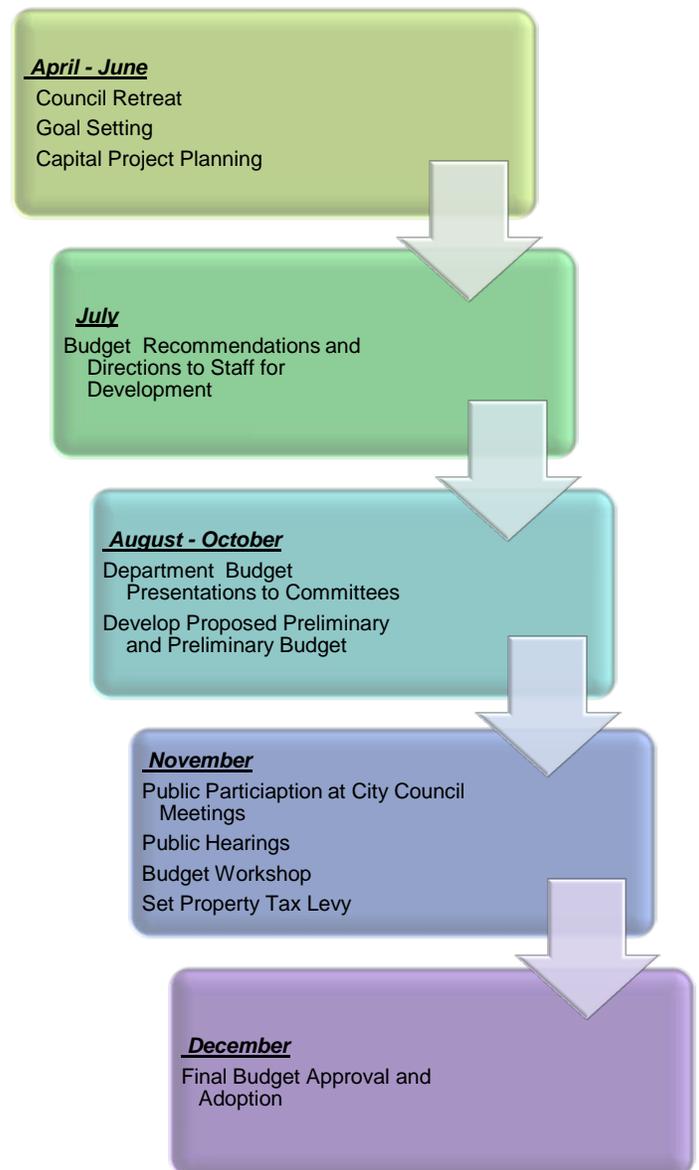
3. A financial plan: The budget outlines the manner in which the financial resources of the City will be managed during the budget period. This allocation of resources is based on an understanding of both the current year's needs and the long-term view of the development of City programs. The budget takes into account unforeseen contingencies and provides a process for periodic adjustments.

4. As a communications medium: The budget provides management information as a comprehensive tabulation of information regarding both the character and scope of City activity. No budget can be effective unless it communicates and, since this budget has a

diverse audience, it seeks to communicate at several levels and for several purposes. It seeks to communicate clear policy at a usable level of detail to City employees, to communicate significant policy issues and options in a form that can be acted upon by policy officials, and to communicate the plans of the City to its constituents in a manner which affords them an opportunity to provide meaningful comments to the elected officials.

B. PROCESS

The City of Poulsbo's Budget process meets these purposes by integrating the planning and implementation of City programs with the allocation of financial resources necessary to support these services.

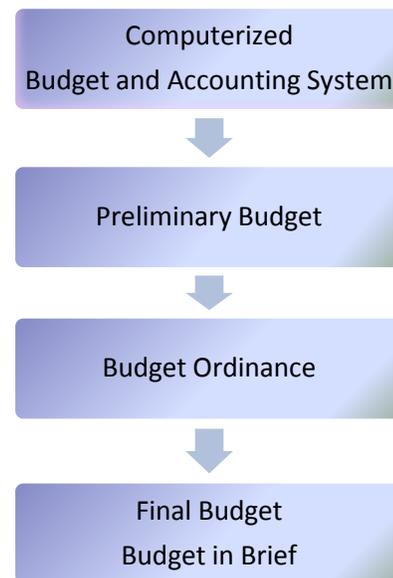


Budget planning starts early in the year and is prepared as follows:

- First quarter of the year - a Council retreat is held to discuss goals for the upcoming budget season. The goals are distributed to each department to use during their budget planning.
- May - the Capital Improvement Team meets to begin updating the City Improvement Plan.
- July - Council recommendations for the upcoming budget are approved and distributed to departments as a basis for them to develop their budget.
- July through August - each department develops its budget and work plans for the following fiscal year.
- August - departments enter their 2014 projections directly into the software and run system reports. Historic and current budget data is included in the accounting software system in an integrated budgeting module.
- September - departments consult during this period with Council Committees while they are formulating their next year's work programs and proposed budgets. These consultations may be either formal or informal and are intended to anticipate the Council's desires as the work programs and the supporting budget proposals are developed.
- August - Finance Department develops a tentative revenue projection for the following year.
- September - A complete proposed budget is presented to the Mayor. The Mayor with each Department Head reviews the budget, in detail.
- September - the Mayor formulates both her proposal in response to Council goals, and her recommended budget for the following year.
- October - recommendations for the next fiscal year are formally transmitted to the Council in the form of the preliminary budget.
- October through November - City Council holds a public hearing on the revenue sources for the preliminary budget and conducts a series of workshops to examine the budget in detail.
- November - Council conducts another budget public hearing before acting formally on the budget as modified during its workshop hearings.
- The Finance/Administration Committee makes any final recommendations to the budget for council consideration.

- December - final action on the budget occurs including adoption and the budget ordinance.

The entire process is coordinated as needed in regular weekly meetings of the City Department Heads. The Finance Department provides the staff coordination for the process. The Finance/Administration Committee is consulted continually throughout the year as potential issues surface and new program ideas incubate. The budget process results in various budget products at appropriate stages of the process.



1. Computerized Budget & Accounting System

The actual "official" budget is maintained, both before and after adoption, on a computerized software program, at a detailed "line item" level. Computerized reports can be generated at any time at any level of detail. This computerized budget becomes an accounting system to control expenditures after adoption of the budget.

2. Preliminary Budget

The preliminary budget is prepared, pursuant to State law as the Mayor's budget recommendations to the City Council. This public document contains detailed information at the fund level and, for the general fund, at the department level, and focuses on key policy issues while still providing a comprehensive overview of the complete budget.

3. Budget Ordinance

The actual appropriations implementing the budget are contained in the budget ordinance adopted by the City Council.

4. Final Budget

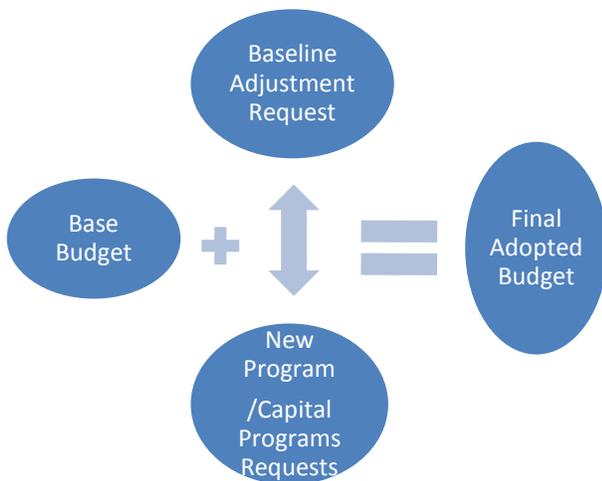
The final budget is issued as a formal published document, in the same format as the preliminary budget but as modified by the City Council. It is this document, which is formally filed as a final budget.

5. Budget in Brief

The Budget in Brief each year is published in conjunction with the final document. The Budget in Brief is a smaller document highlighting the information from the final document, but in a much-abbreviated form. This encourages the citizens to become more familiar with the City's policies and upcoming goals without being overwhelmed by a large document.

C. COMPONENTS OF THE BUDGET

There are two parts to the budget:



Baseline Budget: The baseline budget consists of budget proposals sufficient to maintain the operation of programs previously authorized in earlier budgets.

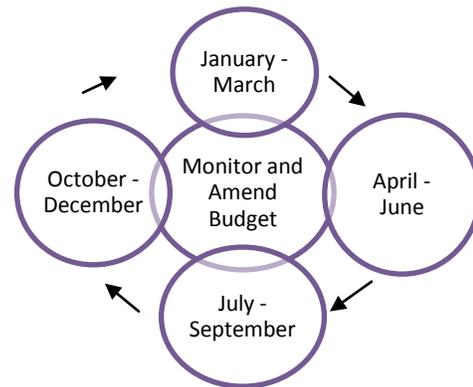
Program Improvements: (Baseline Adjustment Requests, New Program, and Capital Equipment Replacement Requests): Program improvements consist of new initiatives or substantial changes to existing programs.

Segregation of the budget into these two components separates key policy issues in order to facilitate their consideration. Policy officials can examine more readily at what level existing

programs should be funded and what budget initiatives should be made, including the level of funding.

This budget document contains the baseline budget in a line item format by department or fund. The program improvements are identified separately as new policy initiatives. The operations budget will consolidate the program improvements into the appropriate line items.

D. IMPLEMENTATION, MONITORING AND AMENDMENT



The budget and its policies are implemented through the work programs of the individual departments and the accounting controls of the finance department. It is an annual on-going process with continual monitoring and possible adjustments reflecting actual unanticipated impacts.

The financial aspects of the budget are monitored in regular monthly reports issued by the Finance Department. Each department is provided access to the accounting software, which provides live and immediate information. It is expected departments will monitor their accounts regularly. Monthly reports are released comparing budget to actual data, and quarterly all items falling greater than a 15% variance is explored and reported. These reports include an analysis of the City's financial condition and review for compliance with the Cash Management Policy.

The budget can be amended at any time with the approval of the Mayor and/or Council action. The Mayor can approve department requests for reallocation of funding, within a department's operating budget but does not increase the bottom line of the fund. All amendments increasing the bottom line requires City Council approval and as specified in the Financial

Management Policy requires a super majority. All other requests for reallocation or new money require the Mayor's approval, and are then forwarded to the Finance Department for recommendation and processing to be presented to Council for approval or denial. Quarterly the ordinance amending the budget at fund level is before the City Council and open for public comment, which incorporates amendments approved within the quarter. Normally, the status of the budget is comprehensively reviewed quarterly to identify any needed adjustments.

E. BUDGET POLICIES

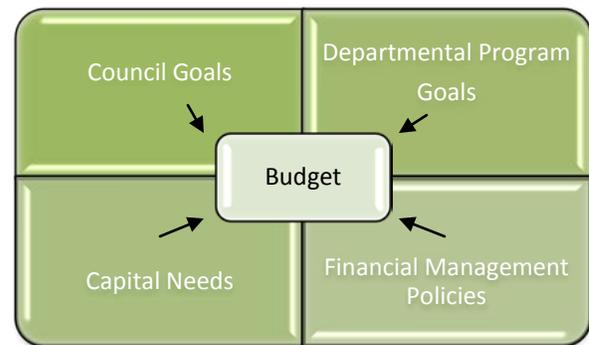
This section sets forth not only the objectives of the budget as a policy document, but also describes the basis of that policy.

1. POLICY CONTEXT OF THE BUDGET

In the City of Poulsbo, the City budget process is part of an overall policy framework, which guides and coordinates the various services and functions of the City. The budget serves a central role by allocating the available financial resources to the programs that have been established to implement the City's overall policies and goals. The budget also establishes financial policies, which influence the availability of future resources to carry out the City's vision.

The basic policy document of the City is its Comprehensive Plan. The Comprehensive Plan program, and its implementation, is building blocks for the future. It sets the basic vision for the development of the City, and establishes policies and programs intended to achieve that vision. The plan is further articulated by a series of planning elements, which include public improvement elements (such as public utility plans), capital facilities plan (addressing capital projects with established funding in the next five years), policy elements (such as economic development programs), and regulatory measures. Supporting the Comprehensive Plan are functional plans for parks, transportation and each of the City's four utilities.

2. BUDGET POLICY DEVELOPMENT



The budget process is linked to this policy framework by the annual development of:

- a. **Council Goals** are broad in nature and are the framework set to accomplish the City's Vision;
- b. **Departmental Program Goals** are more specific and short-term and respond to Council's broader goals. They are carried out through annual objectives to be funded by the budget and may also identify the need for additional development of overall policy;
- c. **Capital Needs** are derived from the Comprehensive Plan and are funded annually in the budget process through the Capital Improvement Plan (CIP).
- d. **Financial Management Policies** include parameters set by Council for maintaining cash and fund balances. . The budget is prepared in accordance with maintaining the minimum fund balances as set by policy.

Policies which support Financial Management and Budget Development are as below and copies can be located in Section 10 – Appendix

- *Financial Management Policy*
- *Accounting, Financial Reporting and Auditing*
- *Enterprise Funds*
- *Operating Budgets*
- *Performance Measures*
- *Investment Policy*
- *Debt Policy*
- *Capital Improvement Policy*

Budget policy contains several distinct steps. Policy in this budget starts with an understanding of needs and issues, describes explicit policies governing the development and management of financial resources, identifies general goals, sets priorities with which to apply the available funding tools, and concludes with specific funding proposals. In assessing the issues and needs of the community, this policy builds on actions taken in previous budgets, thereby providing continuity with previous programming. This allows the City to address community needs on a multi-year basis, rather than attempting to satisfy all needs in one budget cycle. These budget policies are a result of an ongoing process of economic and financial analysis conducted by the Finance Department.

The City of Poulsville's budget management approach is based on flexibility and coordination, reflecting the City's administration team and management philosophy under which responsibility is shared among departments. While program managers are provided considerable flexibility in managing their program's on a day-to-day basis, the budget of one department is expected to interact and to take into account the need to support the functions of other departments. This management philosophy demands that budgetary control be exercised in a flexible way rather than the rigid approach often found in line item budgeting systems. Poulsville does not control its budget at the line item level, but at the fund level and at the department level within the General Fund. The measure of success in the budget is whether the objectives of first, the City, and second, the department, are achieved within its total appropriation rather than whether particular line items are met.

Budgetary control and responsibility are vested jointly in the Finance Department and the individual departments under the ultimate authority of the Mayor. Department Heads are held administratively responsible for staying within the "bottom line" of their department's total budget. The Finance Department is responsible for the efficient management of the entire budget to meet the ongoing needs of the City in a changing environment. Expenditures at the line item level are monitored by the Finance Department in order to identify potential problems and to adequately account for all financial transactions.

F. LEGAL STRUCTURE

The City of Poulsville has a strong mayor form of government, organized under the Optional Municipal Code as provided in State law. The Optional Municipal Code confers a limited form of "home rule" to those municipalities organized under these provisions. The independently elected Mayor is responsible for all administrative functions of the City and the Department Heads report to the Mayor. The City Council exercises legislative and quasi-judicial functions. The seven members of the City Council and the Mayor are elected at large for four-year terms. The Mayor develops and proposes the budget while the Council reviews, modifies and approves the proposed budget, as it deems appropriate.

G. BASIS OF ACCOUNTING AND BUDGETING

The City prepares a comprehensive annual financial report in conformance with generally accepted accounting principles (GAAP). The budget is prepared using the same basis of accounting, and therefore, can be compared to information depicted in the annual report.

BUDGET: The Governmental Funds are budgeted on a modified accrual basis and can be directly compared to the operating statement in the City's annual report. This means revenues and expenditures are recognized when they are measurable and available.

The Proprietary Funds are budgeted on an accrual basis and are depicted in the annual report using the same basis. There is an exception of expenditures not reflected on the annual report, but reflected in the budget such as capital outlay, leave accrual and debt principal. This allows budget capacity for the funds.

ACCOUNTING: Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for all funds except the governmental funds, which use a modified accrual basis of accounting.

The modified accrual basis differs from the accrual basis in the following ways:

- purchases of capital assets are considered expenditures
- redemption of long-term debt are considered expenditures when due

- revenues are recognized only when they become both measurable and available to finance expenditures of the current period
- inventories and prepaid items are reported as expenditures when purchased
- interest on long-term debt is not accrued but is recorded as an expenditure when due
- accumulated unpaid vacation, sick leave, and other employee benefits are considered expenditures when paid

H. BUDGET STRUCTURE

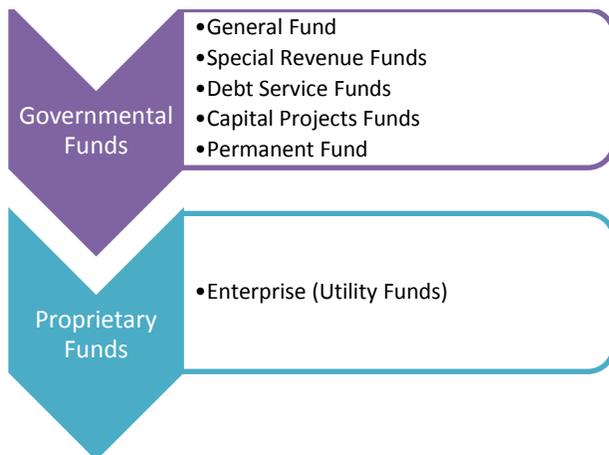
This document is organized so it represents the financial structure of the City. All of the City's accounts are developed and maintained as described below.

The City's financial structure is divided into funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Each fund is balanced, meaning total resources equal total uses. The funds are separated into four categories of fund types.

This is the structure of funds for budget purposes. This structure will be presented in detail throughout the rest of this budget.

GOVERNMENTAL FUND TYPES:

This group of funds accounts for the activities of the City, which are of a governmental character.



General Fund (Fund 001): Accounts for tax-supported activities of the City and other types of activities not accounted for elsewhere. In the City's budget this fund is divided into departments.

Special Revenue (100 Fund Series): Accounts for the proceeds of specific revenue sources with legally restricted expenditures.

Debt Service Funds (200 Fund Series): Accounts for the payment of outstanding long-term general obligations of the City except that of the proprietary funds.

Capital Project Funds (300 Fund Series): Accounts for major general government construction and acquisition projects financed by long-term general obligations.

Permanent Fund (700 Fund Series): Accounts for resources that are legally restricted so only earnings, not principal, may be used to support the reporting government programs for the benefit of the government or its citizens.

PROPRIETARY FUNDS:

This group of funds accounts for the activities of the City, which are of a proprietary or "business" in nature.

Enterprise Funds (400 Fund Series): Contains activities, which are operated in a manner similar to private businesses. In Poulsbo the enterprise funds account for the City's utilities.

FIDUCIARY FUNDS:

Trust and Agency Funds (600 Fund Series): Accounts for funds held by the City as a trustee. As outlined in the BARS, trust and agency funds should not be included in the comprehensive budget as they do not represent resources or outlays that benefit the local government itself. The City of Poulsbo does not budget funds in the 600 series.

MAJOR FUNDS:

The City of Poulsbo prepares the Comprehensive Annual Financial Statements (CAFR) in accordance with Governmental Accounting Standards Board (GASB). Per standards the funds are presented in the annual report as major and non-major funds. Based on criteria, all funds are reviewed and a calculation prepared to determine if the funds qualify to report as a major fund.

A Major Fund has three elements.

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least ten percent (10%) of the corresponding total (assets, liabilities, etc) for all funds of that category or type (i.e. governmental, proprietary, or fiduciary); and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual government fund or enterprise funds are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined; or
- Any other governmental or enterprise fund the government’s officials believe is particularly important.

Using 2014 budget figures the following funds would meet the criteria to be presented as major funds in the CAFR.

- Governmental Funds
 - General Fund (001)
 - Street Reserve Fund (311)
- Proprietary Funds (Business Type)
 - Water Fund (401)
 - Sewer Fund (403)
 - Solid Waste Fund (404)
 - Storm Drain Fund (410)

The major funds are separately presented in the Financial Plan.

I. ORGANIZATION CHART

The organization chart is represented in two different formats and areas of the budget. An overall organizational chart representing the functions and departments of the City can be found in the Financial Section. Within each department a detailed chart is presented detailing positions and full-time employees (FTE’s).

J. FINANCIAL SUMMARY

Within each department a table of financial data for each account within the department is included. The information details the projected 2014 budget, 2013 budget and actual expenditures for 2012 and 2011.

K. CAPITAL EXPENDITURES

Capital Expenditures anticipated within the next 6 years with a cost of more than \$15,000 and have an estimated useful life of more than ten years are detailed in the Capital Improvement Plan. Other equipment purchases over a \$5,000 threshold will be capitalized. All capital expenditures, regardless if in the Capital Improvement Plan are described in the fund that has budgeted the purchase.

L. GOALS/OBJECTIVES/ PERFORMANCE MEASURES:

The City Council holds a retreat in the beginning of the year to review prior goals, long term goals and set new goals for the upcoming year. This allows departments to develop their budgets taking into account the Council Goals and establishing departmental goals. The format goals are presented in the Financial Plan instead of each departmental section. For 2014, the departments continue to set goals in the following format:

Goal		
<i>Council Goal to which the Goal Responds</i>		
Objective	Measurement	Progress

M. AWARD

The City’s 2013 Budget received the distinguished Budget Award from the Government Finance Officers Association (GFOA).

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The award is valid for a period of one year. This is the eleventh year the City has received the award. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

N. CHANGES FOR 2014 BUDGET

The 2014 budget is organized essentially in the same format as previous years with a few exceptions.

Departments developed their 2014 budgets maintaining the same bottom line as 2013, with the exception of salaries and wages and contractual obligations. These bottom lines continue to maintain the reductions implemented in 2012.

Service levels continue to be impacted by the budget reductions taken over the past several years. Parks have less maintenance, road and park projects have been delayed, roadside maintenance has been reduced, counter service sometimes requires longer wait times, calls for service have longer response times and many citizen requests may not have the personal high level of customer service treatment they have been accustomed to in the past. The hours open to the public continues to be maintained providing service Monday through Friday.

In 2014, departments continue to submit their departmental goals in the same format as established by policy. The presentation continues to be included in the Financial Plan instead of separately in each departmental section. This allows the reader to view the goals by department, and see them as a complete package that ties to the City Council goals and value statements.

Fund balances will continue to be detailed according to GASB standards and when necessary detailing Council's specific purpose.

Due to continuing tough economic conditions, the City revenues remain almost flat with minimal growth projection. The sales tax projection has been conservatively estimated reflecting lower amount collected in 2012 combined with new anticipated sales tax revenue associated with construction of a large grocery store. The construction is anticipated to continue through the first part of 2014. The projection has remained at the same level anticipating the sales tax from construction and then to be supplemented with the retail activity when the project is complete.

Real Estate Excise Tax has seen an increase in 2013 activity. The projection for 2014 has been slightly increased reflecting increased activity, however, is still conservative less than actually received in 2013. The revenue is highly volatile, so is estimated conservatively. The Council's policy is to not anticipate more revenue than actually received the prior year.

All costs associated with outside agencies continue to be evaluated and negotiated for an affordable level of service.

An increase of .5 fte in the Police Department administrative staffing was approved. Through attrition, the position had been eliminated, but

necessary duties required by state law were not having adequate time and attention. The position was put back to its full fte funding.

Funding for an additional patrol officer was approved and included in 2014 funding. Over the past several years the position had been eliminated due to attrition. In order to better meet the needs of the community, an additional patrol officer was approved and included in the 2014 budget.

At the end of 2013, the Public Works Director position became vacant, which allowed the Mayor to review the functions and look for different ways to structure the department. In 2014 the director's position is eliminated, separating the oversight of the public works and engineering function. A new Assistant City Engineer and Contract Administrator/Accountant positions are funded. The intention is to put more resources supporting the large number of transportation and utility capital projects intended over the next several years. Many of the projects are supported by grants, which also helps support the funding.

The General Fund will continue making the transfer for a smaller portion of the 2003 Transportation GO Bonds payment and Street Operations (Fund 101) will make the other portion.

The Internal Service Fund for the purpose of providing a City Mechanic services was eliminated. The fte for the Mechanic was allocated per function and charges for materials will be directly charged to the function requiring the service. This will eliminate the internal work and overhead charges allocated through a monthly internal billing process. This should save administrative processing time and make the charges more transparent instead of allocation through the internal service fund.

The Mayor and City Council recommended the following transfers of property taxes based on a 1% increase over the highest allowable levy. Several of the transfers were reduced to leave more operating dollars available in the General Fund.

Property Tax

- 2.15% transfer to Street Reserve Fund for transportation capital projects (311) (50% reduction)
- 7% transfer to Street Reserve Fund (311) for ongoing capital street maintenance program (50% reduction)

- 2.15% transfer to Park Reserve Fund (302) (50% reduction)
- 31% transfer to Street Fund (101)
- Remainder of tax to stay in General Fund (001)
- 1% transfer to Equipment Acquisition Fund (301) for new equipment. (50% reduction)
- 0% transfer to Revenue Stabilization reserves in the General Fund (001) (100% reduction)

Sales Tax

The following transfers based on Sales Tax are projected for 2014. They reflect reductions from original budget direction leaving more funds in the General Fund (001) for operations, and reduce the amount necessary from reserves to balance the fund.

- 2.5% transfer to Equipment Acquisition Fund (301) for equipment. This amount is reduced leaving amount in General Fund to provide funding for small tools (i.e. computers, printers) (50% reduction)

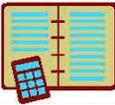
Utility Taxes

The City collects utility tax on utility revenues generated within the City. The tax rate for services provided by the City was increased to 9% for water and sewer utilities. The rate for the past three years has fluctuated from 6% to 10% on water, sewer and storm drain utilities. The City Council set a new rate of 9% for water and sewer activities and have been calculated at this amount for the 2014 budget.

2014 BUDGET CALENDAR

DATE	STAFF	ACTION
May 2013	Dept Heads/Council 	Management City Improvement Team begins preparing 2014 CIP update All new City Improvement Projects to be submitted to the Planning Department
June 2013		CIP forms due to Project Accountant
07/17/13 07/31/13	Finance 	Budget kickoff. First budget presentation to City Council (goals, priorities, proposed revenue, Finance Committee Recommendations) Make available electronically, the Budget Instruction Manual to Department Heads. All forms and worksheets are provided electronically.
07/31/13	Council 	Council Retreat - Council Goals for 2014 Budget.
08/01/13 to 08/30/13	Finance 	Complete revenue forecast for all funds. Complete 2014 personnel summaries. Complete interfund allocations, insurance and all non-departmental budgets.
08/01/13 to 08/30/13	Dept Heads 	Meet with Council Committee members for detailed review of all department expenditures, revenues, Baseline Adjustment Requests (BAR) New Programs, Capital Replacement items, Capital Improvement Plan projects
08/09/13	Dept Heads 	Submit all Capital Replacement and New Capital Forms to Finance Director, to be considered in 2014.
08/30/13	Dept Heads 	Departments submit Budget Checklist to Finance with budget information (electronic copy) including: Budget Narrative, Expenditure and Revenue projections and all forms for supplemental decisions including New Program and Baseline Adjustment Request, and Capital Outlay.
09/01/13 to 09/27/13	Finance 	Review submitted 2014 Budget figures. Verify 2013 estimates, and recap supplemental requests. Prepare Proposed Preliminary Budget
09/18/13 09/18/13	Finance 	Set public hearing for 2014 revenue sources Review 2013 revenues and expenditures with City Council
09/25/13 09/27/13	Finance/Mayor 	Present revenue and expenditures to the Mayor for modification and review Distribute 2014 Proposed Preliminary budget to council in packets

2014 BUDGET CALENDAR

DATE	STAFF	ACTION
10/09/13	Finance 	Set public hearing for final 2014 Budget
10/16/13		Review 2014 revenue sources with City Council
10/16/13		Public Hearing for 2014 revenue sources
10/1/13 to 10/31/13	Finance 	Prepare 2014 Preliminary Budget document
11/01/13	Finance 	Make copies of Preliminary Budget document available to City Council and public
11/01/13	City Clerk 	Publish notice of filing of Preliminary Budget and Notice of Public Hearing on Final Budget
11/06/13	Finance 	Open Public Hearing. Continue Public Hearing to November 13, 2013 Set 2014 Property Tax Levy Present City Improvement Plan
11/13/13	All Departments 	Continue Public Hearing from November 6, 2013. Continue Public Hearing to November 20, 2013 Special Budget Work Session Police, Court, Capital Equipment, Human Resources, Information Services, Non Departmental, HDPA, Executive, Legislative, Clerk, Finance, Planning, Recreation, Engineering, Public Works
11/20/13	Finance 	Continue Public hearing from November 13, 2013 Close public hearing Review Baseline Adjustment and New Program Requests
12/11/13	Finance 	Final review and approval of 2014 Budget
12/18/13	Finance 	Ordinance adoption of the Final 2014 Budget



Section 2

Financial Plan

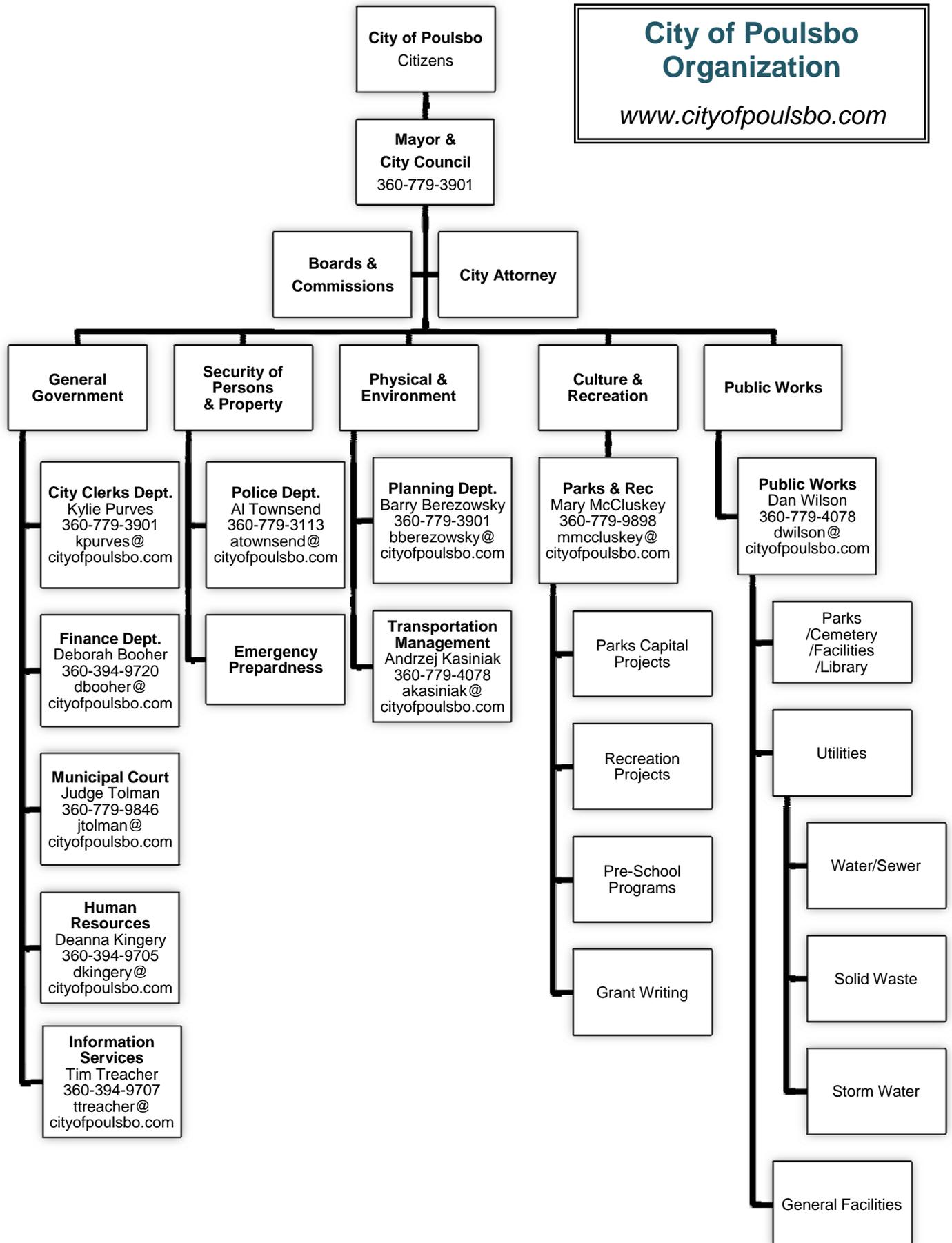


CITY OF POULSBO THE BUDGET AS A FINANCIAL PLAN

A budget is a plan that allocates the available financial resources to meet community needs. This allocation is based on policies, goals and objectives addressing how those needs are intended to be met. By doing so, the budget sets forth the scope of activity the City will undertake during the year. This section of the budget presents the plan and assesses the implications of its allocation of resources on the City's financial position, both in 2014 and in the future.

This section describes the overall budget, including all funds. Factors affecting the City's debt capacity are also discussed, followed by a discussion of the working capital of the proprietary funds.

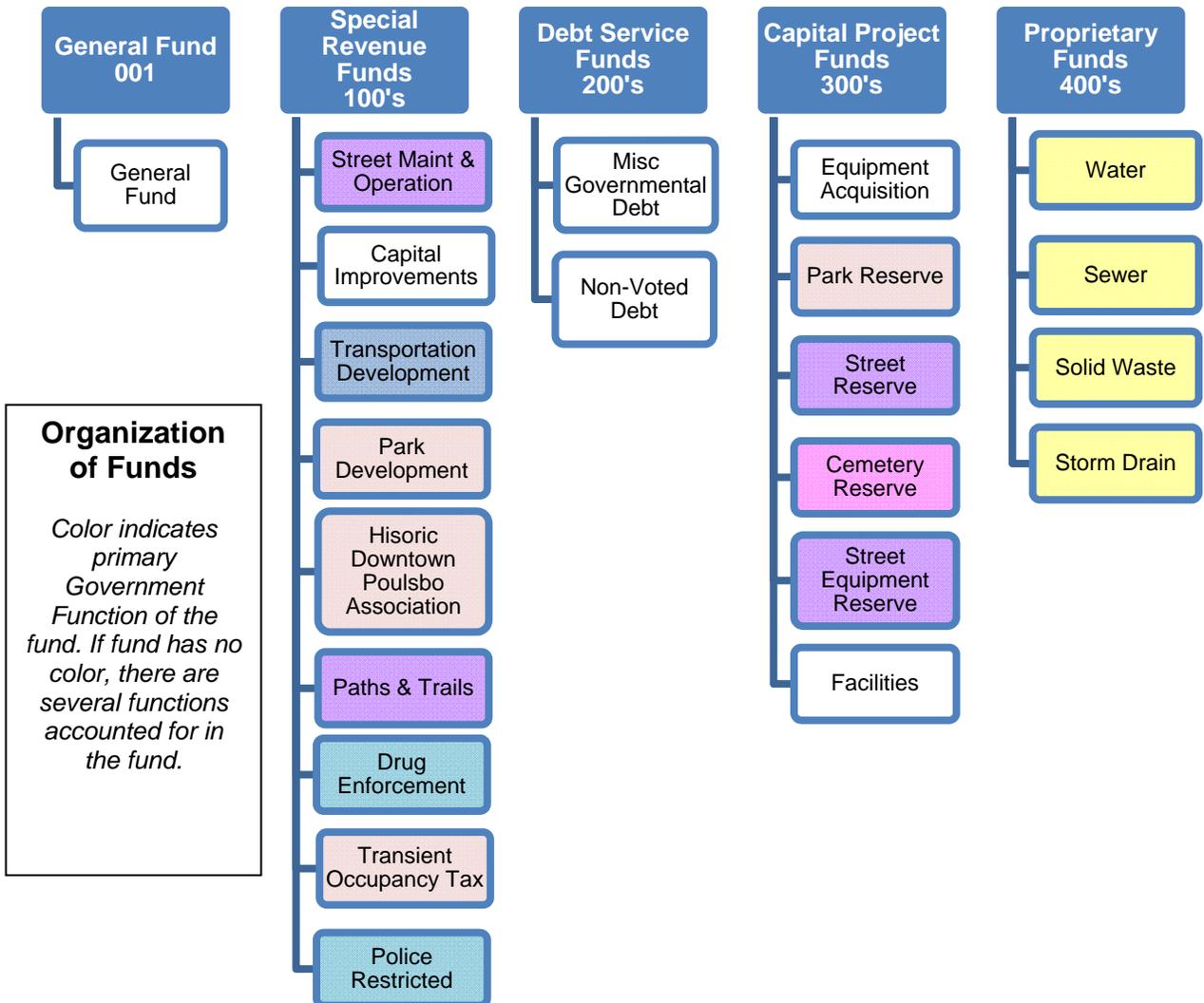
The next section, Baseline General Fund, focuses on the General Fund of the budget, which provides funding for the majority of the general tax-supported activities of the City (excluding debt service). An analysis of General Fund revenue and expenditure detail is presented. This section generally identifies the source of funds available to the City and how those resources are allocated to various funds.



**City of Poulsbo
Organization**
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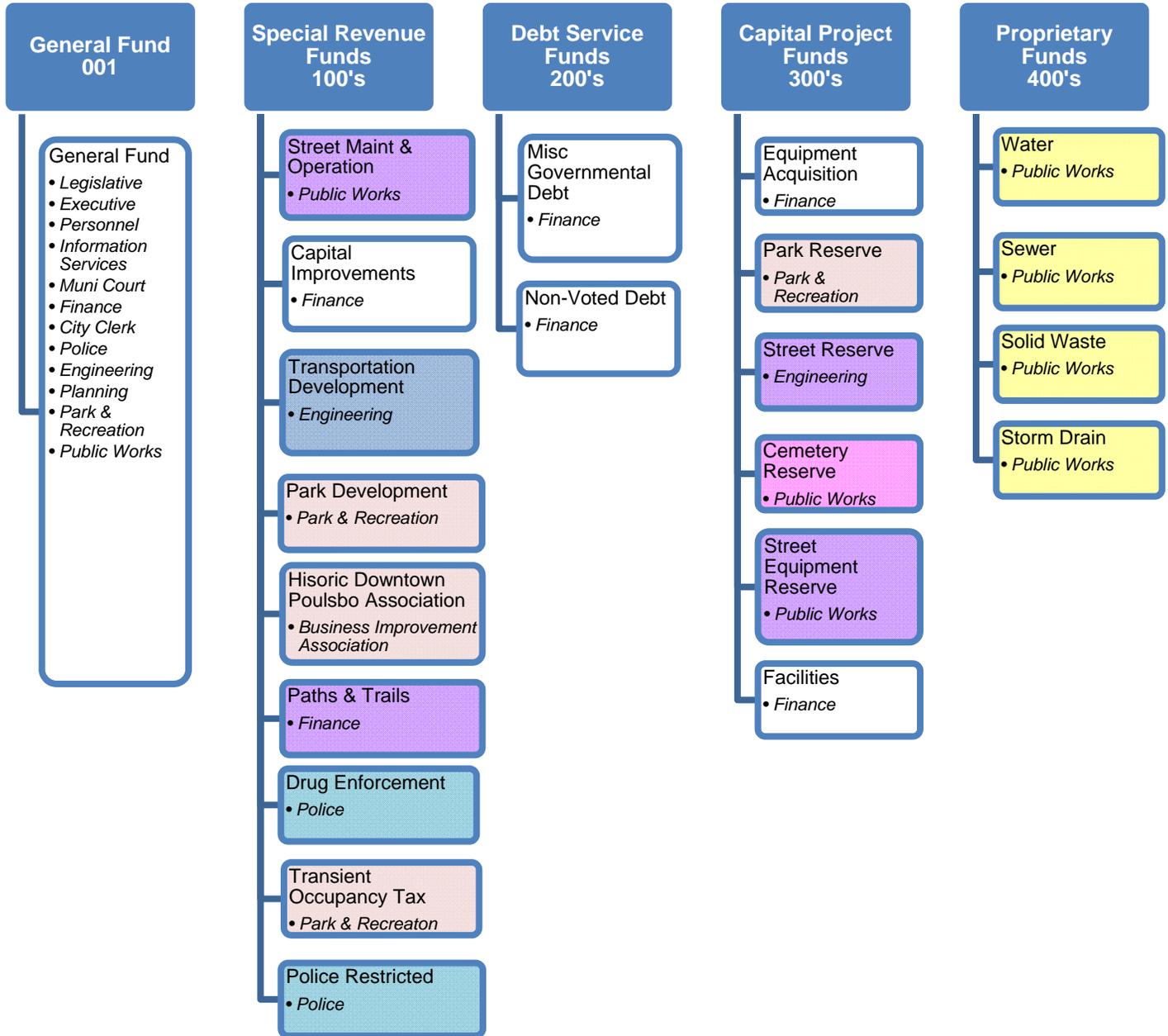
FUNCTIONS

General Government Services	<ul style="list-style-type: none"> A major class of services provided by the legislative, judicial and administrative branches of the governmental entity for the benefit of the public or governmental body as a whole.
Security of Persons & Property	<ul style="list-style-type: none"> Class of services relating to protection of persons and property and prevention of injury or damage to same; including police, fire inspection, and the support of these services.
Physical & Economic Environment	<ul style="list-style-type: none"> A major class of services provided to achieve a satisfactory living environment for the community and the individual.
Culture & Recreation	<ul style="list-style-type: none"> Class of services to provide community education, leisure and sports activities and to recognize historic and festive occasions.
Transportation	<ul style="list-style-type: none"> Class of services to provide safe and adequate flow of vehicles and pedestrians.
Public Works	<ul style="list-style-type: none"> Combines several classes of services, which provide for maintenance of city-owned facilities and vehicles; and operations and maintenance of city water, sewer, solid waste, and storm drain utilities.



Organization of Funds with Responsible Department

• Responsible Departments bulleted



Following are Council Community Goals established in the Poulsbo Comprehensive Plan which went through a major update with several public outreach opportunities.

Poulsbo's Community Key Goals

#1 – Land Use

- Achieve a mix of commercial land uses that serve the needs of the City's residents, businesses and visitors.
- Plan for residential development that compliments the built environment and city's neighborhoods, while we change and grow.
- Plan and provide for public utilities and infrastructure to support the geographic and population growth of the City.
- Plan for mixed use to encourage proximity and diversity in living and working options and decrease transportation.

#2 – Community Character

- Improve quality of life and create places where both adults and youth can live, work, learn shop and play.
- Maintain the positive identifiable images and features that make Poulsbo memorable.
- Encourage community cohesion by providing a range of spaces and places for civic functions, such as public meetings, ceremonial events, and community festivals.
- Provide a well-designed, pedestrian friendly, and community oriented downtown center.
- Respect the character of the City's downtown, waterfront, and residential area, while allowing for new development, expansion and renovation that considers the scale and character of the area.
- Accommodate infill development and redevelopment that enhances the quality of city neighborhoods and business areas.

#3 – Natural Environment

- Support standards that maintain or improve environmental quality.
- Preserve the City's natural systems to protect public health, safety and welfare, and to maintain the integrity of the natural environment.
- Support regulation of activities in sensitive and hazardous areas to ensure high environmental quality and to avoid risks actual damage to life and property,

#4 – Capital Facilities

- Proactively plan and provide for critical public facilities such as water, storm water and sanitary sewers, and infrastructure to meet the needs of existing population and future growth
- Provide the necessary public facilities identified through Capital Facility Plans within the City's ability to fund or within the City's authority to require others to pay, or fundable through strategic partnerships.
- Provide leadership for cooperative solutions for downtown traffic circulation and parking challenges for residents businesses, and tourists.

#5 – Housing

- Achieve a mix of housing types to meet the needs of owners and renters at various income levels and ages.
- Achieve a mix of housing types and densities while maintaining healthy neighborhoods, and guide new housing development into appropriate areas.

#6 - Parks & Recreation and Open Space

- Develop active and passive parks, recreation programs and facilities, and an open space system that benefits citizens of all ages, incomes and physical abilities.
- Establish a network of trails, pedestrian linkages and open spaces throughout the Poulsbo community.
- Provide more opportunities for indoor and outdoor recreational activities and team sports in City of Poulsbo parks

#7-Economic Development

- Promote a strong, diversified, and sustainable local economy, incorporating new technologies and facilities.
- Attract appropriate businesses and foster local entrepreneurship that serves residents' and non-residents' needs.
- Support the provision of education and training opportunities to maintain a skilled workforce.
- Help facilitate the retention and attraction of community-based, living wage jobs for people living in Poulsbo
- Encourage business activity that takes advantage of technology and promotes alternative to commuting.

Following are Council Goals previously established which are not addressed in Poulsbo's Community Key Goals.

COUNCIL GOALS

#8 - Public Safety

- Ensure the protection of persons and property

#9- Revenues and Financial Stability

- Make efficient use of city resources and maintain the city's long-term financial stability in accordance with the city's financial policies

#10 - Customer Service

- Continuously provide courteous, professional and responsive customer service

Updated by City Council
June 2012

Departmental program goals are represented within the department who maintains the responsibility of setting, measuring, and accomplishing the goal. The department goals and objectives are more specific and short-term. They help to guide the budget process and respond to the Council’s broader goals. Below is a matrix showing the general goals set by the City Council and the department who has set a current program goal.

	#1 Land Use	#2 Community Character	#3 Natural Environment	#4 Capital Facilities	#5 Housing	#6 Parks & Recreation Open Space	#7 Economic Development	#8 Public Safety	#9 Revenues & Financial Stability	#10 Customer Service
City Council		✓		✓		✓	✓			
Executive	✓	✓	✓		✓	✓	✓		✓	✓
City Clerk										✓
Municipal Court								✓	✓	✓
Finance Department									✓	✓
Personnel									✓	
Information Services									✓	✓
Police Department								✓		
Planning	✓		✓				✓			
Public Works including Engineering			✓	✓				✓	✓	
Parks & Recreation				✓		✓			✓	✓

COUNCIL PRIORITIES

The City of Poulsbo is asked to provide a wide variety of services to people with an even wider variety of needs. Priorities must recognize problems of safety, convenience, economic well-being, and equity, while at the same time differentiating between short-term problems and long-term solutions. Given that priorities are not always clear-cut, the following shall serve as general guidance in the allocation of City resources:

1. Services that directly affect immediate health and safety:
Police, Fire Prevention, Municipal Court;
2. Services that address basic needs:
Water, Sewer, Solid Waste, and Storm Drain;
3. Services that are necessary to the efficient functioning of the community:
Streets, Public Works, Engineering;
4. Economic development of the Poulsbo area in order to provide citizens with opportunities to earn adequate incomes, now and into the future:
Contributions to Kitsap County Economic Development Council;
5. Services that address an enriched quality of life and recreational and educational needs:
Parks, Community Recreation, Library;
6. Services that protect and enhance the community quality of life, define long-term growth, and protect neighborhood living environments:
Planning (zoning);
7. Services that address human service needs:
Contributions to Kitsap County Health Department and Substance Abuse Programs;
8. Facilities and services that directly support the community's sports, arts, and entertainment needs:
Community Recreation;
9. Other Services of the City that support the above: Finance, City Clerk, Facilities, Council, Mayor, Legal, Personnel, and all other Non-departmental expenditures

2014 Goals and Performance Measures

Legislative Goals		
<p>Goal – Implement best use and maximize value for City Properties including: old City Hall, Klingel, Police Department (Hostmark) and Jensen Way/Museum <i>Responds to Council Goal: #2 – Community Character, #4 – Capital Facilities</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Analyze reuse of old City Hall property in conjunction with King Olav parking. ➤ Establish task force to analyze and offer suggestions for property. ➤ Hire Real Estate Agent to market properties. ➤ Market to developer. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Reconfiguration of properties for marketability. ➤ Task force established action plan. ➤ Completed task force recommendations. ➤ Property sold to developer. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Real Estate Agent selected. (2010) ➤ City Hall appraised & listed. (2010) ➤ Jensen Way/Commercial Lot appraised. (2010) ➤ Klingel Property leased. (2011) <p style="text-align: right;"><i>[Economic Development Committee]</i></p>
<p>Goal – Addition to Recreation Facilities <i>Responds to Council Goal: #6 – Park & Recreation and Open Space</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Develop city/regional trail plans. ➤ Adopt and implement next step for Regional Event Center. ➤ Secure partnership opportunities ➤ Develop Park, Open Space and Facility Incentives. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Implement city/regional trail plans. ➤ Improve safety and connectivity of pedestrians to schools and transit. ➤ Partnerships developed through Interlocal Agreements. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤
<p>Goal – Implement best use and maximize value for Public Works Properties including: administration building, maintenance building and Lincoln triangle <i>Responds to Council Goal: #4 – Capital Facilities</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Phase plans to relocate facility at new site. ➤ Reuse of Public Works facility. ➤ Create task force to study preservation of South Fork of Dogfish Creek linked to Public Works property. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Task force recommendations. ➤ Consolidation of Recycling Center with Kitsap County. ➤ Salmon Restoration Program established. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Public Works Property purchased. ➤ Began Transfer Station site work. ➤ Proposed tenants for Public Works. Administration building. (2012) <p style="text-align: right;"><i>[Public Works Committee]</i></p>

Legislative Goals (continued)		
<p>Goal – Viking Avenue Revitalization <i>Responds to Council Goal: #7 – Economic Development</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Lindvig Bridge beautification to link West Poulsbo with Historic Downtown Poulsbo. ➤ Explore Farmers Market relocation to Viking Avenue. ➤ Leverage Regal Cinema’s presence. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Increased community & business interest and activity. ➤ Redevelopment in partnership/cooperation with private sector business. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Viking Avenue Business Interest Group Involvement. ➤ Business/Property Owner Joint Meeting with City Council. ➤ New Private Sector Investment. <p style="text-align: right;"><i>[Economic Development Committee]</i></p>
<p>Goal - Broadband Utility Enterprise <i>Responds to Council Goal: #7 – Economic Development</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Feasibility Exploration. ➤ Determine authority for creation. ➤ Establish scope of work. ➤ Work with other local agencies 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Presentation to Council. ➤ Action Plan developed. ➤ Hire consultant. ➤ Establish budget. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Presentation to Council. (2011) <p style="text-align: right;"><i>[Economic Development Committee]</i></p>
<p>Goal - Develop Neighborhood Street Maintenance Program <i>Responds to Council Goal: #4 – Capital Facilities</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Determine Parameters/Priorities ➤ Develop Implementation Program ➤ Establish Funding Source 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Funding Allocated ➤ Plan developed with timeline 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Streets inventories with plan development. <p style="text-align: right;"><i>[Public Works Committee]</i></p>

Executive Department Goals		
<p>Goal - Financial Sustainability: balancing revenues with expenses while retaining levels of service for the community. Secure, involved business management of the City. <i>Responds to Council Goal: #9 – Revenues and Financial Stability, #10 - Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Government as an entrepreneur ➤ Staff reorganization and support ➤ Financial controls maintained and reviewed for policy compliance ➤ Asset examination ➤ Core services identified ➤ Funding sources explored to match revenues to defined outcomes ➤ Achieve efficiencies in business processes ➤ Personnel policies reviewed and updated ➤ Avoid litigation by proactively seeking solutions for contentious issues ➤ Seek alternative revenue sources to help in declining economies. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Right size staff levels to meet financial constraints while maintaining city services ➤ Reposition staff to further enhance city functionality and revise job descriptions, 4 step process ➤ Analysis of core services ➤ Accurate and timely employee evaluations occur ➤ Reduced number of personnel grievances and/or litigation ➤ Grant increases through seizing opportunities 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Reorganization of staff positions: new staff hires contemplated ➤ Hire new chief of Police and lateral patrol officer higher ➤ Rental agreements for Parks and Recreation building signed, Klingel Property ➤ Listing for sale the old City Hall Pad and the Klingel Property ➤ Increased grant funding achieved ➤ Sold the Museum Property ➤ Contract for marketing: City Hall Pad ➤ Hire new planner
<p>Goal – Continue updating citizens with current information and awareness of social needs <i>Responds to Council Goal:#5 – Housing, #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Open door policy for public involvement and knowledge ➤ Enhance the communication to the Citizen by improved web development ➤ Continue involvement with service organizations to recruit volunteer services ➤ Work with Fishline, Kitsap Community Resources and faith based institutions to provided needed social safety net 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Saturday with the Mayor: how many people come to visit ➤ Newsletter continuation: how many new subscribers ➤ Increased grant revenue to service organizations ➤ Reorganization of the CDGB grant fund process 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Saturday open door meetings ongoing ➤ Homeless housing coordination board with involvement with Kitsap Community Resources to support social service ➤ Transitional houses intervention ➤ Webpage revamped ➤ CDBG grant process changed for better community involvement

Executive Department Goals (continued)

Goal – Economic growth through business attraction and support of existing businesses within our community

Responds to Council Goal: #7 – Economic Development

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Bring new business into Poulsbo to enhance goods and services for our citizens ➤ Understand each business district as a distinct area and address their specific needs ➤ Target businesses for specific business districts: what would work in West Poulsbo, Downtown, Highway 305 and the Village, and 10th Avenue? ➤ Understand restrictions to business locations: what impedes businesses from locating in Poulsbo? ➤ Work with business organizations to provide on-going support for existing businesses within our community ➤ 	<ul style="list-style-type: none"> ➤ Increase in tax revenue created as businesses grow ➤ Increase in business licenses as more businesses locate within Poulsbo ➤ Increase in employment ➤ Attraction of businesses that work with one another and are symbiotic in nature ➤ Analysis services holes: what do we have and what do we need? ➤ Parking in the downtown core. Complete the parking study and implement results ➤ Work with the Chamber of Commerce, Historic Downtown Poulsbo Association, Viking Fest Corporation and the Kitsap Visitor Bureau to continued success 	<ul style="list-style-type: none"> ➤ Several new business located within Poulsbo ➤ Demographic analysis begun to identify business needs ➤ Market analysis begun to understand business location desires ➤ Downtown Poulsbo rental market very tight with large increase in demand ➤ Promote and endorse community festivals, new festivals identified ➤ Completion of Anderson Parkway that increased parking availability ➤ Parking Enforcement changed to be more flexible for downtown businesses, draft resolution to council ➤ Cruise Ship support, increased community visibility

Executive Department Goals (continued)

Goal – Poulsbo’s continuing planning challenges: Continue to thrive while we retain our heritage and quality of life.

Responds to Council Goal: #1 – Land Use, #2 – Community Character, #3 Natural Environment, #6 – Parks & recreation and Open Space

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Continue to implement the Comprehensive Plan ➤ Vision development for our downtown core and West Poulsbo ➤ Encourage low impact development for storm water mitigation ➤ Ensure environmental regard as new code implementation occurs ➤ Support park and trail creation ➤ Support public art that is privately funded 	<ul style="list-style-type: none"> ➤ Identified key code changes necessary for implementation ➤ Workshop held for downtown and West Poulsbo visioning process ➤ Revisit our zoning map and validate our land use decision for each zone ➤ Revisit our building guidelines to incentivize the use of low impact development ➤ Land acquisition to insure park level of service ➤ Trail creation for public access ➤ Park development ➤ New Housing that supports green open spaces and public recreation 	<ul style="list-style-type: none"> ➤ Code Changes completed to incentivize West Poulsbo, tree retention, increased design review and flex lots ➤ Exploration of storm water funding to enhance road projects as an alternative funding source ➤ Exploration of parks benefit district to funds parks programs: Trail Plan appeal confirmed ➤ Net Shed Park redevelopment started ➤ Continued work on Fish Park ➤ Dogfish Creek Study: begin to implement ➤ Moving forward Liberty Bay Trail and trail connection to West Poulsbo ➤ Liberty Hills, Vineland Point, Mountain Aire subdivisions

Executive Department Goals (continued)

Goal- Regional presence: Poulsbo, by its geography is the center of North Kitsap County. Provide regional services and find regional revenues to support these services

Responds to Council Goal: #7 – Economic Development, #9 – Revenues and Financial Stability

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Work with other jurisdictions to establish sharing of both responsibilities and resources ➤ Find revenue sources to offset those regional services that we provide ➤ Acknowledge transportation challenges due to our centralized location Work with regional organizations to establish goals and policies that support sustainable practices 	<ul style="list-style-type: none"> ➤ Policies established toward resource sharing and co-locations between jurisdictions ➤ Strong economies of scale by sharing between jurisdictions ➤ Documented common needs between jurisdictions and identify them ➤ Documented necessary management steps with regional organizations to promote long term stability ➤ Documented key transportation challenges and organize them into working goals for funding (Transit and WSDOT project list re-defined and prioritized) Legislative initiatives developed for support fees for services 	<ul style="list-style-type: none"> ➤ Co-location of recycle facility with the County: talks begun ➤ Signing of Port of Poulsbo land use agreement ➤ Work with Housing Kitsap to restructure debt due in April of 2011 and secure long term obligations ➤ Multi-modal transportation plan begun ➤ Work with Puget Sound Regional Council to development Financial Management Policy review for transportation projects regionally ➤ TIF support WSDOT meetings and funding for 305 work

Clerks Department Goals		
<p>Goal – Provide efficient and effective public and internal access to the records maintained by the City Clerk. <i>Responds to Council Goal: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Continue to increase the information shared on the City's network and website. ➤ Increase electronic submission of forms and internal processes. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ All current contracts, ordinances, resolutions, Council minutes and agenda packets in electronic format and available to City staff on the Library drive in a searchable electronic format and to the public via the City's website. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Organized Library Drive for consistent management of public documents
<p>Goal – Improve document management handling and processes. <i>Responds to Council Goal: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Update and improve current systems for archiving and retrieval. ➤ Update Records Management Policy. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Decrease in paper document storage and space requirements for paper document storage. ➤ Implemented State Electronic Records Retention. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤
<p>Goal – Create information brochure for Council Committee meetings. <i>Responds to Council Goal: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Create a brochure for the public that provides information on the responsibilities and activities of the various Council committees. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Completed Council Committee brochure. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤

Clerks Department Goals (Continued)

Goal – Review policies and procedures both internal and as provided for by the Poulsbo Municipal Code (PMC) for updating and modification.
Responds to Council Goal: #10 – Customer Service

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Review, update and/or modify current policies and processes for providing efficient and effective customer service ➤ Review PMC 	<ul style="list-style-type: none"> ➤ Review of PMC ➤ Implementation of new policies and procedures ➤ Updated PMC 	<ul style="list-style-type: none"> ➤ Began identifying PMC chapters in need of updating ➤ Removed boards and commissions from PMC ➤ Removed administrative fees from PMC

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# Policies/Codes reviewed	*	*	1	3	3
# updated	*	*	1	3	3

*no data available

Municipal Court Goals

Goal – Strengthen Community Services Program
Responds to Council Goals:#8 – Public Safety, #9 – Revenues and Financial Stability

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Assist defendants finding community service options ➤ Assist defendants who are having difficulty finding community service so they would not lose the option to do community service. 	<ul style="list-style-type: none"> ➤ More community service workers/hours 	<ul style="list-style-type: none"> ➤

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of Community Service Hours Worked	1,351	1,941	2,012	1,900	2,100

Municipal Court Goals (continued)		
Goal – Update Court Forms <i>Responds to Council Goals:#8 – Public Safety, #10 - Customer Service</i>		
<i>Objective</i> ➤ Update court forms	<i>Measurement</i> ➤ Forms updated	<i>Progress</i> ➤
Goal – Forms and Process for Stalking Protection Orders <i>Responds to Council Goals:#8- Public Safety and #10 – Customer Service</i>		
<i>Objective</i> ➤ Create forms for Stalking Protection Orders ➤ Create procedure for Stalking Protection Orders	<i>Measurement</i> ➤ Forms and procedure in place	<i>Progress</i> ➤
Finance Department Goals - Accounting		
Goal – Produce award winning Comprehensive Annual Financial Report (CAFR) <i>Responds to Council Goal: #9 – Revenues and Financial Stability</i>		
<i>Objective</i> ➤ Completed CAFR within 6 months of new fiscal year ➤ Prepare statements within 3 months of new fiscal year	<i>Measurement</i> ➤ Submit CAFR within time limit requirement of Government Finance Officers Association (GFOA) ➤ Receive letter from State Auditor to include with CAFR ➤ Completed Audit ➤ Prepared statements within 3 months of new fiscal year	<i>Progress</i> ➤ Improved completion time. ➤ Award Received: <ul style="list-style-type: none"> ○ 2006 – Yes ○ 2007 – Yes ○ 2008 – Yes ○ 2009 – Yes ○ 2010 – Yes ○ 2011 – Yes ○ 2012 –
Goal –To have the Finance Department Utilize Social Media Capabilities. <i>Responds to Council Goals: #10 – Customer Service</i>		
<i>Objective</i> ➤ Build Facebook page ➤ Maintain the Facebook page regularly ➤ Provide links to Facebook page on City website	<i>Measurement</i> ➤ Completed Facebook page ➤ How often the page is updated ➤ Number of followers on page	<i>Progress</i> ➤

Finance Department Goals – Accounting (continued)		
<p>Goal – Reduce the number of physical accounts payable checks processed and reduce the possibility of “lost” checks and time and money used to re-issue those checks. <i>Responds to Council Goals: #9 – Revenues and Financial Stability, #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Research potential implementation of processing vendor payments via ACH ➤ Training on system ➤ Setting up system software ➤ Work with vendors to access ➤ Interview another entity that is using same software and is currently processing via ACH to discuss their successes and challenges ➤ Review process with our bank (Key Bank) ➤ Determine feasibility of progression ➤ Construct timeline of events for implementation 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Process reviewed with our software company (SunGard) ➤ Interview Conducted ➤ Timeline established for implementation ➤ ACH implemented 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ See Table Below

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of A/P checks Processed	3,001	2,845	2,746	2,800	2,800
# of checks reissued	19	24	11	20	10

Finance Department Goals – Accounting (continued)

Goal –Implementation Web applications of computer software for Utility Billing.
Responds to Council Goals: #9 – Revenues and Financial Stability, #10 – Customer Service

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Implement project timeline ➤ Attend Training ➤ Conversion of program to existing database ➤ Implement payment options for online capabilities with current software. 	<ul style="list-style-type: none"> ➤ Web capabilities of software live ➤ City staff and customers using new software 	<ul style="list-style-type: none"> ➤ Attended the SunGard Software training Conference ➤ Began scheduling to implement EGOV ➤ Working with project managers for time schedule

Modules to Implemented			
Electronic Time Sheets	Employee Access Center	Utility Billing	Permitting Process
100%	100%	0%	0%

Goal –To have the Finance Department Utilize Social Media Capabilities.
Responds to Council Goals: #10 – Customer Service

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Build Facebook page ➤ Maintain the Facebook page regularly ➤ Provide links to Facebook page on City website 	<ul style="list-style-type: none"> ➤ Completed Facebook page ➤ How often the page is updated ➤ Number of followers on page 	<ul style="list-style-type: none"> ➤

Finance Department Goals – Budgeting		
Goal – Produce award winning budget. <i>Responds to Council Goals: #9 – Revenues and Financial Stability</i>		
Objective <ul style="list-style-type: none"> ➤ Complete budget document and submit to Government Finance Officers' Association (GFOA) within 90 days of adoption for consideration of GFOA Distinguished Budget Award ➤ Implement reviewers suggested improvements 	Measurement <ul style="list-style-type: none"> ➤ Receipt of GFOA Budget Award and/or increase in number of proficient and/or outstanding ratings over previous year 	Progress <ul style="list-style-type: none"> ➤ See Table Below

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Projected
Received GFOA Distinguished Budget Award	Yes	Yes	Yes	Yes	Yes
# of Proficient and/or Outstanding Ratings for GFOA Budget Award	62/30	74/17**	75/17	82/10	78/14

Personnel Department Goals		
Goal – Reduce number of Labor and Industries claims per year. <i>Responds to Council Goal: #9 – Revenues and Financial Stability</i>		
Objective <ul style="list-style-type: none"> ➤ Immediately investigate all reported accidents ➤ Provide more safety training ➤ Utilize light duty for return 	Measurement <ul style="list-style-type: none"> ➤ Reduced number of approved Labor and Industry claims ➤ Reduced rates for experience factor 	Progress <ul style="list-style-type: none"> ➤ See Table Below

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of approved L&I claims	6	4	8	3	6

Information Services Department Goals		
<p>Goal – Integrate our new financial software into our website for citizen online use. <i>Responds to Council Goals: #9 – Revenues and Financial Stability, #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Update our website to integrate with the new financial software for citizen online use. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Online utility account/ payment options to be available for citizens to use. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ The City has contracted with SunGard as an ASP for the financial software. ➤ Online bill paying, electronic timekeeper and employee access has been developed and is working. ➤ This goal will continue into 2014.
<p>Goal – Upgrade/Replace software used by Parks and Recreation for the scheduling and tracking of classes and activities. <i>Responds to Council Goals: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Assist and facilitate Parks and Recreation’s move to a new online software program designed to replace the current Class program. ➤ Train new users. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Parks and Recreation software package implemented that meets the department’s needs and expectations. ➤ Web ability for class registrations ➤ Software live 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ A review and assessment of different software packages. A contract from REC1 has been executed. ➤ Installed and Go Live in 2013. ➤ Completed
<p>Goal – Replace pdf forms and fax technology with Web Forms. <i>Responds to Council Goals: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Replace pdf forms and fax technology Web Forms. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Successful deployment of Web Forms. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ None at this time ➤ May be a part of the Document Management program the Clerks are looking at. ➤ This goal will continue in 2014.
<p>Goal – Automate Permit Process. <i>Responds to Council Goals: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Automate Permit Process ➤ Work with Planning Department to setup process ➤ Train staff for implementation 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ A successful implementation of an automated permit process. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ No progress to report. ➤ This goal will continue in 2014.

Information Services Department Goals (continued)		
<p>Goal – Live streaming video of Council Meetings from the council chambers. <i>Responds to Council Goals: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Implement live streaming solution to stream City Council meetings live on the web. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Live Council meetings available through City website. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Assessed cost of implementing live video streaming. ➤ Currently uploading recorded meetings onto the web, monitoring how often recordings are being viewed. ➤ This goal will continue in 2014.
<p>Goal – Wireless Mesh network within the City. <i>Responds to Council Goals: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ To have a wireless network within the City for 1st responders, businesses, and residents. ➤ Work with KPUD for collaborative effort. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ A wireless network in place within the City. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Discussions with KPUD, a test product run by KPUD is in place, it does not cover the entire City. ➤ This goal will continue in 2014.
<p>Goal – Implement a software solution for email archiving. <i>Responds to Council Goals: #10 – Customer Service</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Implement a software solution for email archiving. ➤ Work with departments to standardize documents. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ A successful implementation of a software solution that has reduced time and increased accuracy. ➤ 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Some investigative meetings and demos. ➤ Paper Vision was tested at length, didn't work out. ➤ Barracuda was chosen. ➤ Implemented in 2013
Police Department Goals		
<p>Goal – Evidence and Property Room Standards <i>Responds to Council Goal: Public Safety</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Continue to review legal training requirements. ➤ Meet WASPC Accreditation Standards required for property and evidence area ➤ Provide Necessary Training. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Meeting and exceeding the Washington State Auditor's Office Requirements in Evidence and Property Management standards. ➤ Completed training. ➤ Completed inventory. ➤ Oversight & Accountability within police dept. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Successful Auditors Reports and internal audits. ➤ Inventory completed. ➤ New custodian trained and working in system. ➤ Position authorized to move all evidence functions back into police department.

Police Department Goals (continued)		
Goal – Implement Paperless Records System <i>Responds to Council Goal: Public Safety</i>		
<i>Objective</i> <ul style="list-style-type: none"> ➤ Records staff using contemporary industry standards. ➤ Exchange information in an electronic efficient method. 	<i>Measurement</i> <ul style="list-style-type: none"> ➤ Reduced office supply costs ➤ Less paper copies ➤ Number of electronic records 	<i>Progress</i> <ul style="list-style-type: none"> ➤ 75% complete.
Goal – Increase Levels of Police Service <i>Responds to Council Goal: Public Safety</i>		
<i>Objective</i> <ul style="list-style-type: none"> ➤ Reinstitute Narcotics Canine Program ➤ Start Motorcycle Traffic Patrol Program ➤ Institute Online Crime Mapping ➤ Institute on-line forms for obtaining collision reports; vacation check requests; complaints about traffic or criminal activity. ➤ Provide concealed pistol licenses. ➤ Provide information to the community through emails and Twitter. 	<i>Measurement</i> <ul style="list-style-type: none"> ➤ New programs implemented ➤ Canine purchased, trained and on duty ➤ Motorcycle on patrol – measured hours used ➤ Forms published ➤ License process in place ➤ Number of concealed pistol permits issues ➤ Number of Twitter followers ➤ Number of informational e-mails used 	<i>Progress</i> <ul style="list-style-type: none"> ➤ New Narcotics Canine program approved by council ➤ Motorcycle on order ➤ Concealed pistol licenses process set up and licenses processed ➤ Twitter account set up

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of Twitter Followers	*	*	*	325	400
# of Tweets Sent	*	*	*	375	400
# of Community Emails	*	*	*	7	12
# of Community Meetings	*	*	*	15	15

• No Data Initiated in mid 2013

Police Department Goals (continued)		
Goal – Improved Response to Narcotics Complaints and Related Crimes		
<i>Responds to Council Goal: Public Safety</i>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Devote resources to narcotics investigation to combat illegal drug activity/use and reduce other criminal activity. ➤ Focus on higher citizen complaint area. ➤ Re-instatement of narcotics canine. ➤ Add an officer to the drug task force. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Increase budget and resources to narcotics program ➤ Officer added to program ➤ Canine program implemented ➤ Report showing citizen complaints and resulting actions 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Bremerton inter-local for drug task force underway.
Goal – Increase Agency Cooperation		
<i>Responds to Council Goal: Public Safety</i>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Develop new ways to collaborate on projects and programs to save money for both agencies. ➤ Develop additional cooperative working agreements with outside law enforcement agencies 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ New projects for collaboration ➤ Agreements with outside law agencies executed 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Range contract with Port Orchard PD signed. ➤ Traffic safety inter-local with Bremerton PD underway. ➤ Marine Patrol inter-local with Bremerton PD underway. ➤ Drug Task Force inter-local with Bremerton PD underway.
Goal – Improve Liaison Program with North Kitsap School District		
<i>Responds to Council Goal: Public Safety</i>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Move toward one officer spending a portion of his/her on duty time at the schools. ➤ Redevelop relationships with students and school faculty. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Dedicated a portion of an officer’s time working within the schools. ➤ SRO active with student events and activities 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Grant application for an SRO through Department of Justice COPS office completed.

Planning Department Goals		
<p>Goal – Administer planning and environmental laws and standards in conformance with all applicable state and local laws, rules and procedures. <i>Responds to Council Goals: #1 – Land Use, #3 –Natural Environment</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Evaluate land use permits in terms of permitting turn-around and number of appeals and decisions. ➤ Review statutory requirements. ➤ Monitor permit turn around to meet statutory requirements. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Statutory requirements met regarding permit turn-around. ➤ Evaluation of all permits appealed and the final decision made. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Ongoing: All permits reviewed and approved within 120-day statutory timeframe. ➤ Adopted new SEPA thresholds per AWC and City Attorney recommendation.
<p>Goal – Continue to implement the City of Poulsbo Comprehensive Plan <i>Responds to Council Goals: #1 – Land Use</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Implement the City’s Comprehensive Land Use Plan to help the City attain the vision articulated in the plan. ➤ Ensure development within the urban growth area and the city proper is consistent with the City Comprehensive Plan and development regulations. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Development within Urban Growth Area is consistent with City Comp Plan and regulations. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Ongoing: All projects continue to meet City’s minimum density and bulk and dimensional standards.
<p>Goal – Update the City of Poulsbo’s Comprehensive Plan to comply with legislative changes to Growth Management Act (GMA). <i>Responds to Council Goals: #1 – Land Use</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Continue to consider annual amendments to the Comprehensive Plan to ensure the plan reflects the most current City Vision. ➤ Review legislation regarding GMA. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Amendment requests to City Council for docketing and process docket as established by Council. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ City Council approved 2012 amendments to City’s Comprehensive Plan. Expect 2013 amendments to be brought forth for Council consideration

Planning Department Goals (continued)		
<p>Goal – Revise the City’s Zoning Code to implement newly adopted Comprehensive Plan <i>Responds to Council Goals: #1 – Land Use</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Revise the City’s Zoning Code (and other development codes) to make it more predictable and understandable while taking care of minor issues identified during the past two years of implementation. ➤ Work with consultant to prepare updates. ➤ Present update to City Council for approval. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Adoption of new zoning ordinance; subdivision ordinance; clearing and grading ordinance and procedural/process ordinance. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Council adopted Phase 2 of development regulation update. ➤ Staff working on Phase 3 of development regulation update.
<p>Goal – Provide an efficient land use permitting system in conformance with local and state time line requirements <i>Responds to Council Goals: #1 – Land Use, #7 – Economic Development</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Fully implement software and maintain development review performance timelines. ➤ Implement “over the counter” building permit process for simple building permit applications. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Statistical evaluation of time lines for all permits from date of application to decision. ➤ Maintained development review performance timelines. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Ongoing: All projects approved within the required 120-day time limit. Still working with HTE system to provide “statistical” analysis. ➤ Issuing simple building permits at over the counter when possible.
Public Works Department Goals		
<p>Goal – Improve pedestrian safety in the City. <i>Responds to Council Goals: #8 – Public Safety</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Initiate a citywide traffic-calming program. ➤ Present plan at public meetings ➤ Review signage for better visibility 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Program presented to Public Works Committee and to City Council for consideration. ➤ Program implemented 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Program has been presented to Public Works Committee. ➤ Pedestrian warnings in Sidewalks

Public Works Department Goals (continued)		
<p>Goal – Improve the condition of the City street system. <i>Responds to Council Goals: #4 – Capital Facilities, #9 – Revenues & Financial Stability</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Develop a strategy for recurring and dedicated funding to maintain the City's streets to an acceptable level. ➤ Establish Funding for improvements. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Funding strategy adopted in future budget cycle. ➤ Street schedule prepared and implementation. ➤ Streets repaired and improved. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Program presented to Public Works and Finance Committees, and City Council. ➤ Overlay grant money will be received in 2013 to begin program.
<p>Goal – Meet the requirements of the National Pollutant Discharge Elimination System Phase II Municipal Stormwater Permit. <i>Responds to Council Goals: #3 – Natural Environment, #4 – Capital Facilities</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Implement IDDE program; perform file assessments, inspections, implement procedures, and outreach. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Program fully implemented and reported to DOE. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ In progress.
<p>Goal – Provide sufficient water supply sources to meet the requirements of the Comprehensive Plan. <i>Responds to Council Goal: #4 – Capital Facilities</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Implement water conservation measures recommended in 2007 Water System Plan. ➤ Monitor water usage. ➤ Public outreach and incentive program. 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ Water conservation program implemented. ➤ Water logs completed. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ Reduced loss water to 7.7% in 2012. ➤ Toilet rebate program offered.
<p>Goal – Maintain wastewater system infrastructure to insure the timely and uninterrupted delivery of service. <i>Responds to Council Goals: #4 – Capital Facilities</i></p>		
<p><i>Objective</i></p> <ul style="list-style-type: none"> ➤ Continue delivery of service. ➤ Conduct regular maintenance and repairs ➤ Track system failures 	<p><i>Measurement</i></p> <ul style="list-style-type: none"> ➤ System Failures log. ➤ Maintenance Schedule. 	<p><i>Progress</i></p> <ul style="list-style-type: none"> ➤ In Progress

Public Works Department Goals (continued)

Goal – Maintain a cost-effective and responsive solid waste collection system.

Responds to Council Goals: #4 – Capital Facilities , #9 – Revenues & Financial Stability

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Implement a cost-effective local transfer station in Poulsbo to eliminate the long haul distance for local collection trucks. 	<ul style="list-style-type: none"> ➤ Transfer station system tested and implemented. ➤ Truck not making trips for dumping. 	<ul style="list-style-type: none"> ➤ Site plan approved. ➤ Selected for 2012 DOE Grant for decant facility that is planned to be combined with transfer station.

Parks and Recreation Department Goals

Goal – Provide all citizens and visitors a variety of enjoyable leisure opportunities that are accessible, safe, well organized, physically attractive and well maintained

Responds to Council Goals: #6 – Parks & Recreation and Open Space, #10 Customer Service

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Listen to resident’s suggestions for programs ➤ Plan and implement a variety of programs for all age groups ➤ Work with other local agencies to plan, implement and evaluate these programs ➤ Offer more information through the website and social media ➤ Explore other ways to advertise programs 	<ul style="list-style-type: none"> ➤ Produce a program brochure filled with a variety of programs at least two times a year, and take registrations from participants. ➤ Department’s online presence improved with Facebook and emailed newsletters. ➤ Online registration programs implemented and refined ➤ Additional advertising 	<ul style="list-style-type: none"> ➤ Two brochures per year mailed and distributed to North Kitsap residents (22,000). About 4137 registrations taken from January-August 2013; 60% success rate for programs.

Goal – Prompt processing of park and sign permits.

Responds to Council Goals: #6 – Parks & Recreation and Open Space , #10 – Customer Service

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Process park permits within two weeks ➤ Process sign permits within one week ➤ Use the review system to track permit process 	<ul style="list-style-type: none"> ➤ Quarterly count of permits to ensure that they are completed in a timely manner. 	<ul style="list-style-type: none"> ➤ Successfully processed all permits within the time-goal.

Type of Performance Measure	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of Park Permits Issued within the time-goal	98%	100%	100%	100%
# of Sign Permits Issued within the time-goal	98%	100%	100%	100%

Parks and Recreation Department Goals (continued)

Goal – Provide after school programs in some of the schools
Responds to Council Goals: #6 – Parks & Recreation and Open Space, #9 – Revenues & Financial Stability

<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Work with the middle school and elementary school principals ➤ Work with the principals and PTSA's on providing after school programs ➤ Explore alternative methods of advertising programs 	<ul style="list-style-type: none"> ➤ 6-8 programs for middle school children per year ➤ 50 programs for elementary school children per year. ➤ Additional schools to host programs ➤ Alternative methods of advertising such programs 	<ul style="list-style-type: none"> ➤ 5 middle school classes offered in 2 schools; 60% successful. ➤ 51 elementary classes offered in 4 schools in 2012; 75% were successful.

Type of Performance Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of Classes Offered	53	79	55	50	60
# of Classes Held	13	27	41	35	42

Goal – Provide a permanent home for the Parks and Recreation department that will serve the recreational needs of the community. This would include a recreation center complete with a gym, exercise area, meeting rooms, classrooms and offices
Responds to Council Goals: #4 – Capital Facilities, #6 – Parks & Recreation and Open Space, #10 – Customer Service

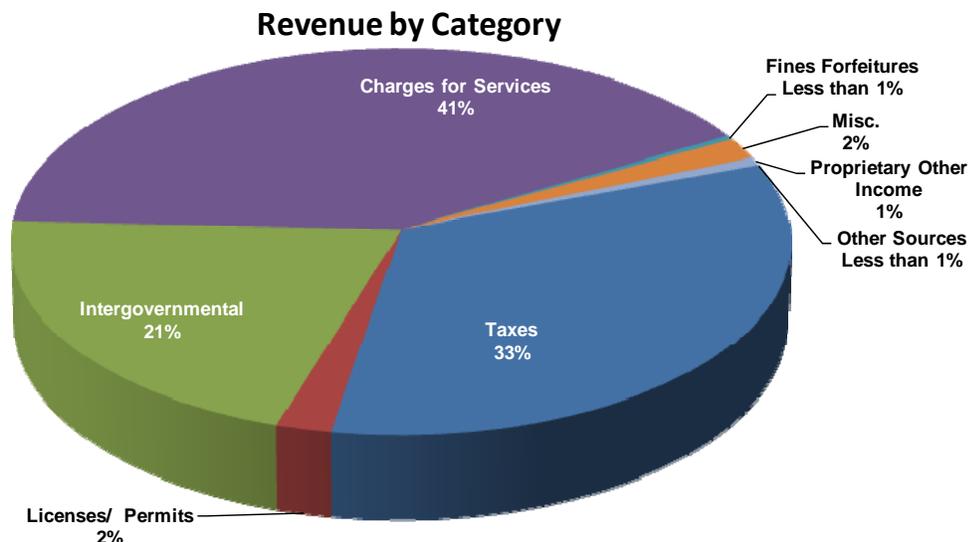
<i>Objective</i>	<i>Measurement</i>	<i>Progress</i>
<ul style="list-style-type: none"> ➤ Work with Kitsap County, the Kitsap Public Facilities District, and NK School District, to plan for a "Recreation Center" for north end residents ➤ Continue to make needed improvements to the existing center to make it a productive community-gathering place. ➤ Produce and distribute a written plan for the future building of a Recreation Center ➤ Study funding mechanisms for this project 	<ul style="list-style-type: none"> ➤ Written plan for Recreation Center published ➤ Funding established ➤ Improvements to Recreation Center made ➤ Continue meetings with the NKREC steering committee 	<ul style="list-style-type: none"> ➤ The city purchased the existing recreation center in 2010. Planning for future needs is ongoing.



ANALYSIS OF 2014 REVENUES BY SOURCE FOR ALL FUNDS

The opposite page presents an analysis of total revenues (**excluding Beginning Balances and Operating Transfers**) anticipated to be available for support of City programs during 2014. The table identifies revenue to be received by each fund. The revenues received by the City are derived from a diverse range of sources and the types of revenue received by each fund vary significantly.

- In 2014 the largest source of revenue is “Charges for goods and services” provided City wide (41%), of which most of this revenue (75%) is associated with the services in the City's utilities.
- The next largest category is “Taxes” (33%), with the majority being received in the General Fund. Most tax revenue projections have remained flat without an increase, but utility tax projections have slightly increased. A new amount of 9% has been set for the Water and Sewer utilities. The amount was established and is consistent with the statewide average. In prior years the rates have fluctuated between 6% and 10% for Water, Sewer and Storm Drain utilities provided by the City. Every year the Council has reviewed the rates during the budget process. In 2014 the Storm Drain utility has had more financial challenges due to the continued legal and environmental mandates. It was determined to change the rates to 9% for Water and Sewer and reduce the Storm Drain utility tax rate to 6%.
- “Intergovernmental revenues” make up 21% of total revenue and consists primarily of grants reimbursed by government agencies. The City continues to be successful in the grant process and is the recipient of several grants to fund road and park improvements. Large grants have been awarded to support the Lincoln Road improvements and City wide pavement restoration.
- “Licenses & Permits” makes up about 2% of the City’s revenue. Included in this category are business license and development permits. Revenues due to development have begun to slightly increase and projections have been established to reflect the trend.
- Investment income composes the largest source in the “Miscellaneous Revenue” category.

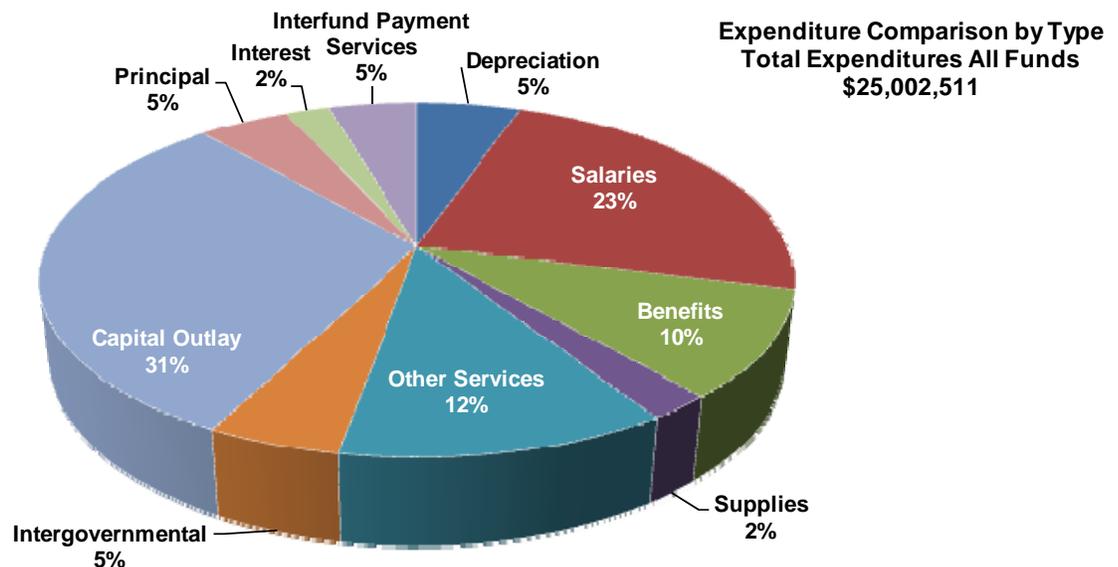


Revenue (Excludes Operating Transfers)										
Fund	Taxes	Licenses/ Permits	Inter-Gov	Charges for Services	Fines Forfeitures	Misc.	Proprietary Other Income	Non- Revenue	Other Sources	Total
<i>General Fund</i>										
001 General	6,665,432	455,150	100,829	2,011,597	75,600	157,205				9,465,813
<i>Special Revenue Funds</i>										
101 Street Fund		4,000	194,556							198,556
121 Capital Improvement	300,000					100				300,100
123 Transp Dev Fund				191,000						191,000
124 Park Dev Fund										-
131 Historic DT Poulso						52,335				52,335
161 Paths & Trail Reserve			978							978
171 Drug Enforcement						50				50
181 Transient Occupancy	90,000									90,000
191 Police Restricted			14,839			2,300				17,139
<i>Debt Service Funds</i>										
Misc Government										-
201 Debt										-
204 Non-Voted Debt										-
<i>Capital Project Funds</i>										
Equipment										-
301 Acquisition										-
302 Park Reserve			90,000							90,000
311 Street Reserve			3,593,215							3,593,215
314 Cemetery Reserve				3,200						3,200
321 Street Equip Reserve										-
331 Facilities Funds										-
<i>Proprietary Funds</i>										
401 Water				1,422,000		100,520	65,000			1,587,520
403 Sewer				2,703,000		30,000	80,000			2,813,000
404 Solid Waste				1,350,000		15,000				1,365,000
410 Storm Drain			440,000	1,013,000		17,000				1,470,000
TOTAL	7,055,432	459,150	4,434,417	8,693,797	75,600	374,510	145,000	-	-	21,237,906

ANALYSIS OF 2014 BUDGETED EXPENDITURES BY FUND AND TYPE

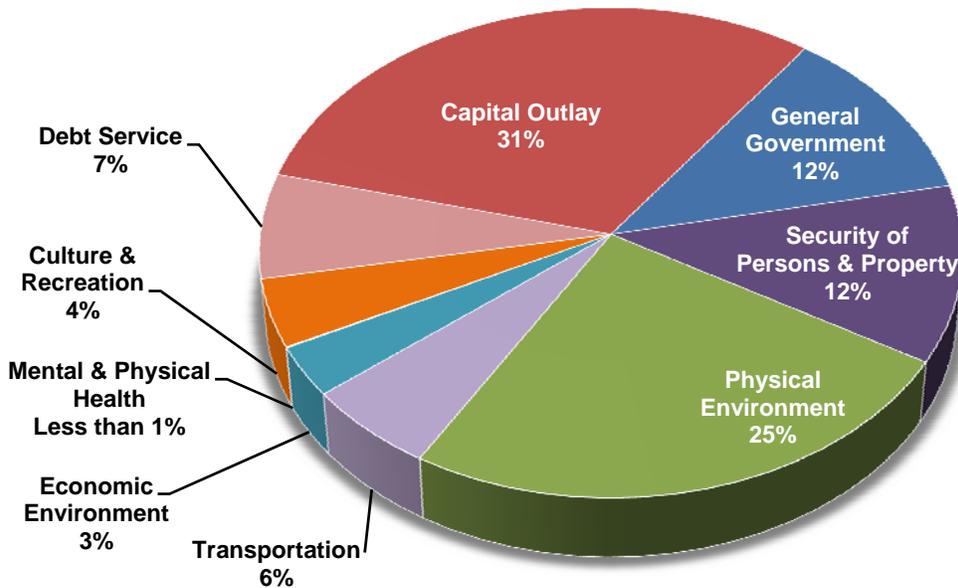
The opposite page presents an analysis of the budgeted expenditures of the City by fund and type (**excluding fund balances and operating transfers**).

- The largest category of expenditures in 2014 is “salaries” and when combined with “benefits” accounts for 33% of the operating budgets. Government is a service agency, which is consistent with wages and benefits being the largest piece of the pie.
- The next largest category is “capital outlay.” There are several utility, transportation and park projects planned for 2014 due to the success of the City receiving grants. Continued improvements to several busy roads including Lincoln Road and City wide pavement restoration are planned for 2014. Improvements are to enhance traffic and pedestrian safety. Improvements to Fish Park, a park with natural walking paths and wildlife viewing platforms, and an eastside park will continue in 2014. Utility projects including construction to a pump station at the corner of 6th and 9th Avenue, improvements to several sewer force mains and water line improvements working collaboratively with the road projects.
- “Other services” (or professional services) make up 12% of the expenditure budget.
- “Inter-Governmental” is about 5% of the expenditure budget with the largest expenditures in this category being the contractual costs with the County for sewage and solid waste disposal.
- “Interfund Payment for Services” (5%) accounts for allocations to other funds to pay for services provided.



Expenditures by Object (Excludes Operating Transfers)											
Fund	Depre- ciation	Salaries	Benefits	Supplies	Other Services	Inter- Govern	Capital Outlay	Principal	Interest	Interfund Payment Services	Total
<i>General Fund</i>											
001 General		4,671,686	1,893,093	315,792	1,434,004	336,465					8,651,040
<i>Special Revenue Funds</i>											
101 Street Fund		265,915	126,041	49,450	244,179	15,000				230,310	930,895
121 Capital Improvement											-
123 Trans Develop Fund											-
124 Park Develop Fund											-
131 Historic DT Poulso				750	42,350					3,000	46,100
161 Paths & Trail Reserve											-
171 Drug Enforcement			1,000	1,500	2,250						4,750
181 Transient Occupancy		10,375	2,125		88,500						101,000
191 Police Restricted				13,000	13,972						26,972
<i>Debt Service Funds</i>											
Misc Government											
201 Debt								74,368	15,617		89,985
204 Non-Voted Debt								515,000	464,515		979,515
<i>Capital Project Funds</i>											
Equipment											
301 Acquisition							15,000				15,000
302 Park Reserve							214,000				214,000
311 Street Reserve							4,170,000				4,170,000
314 Cemetery Reserve											-
321 Street Equip Reserve							75,500				75,500
331 Facilities Funds											-
<i>Proprietary Funds</i>											
401 Water	375,000	229,112	106,022	90,100	316,512		824,900	102,541	18,554	236,874	2,299,615
403 Sewer	585,000	228,576	101,076	19,500	363,576	555,000	1,593,000	472,307	66,305	213,264	4,197,604
404 Solid Waste	64,000	218,423	101,551	68,250	302,528	300,000				252,483	1,307,235
410 Storm Drain	315,000	234,060	106,062	18,600	174,993		852,500			192,085	1,893,300
TOTAL											
	1,339,000	5,858,147	2,436,970	576,942	2,982,864	1,206,465	7,744,900	1,164,216	564,991	1,128,016	25,002,511

**How Does the City Use It's Resources?
Expenditures by Type of Government
(excludes Transfers & Fund Balances)
\$25,002,511**



General Government Services: A major class of services provided by the legislative, judicial and administrative branches of the governmental entity for the benefit of the public or governmental body as a whole. This class includes administrative services provided by a specific department in support of services properly includable in another major class.

Security of Persons and Property: Class of services relating to protection of persons and property and prevention of injury or damage to same; including police, fire inspection, and the support of these services.

Physical Environment: Class of services provided to achieve a satisfactory living environment for the community and the individual such as water, sewer, storm drain, solid waste, engineering, and cemetery.

Transportation: This is a major class of services for the safe and adequate flow of vehicles and pedestrians.

Economic Environment: A major class of services for the development and improvement in the welfare of the community and individual.

Physical & Mental Health: A major class of services provided for the care, treatment, and control of mental and physical illnesses.

Culture and Recreation: Class of services to provide community education, leisure and sports activities, and to recognize historic and festive occasions.

Debt Service: Expenditures/expenses associated with servicing current principal and interest obligations.

Capital Outlay: Expenditures/expenses associated with the acquisition of assets over \$5,000 in value.

Major Funds

In accordance with Governmental Accounting Standards Board (GASB), in order to be deemed a major fund, it must meet the following criteria.

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least ten percent (10%) of the corresponding total (assets, liabilities, etc) for all funds of that category or type (i.e. governmental, proprietary, or fiduciary); and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual government fund or enterprise funds are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined; or
- Any other governmental or enterprise fund the government's officials believe is particularly important.

Using 2014 budget figures, a test for major funds was performed and the following funds qualify as Major Funds.

- Governmental Funds
 - General Fund (001)
 - Street Reserve Fund (311)
- Proprietary Funds (Business Type)
 - Water Fund (401)
 - Sewer Fund (403)
 - Solid Waste Fund (404)
 - Storm Drain Fund (410)

Statements have been prepared with 2014 budget figures and individually show the major fund.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

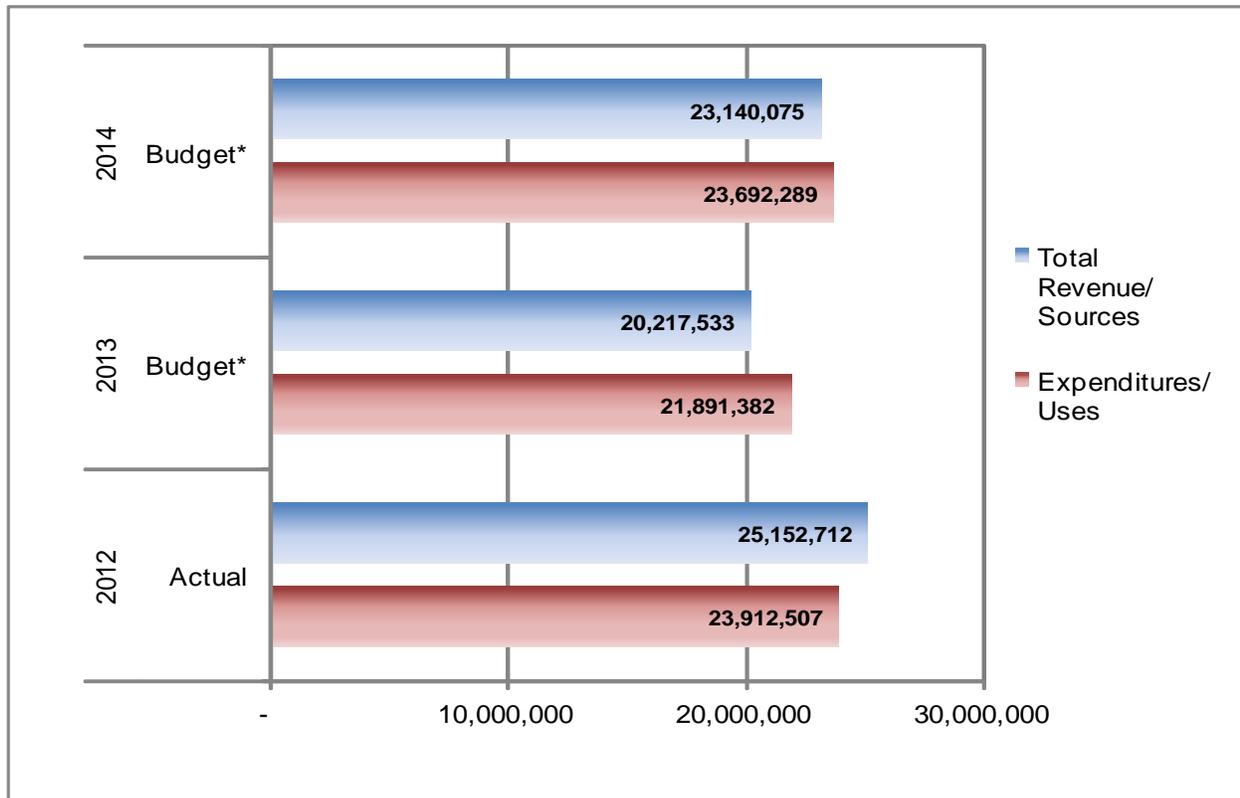
	Major Fund General Fund	Major Fund Street Reserves	Non-Major Governmental Funds	Total
Revenues				
Taxes	\$ 6,665,432	\$ -	\$ 390,000	\$ 7,055,432
Licenses and Permits	455,150	-	4,000	459,150
Intergovernmental	100,839	3,593,215	300,373	3,994,427
Charges for Services	2,011,597	-	194,200	2,205,797
Fines and Forfeitures	75,600	-	-	75,600
Interest and Other Earnings	157,205	-	54,785	211,990
Miscellaneous	-	-	-	-
Total Revenues	9,465,823	3,593,215	943,358	14,002,396
Expenditures				
Current:				
General Government	2,936,271	-	-	2,936,271
Security of Persons & Property	2,889,901	-	31,722	2,921,623
Utilities and Environment	504,852	-	-	504,852
Transportation	503,122	-	930,895	1,434,017
Economic Environment	725,357	-	101,000	826,357
Mental and Physical Health	14,228	-	-	14,228
Culture and Recreation	1,077,309	-	46,100	1,123,409
Debt Service:				
Principal	-	-	589,368	589,368
Interest & Fiscal Charges	-	-	480,132	480,132
Capital Outlay	-	4,170,000	304,500	4,474,500
Total Expenditures	8,651,040	4,170,000	2,483,717	15,304,757
<i>Excess of Revenues Over (Under) Expenditures</i>	814,783	(576,785)	(1,540,359)	(1,302,361)
Other Financing Sources (Uses)				
Transfers In	-	597,083	1,909,946	2,507,029
Transfers Out	(1,631,980)	-	(903,047)	(2,535,027)
Total Other Financing Sources and Uses	(1,631,980)	597,083	1,006,899	(27,998)
<i>Net Change in Fund Balances</i>	(817,197)	20,298	(533,460)	(1,330,359)
<i>Fund Balances Beginning of Year</i>	2,077,089	91,000	1,601,109	3,769,198
Fund Balances End of Year	\$ 1,259,892	\$ 111,298	\$ 1,067,649	\$ 2,438,839

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS - MAJOR FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

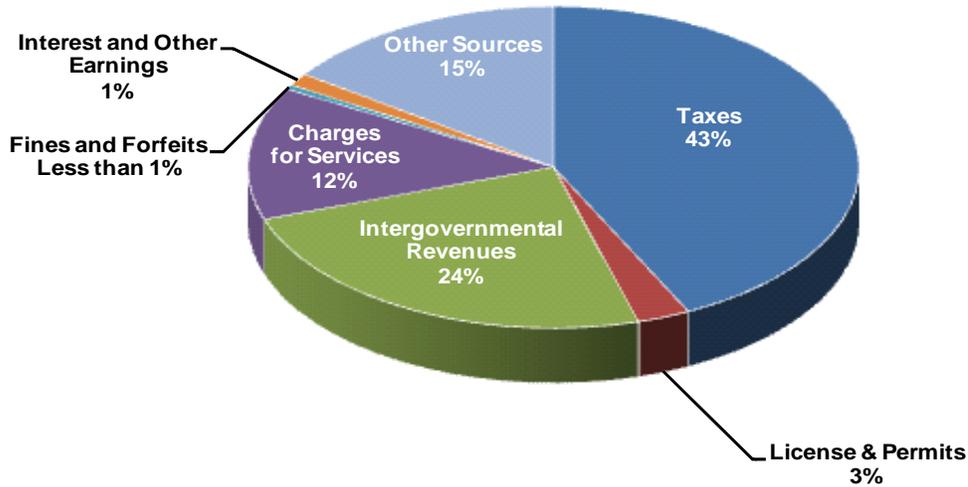
	Business-type Activities Enterprise Funds				
	Water	Sewer	Solid Waste	Storm Drain	Total
Operating Revenues:					
Charges for Services	\$ 1,422,000	\$ 2,703,000	\$ 1,350,000	\$ 1,013,000	\$ 6,488,000
Other Operating Revenues	100,520	30,000	15,000	17,000	162,520
Total Operating Revenues	1,522,520	2,733,000	1,365,000	1,030,000	6,650,520
Operating Expenses:					
Salaries & Wages	229,112	228,576	218,423	234,060	910,170
Benefits	106,022	101,076	101,551	106,062	414,711
Supplies	90,100	19,500	68,250	18,600	196,450
Services	316,512	363,576	302,528	174,993	1,157,609
Intergovernmental	-	555,000	300,000	-	855,000
Intefund Payments	236,874	213,264	252,483	192,085	894,706
Depreciation	375,000	585,000	64,000	315,000	1,339,000
Total Operating Expenses	1,353,620	2,065,992	1,307,235	1,040,799	5,767,646
Operating Income (Loss)	168,900	667,008	57,765	(10,799)	882,874
Nonoperating Revenues (Expenses):					
Interest and Other Earnings	-	-	-	-	-
Interest Expense	(14,182)	(50,807)	-	-	(64,989)
Debt Issue Costs	(4,372)	(15,498)	-	-	(19,870)
Total Nonoperating Revenue (Expenses)	(18,554)	(66,305)	-	-	(84,859)
Income (loss) Before Contributions	150,346	600,703	57,765	(10,799)	798,015
Capital Contributions	65,000	80,000	-	-	145,000
Change in Net Position	215,346	680,703	57,765	(10,799)	943,015
Total Net Position Beginning of Year	16,419,999	22,603,309	2,781,954	11,088,771	52,894,032
Total Net Position End of Year	\$16,635,345	\$23,284,012	\$ 2,839,719	\$11,077,972	\$53,837,048

TOTAL ALL FUNDS

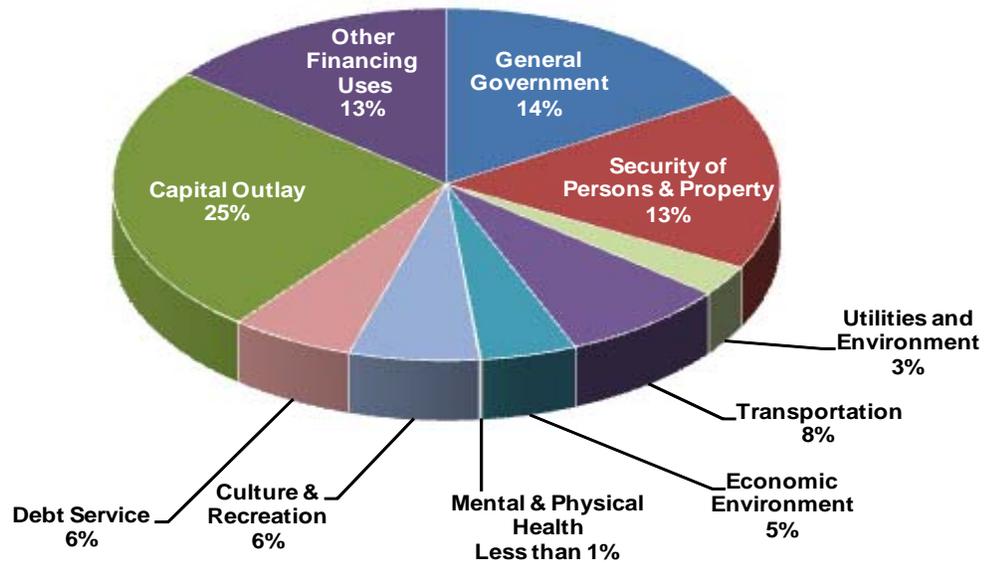
	2012 Actual	2013 Budget*	2014 Budget*
Governmental Revenues	\$ 18,586,195	\$ 14,051,210	\$ 16,509,425
Proprietary Revenues	6,566,517	6,166,323	6,630,650
Total Revenue/ Sources	25,152,712	20,217,533	23,140,075
Governmental Expenditures	18,318,335	15,673,356	17,839,784
Proprietary Expenses	5,594,172	6,218,026	5,852,505
Expenditures/ Uses	23,912,507	21,891,382	23,692,289
Net Increase (Decrease)	1,240,206	(1,673,849)	(552,214)
Fund Balance/Equity - Beginning	54,955,966	57,572,172	56,663,230
Increase in Contributed Capital	1,488,998	215,000	145,000
Prior Period Adjustments	(100,761)	-	-
Fund Balance/Equity - Ending	\$ 57,584,408	\$ 56,113,323	\$ 56,275,887



2014 Estimated Financial Sources - Governmental Funds



2014 Estimated Uses - Governmental Funds



Governmental Funds
2012-2014 Summary of Estimated Financial Sources and Uses

(For Budgetary Purposes Only)

	General Fund			Special Revenue Funds		
	2012 Actual	2013 Budget*	2014 Budget*	2012 Actual	2013 Budget*	2014 Budget*
Financial Sources:						
Taxes	\$6,543,188	\$6,691,862	\$6,665,432	\$ 650,984	\$ 526,000	\$ 390,000
License & Permits	592,350	379,550	455,150	12,100	4,000	4,000
Intergovernmental Revenue	159,118	305,108	100,839	210,025	629,890	210,373
Charges for Services	1,644,266	2,023,161	2,011,597	9,057	56,000	191,000
Fines and Forfeits	79,040	80,800	75,600	9	-	-
Interest and Other Earnings	56,665	156,248	157,205	2,501	92,485	54,785
Other Sources	110,654	44,000	-	772,732	806,619	646,734
Total Financial Sources	9,185,281	9,680,729	9,465,823	1,657,407	2,114,994	1,496,892
Expenditures:						
General Government	2,765,463	2,896,116	2,936,271			
Security of Persons & Programs	2,540,509	2,765,415	2,889,901	16,681	29,791	31,722
Utilities and Environment	455,458	574,084	504,852	-		
Transportation	-	648,606	503,122	744,424	1,357,521	930,895
Economic Environment	660,244	720,732	725,357		108,300	101,000
Mental & Physical Health	14,705	14,132	14,228			
Culture & Recreation	1,028,165	1,026,206	1,077,309	145,214	86,600	46,100
Debt Service					-	-
Capital Outlay				-	-	-
Other Financing Uses	1,609,992	1,674,336	1,631,980	596,392	690,219	871,547
Total Use of Resources	9,074,536	10,319,627	10,283,020	1,502,712	2,272,431	1,981,264
Net Increase (Decrease) in Fund Balance	110,745	(638,898)	(817,197)	154,695	(157,437)	(484,372)
Fund Balance - Beginning	1,908,084	2,088,763	2,077,089	1,096,651	1,169,176	973,136
Prior Year Adjustment	82,169			(82,169)		
Fund Balance -Ending	\$2,100,998	\$1,449,865	\$1,259,892	\$1,169,177	\$1,011,739	\$ 488,764

* Adjustments have been made to reflect Fund changes due to new GASB regulations

Debt Service Funds			Capital Funds			Total Governmental Funds		
2012 Actual	2013 Budget	2014 Budget	2012 Actual	2013 Budget	2014 Budget	2012 Actual	2013 Budget	2014 Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,194,171	\$ 7,217,862	\$ 7,055,432
			1,101,859	370,674	3,683,215	604,450	383,550	459,150
			2,800	1,200	3,200	1,471,002	1,305,672	3,994,427
						1,656,123	2,080,361	2,205,797
						79,049	80,800	75,600
376			2,844	5,177	-	62,385	253,910	211,990
3,657,283	1,074,612	1,068,503	2,978,346	803,824	791,792	7,519,014	2,729,055	2,507,029
<u>3,657,658</u>	<u>1,074,612</u>	<u>1,068,503</u>	<u>4,085,849</u>	<u>1,180,875</u>	<u>4,478,207</u>	<u>18,586,195</u>	<u>14,051,210</u>	<u>16,509,425</u>
						2,765,463	2,896,116	2,936,271
						2,557,190	2,795,206	2,921,623
						455,458	574,084	504,852
						744,424	2,006,127	1,434,017
						660,244	829,032	826,357
						14,705	14,132	14,228
						1,173,379	1,112,806	1,123,409
3,627,407	1,074,917	1,069,500	1,522,990	1,895,881	4,474,500	3,627,407	1,074,917	1,069,500
34,561	-	-	2,556,130	110,500	31,500	1,522,990	1,895,881	4,474,500
<u>3,661,968</u>	<u>1,074,917</u>	<u>1,069,500</u>	<u>4,079,119</u>	<u>2,006,381</u>	<u>4,506,000</u>	<u>18,318,335</u>	<u>15,673,356</u>	<u>17,839,784</u>
(4,310)	(305)	(997)	6,730	(825,506)	(27,793)	267,860	(1,622,146)	(1,330,359)
12,946	8,635	8,527	1,697,892	1,603,863	710,446	4,715,573	4,870,437	3,769,198
-			(100,761)			(100,761)		
<u>\$ 8,636</u>	<u>\$ 8,331</u>	<u>\$ 7,530</u>	<u>\$ 1,603,861</u>	<u>\$ 778,357</u>	<u>\$ 682,653</u>	<u>\$ 4,882,672</u>	<u>\$ 3,248,291</u>	<u>\$ 2,438,839</u>

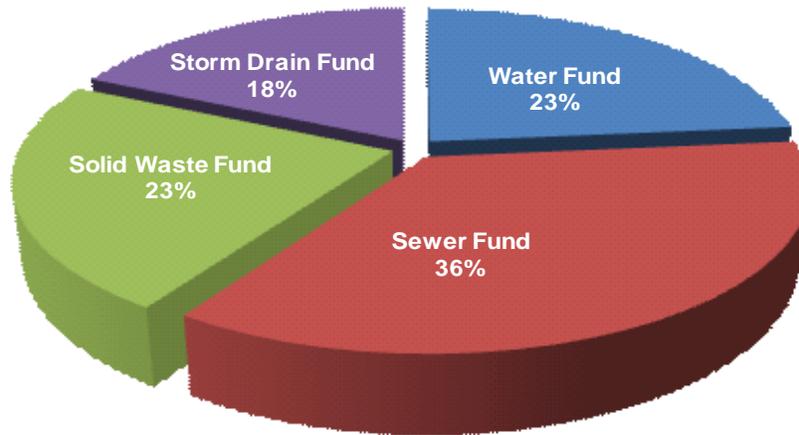
WORKING CAPITAL

Proprietary funds are managed on a different basis than the general governmental services. The amount of expenses required for ongoing operations depends on the amount of business that will be done next year. Since such business provides new income directly to the fund in the form of charges for services, there is additional revenue to support those additional expenses. Therefore, the management of these funds is not focused on line items of revenue and expenses, but rather the "bottom line" of whether expenses are supported by revenue. It is also necessary to build capital reserves to fund necessary capital improvements to support the programs. These balances create the working capital in each fund. In simple terms, "working capital" is similar to fund balance and is the result of all transactions during the year. An increase in working capital indicates expenses are less than revenues.

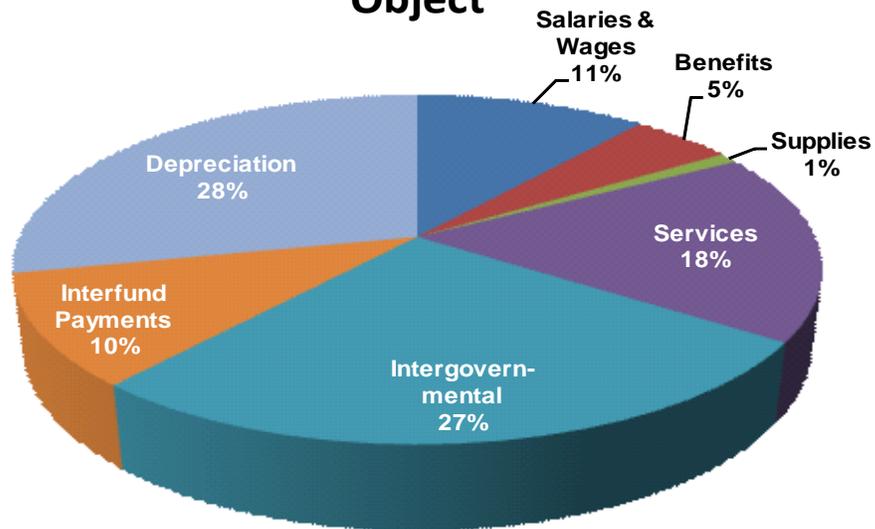
Unlike private sector enterprises, a city cannot make a profit. Therefore, working capital should not grow or decline and expenses and revenues should balance, however, working capital should accumulate to a level sufficient for at least three purposes:

1. Provide a cushion or a contingency for unforeseen needs and emergencies
2. Provide adequate security for long-term debt, and
3. Allow for a capital development program to reduce the need for borrowing and maintain or improve current infrastructure

2014 Estimated Operating Expenses - Enterprise Funds



Enterprise Funds Expenditures by Object



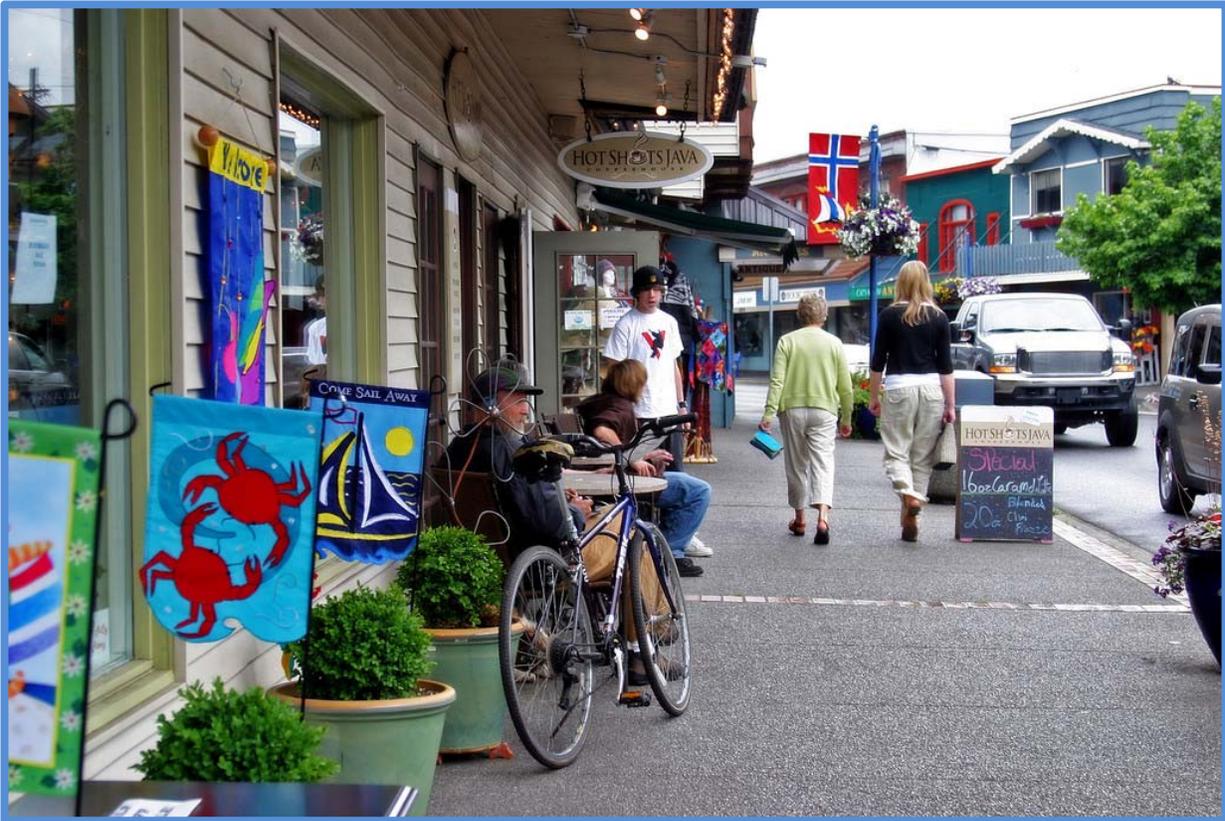
Enterprise Funds

2012-2014 Summary of Estimated Revenues, Expenses and Changes in Retained Earnings

(For Budgetary Purposes Only)

	Water Fund			Sewer Fund		
	2012 Actual	2013 Budget	2014 Budget	2012 Actual	2013 Budget	2014 Budget
Operating Revenues						
Charges for Services	\$ 1,361,785	\$ 1,321,000	\$ 1,422,000	\$ 2,766,701	\$ 2,510,500	\$ 2,703,000
Other Operating Revenue	99,853	101,896	100,520	36,303	35,082	30,000
Total Operating Revenues	1,461,638	1,422,896	1,522,520	2,803,005	2,545,582	2,733,000
Operating Expenses						
Salaries & Wages	209,565	219,230	229,112	191,017	223,557	228,576
Benefits	89,659	100,874	106,022	82,842	94,366	101,076
Supplies	41,890	90,100	90,100	14,900	24,500	19,500
Services	325,083	449,563	316,512	381,179	491,062	363,576
Intergovernmental				565,259	555,000	555,000
Interfund Payments	302,516	228,402	236,874	169,054	204,896	213,264
Depreciation	380,230	416,000	375,000	590,697	636,000	585,000
Total Operating Expenses	1,348,941	1,504,169	1,353,620	1,994,948	2,229,381	2,065,992
Operating Income (Loss)	112,697	(81,273)	168,900	808,057	316,201	667,008
Non- Operating Sources and (Uses)						
Interest Earnings	16,786			21,278		
Interest Expenses	(22,212)	(17,569)	(14,182)	(80,808)	(63,078)	(50,807)
Other Nonoperating Revenues (E	(4,238)	(4,372)	(4,372)	(15,024)	(15,497)	(15,498)
Total Non-Operating Sources and (Uses)	(9,663)	(21,941)	(18,554)	(74,554)	(78,575)	(66,305)
Net Increase (Decrease)	103,034	(103,214)	150,346	733,503	237,626	600,703
Notal Net Position Beginning	15,803,858	16,458,213	16,419,999	20,803,371	22,215,683	22,603,309
Increase in Contributed Capital	551,321	65,000	65,000	678,809	150,000	80,000
Prior Year Adjustment				-		
Net Postion Ending	\$16,458,213	\$ 16,419,999	\$16,635,345	\$22,215,683	\$22,603,309	\$23,284,012

Solid Waste Fund			Storm Drain Fund			Total Enterprise Funds		
2012 Actual	2013 Budget	2014 Budget	2012 Actual	2013 Budget	2014 Budget	2012 Actual	2013 Budget	2014 Budget
\$1,367,759	\$1,440,000	\$1,350,000	\$ 783,275	\$ 728,000	\$ 1,013,000	\$ 6,279,521	\$ 5,999,500	\$ 6,488,000
14,690	19,704	15,000	18,520	30,010	17,000	169,366	186,692	162,520
<u>1,382,449</u>	<u>1,459,704</u>	<u>1,365,000</u>	<u>801,795</u>	<u>758,010</u>	<u>1,030,000</u>	<u>6,448,887</u>	<u>6,186,192</u>	<u>6,650,520</u>
188,487	199,742	218,423	231,950	228,619	234,060	821,019	871,149	910,170
84,684	92,996	101,551	100,779	106,026	106,062	357,962	394,263	414,711
80,033	76,250	68,250	10,880	19,600	18,600	147,703	210,450	196,450
221,776	358,387	302,528	49,406	185,420	174,993	977,444	1,484,432	1,157,609
400,692	312,000	300,000	70,407			1,036,358	867,000	855,000
204,368	238,001	252,483	156,673	186,287	192,085	832,611	857,586	894,706
29,596	60,000	64,000	317,533	340,500	315,000	1,318,055	1,452,500	1,339,000
1,209,635	1,337,376	1,307,235	937,628	1,066,453	1,040,799	5,491,152	6,137,379	5,767,646
172,814	122,328	57,765	(135,833)	(308,443)	(10,799)	957,735	48,813	882,874
8,047			9,729			55,841	0	-
						(103,020)	(80,647)	(64,989)
			81,050			61,788	(19,869)	(19,870)
8,047	29,000	21,000	90,779	-	-	14,610	(100,516)	(84,859)
180,862	151,328	78,765	(45,053)	(308,443)	(10,799)	972,345	(51,703)	798,015
2,449,764	2,630,626	2,781,954	11,183,399	11,397,214	11,088,771	50,240,393	52,701,736	52,894,032
			258,868			1,488,998	215,000	145,000
						0	-	-
<u>\$2,630,626</u>	<u>\$2,781,954</u>	<u>\$2,860,719</u>	<u>\$11,397,214</u>	<u>\$11,088,771</u>	<u>\$11,077,972</u>	<u>\$52,701,736</u>	<u>\$52,865,032</u>	<u>\$53,837,048</u>



CITY OF POULSBO
2014 BUDGET
SUMMARY OF FUND ACTIVITY AND
CHANGES IN FUND BALANCE

FUND	TOTAL RESOURCES			TOTAL APPROPRIATIONS			CHANGE	
	2014 Estimated Beginning Fund Balance	2014 Estimated Revenue/ Financing Other Sources	2014 Estimated Total Resources	2014 Projected Expenditures/ Expenses/ Other Financing Uses	2014 Projected Ending Fund Balance	2014 Total Projected Appropriations	Change in Fund Balance Inc (Dec)	% of change
001 General Fund	2,077,089	9,465,813	11,542,902	10,283,020	1,259,882	11,542,902	(817,207)	-39%
Total Current Expense Fund	2,077,089	9,465,813	11,542,902	10,283,020	1,259,882	11,542,902	(817,207)	-39%
101 City Streets	285,296	845,290	1,130,586	1,120,421	10,165	1,130,586	(275,131)	-96%
121 Capital Improvement	210,437	300,100	510,537	350,000	160,537	510,537	(49,900)	-24%
123 Trans Development Fund	127,222	191,000	318,222	306,785	11,437	318,222	(115,785)	-91%
124 Park Development Fund	108,966	-	108,966	25,236	83,730	108,966	(25,236)	-23%
131 Historic Dwntrn Poulsville	77,879	52,335	130,214	46,100	84,114	130,214	6,235	8%
161 Path and Trail Reserve	12,523	978	13,501	-	13,501	13,501	978	8%
171 Drug Enforcement	13,150	50	13,200	4,750	8,450	13,200	(4,700)	-36%
181 Transient Occup Tax	36,448	90,000	126,448	101,000	25,448	126,448	(11,000)	-30%
191 Police Restricted Funds	101,215	17,139	118,354	26,972	91,382	118,354	(9,833)	-10%
Total Special Revenue Funds	973,136	1,496,892	2,470,028	1,981,264	488,764	2,470,028	(484,372)	-50%
201 Misc Govt Debt	3,214	89,985	93,199	89,985	3,214	93,199	-	0%
204 Non-Voted Gen Oblig	5,313	978,518	983,831	979,515	4,316	983,831	(997)	-19%
Total Debt Service Funds	8,527	1,068,503	1,077,030	1,069,500	7,530	1,077,030	(997)	-12%
301 Equipment Acquisition	152,515	124,650	277,165	46,500	230,665	277,165	78,150	51%
302 Park Reserve	146,584	160,059	306,643	214,000	92,643	306,643	(53,941)	-37%
311 Street Reserve	91,000	4,190,298	4,281,298	4,170,000	111,298	4,281,298	20,298	22%
314 Cemetery Reserve	62,004	3,200	65,204	-	65,204	65,204	3,200	5%
321 City Streets Equip Res.	116,490	-	116,490	75,500	40,990	116,490	(75,500)	-65%
331 Facilities Fund	141,853	-	141,853	-	141,853	141,853	-	0%
Total Capital Project Funds	710,446	4,478,207	5,188,653	4,506,000	682,653	5,188,653	(27,793)	-4%
401 Water System	2,928,630	1,708,615	4,637,245	2,420,710	2,216,535	4,637,245	(712,095)	-24%
403 Sewer System	4,377,370	3,351,612	7,728,982	4,736,216	2,992,766	7,728,982	(1,384,604)	-32%
404 Solid Waste System	2,016,916	1,365,000	3,381,916	1,307,235	2,074,681	3,381,916	57,765	3%
410 Storm Drain System	1,114,897	1,470,000	2,584,897	1,893,299	691,598	2,584,897	(423,299)	-38%
Total Enterprise Funds	10,437,813	7,895,227	18,333,040	10,357,460	7,975,580	18,333,040	(2,462,233)	-24%
TOTALS	14,207,011	24,404,642	38,611,653	28,197,244	10,414,409	38,611,653	(3,792,602)	-27%

Changes in Fund Balance more than 10% are detailed below.

General Fund – It is anticipated to use reserves in 2014. Although prior use of reserves was anticipated the City has been fortunate, and use of reserves has not been necessary. When reserves were used it was for specific one time expenditures. Revenue projections for 2014 are fairly flat, yet cost of living increases and contractual obligations continue to increase. The City has been able to operate and sustain by expenditure savings and actual revenues being more than projection. It is again anticipated to use reserves in 2014, but with targeted expenditures. The City Council knowingly balanced the budget supporting additional resources to the Police Department functions. County wide there is a growing need for drug enforcement and education. The long range plan is to spend local funds which will result in future savings of detention and increase our revenues by maintaining and growing the area as a desirable location for economic development. Also included in the long range plan is to evaluate the system regularly and determine through future attrition the possibility to again reduce, but still managing an appropriate level of service. The City continues to proactively monitor the benefit rates for future reductions ultimately supporting the necessary cost of living increases. Although it was anticipated to use reserves in 2013 for revenue stabilization, conservative spending and unanticipated revenues enabled the City to not use more reserves than what was supported by carryover (Beginning Balance) dollars. Although the Council knowingly balanced the budget using reserves, the projected fund balance still meets the minimum requirement of the Financial Management Policy for a fund balance of 12% of operating revenues

Special Revenue Funds – Changes are primarily in the following funds

- **City Streets (101)** – This is the street maintenance and operations fund supported by restricted tax revenue and general government funds. It is anticipated to use reserve dollars, reducing the impact of governmental resources from the General fund to support maintaining a fund balance. The long range plan for reductions of expenditures is the retirement of transportation debt in 2017 which will leave more resources for operations.
- **Capital Improvement (121)** – These funds are generated from real estate excise tax (REET). The financing plan for City Hall debt was to use these revenues. With the economic downturn in the housing market, it has been necessary to use general fund dollars to support a larger portion of the debt. As the revenues for the past couple years have come in higher than anticipated, it is now intentional to use reserves trying to support more of the debt payment the General Fund has had to absorb due to the decline in revenues during the economic downturn.
- **Transportation Development (123)** – These are funds generated from traffic impact fees. It is anticipated in 2014 to use these funds for Street Projects
- **Park Development (124)** – These are funds generated from park impact fees. It is anticipated in 2014 to use these funds for park projects
- **Drug Enforcement (171)** – It is intended to implement a K-9 program for drug enforcement. The reserve dollars are being used to initiate and support the program. Revenues are not projected in this fund as they are sporadic and issue based.
- **Transient Occupancy (181)** – Funds are generated from lodging tax proceeds. It is anticipated to use reserves to support the promotion of tourism and construct a visitor kiosk.
- **Police Restricted (191)** – Funds which have accumulated over several years to support the criminal justice program are being used to support a program helping youth at risk.

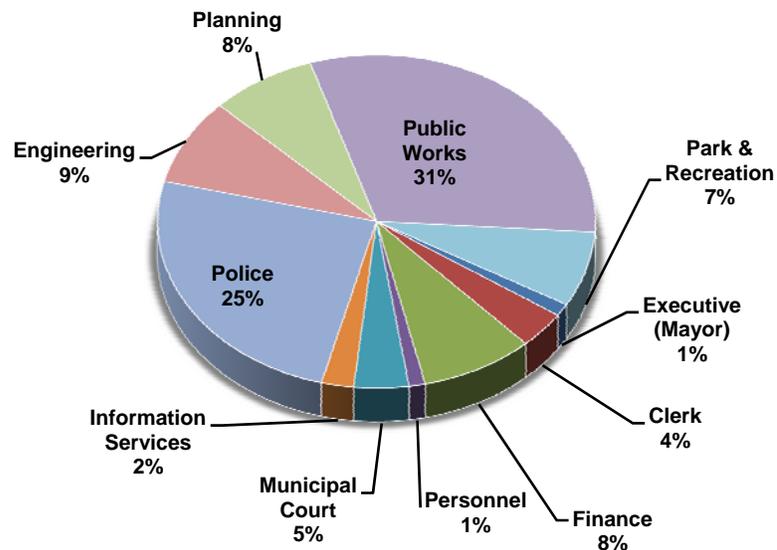
Debt Service Funds – These funds are to make debt payments and fees associated with debt. Fund Balances are to remain minimal as transfers for debt are from operational dollars.

Capital Project Funds – These funds are used for capital projects and capital equipment. The balances will consistently vary depending on projected capital needs. Reserves are built in anticipation for use on large capital projects or equipment. The largest variance in 2014 is due to the anticipated new sidewalk sweeper in the City Streets Equipment Reserve (Fund 321).

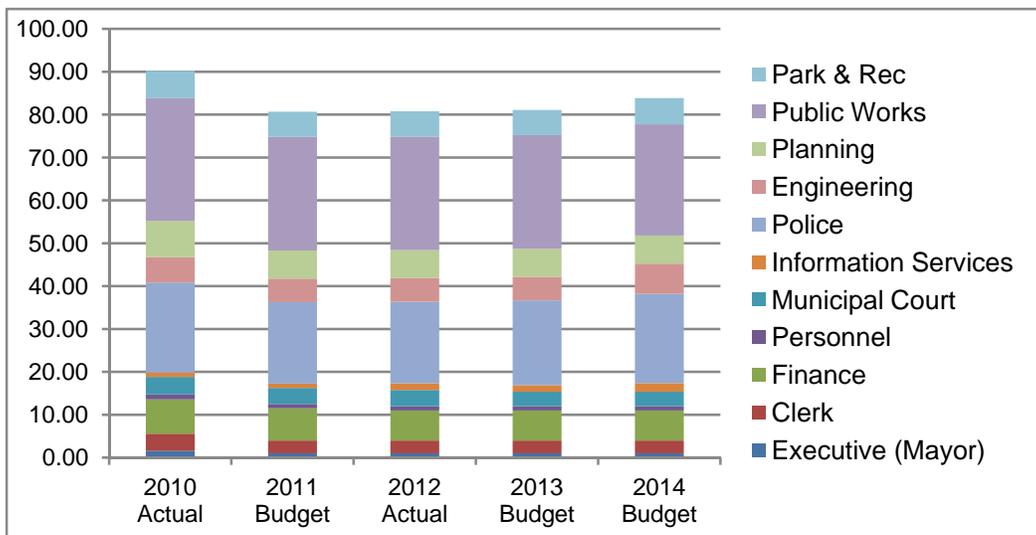
Enterprise Funds – These funds are to account for the City utility services supported by user fees. The fluctuations in the balances are due to the projected capital projects. The operational portion of the fund stays fairly consistent. The large decreases in Water Program (401), Sewer Program (403) and Storm Drain (410) are due to large capital projects anticipated in 2014.

A significant part, 33% of the City's operating budget (net of transfers), is funding for employees who in turn provide services to our citizens. The following graph identifies full-time equivalent (FTE) positions by department

2014 Staffing by Department



	2010 Actual	2011 Budget	2012 Actual	2013 Budget	2014 Budget
Executive (Mayor)	1.58	1.00	1.00	1.00	1.00
Clerk	4.00	3.00	3.00	3.00	3.00
Finance	8.00	7.50	7.00	7.00	7.00
Personnel	1.15	1.00	1.00	1.00	1.00
Municipal Court	4.10	3.77	3.77	3.39	3.39
Information Services	1.00	1.00	1.58	1.50	2.00
Police	21.00	19.00	19.00	19.77	20.80
Engineering	5.95	5.50	5.50	5.50	7.05
Planning	8.45	6.55	6.55	6.55	6.55
Public Works	28.60	26.50	26.50	26.50	25.95
Park & Rec	6.39	5.87	5.87	5.87	6.13
Total	90.22	80.69	80.77	81.08	83.87

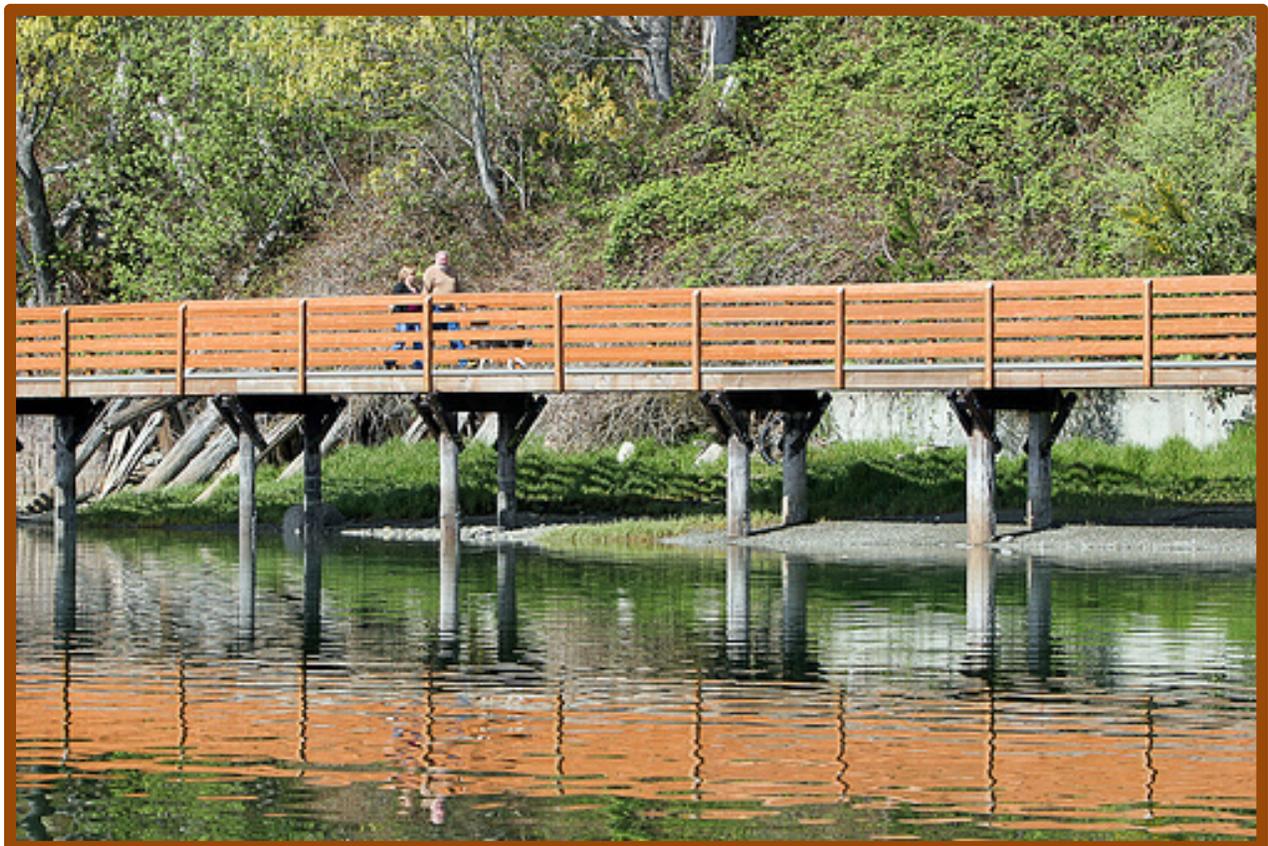


Highlighted Staffing Changes

Prior year actual numbers, reflect the actual filled full time equivalents (fte) staffing. Although budget capacity may have provided for vacant positions, actual positions filled are presented.

Building the budget for 2014 continued to be a challenging year. In 2011 the City took a pro-active decision and offered a Voluntary Separation in lieu of layoffs to employees. With minimal increases and some decreases in revenue, the rising costs of wages and benefits continue to challenge the operating budgets. The City knowingly increased the staffing levels in 2014.

- With the resignation of a 1 fte Police Clerk in 2012, the position was re-designed. The Information Services Department took over the function of the evidence room reducing the administrative position to a .5 fte. A new Police Chief was hired in 2013, and with fresh eyes comes changes. He took the function of the evidence room back under the administrative duties of the Police Clerks, which increased the need to a 1 fte for administrative staff and allocated a .5 fte back to Information Services.
- The City Council allocated funding for an additional police officer. In order to serve the community and increased need for drug enforcement county wide required a new officer.
- The function of Court Security and monitoring of prisoners on electronic home monitoring was increased to a .8 fte allocating more hours for monitoring of prisoners. Previously located under Municipal Court, the position is now under the direction of the Police Department.
- The Public Works Director position became vacant at the end of 2013. As with all positions, it was an opportunity to evaluate the change in functionality and fill the functions with the skills for anticipated changes in services and functions. The City has many capital transportation and utility projects planned for 2014 and over the course of the 6 year CIP. The need was determined for more engineering and project management.



Capital Improvement Summary for Projects planned in 2014

Although the Capital Improvement Plan (CIP) section of this document lists projects anticipated for the next six years, the following is a summary of the projects planned in 2014. Complete project details are included in Section 9 – Capital Improvement Plan. These projects have been incorporated into the budget and are listed with their appropriated funding sources.



Poulsbo's Fish Park Expansion & Development

Funds are being appropriated in 2014 for continued projects to enable the public to access Fish Park. This Park has grown to 36.27 acres with the assistance of volunteers and community support.

<i>Park Reserves (Fund 302)</i>	
Planning & Design	\$ 7,000
Construction	\$ 181,462
Management	\$ 7,000
Total 2014 Costs	\$ 195,462

Funding Source:
City Reserves, Donations/In Kind, State Grants

Impact on Operating Budget:
This park is all natural so there will be limited maintenance impact on future operating budgets. As the park expands there will be additional waste disposal costs which should be minimal and absorbed into the current operating budget.

Eastside Park

Funds are being appropriated in 2014 to create a 1.25 acre passive park built around the natural landscape. Plans include: sitting benches, playground equipment and a shared use path.

<i>Park Reserves (Fund 302)</i>	
Land/Right of Way	\$ 100,000
Total 2014 Costs	\$ 100,000

Funding Source:
Donations/In Kind

Impact on Operating Budget:
The park development is dependent on land being donated in conjunction with plat development. There will not be any additional operating expenditures in 2014, but when and if the park is developed it will be approximately an additional \$1,500 per year for supported maintenance.

Trail Easement to Nelson Park

Funds are being appropriated in 2014 to develop an unused trail easement from under the Lindvig Bridge to a stair climb at Nelson Park on the West Side. This improved easement would provide pedestrian connection between Fish Park and Nelson Park.

<i>Park Reserves (Fund 302)</i>	
Construction	\$ 110,000
Total 2014 Costs	\$ 110,000

Funding Source:
City Reserves, City Impact Fees

Impact on Operating Budget:
This park is all natural so there will be limited maintenance impact on future operating budgets. The park maintenance budget, once developed will increase approximately \$2,000 per year to support daily maintenance such as waste and shrub control on the paths.



Lincoln Road Reconstruction

Funds are being appropriated in 2014 to widen Lincoln Road as well as improve safety with the addition of pedestrian and bicycle facilities.

<i>Street Reserves (Fund 311)</i>	
Land/Right of Way	\$ 100,000
Construction	\$ 2,950,000
Management	\$ 150,000
Total 2014 Costs	\$ 3,200,000

Funding Source:
City Impact Fees, Federal Grant, State Grant

Impact on Operating Budget:

Right of way landscaping and sidewalk maintenance will need to be increased once the project has been completed. Most of the operational impacts will be after 2014. Casual labor dollars have been increased in the street operating budget to support the increased maintenance.

City Wide Pavement Restoration Program

Funds are being appropriated in 2014 to overlay existing streets and will include the following elements: pavement repairs, pavement overlay, striping and upgrades to existing handicap ramps.

Street Reserves (Fund 311)

Planning & Design	\$	30,000
Construction	\$	750,000
Management	\$	20,000
Total 2014 Costs	\$	800,000

Funding Source:

City Reserves, Federal Grant

Impact on Operating Budget:

There will be no additional impact on future operating budgets as the overlay is to existing roads already accounted for in the current budget.

Liberty Bay Waterfront Trail

Funds are being appropriated in 2014 to construct a pedestrian/bicycle trail from Legion Park to Liberty Bay Auto dealership.

Street Reserves (Fund 311)

Planning & Design	\$	20,000
Total 2014 Costs	\$	20,000

Funding Source:

City Reserves

Impact on Operating Budget:

This park is all natural so there will be limited maintenance impact on future operating budgets. The parks maintenance budget, once developed will increase \$2,000 per year to support daily maintenance such as waste and shrub control on the paths.

3rd Ave Central Business District

Funds are being appropriated in 2014 to retrofit the Central Business District which will include: Jensen Way, Front Street and King Olaf Parking Lot.

Street Reserves (Fund 311)

Planning & Design	\$	15,000
Construction	\$	120,000
Management	\$	15,000
Total 2014 Costs	\$	150,000

Funding Source:

City Reserves, City Impact Fees

Impact on Operating Budget:

This is an improvement to an existing road. There will not be any additional impacts to the operating budget.



Raab Park Tank Repair

Funds are being appropriated in 2014 to repair structural defects and repaint the tank in accordance with findings of seismic evaluation.

Water Fund (401)

Construction	\$	250,000
Total 2014 Costs	\$	250,000

Funding Source:

Water Reserves

Impact on Operating Budget:

This is an existing tank so there will not be any additional operating expenditures related to this project.

Pugh Well/Lincoln Treatment for Manganese

Funds are being appropriated in 2014 to install a treatment facility at the new well (Pugh/Lincoln #2). Water quality reports have indicated higher than "normal" manganese content in the raw water (0.109mg/l). The treatment facility will reduce or eliminate the manganese in the finished water (<0.05mg/l).

<i>Water Fund (401)</i>		
Planning & Design	\$	25,000
Total 2014 Costs	\$	25,000

Funding Source:
Water Reserves

Impact on Operating Budget:
Beginning in 2016, this project is projected to increase operating budgets by \$5,000 annually until 2018.

Replace Lincoln Road Water Line

Funds are being appropriated in 2014 to replace the existing 8" AC (asbestos-cement) pipe with 8" DI (ductile iron) pipe class 52.

<i>Water Fund (401)</i>		
Construction	\$	300,000
Management	\$	30,000
Total 2014 Costs	\$	330,000

Fund Source:
Water Reserves

Impact on Operating Budget:
This is an existing line so there will not be any additional operating expenditures related to this project.

Replace Lindvig/Bond Road Water Line

Funds are being appropriated in 2014 to replace the existing 8" AC (asbestos-cement) pipe with 8" DI (ductile iron) pipe class 52.

<i>Water Fund (401)</i>		
Planning & Design	\$	15,000
Construction	\$	165,000
Management	\$	10,000
Total 2014 costs	\$	190,000

Funding Source:
Water Reserves

Impact on Operating Budget:
This is an existing line so there will not be any additional operating expenditures related to this project.



Annual Inflow Reduction Program

Funds are being appropriated in 2014 to implement an annual inflow reduction program consisting of identifying and repairing inflow sources

<i>Sewer Fund (403)</i>		
Construction	\$	20,000
Total 2014 Costs	\$	20,000

Funding Source:
Sewer Reserves

Impact on Operating Budget:
This will not increase the operating budget but may reduce current expenditures due to less sewage being processed by the plant and dispensed through the storm drain system.

6th & 9th Avenue Pump Station Upgrade

Funds are being appropriated in 2014 to rehabilitate and upgrade the 6th & 9th Avenue wastewater pump stations and replace the transmission mains.

<i>Sewer Fund (403)</i>		
Construction	\$	810,000
Construction Management		90,000
Total 2014 Costs	\$	900,000

Funding Source:
Sewer Reserves

Impact on Operating Budget:
This is a capital upgrade and replacement project requiring no additional operating dollars.

Lincoln Road Sewer Extension

Funds are being appropriated in 2014 to extend two sanitary lines across Lincoln Road.

Sewer Fund (Fund 403)

Planning & Design	\$	10,000
Construction	\$	70,000
Management	\$	<u>10,000</u>
Total 2014 Costs	\$	90,000

Funding Source:
Sewer Reserves

Impact on Operating Budget:

The lines are not being added to increase flow but to target and help existing flow, creating no additional operating expenditures.

Harrison Force Main Replacement

Funds are being appropriated in 2014 to replace the 12 inch force main from the Marine Science Center pump station that runs south along the beach. As well as install a new 12 inch main along Fjord Drive and tie it to the existing 12 inch main at Harrison Street.

Sewer Fund (Fund 403)

Construction	\$	320,000
Management	\$	<u>20,000</u>
Total 2014 Costs	\$	340,000

Funding Source:
Sewer Reserves

Impact on Operating Budget:

This is an existing main so there will not be any additional operating expenditures related to this project.

I&I Effectiveness & Downstream Capacity Study

Funds are being appropriated in 2014 to evaluate the effectiveness of I&I reduction program.

Sewer Fund (Fund 403)

Planning & Design	\$	<u>110,000</u>
Total 2014 Costs	\$	110,000

Funding Source:
Sewer Reserves

Impact on Operating Budget:

This is a study which should support the storm drain flow not creating additional expenditures, but hopefully reducing the future amount of flow hitting the sewer system to be processed.

Capital Facilities Charge for CK Plant

Funds are being appropriated in 2014 for the Cities capital contribution to the Central Kitsap treatment plant as required by contract with Kitsap County.

Sewer Fund (Fund 403)

Construction	\$	<u>133,000</u>
Total 2014 Costs	\$	133,000

Funding Source:
Sewer Reserves

Impact on Operating Budget:

There will be no additional impact on future operating budgets



Storm Drain Projects

Dogfish Creek Restoration

Funds are being appropriated in 2014 to reduce flooding, improve the Creek appearance and enhance salmon mitigation up stream.

Storm Drain Fund (410)

Management	\$	<u>50,000</u>
Total 2013 Costs	\$	50,000

Funding Source:
Storm Drain Reserves

Impact on Operating Budget:

There will be additional operating expenditures in maintaining the creek bed. These minimal costs are being supported by additional casual labor dollars allocated to the maintenance program.

Noll Road Culvert Replacement

Funds are being appropriated in 2014 to replace the existing 36 inch culvert with 8/10 foot wide culvert.

Storm Drain Fund (410)

Planning & Design	\$ 20,000
Total 2014 Costs	\$ 20,000

Funding Source:
Storm Drain Reserves

Impact on Operating Budget:

Beginning in 2014, this project is projected to increase operating expenses by \$2,000 per year until 2016.

Replace Storm Drains in Ridgewood/Kevo's Pond

Funds are being appropriated in 2014 to begin Phase I improvements bringing the existing storm drains up to current standards.

Storm Drain Fund (410)

Planning & Design	\$ 60,000
Total 2014 Costs	\$ 60,000

Funding Source:
Storm Drain Reserves

Impact on Operating Budget:

This is an upgrade, which will not require additional operating expenditures, but once up to current standards may slightly reduce the expenses.

Public Works Complex

Funds are being appropriated in 2014 to design and construct the decant facility that will be housed at the new Public Works Complex.

Storm Drain Fund (410)

Planning & Design	\$ 100,000
Total 2014 Costs	\$ 100,000

Funding Source:
Storm Drain Reserves

Impact on Operating Budget:

The construction of the decant facility is projected to decrease operating expenses.

Norrland Drainage Ditch Replacement

Funds are being appropriated in 2014 to replace the current ditch with 90 linear feet of 18" diameter PVC and install two catch basins.

Storm Drain Fund (410)

Planning & Design	\$ 20,000
Total 2014 Costs	\$ 20,000

Funding Source:
Storm Drain Reserves

Impact on Operating Budget:

This is a replacement project which will not increase operating expenditures.

3rd Ave Business District

Funds are being appropriated in 2014 to install 11 tree boxes, 5 landscape rain gardens and new pervious pavement on 3rd Ave between Iverson and Moe.

Storm Drain Fund (410)

Planning & Design	\$ 65,000
Construction	\$ 450,000
Management	\$ 45,000
Total 2014 Costs	\$ 560,000

Funding Source:
Storm Drain Reserves, State Grant

Impact on Operating Budget:

There will be additional operating expenditures necessary to maintain the rain gardens. Casual labor dollars have been increased to cover the additional expenses. Estimated associated costs should not exceed \$1,500.

LONG-TERM DEBT OBLIGATIONS AND DEBT CAPACITY

The 2014 Budget has been developed in concert with an analysis of the City’s long-term capital needs. The opposite page summarizes the City’s current bond debt obligations and type of debt. While the City has various forms of debt, \$11,160,000 of this debt is of a General Obligation Bond (GO) type.

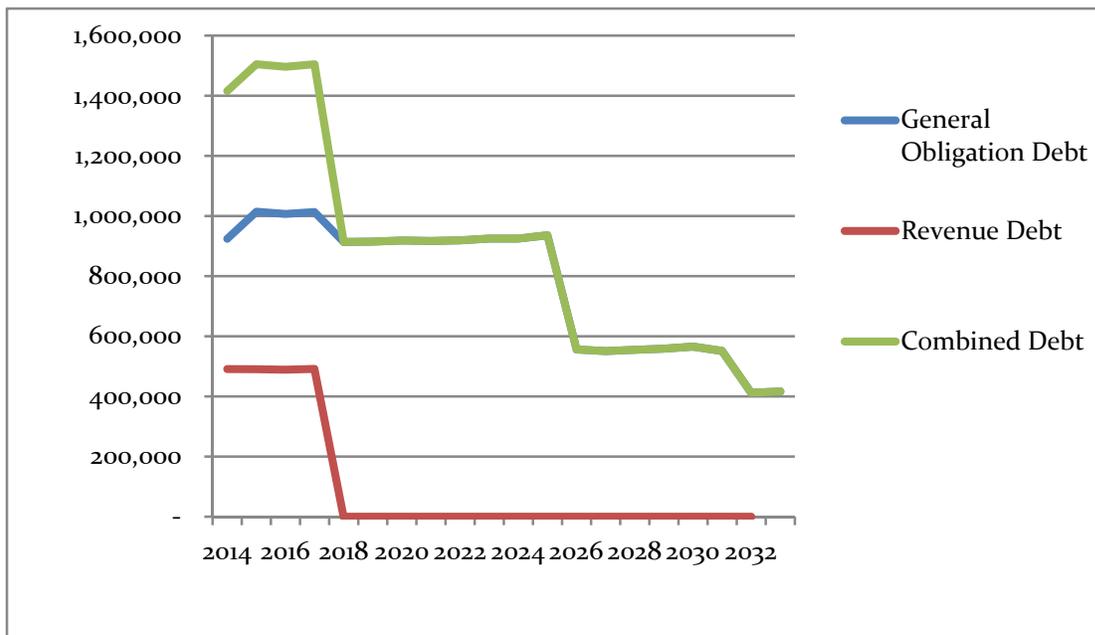
The City debt obligations are well within the statutory limits for debt capacity. There are three types of statutory limits on general obligation debt capacity.

1. The first limit is on the amount of general obligation debt that can be incurred without a vote of the people. For this type of debt, a city is limited to 1.5% of its assessed value. For 2014, the City of Poulso’s limit is \$18,451,499 of which the City has incurred \$11,160,000.
2. The second statutory limit is the amount of general obligation debt a City may incur for the general governmental purposes with the vote of the people. This limit is 2.5% of the assessed value. In 2014, the City’s limit is \$30,752,498, less any amount issued of non-voted debt.
3. The third limit allows a City to incur general obligation debt of up to an additional 2.5% of its assessed value for bond issues approved by the voters for the purpose of utility improvements and an additional 2.5% for parks or open space development.

Project	Type	Duration	Interest Rate	Amount Issued	Outstanding
City Hall 2005	Non Voted	2005 - 2025	3.25% - 4.3%	5,185,000	3,560,000
City Hall 2009	Non Voted	2009 - 2033	1.4% - 5.5%	6,015,000	5,130,000
Park & Rec	Non Voted	2010 - 2030	3.78%	310,000	280,000
City Hall 2012	Non Voted	2012-2031	2%-3.5%	1,795,000	1,795,000
2003 LTGO Bond - refi 2012 City Hall	Non Voted	2012-2017	.4%-2%	660,000	395,000
				\$ 13,965,000	\$11,160,000
This Debt is controlled by assessed Valuation Debt Limits					
		2014 Assessed Valuation		\$1,230,099,929	
X	0.025	=	\$30,752,498	Limited for Combined Debt	Balance Available \$19,592,498
X	0.015	=	\$18,451,499	Limited for Non-Voted Debt	Balance Available \$ 7,291,499
				Balance Available for Voted Debt	\$ 12,300,999

Note: The City’s Debt Management Policy is included in the appendix in Section 10. Information regarding the proprietary funds’ debt is included with the individual fund information in the Proprietary Fund Section.

BOND DEBT TO MATURITY						
General Obligation (GO)				Revenue Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2014	515,000	409,495	924,495	429,000	62,238	491,238
2015	620,000	394,500	1,014,500	443,000	47,438	490,438
2016	630,000	376,895	1,006,895	457,000	32,154	489,154
2017	655,000	358,533	1,013,533	475,000	16,388	491,388
2018	575,000	338,828	913,828	-	-	-
2019	595,000	319,626	914,626	-	-	-
2020	620,000	298,850	918,850	-	-	-
2021	640,000	276,860	916,860	-	-	-
2022	665,000	253,856	918,856	-	-	-
2023	695,000	229,963	924,963	-	-	-
2024	720,000	204,990	924,990	-	-	-
2025	760,000	176,275	936,275	-	-	-
2026	410,000	146,015	556,015	-	-	-
2027	420,000	130,870	550,870	-	-	-
2028	440,000	115,188	555,188	-	-	-
2029	460,000	98,700	558,700	-	-	-
2030	485,000	80,475	565,475	-	-	-
2031	490,000	61,600	551,600	-	-	-
2032	370,000	42,075	412,075	-	-	-
2033	395,000	21,725	416,725	-	-	-
TOTAL	11,160,000	4,335,319	15,495,319	1,804,000	158,217	1,962,217





Section 3

General Fund



GENERAL FUND REVENUE (001)

The largest operating fund in the City is the General Fund. It provides the majority of City services, including police, parks and recreation, planning, engineering, executive, legislative and financial services. Most of the tax revenue collected by the City goes into the General Fund making it the primary focus for the City Council during the budget process. For 2014 the General Fund Revenue operating budget, exclusive of beginning balance, is projected to be \$9,465,813; this is an increase to the 2013 operating revenue budget by \$190,916. Most revenue projections have stayed fairly consistent with the prior year's projections, with specific decreases being offset by the projected increases. Below some of the variances have been detailed.

- A new utility tax rate of 9% for the City Utility Tax on water and sewer utilities. The rate was 10% in 2013 for water, sewer and storm drain.
- Decrease to the grant for a transportation planning project completed in 2013
- Decrease in the grant from the Suquamish Tribe, this grant funding is received every other year, it was received in 2013
- A decrease in the transfer from street reserves specific to the City's share of the county wide transportation plan

An increase in other revenues helps to minimize the decrease. The increase is primarily attributed to the following.

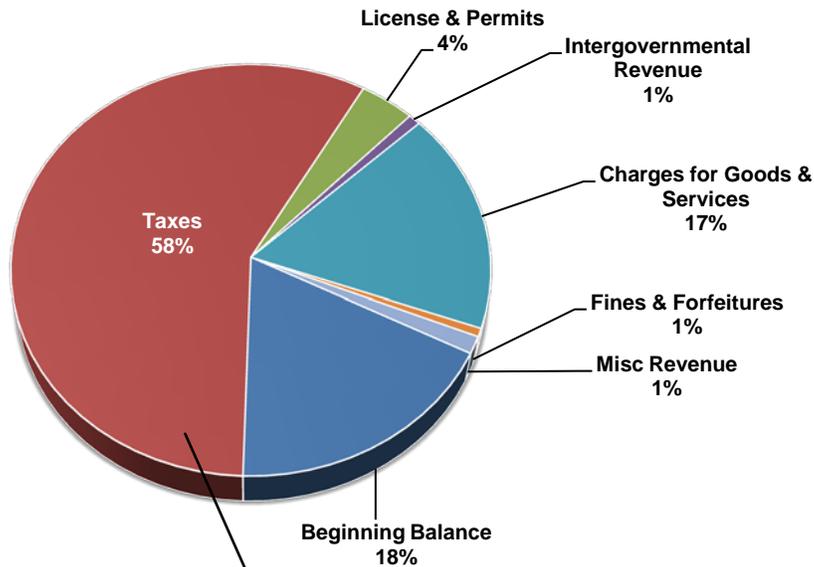
- Slight increase in Property Tax projection, due to legally limiting factors the recommended levy amount is below legal allowable increase of 1%
- Increase in the Cable Franchise Fee
- Increase in development related revenues in anticipation of several projects planned to occur in 2014

The first section provides an overview of the revenues included in the General Fund as well as a line item detail of the General Fund Revenue.

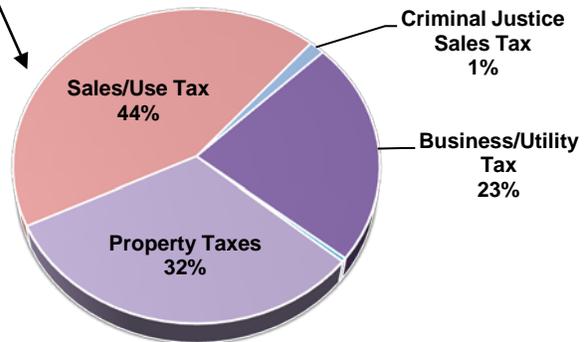
GENERAL FUND REVENUE ANALYSIS

The City of Poulsbo's General Fund receives a wide variety of revenue. This page provides a summary of those revenue resources. Taxes are the largest source of income for the General Fund and are detailed by an additional chart. The following pages of this section will discuss key factors for each type of revenue affecting the General Fund in 2014.

2014 General Fund Resources \$11,542,902



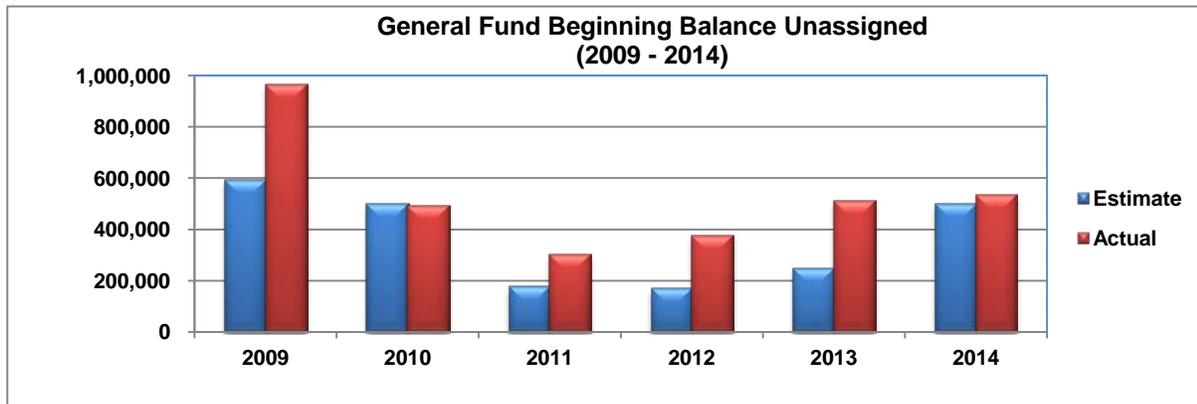
2014 General Fund Tax Revenue \$6,665,432



BEGINNING BALANCE:

The beginning balance represents funds reserved per Council direction for legal reserves, revenue stabilization, and unassigned (carryover, i.e. excess revenue collected over what was estimated, plus any unspent budgeted expenditure dollars from the prior year). It is a policy of the City to support current year expenditures with current year revenue, but in past years these carryover funds have been used to fund current year program expenditures. Due to increase in expenditures, decline in revenues and, reserving dollars for future capital projects, this has not always been possible.

The chart below represents Beginning Balance Unassigned. Most of the carryover dollars are because of expenditures being less than projected. This is primarily due to departments being very conservative in spending, staff reductions, and delaying planned projects or programs.

**TAX REVENUE:**

Taxes account for the largest revenue category in the general fund, generating 58% of General Fund's total resources and 70% of the operating revenue. Because of this, the category receives the majority of attention during the budget process.

PROPERTY TAXES:

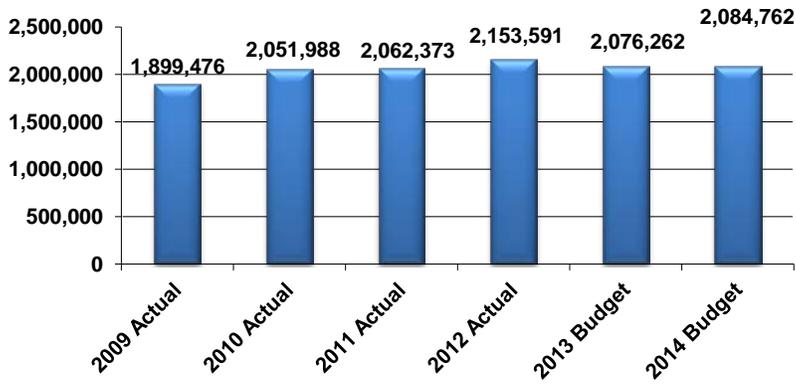
For 2014, the City will levy \$2,084,762. The City is allowed by RCW to levy a 1% increase over the prior highest allowable levy, plus amounts for new construction. Due to rate limiting factors, the City will not be able to levy the full 1% in 2014.

The assessed value for 2014 reflects a small increase for the first time in four years. The City has several housing developments once again beginning construction. This is a good indicator the economy is now working on a recovery, however at a much slower rate than the decline. Home sales have continued at a reduced, but slow and continuous pace. At the end of 2012, the City began to see an increase in home sales and new development for both residential and commercial. This trend continued in 2013 creating a small increase in values beginning for tax year 2014. There are a large number of plats approved for new home development, which means the City is in a strong position as the lending market and housing market continue to rebound.

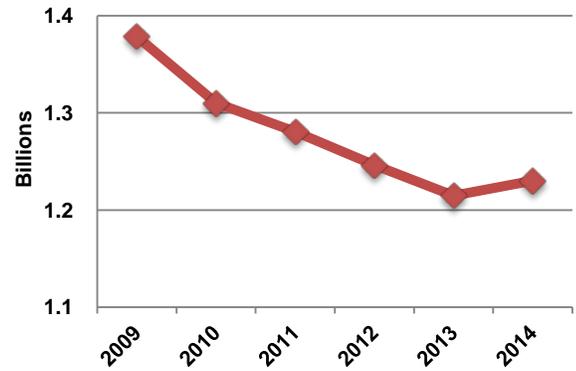
The property tax is a basis for transfers to support street operations, transportation capital improvements and park capital improvements. The transfers based on Property Tax revenue will be:

- 2.15% of property tax revenue to Street Reserves (Fund 311) for capital street projects
- 2.15% of property tax revenue into the Park Reserve Fund (302) for capital park projects
- 7% of property tax revenue to Street Reserves (Fund 311) for capital restoration street projects
- 31% to City Street Fund (101) for street maintenance.

General Fund Property Tax Revenue (2009-2014)

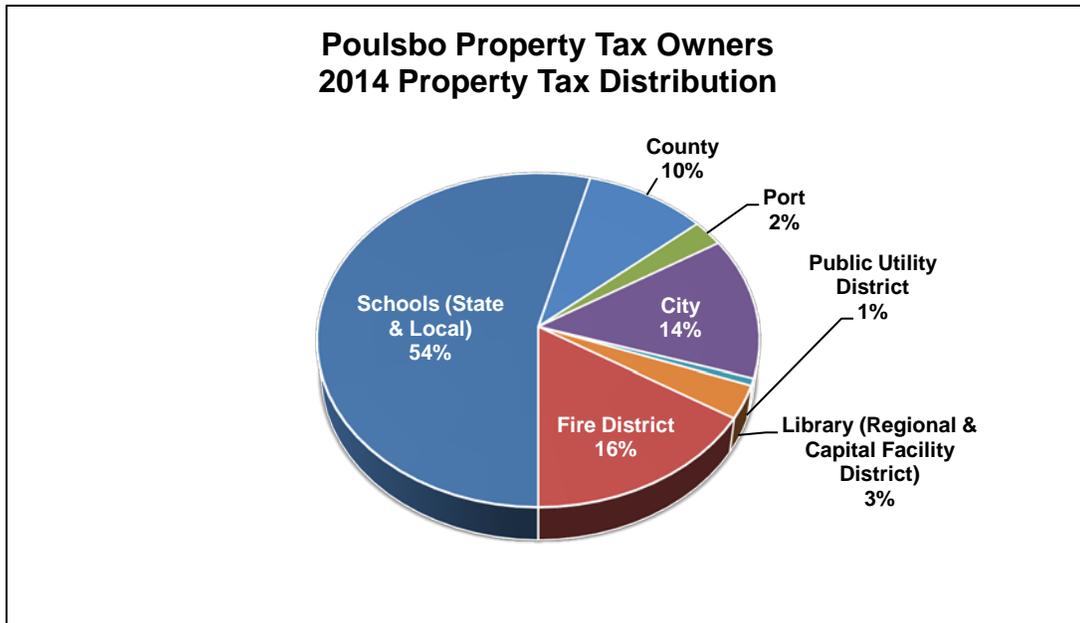


Assessed Value of Poulsbo Properties (2009-2014)



Year	Property Taxes*	Assessed Value	Rate
2006	1,541,219	905,352,282	1.7122
2007	1,698,656	1,199,593,462	1.4160
2008	1,925,683	1,337,337,310	1.4400
2009	1,976,950	1,378,218,255	1.4343
2010	2,047,161	1,310,033,708	1.5627
2011	2,067,897	1,280,709,278	1.6146
2012	2,136,379	1,244,257,146	1.7170
2013	2,077,477	1,214,898,784	1.7100
2014	2,088,608	1,230,099,929	1.6979

*Taxes represent calculation of assessed value per \$1000 x rate, actual revenue may slightly differ as amounts have been updated with the most current information from the County Assessor



Properties located within the City limits are also taxed by other taxing jurisdictions. Information in this chart represents taxing jurisdictions' 2014 tax rates as provided by Kitsap County Assessor's Office. The majority of property taxes go to the State and local schools. The City's property tax accounts for 14% of the total tax levied on properties located within the City limits.

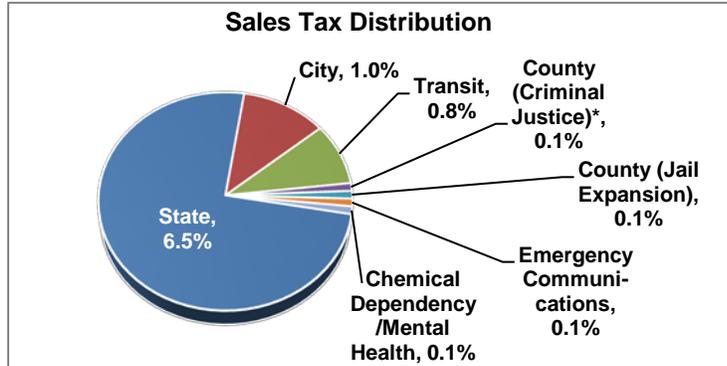
TAX PAID ON HOME WITH AN ASSESSED VALUE OF \$300,000		
TAXING JURISDICTION	TAX RATE	TAX PAID
SCHOOLS (State & Local)	6.694082	2,008
COUNTY	1.186119	356
PORT	.310429	93
CITY *	1.697917	509
PUD	.08544	26
LIBRARY (Regional)	.402083	121
FIRE DISTRICT #18 & EMS Levy	2.00000	600
TOTAL	12.37607	3,713

SALES TAXES:

The sales and use tax revenue, in contrast to property tax, is an unstable revenue source and is, therefore, very difficult to predict. Prior to 2008 the City had experienced a continual increase in sales tax. It has been a goal of the City to estimate sales tax revenue no greater than what was actually received the previous year. The revenue projected for 2014 reflects no increase over 2013; however 2013 and 2014 estimates include tax dollars for a large commercial construction project. The revenue continues to remain fairly constant and is still producing the City’s largest single source of revenue.

The total sales tax rate was increased effective January 1, 2014. The increase is to be used for chemical dependency or mental health treatment services. The current sales tax rate charged on retail sales taking place within the City limits of Poulso is 8.7%, but only 1% of the 8.7% is City tax. The total sales tax collected on sales taking place within the City is distributed as follows:

State	6.5%
City	1.0% (.15 goes to County)
Transit	.8%
County	.1% (Criminal Justice)*
County	.1% (County Jail Expansion)
County	.1% (Emergency Communications)
County	.1% (Chemical Dependency/Mental Health Services)
Total	8.7%



**The County keeps 10% of this revenue; the remaining 90% is distributed back to the cities located within the county, based on population. The City of Poulso records the Criminal Justice portion of the sales tax in the Police Restricted Fund (Fund 191).*

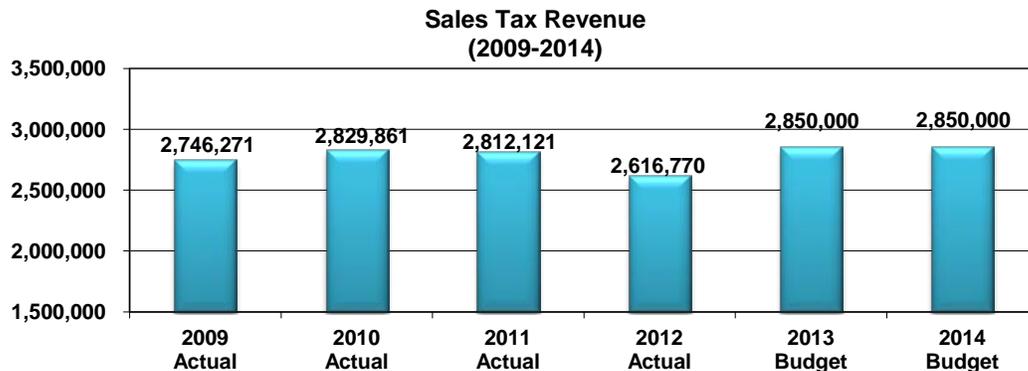
The City will continue to estimate conservatively and forecast no more revenue than received the prior year with the exception for certainty of anticipated new construction or retail dollars. It appears the 2013 revenue is beginning to stabilize and become more consistent after feeling the impact of most car dealerships in Poulso closing their doors. Prior to 2005, retail sales tax largest generator was automobile sales and since 2009 those have dropped to a minimal contribution. The City has done a good job with targeted planning for diversification, which has helped the City recover and maintain sustainability through those losses. Although some longtime City businesses closed and/or consolidated their operations in Poulso, there still continues to be growth. In 2013 a new large grocery store with on-site gasoline station began construction and is anticipated to open their doors for business in mid 2014. Since much of grocery store sales are exempt from sales tax, the future retail sales will not replace the one time construction dollars, but will help maintain sustainability. There are several new retail establishments beginning the planning phases for development in Poulso. This will help to keep the sales tax continuing to grow at a reasonable rate and provide a reasonable assurance for future funds.

The Historic Downtown Poulso has been touted as restaurant row creating many choices for dining in the City resulting in increased sales for this category. A new cruise line began port visits in Poulso in 2013 and will continue in 2014, which helps promote tourist generated sales tax. Although development is anticipated in 2014, the projection for sales tax revenue is \$2,850,000 which is consistent with actual dollars generated in 2013 and anticipated new construction dollars.

Sales tax revenue is collected and used in the City’s General Fund with the exception of these amounts. They were reduced by 50% from the intended amounts to keep more dollars available in the General Fund for operations.

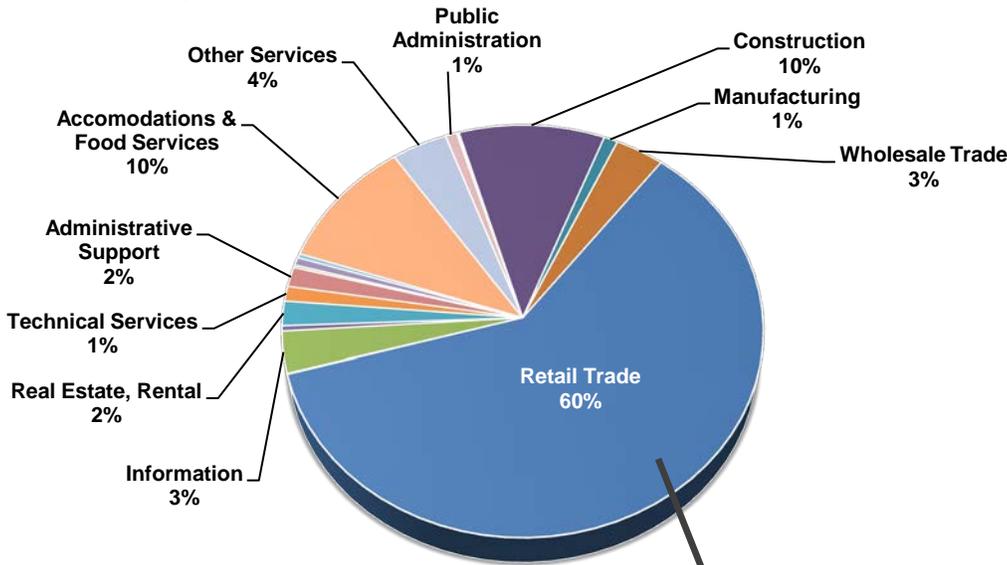
- 2.5% of the revenue is transferred to the Capital Equipment Acquisition Fund (Fund 301) for replacement of capital equipment less amount retained in General Fund for small tools purchases such as desktop work stations and printers. Most of these are on replacement cycles and are not part of the departmental budget.
- 1% of the sales tax revenue is transferred into this same fund to be used for capital equipment purchases related to new programs

SALES TAX GROUP COMPARISONS BY SIC CODE					
TAX GROUP	2009	2010	2011	2012	2013
Agriculture, Forestry	587	518	600	728	886
Mining	220	405	543	406	464
Utilities	2,804	2,050	1,739	2,673	3,512
Construction	290,129	292,472	308,428	174,533	294,260
Manufacturing	29,272	32,743	43,401	35,294	27,948
Wholesale Trade	91,784	84,988	89,430	89,819	98,657
Retail Trade	1,698,095	1,732,054	1,702,788	1,665,680	1,703,931
Trans & Warehousing	1,077	1,566	1,564	3,098	1,914
Information	100,879	106,792	90,309	81,752	91,504
Finance & Insurance	7,065	6,839	9,355	8,694	11,653
Real Estate, Rental	51,598	77,313	45,904	42,405	54,208
Technical Services	42,193	33,962	28,850	28,493	33,033
Company Management	41	17	10	0	0
Administrative Support	29,065	28,536	38,847	36,570	43,261
Educational Services	6,501	6,375	5,936	5,538	5,804
Health Care Assistance	10,566	12,106	8,573	13,199	17,443
Arts, Entertain, Rec	10,145	10,558	12,507	9,427	9,233
Accommodations & Food Services	271,295	281,036	283,797	293,075	291,623
Other Services	84,851	102,468	120,948	108,092	112,502
Public Administration	18,105	17,096	18,594	17,292	23,196
TOTALS	2,746,272	2,829,894	2,812,123	2,616,768	2,825,032

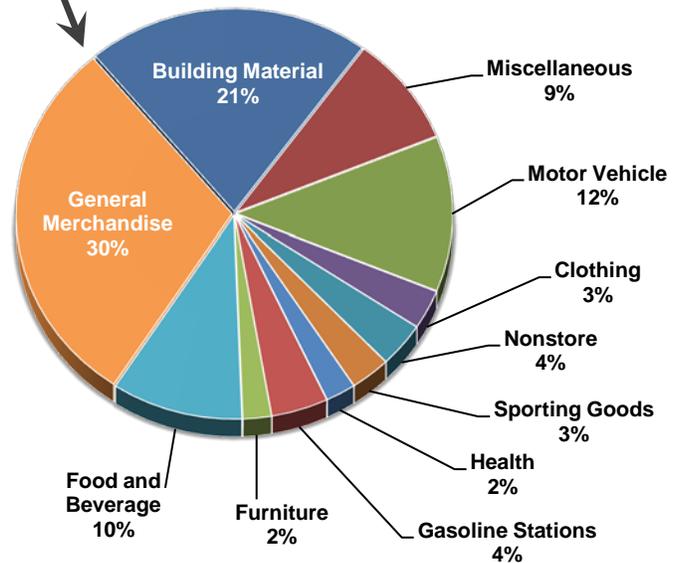


The majority of sales tax revenue (60%) is from Retail Trade. The next largest sales tax category is Accommodations & Food Services and Construction, each accounting for 10% of the tax. A large portion of the retail sales tax receipts had been derived from automobile sales; however, as the City strives for diversification and the development of new retail businesses, the percentages have been shifting making General Merchandise and Building Materials the largest contributors in the category. Categories will shift as Poulso continues to grow and diversify. Areas which the City was so heavily dependent have changed over the years resulting from changes in the Economic Environment and the Council's continued work to diversify Poulso's local economy. Retail sales and new construction are particularly sensitive to changes in economic conditions. Slight changes in the economy, or even expectations, can produce dramatic changes in receipts. For this reason, sales tax is conservatively estimated.

**2014 Sales/Use Tax Revenue
By Standard Industrial Code (SIC)**



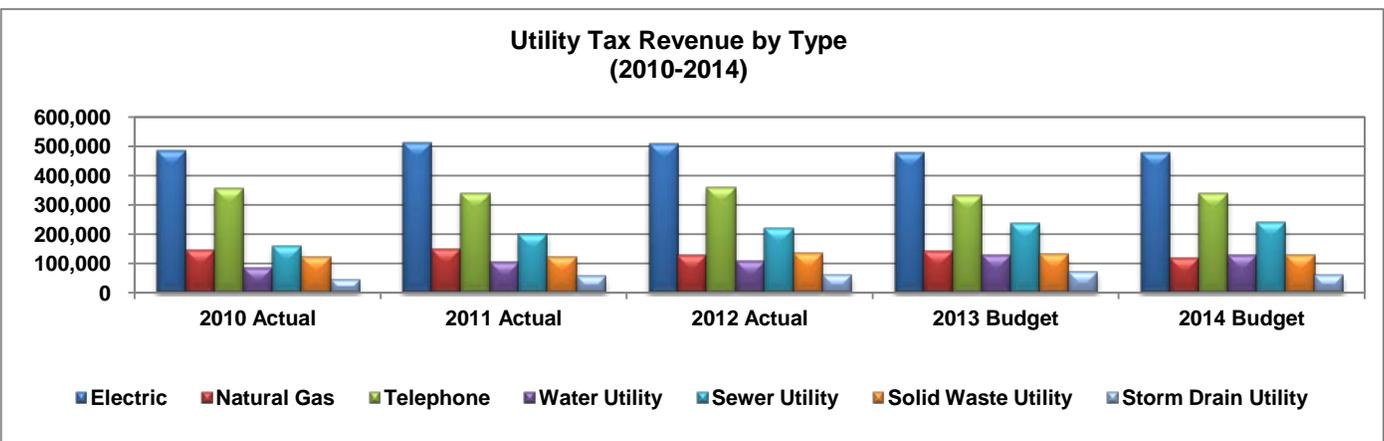
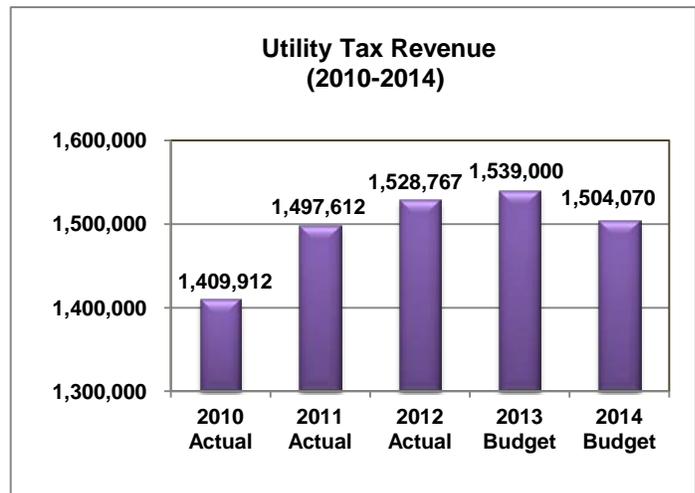
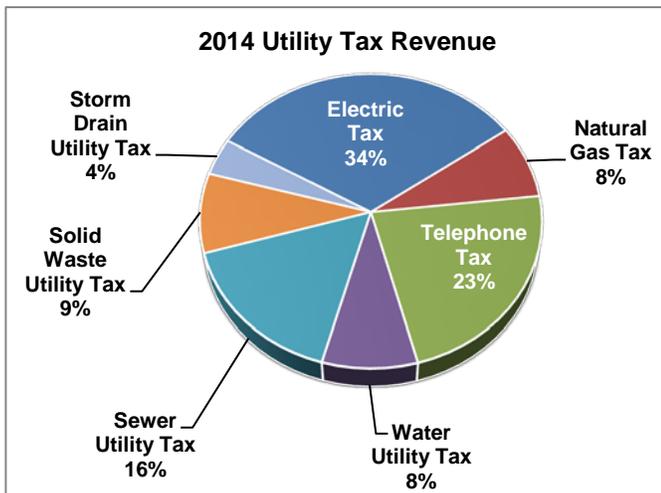
**Detail of Sales Tax
for Retail Trade Group**



UTILITY TAXES:

Utility taxes are taxes applied to utilities providing services in the City including City-owned and privately owned utilities. On the whole, these taxes tend to be stable from year to year, reflecting normal utility rate increases. In 2010 the Utility Tax rate was changed from 6% to 8% on City utilities of water, sewer and storm drain and in 2013 the City increased the rate another 2% to 10%. In August of 2013 new rates were set for Storm Drain and the utility rate was dropped to 6%. The ordinance maintains a requirement for the rates to be reviewed as part of the budget discussion and process. The utility rates have been set to 9% for Water and Sewer. All other rates remain at 6%. This is consistent with the statewide average. The utility rates for users will not increase but absorb the expenditure.

Type of Utility Tax	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2014 Budget
Electric Tax (6% rate)	488,528	514,110	509,199	480,000	480,000
Natural Gas Tax (6% rate)	146,985	150,729	130,462	145,000	120,000
Telephone Tax (6% rate)	356,562	341,172	361,132	336,000	340,000
Water Utility Tax (6- 10% rate)	84,784	105,576	109,228	132,000	128,290
Sewer Utility (6% - 10% rate)	160,677	202,808	221,368	240,000	243,000
Solid Waste Utility Tax (6% rate)	125,364	124,969	134,716	133,200	132,000
Storm Drain Utility Tax (6% - 10% rate)	47,012	58,248	62,662	72,800	60,780
TOTAL	1,409,912	1,497,612	1,528,767	1,539,000	1,504,070

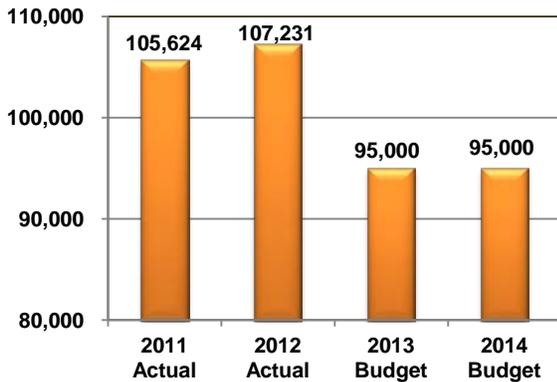


Sales Tax/Public Safety/Criminal Justice:

These funds are received from the .1% sales tax collected by the County. The County keeps 90% of the tax and distributes the remaining 10% back to cities located in the County, based on population. (RCW 82.14.340) Expenditures related to criminal justice are generally accounted for in the General Fund with the revenue recorded in the same fund.

The largest source of the revenue is derived from building permit activities. Since this activity is dependent on new construction, it can be an unstable source of income. The City, for the past several years has been impacted by the reduction in development due to lack of available funding. Activity in this category has increased in 2013 and is anticipated to continue to grow in 2014. The projection is reflective of the anticipated increase, but still remains conservative less than actually collected in the prior year.

Criminal Justice Sales Tax (2011-2014)



Cable TV Franchise Fee is 5% of gross revenue to the cable company providing service within the City of Poulsbo limits. For the past few years actual franchise fees received have been higher than projections. The 2014 projection has been slightly increased to reflect this history.

Also recorded in this category are the City's business license fees. A new Business License rate of \$65 began in 2012 making all fees consistent. There are no longer different fees for the initial and the renewal applications. The City no longer assesses a late penalty.

OTHER TAXES:

The remaining taxes are composed of various miscellaneous taxes that include admissions, excise, leasehold, and gambling taxes.

In 2012 the City began contracting with the Washington State Department of Revenue to administer the City licensing program under their Master License Program. The state charges their fees directly to the license holder, which pays for the program, creating little, if any, cost to the City for the services. With this change, the City of Poulsbo business licenses will no longer run on a calendar year, but will be set to run the same months consistent with their state business license. Due to the timing issues, the revenue in 2012 was higher than normal. With the ease of using the new system, and the ability to renew or apply for a City license at the same time as obtaining their state license, the number of license holders has significantly increased. The projection for 2014 will remain the same as the 2013 projections.

The largest of these, admission tax, is a 5% tax on qualifying admission charges. A 10-plex theatre in the City provides the majority of this tax revenue. It has remained at a stable level for several years.

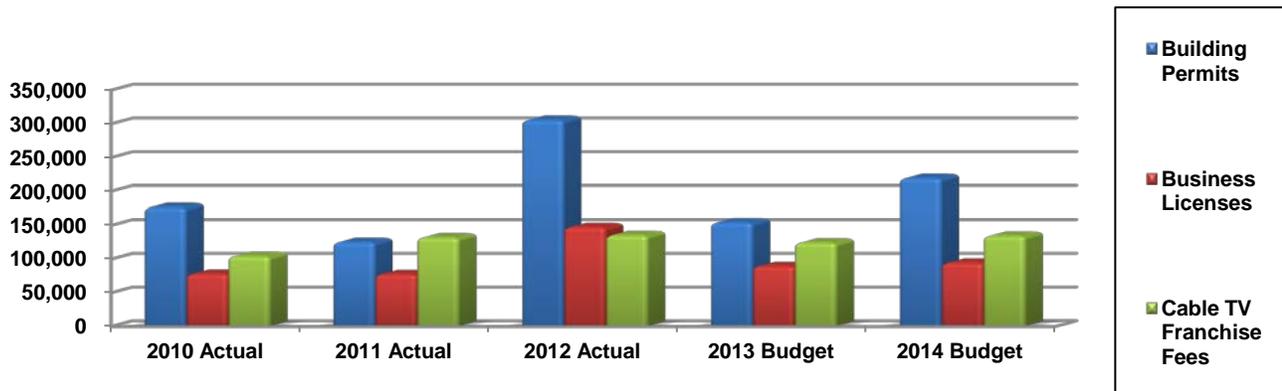
Leasehold taxes are paid to Washington State on government owned land that is being leased or rented. A portion of the tax on these types of properties is disbursed to the City.

Gambling taxes including Punch Board & Pull Tab, Bingo & Raffles and Amusement Games are irregular in a community the size of Poulsbo. They tend to be minimal and an unstable source. Their receipts are, therefore, forecast conservatively.

LICENSE & PERMIT REVENUE:

This category makes up 4% of revenue in the General Fund. License and Permit Revenues are user fees derived from various regulatory activities of the City.

Type of License/Permit	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2014 Budget
Building Permits	177,005	125,903	306,255	155,000	220,000
Business Licenses	78,530	78,008	148,004	95,000	95,000
Cable TV Franchise Fee	128,316	132,590	136,048	125,000	135,000



INTERGOVERNMENTAL REVENUE:

For 2014, this category makes up 1% of total General Fund resources.

The state-shared revenues are provided on a state-prescribed formula based on population. Liquor Excise Taxes are generated from a state tax to consumers and restaurant licenses, and Liquor Board Profits are generated from permits, licenses and liquor store sales. Usually these revenues tend to be rather predictable. The anticipated per capita amounts are published by Municipal Research and Services Center (MRSC) and have been used to calculate the revenue projections.

State Shared Revenues are the largest in this category. Cities have received the shared revenues since the 1930's when prohibition was eliminated. An initiative passed in 2011 and put into effect in 2012 now allows privatization of liquor distribution eliminating state run liquor stores. The measure directed profits, supplemented by licensing fees and fees paid by distributors to be allocated to agencies at the same level prior to the bill passing. This means entities should receive no less than prior distributions for profits. The bill also directed additional funds to be distributed to agencies for support of criminal justice funding. The

Governor's State Budget calls for any excess profits to remain at the state. Liquor Excise tax sharing was eliminated from agencies through June 2013 and then returned at a much reduced amount after that date. The funds will be retained supporting the state budget. Per state legislation the amount is to slightly increase for 2014, but the City will continue to see a reduced amount for Liquor Excise Tax. The source of tax continues to be a tug of war between the state and local entities during legislative sessions. The Cities will continue to lobby for a fair share formula in hopes the funding will increase to levels prior to the state reductions. At this point the City's will continue to see funding at the reduced level.

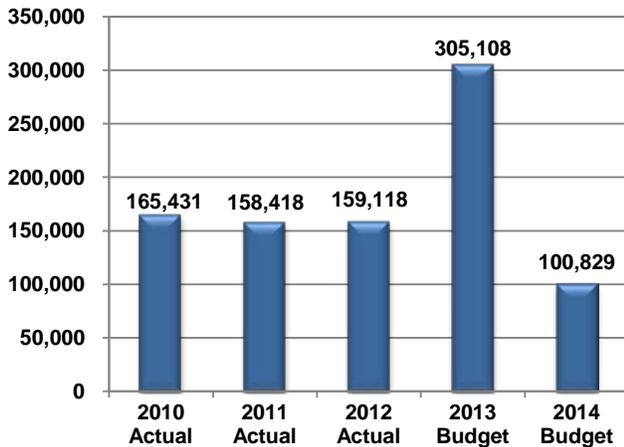
State shared revenue, Criminal Justice by Population, is accounted for in the General Fund. This state distributed excise tax is to be used for criminal justice purposes only and distribution is based on population. (RCW.82.14.330 (1)). Related expenditures are accounted for in the General Fund using the funds as required.

Grants are also included in this category and can vary significantly from year to year. In 2013 grant funding was received for the Kitsap County Multimodal Transportation Plan.

Additional grants in the category are primarily for Law Enforcement functions. Some grants falling under this category are funds for Marine Safety Patrol and mitigation payment from Suquamish Tribe supporting the increased need for law enforcement resulting from their casino locations. The mitigation is normally issued every other year, with 2015 being the next collection year.

The funds which pay for these services have seen a small impact because of the new formula, but the revenue is a large change due to the difference in the process and accounting for Public Works Administration in the General Fund. The formula has been updated to follow a written plan and uses a combination of recommended factors from both the State Auditor's Office and the City.

Intergovernmental Revenue (2010-2014)



Parks and Recreation fees are the second largest in the category. These are user fees supporting the City's numerous recreation programs offered to citizens of all ages.

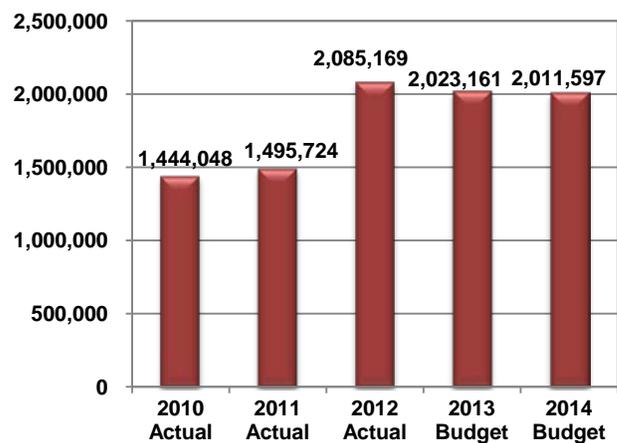
Engineering services, plan checking and zoning fees are also included in this category. These revenues can fluctuate based on current development activity, which increased in 2013. An increase in anticipated activity is being reflected in the 2014 projection.

The category also includes adult probation service charges, passport fees and other charges for miscellaneous services the City provides.

CHARGES FOR GOODS AND SERVICES REVENUE:

The Charges for Goods and Services revenue category makes up 17% of General Fund revenue and is the second largest revenue category. It consists of a wide variety of user fees derived from various activities and services.

Charges for Goods & Services Revenue (2010-2014)



Interfund charges for government functions supporting utility operations is the largest source of revenue in this category. These fees are charged to other funds for services provided. A new Allocation Plan was implemented in 2013. While the revenue seems to have significantly grown, this is due to support for the Public Works Administration. Prior to 2013 the Public Works Administration expenditures were accounted for in an Internal Service Fund. These expenditures have now been moved to the General Fund increasing the amount necessary to support the General Fund.

FINES and FORFEITURES REVENUE:

Fines and Forfeitures consist of fines from law enforcement related activities. The category accounts for only 1% of total General Fund revenue. The largest source is penalties for traffic infractions. Although this has been a fairly consistent source of revenue, various programs do affect this revenue. Parking infractions have been a consistent source of revenue due to a very active Citizen Patrol.

Revenue in this category can fluctuate for many different reasons such as defendants electing to perform Community Work Program, defendants choosing to participate in alternative sentencing methods in lieu of paying their fines, or staffing levels of the police department promoting safety and causing less infractions.

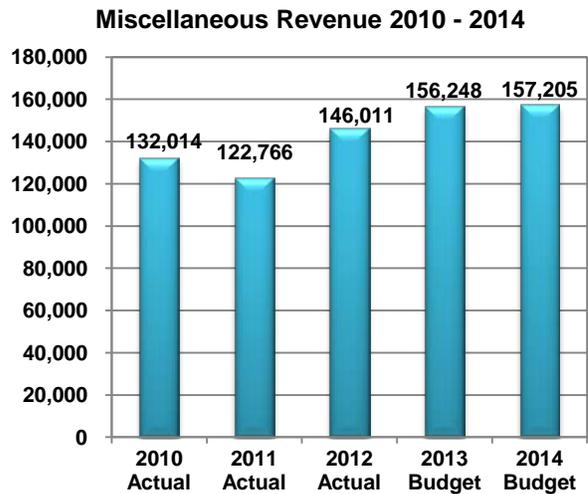
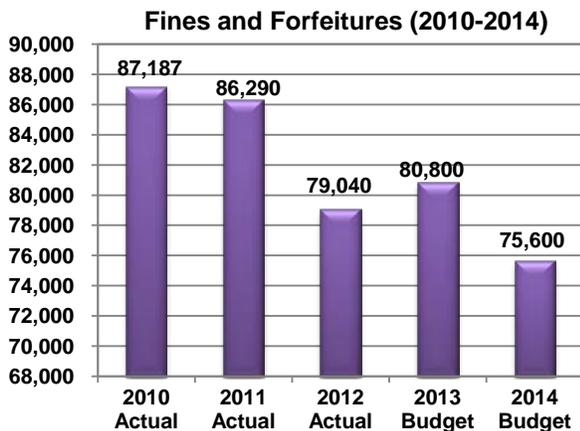
A standard traffic infraction ticket amount of \$124 is set by the state. Many assume all revenue remains with the City of Poulso, however, only 36% remains with the local jurisdiction. Below is a breakdown of how a \$124 ticket is distributed.

Breakdown of \$124 Traffic Ticket	
State General Fund	\$ 44.78
City of Poulso	44.43
Judicial Information System	17.00
Auto Theft Prevention	10.00
Emergency & Trauma	5.00
Traumatic Brain Injury	2.00
Crime Victims – City/County	.79
Total	\$ 124.00

MISCELLANEOUS REVENUE:

This revenue category generates 1% of all General Fund revenue. Investment income is one of the major revenues in this category. This source has been irregular in recent years due to varying interest rates and the amount of revenue available for investments. Rates have been significantly reduced from prior years. 2014 projections are at remaining at the same levels as 2013 as it appears we are finally hitting the bottom for the rates.

Other sources include donations and rental income for City space. Rental income has increased over the past several years due to more rental space being offered. A single family home has been rented. It was anticipated to sell the property, but due to the housing market decline the property was taken off the market and is available for rent. The City Hall has additional rooms available for rent and usage continues to increase. The City also rents the additional space in the City’s Park and Recreation building affecting an increase to this revenue.

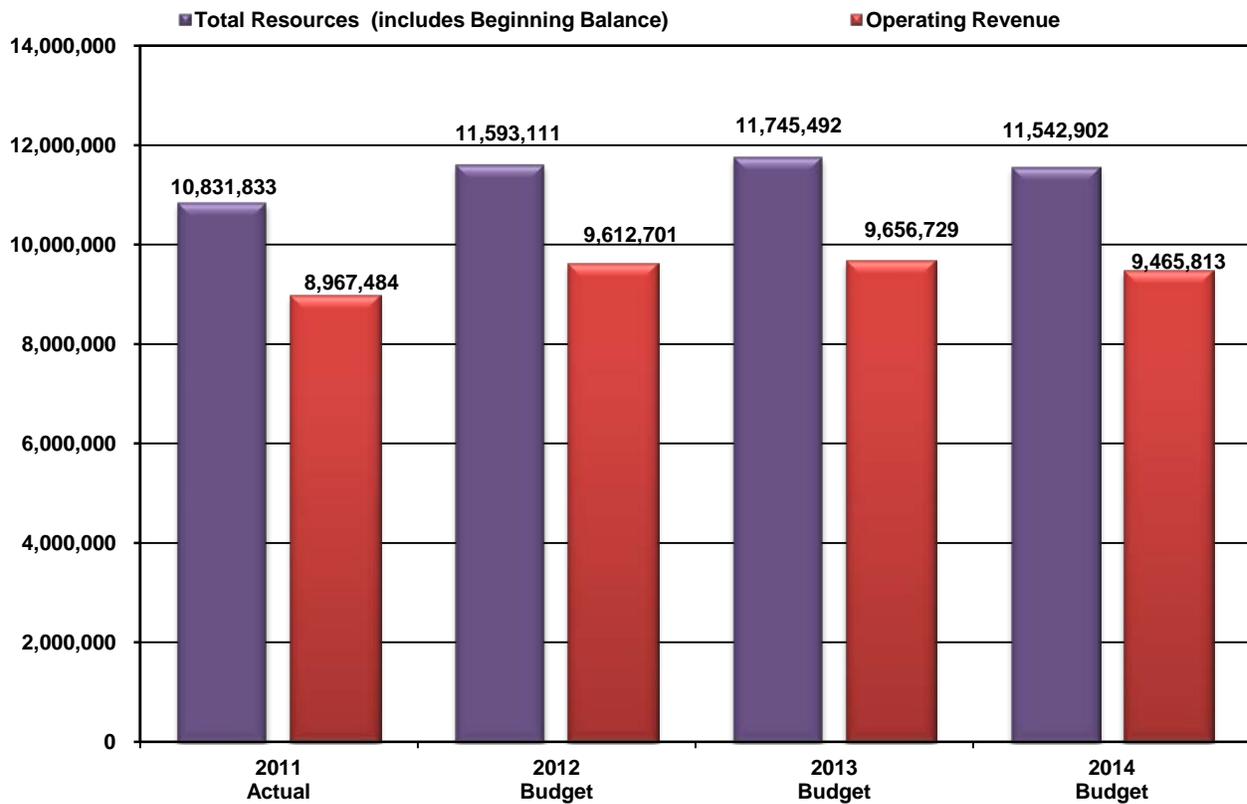


OTHER FINANCING SOURCES REVENUE:

Other Financing Sources consists primarily of proceeds from the sale of property and operating transfers; funds transferred to the General Fund from other funds for expenditures

expensed out of the General Fund. They account for less than 1% of the total General Fund resources. There are no anticipated revenues projected for 2014.

Total General Fund Resources (2011-2014)



GENERAL FUND REVENUE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE					
BEGINNING BAL RESERVES	1,336,551	1,378,840	1,352,595	1,352,595	0%
BEGINNING BAL-LEGAL RESERVES	303,550	224,494	224,494	224,494	0%
BEGINNING BAL UNRESERVED	224,248	377,076	511,674	500,000	-2%
TOTAL BEG FUND BALANCE	1,864,349	1,980,410	2,088,763	2,077,089	-1%
TAXES					
REAL&PERS PROPPERTY TAX	2,062,373	2,153,591	2,076,262	2,084,762	0%
LOCAL RETAIL SALES & USE TAX	2,812,121	2,616,770	2,850,000	2,850,000	0%
CRIMINAL JUSTICE	105,624	107,231	95,000	95,000	0%
ELECTRIC TAX	514,110	509,199	480,000	480,000	0%
WATER UTILITY TAX	105,575	109,228	132,000	128,290	-3%
GAS TAX	150,729	130,462	145,000	120,000	-17%
SEWER UTILITY TAX	202,808	230,944	240,000	243,000	1%
SOLID WASTE UTILITY TAX	124,969	125,140	133,200	132,000	-1%
TELEPHONE & TELEGRAPH TAX	341,172	361,132	336,000	340,000	1%
STORM DRAIN UTILITY TAX	58,248	62,662	72,800	60,780	-17%
PUNCH BRD & PULL TABS TAXES	1,831	2,853	1,800	1,800	0%
BINGO & RAFFLES GAMBLING TAX	1,334	386	500	500	0%
AMUSEMENT GAMES GAMBLING TAX	198	502	300	300	0%
LEASEHOLD EXCISE TAX	25,371	26,344	23,000	23,000	0%
ADMISSIONS TAX	108,345	106,744	106,000	106,000	0%
TOTAL TAXES	6,614,807	6,543,188	6,691,862	6,665,432	0%
LICENSE & PERMITS					
POLICE & PROTECTIVE	2,050	2,190	2,150	2,150	0%
BUSINESS LICENSES	78,008	148,004	95,000	95,000	0%
CABLE TV FRANCHISE FEES	132,590	136,049	125,000	135,000	8%
BLDING,STRUCTURE/EQUIP PERMITS	125,903	306,255	155,000	220,000	42%
ANIMAL LICENSES	3,330	2,965	2,400	3,000	25%
TOTAL LICENSE & PERMITS	341,882	595,462	379,550	455,150	20%

GENERAL FUND REVENUE					
ACCOUNT DESCRIPTION	2012 ACTUAL	2013 BUDGET	2014 BUDGET	2014 BUDGET	% CHANGE
INTERGOVERNMENTAL REVENUE					
RECOVERY ACT - JAG	-	26,209	-	-	0%
FED-HWY PLAN & CONSTRUCTION	-	-	125,000	-	-100%
FED-ALCOHOL TRAFFIC SAFETY	3,273	-	-	-	0%
FED-BOATING SAFETY	-	-	2,500	2,500	2500%
ADMIN OFFICE OF COURTS	396	621	306	306	0%
ST-DEPT OF ECOLOGY GRNT	24,878	2,072	-	-	0%
DNR TIMBER TRUST 2	67	134	-	-	0%
CRIMINAL JUSTC POPULATIO	2,034	2,084	2,000	2,000	0%
DUI OTHER CRIM JUSTC ASSI	1,936	1,728	2,434	2,492	2%
LIQUOR/BEER EXCISE TAX	44,965	34,051	7,862	11,406	45%
LIQR CONTRL BOARD PRFTS	64,369	92,219	83,959	82,125	-2%
KITSAP TRANSIT	-	-	65,047	-	-100%
SUQUAMISH TRIBE	16,500	-	16,000	-	16000%
TOTAL INTERGOV'T REVENUE	158,418	159,118	305,108	100,829	-67%
CHARGES FOR GOODS AND SERVICES					
MUNI CT CIVIL FILINGS	-	87	-	-	0%
MUNI CT ADMIN FEES	6,819	9,848	7,500	7,500	0%
BUDGTING & ACCTG SRVCS	7,041	9,422	6,000	7,000	17%
MUNI CT WORD PROC COPY SV	253	158	25	25	0%
PUBLIC, PRINTING & OTHER	1,743	338	1,175	1,075	-9%
ENGINEERING SERVICES	46,232	45,822	45,000	50,000	11%
LEGAL SERVICES	11,644	15,388	9,500	9,500	0%
PASSPORT FEES	20,150	19,575	20,000	20,000	0%
LAW ENFORCEMENT SVC	16,912	15,218	12,000	5,000	-58%
DETENTION & CORRECTION SVC	147,571	149,864	136,000	136,000	0%
PROTECTIVE INSPECTION FE	5,390	5,346	2,500	4,000	60%
DISASTER PREP SERVICES	1,563	2,687	1,000	1,000	0%
ZONING & SUBDIVISION	74,725	43,333	70,000	31,000	-56%
PLAN CHECKING	75,704	154,030	75,000	106,000	41%
COOPERATIVE EXTENSION SE	72,544	76,223	74,000	79,000	7%
ACTIVITY FEES	20,555	14,187	11,000	13,500	23%
PROGRAM FEES	373,304	395,027	409,800	412,980	1%
RESIDENTAL FEE DISCOUNT	(4,247)	(6,479)	-	-	0%
INTRFD GOVERNMT SRVCS	617,821	693,259	1,142,661	1,128,017	-1%
TOTAL CHARGES FOR SERVICE	1,495,724	1,643,334	2,023,161	2,011,597	-1%

GENERAL FUND REVENUE					
ACCOUNT DESCRIPTION	2012 ACTUAL	2013 BUDGET	2014 BUDGET	2014 BUDGET	% CHANGE
FINES AND FORFEITS					
PROOF OF MV INSURANCE	417	767	600	600	0%
TRAFFIC INFRACTION PNLTYS	53,853	48,805	50,000	47,000	-6%
NON-TRAF INFR PENALTIES	235	247	100	500	400%
CIVIL PARKING INFR PENALT	19,593	17,795	15,000	12,000	-20%
DUI FINES	745	1,132	1,000	1,200	20%
OTHER CRM TRF MSMNR FINES	2,224	3,063	1,500	4,500	200%
BOATING SAFETY FINES	-	1,527	2,500	500	-80%
INVSTGTV F D ASSESSMNTS	5,367	3,712	5,000	3,500	-30%
OTHER CRIM NON-TRFC FINES	629	248	1,600	2,300	44%
PUB DFNSE COST RECOUP	1,998	1,744	3,500	3,500	0%
TOTAL FINES & FORFEITURES	85,063	79,040	80,800	75,600	-6%
MISCELLANEOUS REVENUE					
INVESTMENT INTEREST	48,066	27,177	35,000	35,000	0%
GAIN(LOSSES)ON INVESTMNT	(8,290)	14,006	-	-	0%
INTEREST ON RECEIVABLES	10,491	8,689	8,520	8,500	0%
INTEREST ACCT REC MUNI CT	2,862	6,792	2,700	6,000	122%
EQUIPMT & VEHICLE RENTAL	127	81	50	50	0%
SPACE & FACILITY RENTAL	38,802	54,033	19,000	21,000	11%
L/T SPC & FACILITY RENTAL	-	-	32,844	34,020	4%
HOUSING RENTAL/LEASE	14,635	24,735	22,634	22,634	0%
OTR RNTL LEASE CHARGES	1	1	-	1	0%
CONTRIB & DONATIONS	5,544	10,123	7,500	6,000	-20%
SALES SCRAP/JUNK NON-CAP	6,495	3,911	-	-	0%
CASHIER OVRGE/SHRTAGE	30	(143)	-	-	0%
OTHR MISC REVENUE	4,002	13,202	28,000	24,000	0%
TOTAL MISC. REVENUE	122,765	162,607	156,248	157,205	1%
OTHER FINANCING SOURCES					
PROC SALES OF CAPITAL AST	13,970	4,712	-	-	0%
COMP FOR LSS INS RECOVER	5,240	-	-	-	0%
TRANSFERS IN	128,386	-	44,000	-	0%
TOTAL OTHER FINANCING SOURCES	147,596	4,712	44,000	-	-100%
GRAND TOTAL GENERAL FUND	10,830,604	11,167,871	11,769,492	11,542,902	-2%



BASELINE BUDGET

INTRODUCTION

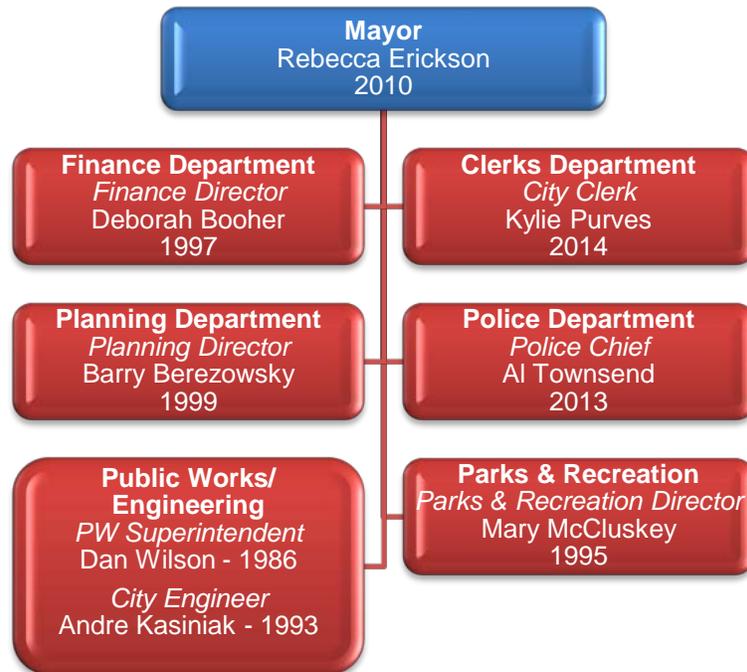
This section of the budget presents the details of the City's baseline budget or, in other words, what is necessary to maintain existing services and programs at the current level. Data is presented by fund, with the General Fund presented in more detail by department. The financial data includes a narrative describing the program funded. The narrative explains, in general terms, the character of the program and the activity highlights of the upcoming budget year. The proposed work program for 2014 is summarized, providing an overview of how the funds will be expended.

The proprietary funds are displayed differently. The financial data for these funds is outlined in a working capital format, which not only describes the use of the funds but also examines the fiscal status of the fund itself. This format also summarizes the income associated with the fund.

The data is presented in a line item format, categorized at the expenditure object level. This is based on the Washington State BARS (Budgeting, Accounting and Reporting System), which governs the City's accounting procedures. Object level summarizes the expenditure into the following categories:

- **Salaries & Wages**
- **Personnel Benefits**
- **Supplies**
- **Other Services & Charges**
- **Intergovernmental/Interfund Services and Taxes**
- **Capital Outlay**
- **Debt Service: Principal**
- **Debt Service: Interest and Related Costs**
- **Interfund Payments for Services**

CITY OF POULSBO DEPARTMENT HEAD ORGANIZATION CHART



PROGRAM DESCRIPTION:

The General Fund is the City’s largest component of the baseline budget, accounting for 36% of the total City budget. It provides funding for most of the operating services, programs, and employees of the City. Projected budget for the General Fund totals \$10,283,020. The General Fund Budget is divided into eight categories or functions. The major functions of this fund are: General Government, Security of Person and Property, Utilities, Transportation, Economic Environment, Culture and Recreation, Capital Outlay, and Debt Service. General Government category at 29% is the largest and includes services provided by the Mayor, Council, Municipal Court, as well as the Finance and Clerk Departments. These services are generally administrative in nature and also include expenditures associated with personnel, information services, and legal services. Security of Person & Property category is the second largest category at 28%. Security of Persons and Property includes services such as Police, Fire Inspection, and Detention.

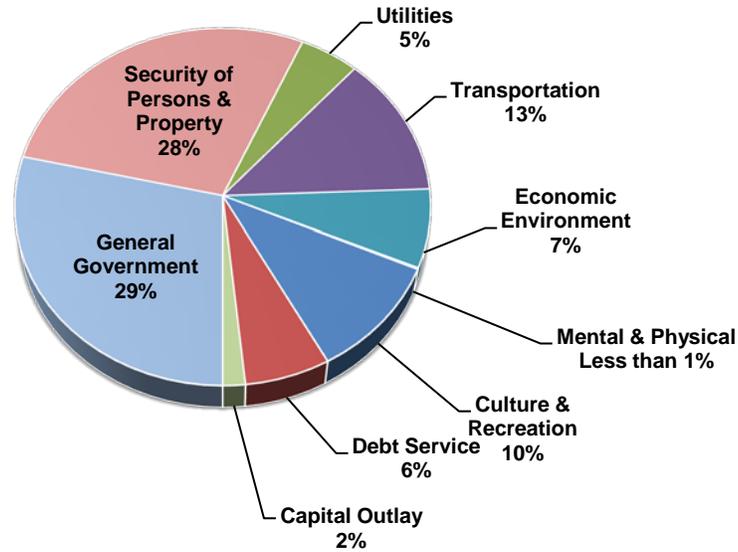
2014 PROGRAM HIGHLIGHTS:

In years past, the City’s General Fund baseline budget has not significantly changed from one year to the next in terms of mix and levels of service provided. In 2014, a few items have been changed. The General Facilities is now accounted for in the General Fund eliminating the Internal Service Fund. 2014 economic struggles continue to create challenges for a balanced budget. Departments submitted budgets at the same reduced operating levels as 2013 with the exception of wages and benefits and other contractual obligations. The City Council reviewed Baseline Adjustment Requests (BARS) and New Program Requests, for funding. The approved requests are reflected in the Final Budget, requests are outlined in Section 8.

Wages and benefits have been projected at established benefit rates. Labor and Industry rates reflect a reduced rate due to the improving experience factor. PERS members rates are established by state legislature, which at this time do not reflect an increase due to a substantial increase in the prior year; and medical insurance rates increase of 8%. These increases have been built into the 2014 budget. Salary schedules increased in accordance with labor agreements. The budget has been built with new organization structures due to attrition and a new police officer to support the Council’s priority of stronger enforcement for drug enforcement.

The City has an internal practice to transfer percentages of tax dollars to fund capital projects and capital equipment. The City has made adjustments by reducing transfers for Capital Funds resulting in delayed projects. In order to create a balanced budget it will be necessary to use some of the City reserves in 2014.

**General Fund Expenditures
(by type of government being supported)
\$10,283,020**



FUNCTION	AMOUNT	PERCENT
General Government	\$2,936,271	29%
Security of Person & Property	\$2,889,901	28%
Physical Environment	\$504,852	5%
Transportation	\$1,318,613	13%
Economic Environment	\$725,357	7%
Mental & Physical Health	\$14,228	Less than 1%
Culture and Recreation	\$1,077,309	10%
Debt Service	\$647,018	6%
Capital Outlay	\$169,473	2%
TOTAL GENERAL FUND	\$10,283,022	100.00%

General Government

- Legislative
- Executive
- Judicial
- Finance
- Clerk
- Legal
- Personnel
- Purchasing
- General Government
- Central Facilities

Security of Persons & Prop

- Police
- Fire Inspection
- Emerg Mgmt
- Communication
- Detention

Physical Environment

- Building
- Cemetery
- Animal Control
- Excise Taxes
- Natural Resources

Economic Environment

- Planning

Transportation

- Engineering
- Transfers to Street Funds

Culture & Recreation

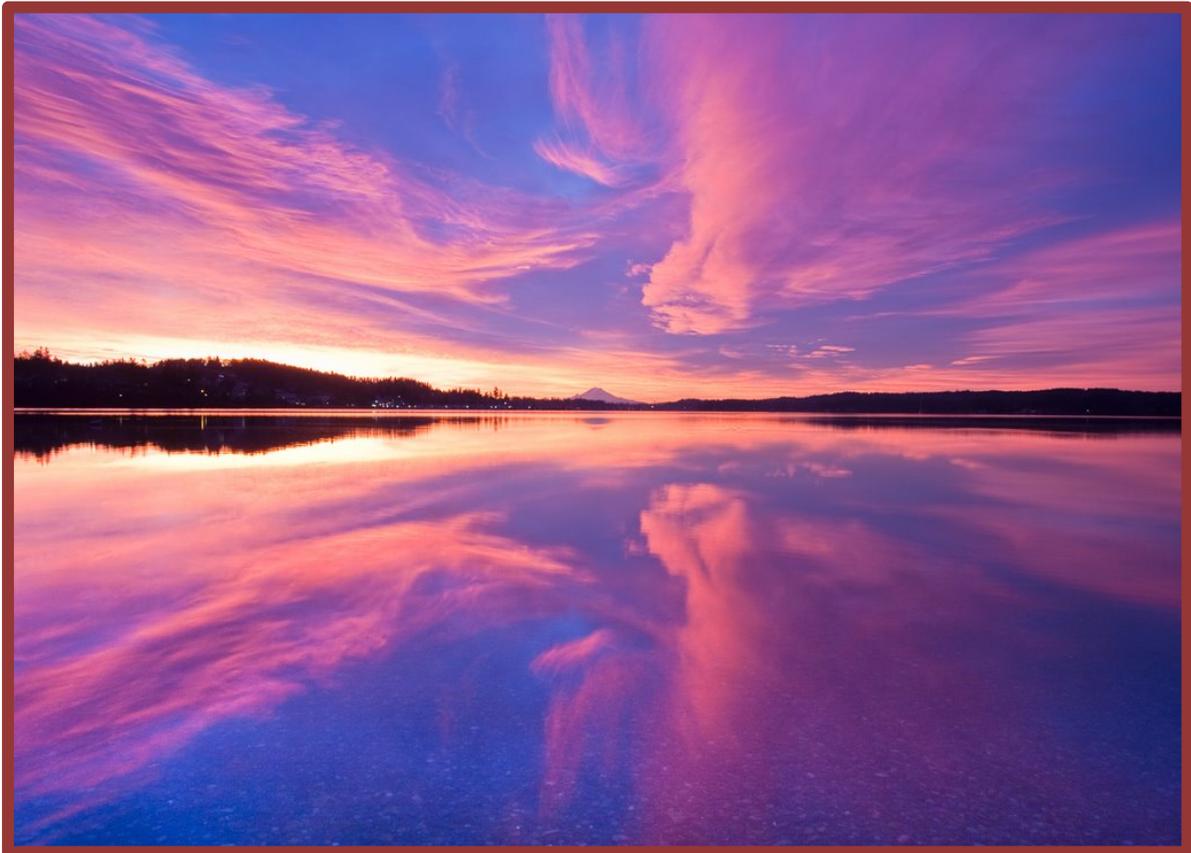
- Library
- Park Maint
- Park & Rec
- Transfers to Park Reserve

Capital Outlay

- Transfers to Capital Rep Fund & Facilities Fund

Debt Service

- Transfers to Debt Funds



LEGISLATIVE and EXECUTIVE DEPARTMENTS

Legislative Appropriations - \$ 124,785

Executive Appropriations - \$ 108,042

FTE's - 1

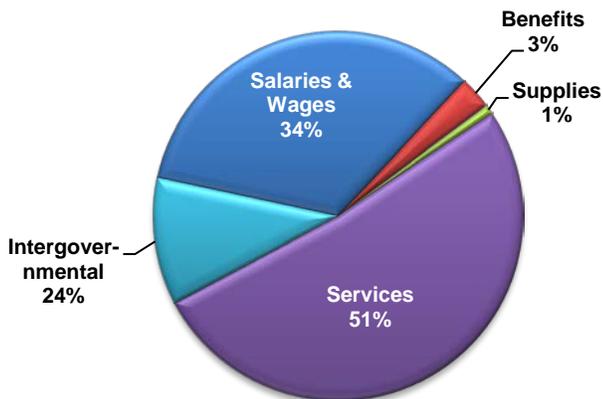
The Executive Mission:

To protect the citizens' best interests by fairly and faithfully administering the City's day-to-day business, carrying out the policies set by Council and ensuring all laws and ordinances are equally enforced.

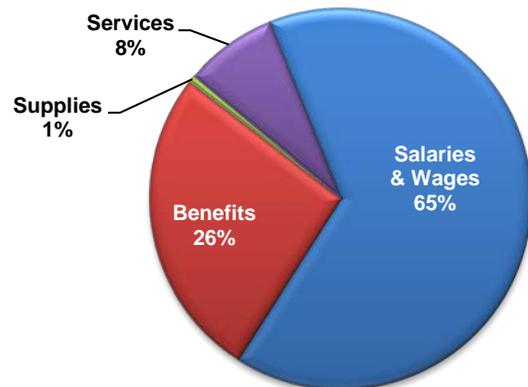
The Legislative Mission:

Our City's Council endeavors to balance residents' concerns and opinions with the law. The Council establishes the priorities of the City along with setting policies and a budget to allow the Mayor and Department Heads to run day-to-day business effectively and efficiently.

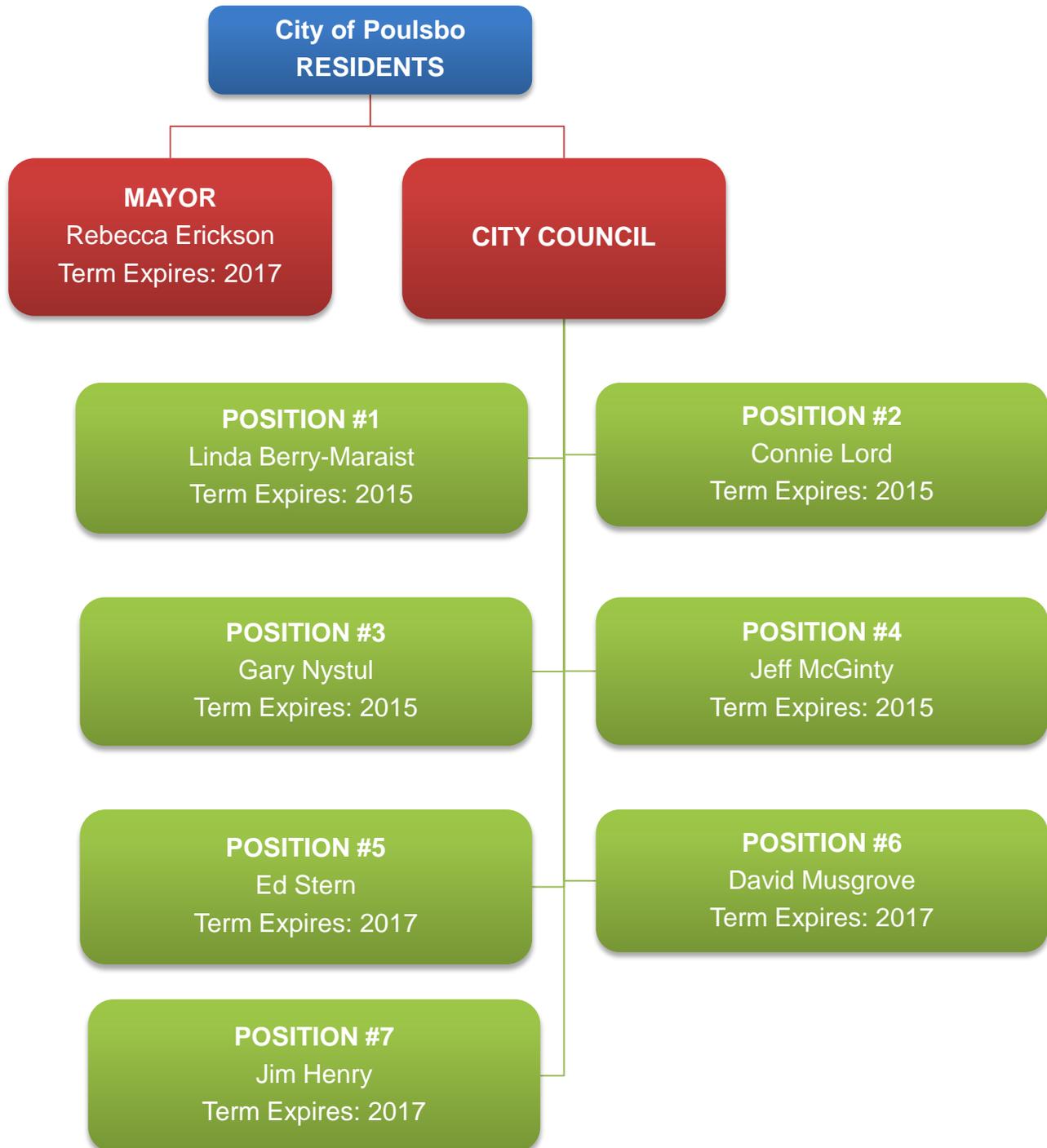
Legislative



Executive



CITY OF POULSBO THE ORGANIZATION OF THE LEGISLATIVE AND EXECUTIVE DEPARTMENTS



CITY OF POULSBO COUNCIL COMMITTEES

In order to provide for the more efficient conduct of the City Council's business, the Council Advisory Committees described below were created. The Mayor recommends members of the Council for appointment and the Council appoints the Committee members. Committee members serve a two-year term and elect a chair every six months (with the exception of the Capital Improvement Committee).

Finance/Administration Committee

Meets:
1st & 3rd Wednesdays, 5:00 PM

Connie Lord
David Musgrove
Ed Stern

Public Works Committee Meets:

2nd & 4th Wednesdays, 5:00 PM

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Public Safety/Legal Committee Meets: 3rd Wednesday, 4:00 PM

Connie Lord
Jeff McGinty
Ed Stern

Economic Development Committee

Meets: 4th Wednesday, 3:30 PM

Linda Berry-Maraist
David Musgrove
Ed Stern

Capital Improvement Planning Committee

Meets: 5th Wednesday, 4:00 PM

Mayor Erickson
Jim Henry
Gary Nystul
Ed Stern

Community Services Committee Meets: 2nd Wednesday, 4:00 PM

Linda Berry-Maraist
Jim Henry
Connie Lord

Finance/Administration Committee: considers matters related to the City Clerk's Department, Finance Department, Human Resources, Information Services, city audits, personnel issues, and salaries and wages.

Public Works Committee: considers matters related to Engineering, Planning/Building and Public Works facilities and utilities development, maintenance and repair and operations.

Public Safety/Legal Committee: considers matters related to the Police Department, the Municipal Court, claims against the City, reports from the City Attorney, review of draft ordinances and other legal matters.

Community Services Committee: considers matters related to the Parks and Recreation Department, library, the Marine Science Center, and other community services and makes recommendations regarding use of the City's lodging tax revenue. Committee members serve as liaisons with the: North Kitsap School District, Poulsbo Tree Board, Historic Downtown Poulsbo Association, Library Board and Greater Poulsbo Chamber of Commerce.

Capital Improvement Plan Committee: considers and makes recommendations related to the City's capital improvement needs. The Committee's functions include strategic planning and finance/budget.

Economic Development Committee: considers matters relating to business development, economic vitality and promotion of Poulsbo as a healthy City with a diverse business foundation.

Council Liaison Assignments:

Kitsap Regional Coordinating Council Alternate: Councilmember Stern; *Poulsbo Historical Society:* Mayor Erickson; *City/Suquamish Tribe Intergovernmental Committee:* Council members Henry and Stern; *West Sound Watershed Council:* Councilmember Berry-Maraist; *North Kitsap School District:* Council Member Berry-Maraist.

LEGISLATIVE/EXECUTIVE PROGRAM DESCRIPTIONS:

The Legislative and Executive Department budgets consist of those expenses incurred by the City's elected officials in the operation of the day-to-day business of the City.

The City Council has all the powers delegated by the State Constitution which are not specifically denied by state law. Poulsbo operates as a "Non-Charter" code city. The primary responsibility of the Council is to act as elected representatives of the citizens of the City and to legislate and set policies for the effective and efficient functioning of City government. Powers are delegated by the State Constitution. To that end, Council's goal is to be open and available to the citizens so that fair and equitable legislation will be adopted and realistic policies approved. The City Council meetings are held at 7:00 PM on the first, second and third Wednesdays of each month. Each of the seven Councilmembers also serve on committees providing liaisons to all City departments, boards, and various organizations throughout the City.

The Mayor is the chief executive and administrative officer of the City who is in charge of all departments and employees and ensures applicable ordinances and regulations are enforced, and law and order are maintained in the City. The Mayor presides over all meetings of the City Council, reports to the Council concerning financial and other needs of the City, and makes recommendations for Council consideration and action. The Mayor is the official and ceremonial head of the City.

During the budget process, the Mayor reviews the total financial program developed by the department heads and Finance Department and submits a tentative budget for City Council action.

Election costs are also accounted for in the Legislative budget. These costs vary from year to year depending on the number and size of elections. In 2013, due to the new BARS update voter registration is now broken out as a separate line item in election services.

STAFFING

The Executive Department consists of the Mayor.

2013 PROGRAM ACCOMPLISHMENTS

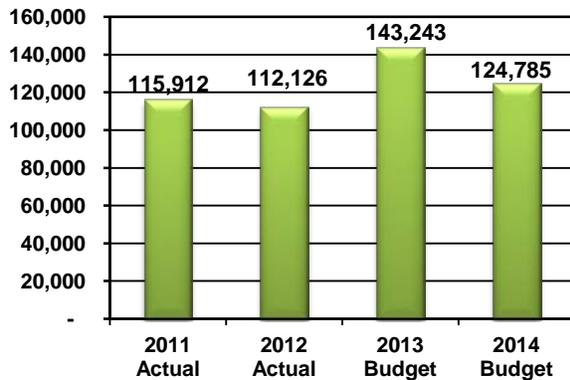
Executive:

- Promote private investment with the location of Safeway in our community and increased housing starts with Liberty Hills, Chateau Ridge, Talon Glen and Vinland Pointe subdivisions
- Viking Avenue revitalization continued with increased sales taxes generated
- Listed City properties for sale including the old City Hall pad and police station, sold the Jensen Avenue Museum property
- Achieved a balanced budget while supporting increased revenue flows
- Employment repositioning with hiring in our Police, Parks and Recreation, Planning and Public Works departments
- Continued open door policy for community outreach including Saturday with the Mayor
- Regional involvement in Housing Kitsap to help achieve balanced and sustainable budget
- Regional board positions for Kitsap Transit, CENCOM, Department of Emergency Management, Kitsap Regional Coordinating Council including Executive Committee and Puget Sound Regional Council
- Worked with community service organizations in support of domestic violence victims and extending a social safety net to our most needy.
- Revamping zoning code to incentivize investment along Viking Avenue, flex lots in subdivisions and tree retention for future development

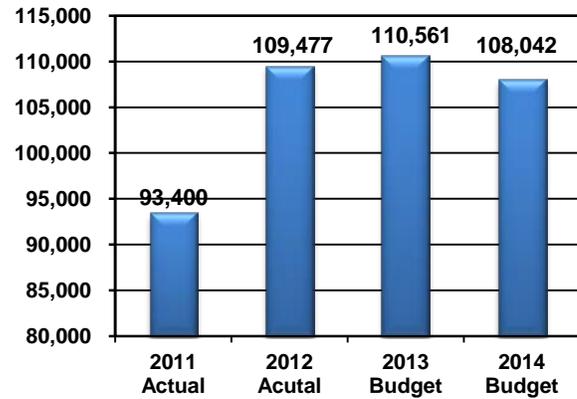
Legislative:

- Adoption of Shoreline Master Plan.
- Completed review process for the Zoning Code and Code Enforcement Ordinance revisions.
- Program parameters established for Neighborhood Street Program.
- Continued efforts to implement best use for City properties including market feasibility of old City Hall.
- Economic Development through broadband initiatives.
- Continued Intergovernmental Relationship with Suquamish Tribe.

Legislative Budget (2011 - 2014)



Executive Budget (2011 - 2014)



LEGISLATIVE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	42,000	42,000	42,000	42,000	0%
PERSONNEL BENEFITS	3,346	3,334	3,729	3,505	-6%
SUPPLIES	991	828	1,808	1,030	-43%
OTHER SERVICES & CHARGES	51,978	50,499	63,867	64,451	1%
INTERGOVERNMENTAL SERVICES	17,597	15,465	31,839	13,800	-57%
TOTAL LEGISLATIVE	115,912	112,126	143,243	124,785	-13%

EXECUTIVE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	66,056	67,972	68,991	70,371	2%
PERSONNEL BENEFITS	17,403	25,896	27,440	28,571	4%
SUPPLIES	169	427	700	700	0%
OTHER SERVICES & CHARGES	9,772	15,182	13,430	8,400	-37%
TOTAL EXECUTIVE	93,400	109,477	110,561	108,042	-2%



ADMINISTRATIVE SERVICES

Personnel Information Technology Municipal Court

**CHIEF EXECUTIVE OFFICER
(Mayor)
1 FTE**

- Official and Ceremonial Head of City
- Over all departments and all employees
- Enforcement of all Ordinances and regulations
- Presides over all City Council Meetings

**Municipal Court
(Municipal Judge)
3.4 FTE**

- Infractions
- Orders of protection
- Probation
- Community Service Program

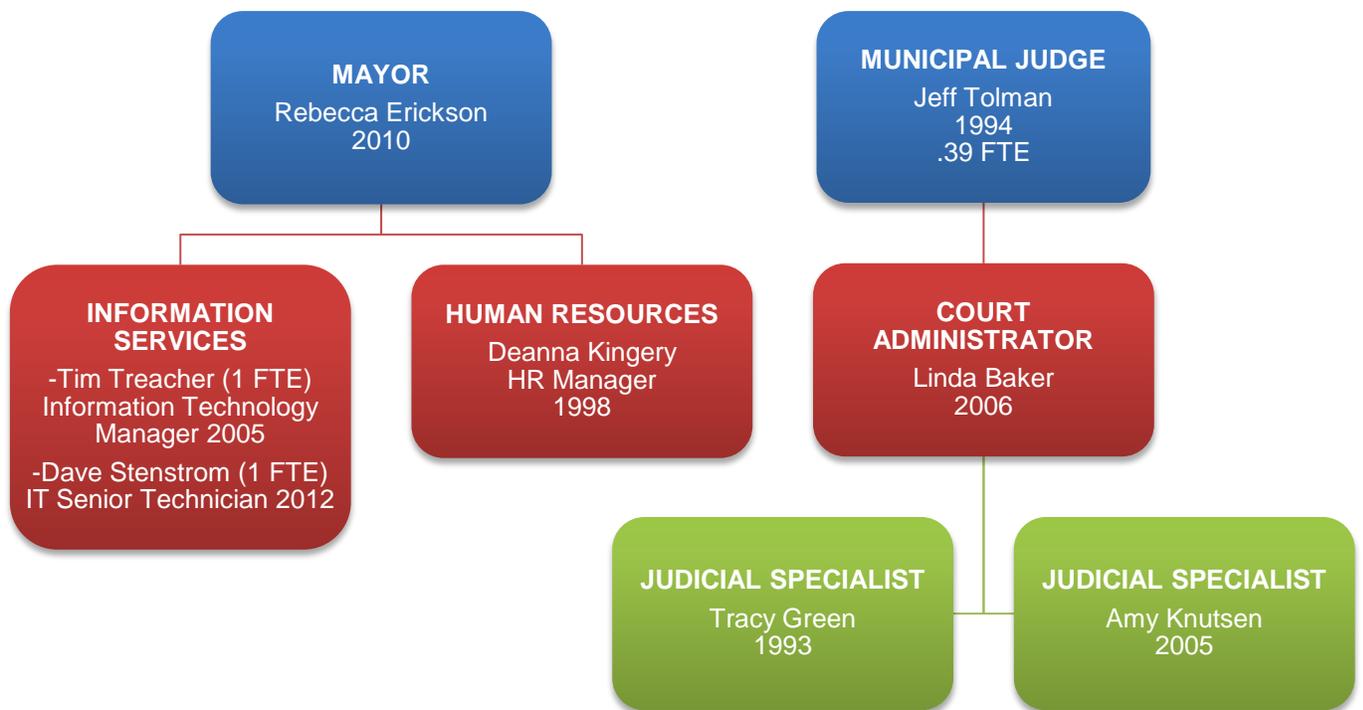
**Information Services
(Information
Technology Manager)
2 FTE**

- Information services
- Hardware and Software management
- Wide Area Network

**Personnel
(Human Resources
Manager)
1 FTE**

- Employee Recruitment
- Benefits, Compensation and Training Coordination
- Labor relations
- Labor and Industries Liason

THE ORGANIZATION OF ADMINISTRATIVE SERVICES



PERSONNEL DEPARTMENT

Appropriations \$136,017

1 FTE

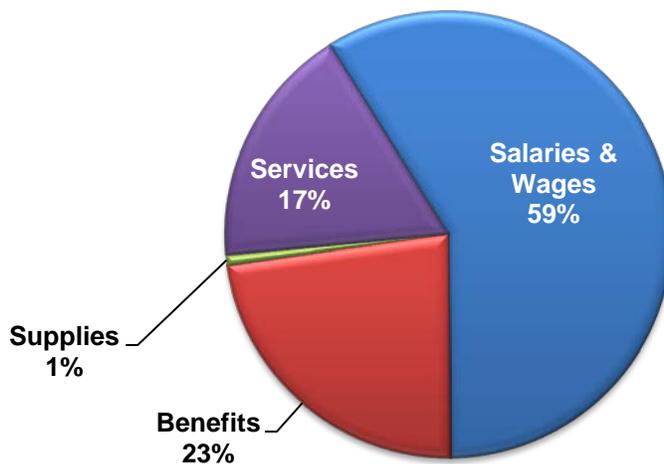
Mission Statement

The Personnel Section serves the interests of the City by supporting, developing, and protecting its most valuable resource-people. Personnel will provide guidance in the development, implementation, and equitable administration of policies and procedures, thus fostering a positive work environment.

Finance/Administration Committee Members:

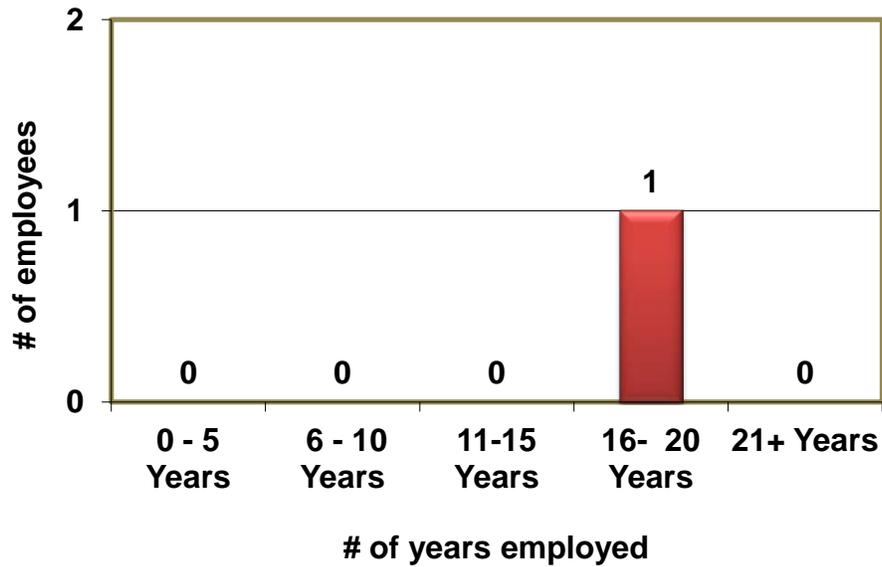
Connie Lord
David Musgrove
Ed Stern

Personnel Department Uses



PERSONNEL					
SECTION STAFFING					
<i>POSITION</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Human Resources Manager	1	1	1	1	1
Human Resources Analyst	.15	0	0	0	0
<i>Total PERSONNEL</i>	<i>1.15</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>

**Personnel Employee Longevity
(1 Employee/1 FTE)**



PERSONNEL SECTION:

PROGRAM DESCRIPTION:

The Personnel Section coordinates services and programs which assist City departments in developing and maintaining a qualified, effective and diverse workforce and provides employment-related services to the City's employees and to job applicants. Functions include:

- Employee recruitment, testing and selection.
- Classification and compensation, including development and maintenance of job descriptions and compensation plans.
- Benefits coordination, including administration of the employee health insurance and retirement benefit programs.
- Employee relations, including labor negotiations and dispute resolution.
- Employee development, including coordination of the City-wide employee training requirements.
- Civil Service Secretary/Examiner.
- Labor and Industries Coordinator, Equal Employment Opportunity, including the investigation of harassment and discrimination complaints

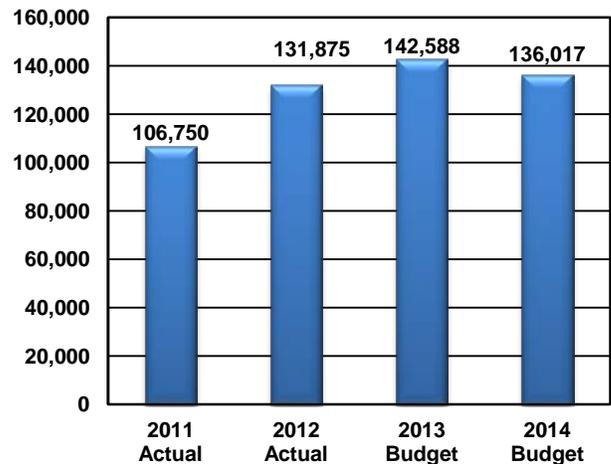
The budget includes costs associated with the hiring of personnel, including police civil service costs. Mandated training for city employees is also partially paid out of this budget. To stay current with the legal mandates for hiring, maintaining, disciplining and terminating employees, the Human Resources Manager attends the AWC Labor Relations Institute and other pertinent personnel-related seminars.

At the end of 2011 an agreement was entered into with a company who investigates and proactively works on the City's Labor and Industry claims. Additional funding was approved in 2012 and 2013 to continue to contract. The hope is rates will decrease due to the expertise and additional time spent working on the City's claims reducing the experience factor used to determine the City's rates.

2013 ACCOMPLISHMENTS:

- Assisted the following departments with filling positions:
 - Parks & Rec – Receptionist and Preschool Assistant position
 - Police – Police Chief, Sergeant, Police Clerk and Police Officer lateral list established
 - Planning – Associate Planner

**Personnel Budget
(2011-2014)**



PERSONNEL DEPARTMENT PERFORMANCE MEASURES					
Type of Workload Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of approved L&I claims	6	4	8	3	6

PERSONNEL					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	71,240	73,536	76,804	79,934	4%
PERSONNEL BENEFITS	25,186	27,569	29,600	31,138	5%
SUPPLIES	1,037	811	1,000	1,000	0%
OTHER SERVICES & CHARGES	9,286	29,959	35,184	23,945	-32%
TOTAL PERSONNEL	106,750	131,875	142,588	136,017	-5%

INFORMATION SERVICES SECTION

Appropriations \$ 235,678

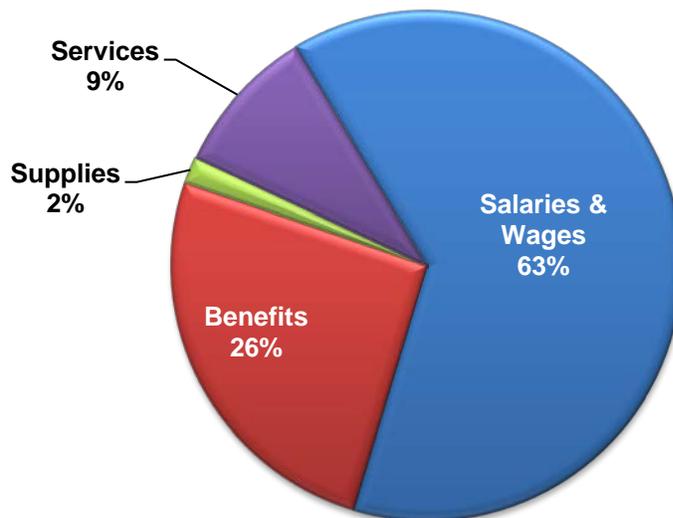
Mission Statement

The Information Services Department is committed to providing a stable computing environment, reliable and responsive information technology support services, technological leadership and vision in support of the City's business requirements.

Finance/Administration Committee Members:

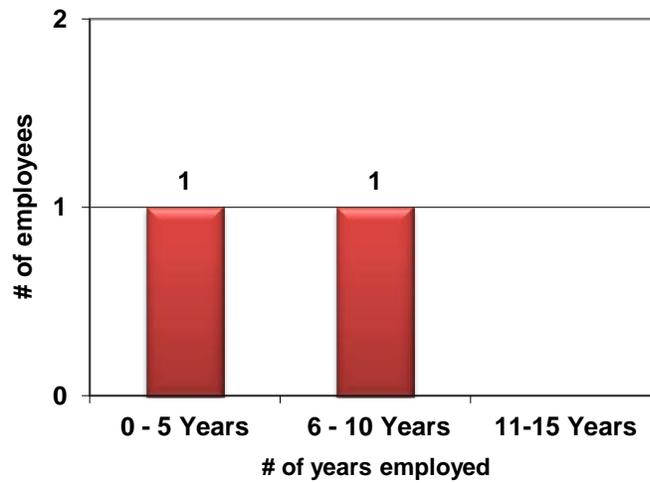
Connie Lord
David Musgrove
Ed Stern

Information Services Uses



INFORMATION SERVICES SECTION STAFFING					
<i>POSITION</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Information Services Manager	1	1	1	.5	1
Information Services Senior Technician	0	0	1	1	1
<i>Total Information Services</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>1.5</i>	<i>2</i>

**Information Services Section
Employee Longevity
(2 Employee/1.5 FTE)**



INFORMATION SERVICES SECTION:

PROGRAM DESCRIPTION:

The Information Services (IS) Department selects, implements, maintains and supports all things technology related including:

- telephone systems
- software and database systems
- website
- network security
- computers and server systems
- wired and wireless network infrastructure systems

The program budgeted herein recognizes and addresses the importance of the Information Services Department to meet the ever-increasing citizen expectation for a more open and digitally accessible government, and to meet the objectives of all departments, boards and committees.

STAFFING:

In 2013 the IS Manager was allocated .5 FTE to the police function of managing the evidence room. This function has been eliminated in 2014 from the IS Department. In 2014, Information Services (IS) will be staffed by a IS Manager, and a IS Senior Technician. To augment the City's IS department there is a time and materials agreement with Right Systems! Inc. (RSI) for various technology support services which include network, and phone needs.

INFORMATION SERVICES FUNCTIONS:

- Deliver timely and effective responses to customer requirements and requests.
- Provide vision, leadership, and a framework for evaluating emerging technologies and implementing proven information technology solutions.
- Provide citizens, the business community and City staff with convenient access to

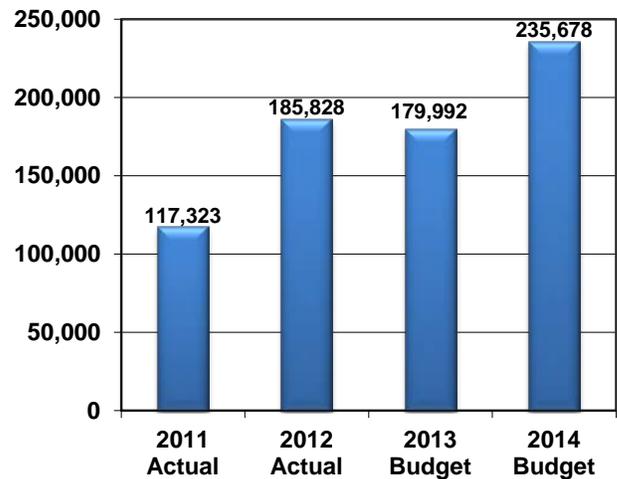
appropriate information and services through technology.

- Develop and maintain technically skilled staff that will be competent in current and emerging information technology so they can employ modern technologies to maximize benefits.
- Provide a reliable communication and secure computer infrastructure on which to efficiently conduct City business operations today and in the future.
- Increase the City's electronic communication internally and externally to promote a paperless environment.

2013 PROGRAM ACCOMPLISHMENTS:

- Purchased and replaced computers as part of the computer replacement cycle.
- Parks and Recreation Class program replaced with an online version.
- Email archiving system put in place
- Replaced all the City Council laptops.

Information Systems Department Budget (2011-2014)



INFORMATION SERVICES					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	71,125	118,133	105,071	149,091	42%
PERSONNEL BENEFITS	25,161	43,453	42,672	60,338	41%
SUPPLIES	1,898	8,209	4,000	4,000	0%
OTHER SERVICES & CHARGES	19,139	16,033	28,249	22,249	-21%
TOTAL INFORMATION SERVICES	117,323	185,828	179,992	235,678	31%



MUNICIPAL COURT

Appropriations \$ 362,775
FTE's 3.40

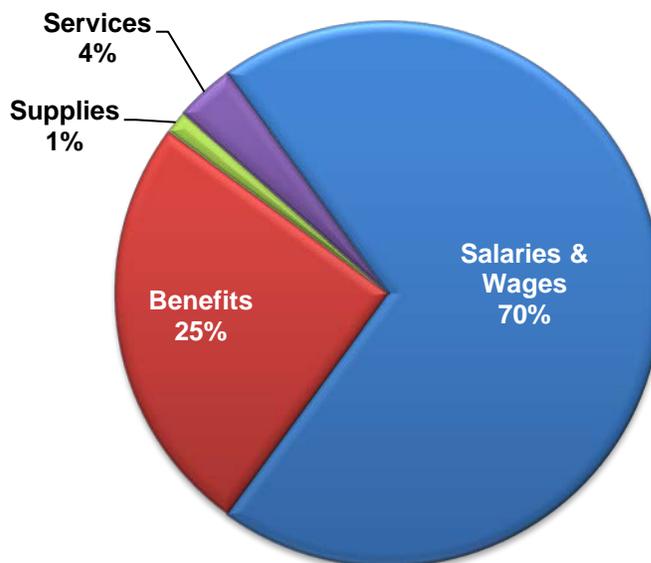
Mission Statement

The Court is committed to excellence in providing fair, accessible, and timely resolution of alleged violations of the Poulso Municipal Court in an atmosphere of respect for the public, employees, and other government entities.

Public Safety Council Committee Members:

James Henry
Jeffry McGinty
Ed Stern

Municipal Court Uses



Muni Court Section Staffing (FTE's)					
Position	2010	2011	2012	2013	2014
Judge	.40	.40	.40	.40	.40
Court Administrator	1	1	1	1	1
Judicial Specialist II	1	1	0	0	0
Judicial Specialist I	1.32	1.45	0	0	0
Judicial Specialist	0	0	2	2	2
Court Service Officer	.5	.375	0	.0	.0
Total	4.22	4.22	3.40	3.40	3.40

**Municipal Court Section
Employee Longevity
(4 Employees/3.40 FTE's)**



**PROGRAM DESCRIPTION/
PROGRAM SERVICES PROVIDED:**

The Poulsbo Municipal Court has a judge appointed by the Mayor and confirmed by City Council to a four-year term. The judge holds court on a part-time basis. The Court is committed to excellence in providing fair, accessible, and timely resolution of alleged violations of the Poulsbo Municipal Code in an atmosphere of respect for the public, employees, and other government entities.

The Poulsbo Municipal Court hears cases involving traffic infractions, City code violations, misdemeanors, and gross misdemeanors. It is the goal of this court to maintain accountability for the actions of individuals and ensure the punishment fits the violation.

The Court continues to identify our core services and focus our resources on these services in innovative ways to accomplish our mission. We continue our commitment to finding alternatives to incarceration when appropriate, and finding a long-term solution to jail housing. Poulsbo Municipal Court continues to be a contributing partner working toward a safe and vital community.

STAFFING:

The Municipal Court consists of a part-time Judge, a full-time Court Administrator and two Judicial Specialist positions. In 2012 the Court Services Officer position was removed from the court and placed under the direction of the police department and the position was renamed Community Services Officer.

- The Judge is responsible for the administration of justice, overseeing the operation of the Municipal Court, and providing support and guidance for the administrator and the court staff.
- The Court Administrator is responsible for all aspects of the court's operations, including budget, personnel, automation, management, training of employees, public relations, facilities, and special projects.

- The Judicial Specialists perform clerical support work of a varied nature which includes: establishing and maintaining court files; handling fines and assessments; recording accurate minutes from court hearings; monitoring compliance with court imposed conditions.

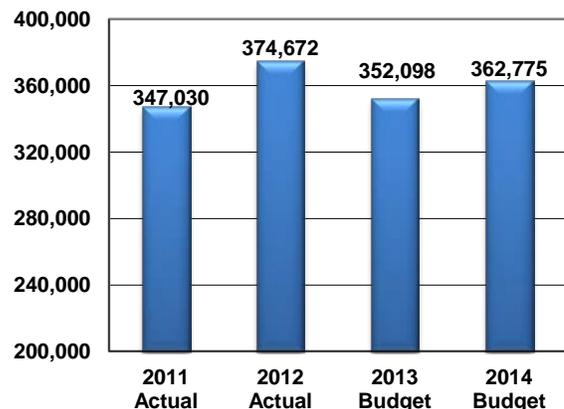
A MESSAGE FROM THE JUDGE:

As 2014 unfolds, the staff of Poulsbo Municipal Court is ready to give prompt, personal, professional service to those who encounter the Court.

2013 PROGRAM ACCOMPLISHMENTS

- Continued to work with the trial courts in Kitsap County in organizing common court services.
- Ensured training and procedures are in place so court and accounting processes are in accordance with statutes.
- Staff, Administrator and Judge continued to attend training on changes within the judicial system.
- Updated brochures.
- Impound ordinance was passed and a process was put into place for implementation.
- Continued to be a contributing partner working toward a safe and vital community.
- Court Administrator served as the co-chair of the District and Municipal Court Management Association (DMCMA) Education Committee.
- Court Administrator served as a member of the District and Municipal Court Management and Judges Association Legislation Committee.

**Municipal Court Budget
(2011-2014)**



WORKLOAD MEASURES	2010 ACTUAL	2011 ACTUAL	2012 ACTUAL	2013 PROJECTED	2014 PROJECTED
Criminal Charges	534	444	372	500	500
Infraction/Parking Charges	1285	1513	1079	1200	1200
Civil Orders	7	9	7	12	12
Total Filings	1826	1966	1458	1712	1712

**NUMBER OF VIOLATIONS CHARGED
COURT HEARINGS HELD**

Criminal Hearings	2818	3106	2651	2818	2818
Infraction/Parking Hearings	674	589	747	674	700
Civil Hearings	11	12	9	12	12
Total Hearings	3503	3707	3407	3504	3530

JUDICIAL

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	249,526	266,629	244,772	254,013	4%
PERSONNEL BENEFITS	78,971	88,522	87,278	91,054	4%
SUPPLIES	6,619	5,097	4,935	4,935	0%
OTHER SERVICES & CHARGES	11,914	14,424	15,113	12,773	-15%
TOTAL JUDICIAL	347,030	374,672	352,098	362,775	3%

FINANCE DEPARTMENT ACCOUNTING & BUDGETING SECTION

Appropriations \$ 675,604
7 FTE's

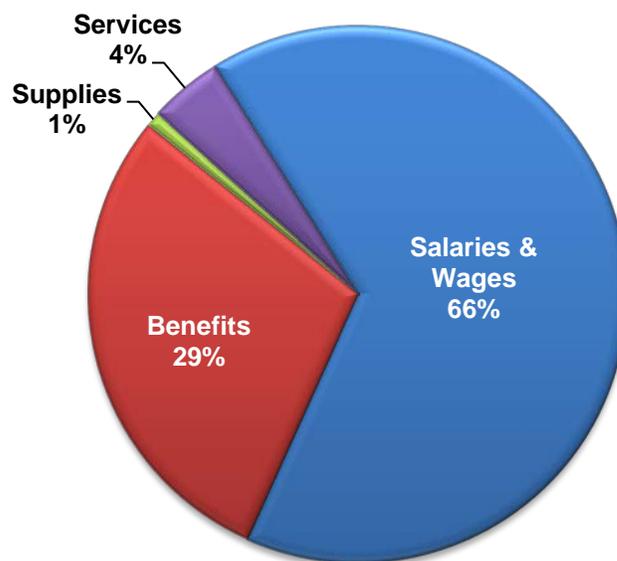
Mission Statement:

The Finance Department strives to provide exceptional service while safeguarding resources with integrity and efficiency.

Finance/Administration Committee Members:

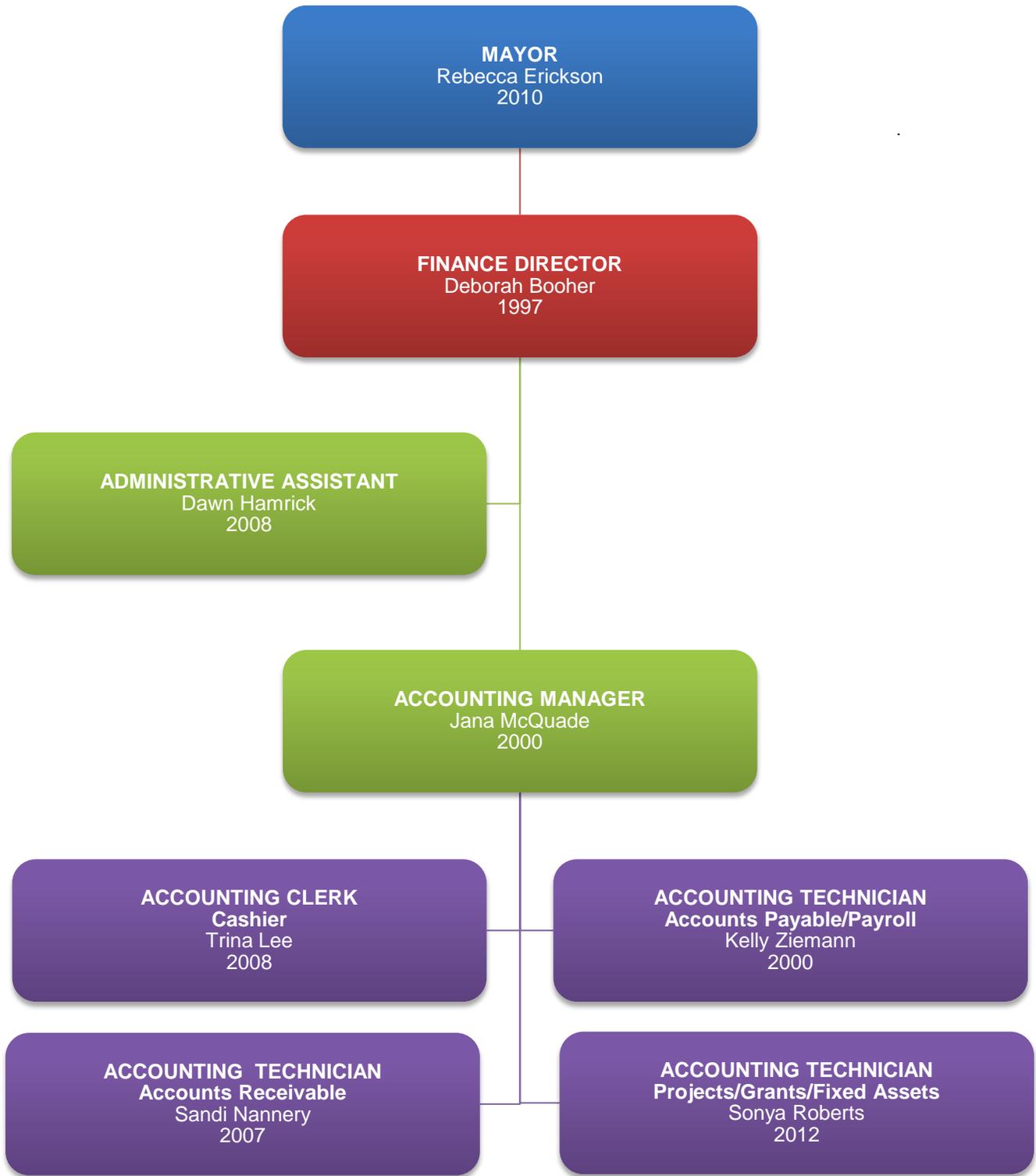
*Connie Lord
David Musgrove
Ed Stern*

Finance Department Uses



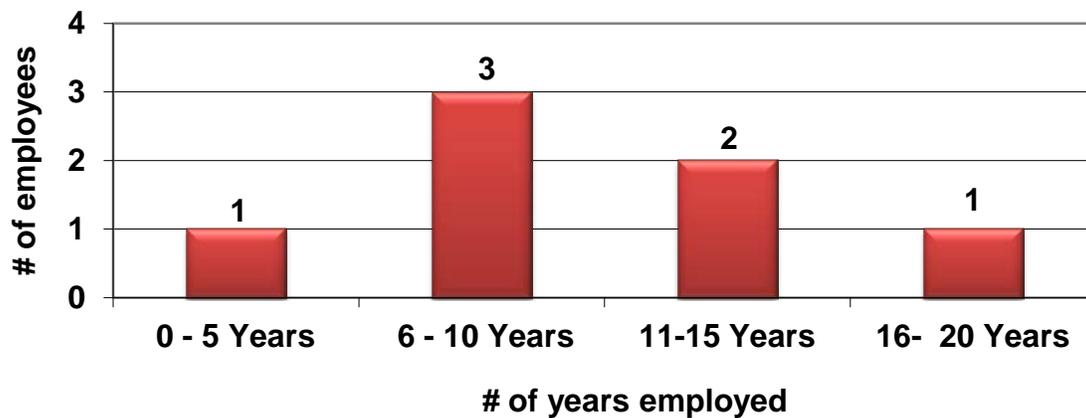
THE ORGANIZATION OF THE FINANCE DEPARTMENT

Accounting/Budgeting



Accounting/Budgeting Section Staffing (FTE's)					
<i>POSITION</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Finance Director	1	1	1	1	1
Accounting Manager	1	1	1	1	1
Budget Analyst	0	0	0	0	0
Administrative Assistant	1	1	1	1	1
Senior Accounting Technician	0	0	0	0	0
Accounting Technician	4	3.5	3	3	3
Accounting Clerk	1	1	1	1	1
<i>Total Accounting/Budgeting</i>	8	7.5	7	7	7

**Finance Dept Employee Longevity
Accounting/Budgeting Section
(7 Employees/7 FTE's)**



ACCOUNTING & BUDGETING SECTIONS:

PROGRAM DESCRIPTIONS:

The Accounting and Budgeting divisions analyze, record, and communicate the City's economic events. Financial records management and general financial administrative services are provided for the benefit of the public, other city departments, and the governmental body as a whole. High quality and low cost are its primary objectives by providing information to facilitate the decision making process. Most department operations are guided and mandated by federal, state and city laws and various regulatory agencies, such as Governmental Accounting Standards Board (GASB). State law guidelines are recorded and distributed in a manual published by the Washington Auditor's Office. This manual is referred to as the Budgeting Accounting and Reporting System (BARS).

Some responsibilities of the Accounting and Budgeting divisions are:

- Accounts Payable
- Accounts Receivable
- Payroll
- Project Accounting including preparation of the 6 year City Improvement Plan
- Utility Billing
- Receipting all city funds
- Managing daily cash
- Managing City's Investment Portfolio
- Preparation of the Comprehensive Annual Finance Report (CAFR)
- Preparation of the Annual Operating Budget
- Monitoring and reporting comparisons of projections to actual dollars
- Long term financial forecasts
- Administering City debt

STAFFING:

The Finance Department consists of 7 fulltime equivalent (FTE) positions composed of seven fulltime employees. The staffing breakdown is as follows: One fulltime Accounting Manager, one fulltime Administrative Assistant, three fulltime Accounting Technicians, one fulltime Accounting Clerk, and one fulltime Finance Director.

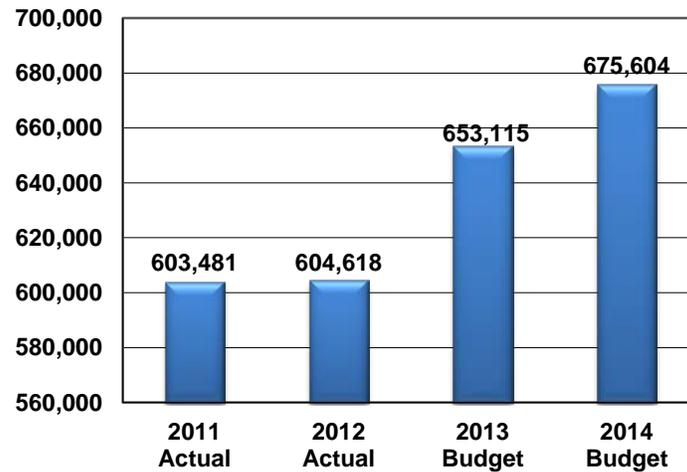
The Finance Department has submitted a New Program Request for an Accounting Clerk to absorb the additional workload being created by the new utility billing accounts by several new

developments in the City. This position will also assist in returning the Finance Department to its previous level of funding, staffing and services offered to the citizens.

2013 ACCOMPLISHMENTS:

- Received the Government Finance Officers Association (GFOA) Distinguished Budget Award for the 2013 Budget; this is the 14th year receiving the award.
- The City's Accounting Team earned the GFOA award for the 2012 CAFR.
- Received Professional Finance Officer (PFO) Awards from the Washington Finance Officers Association (WFOA) for three staff members. The award is given for continued commitment to achieving educational and professional excellence.
- Issued RFP for Public Defense Attorney services for the City. Held interviews and negotiated a new contract.
- Served as a chair/member on the WFOA Education Committee, WFOA Board, and President of the WMTA Board to help develop affordable educational and training opportunities for government employees.
- Implemented the online Employee Access Center (EAC) and online Employee Time Sheets (ETS).
- Upgraded to the latest version of accounting software.
- Changed collections agency after RFP and interviews in 2012.
- Continued to scan and create attachments for Accounts Payable, Accounts Receivable, Payroll and Utility Billing available electronically.
- Through scholarships, the Finance Director and Accounting Manager attended the Governmental Finance Officers Association national conference.
- Worked with Human Resources to begin training and implementing the first phases of the Obama Health Care Plan.

**Finance Department Budget
(2011-2014)**



FINANCE DEPARTMENT (ACCOUNTING/BUDGETING) PERFORMANCE MEASURES					
Type of Workload Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Received GFOA CAFR Award	Yes	Yes	Yes	Yes	Yes
Received GFOA Distinguished Budget Award	Yes	Yes	Yes	Yes	Yes
# of Proficient and/or Outstanding Ratings for GFOA Budget Award	62/30	74/17*	75/17	77/15	77/15
% of idle cash invested	94%	97%	93%	93%	90%
# of checks reissued	19	16	11	15	10
# of Account Sent to Collections	21	13	8	12	25

**The GFOA changed the award criteria in 2011 which affected the number of items rated*

FINANCE DEPARTMENT (ACCOUNTING/BUDGETING) WORKLOAD MEASURES					
Type of Workload Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of treasurers receipts issued/year	31,903	30,802	28,074	31,500	29,000
# of utility accounts billed monthly	3,455	3,481	3,541	3,650	3,800
Avg # of misc billing accts monthly	57	56	54	65	70
# of HDPa accounts billed quarterly	124	129	138	140	140
# of change of ownerships/year	162	147	228	175	175
# of new connections/year	26	46	82	75	75
# of ACH utility bill payments per month	440	456	473	475	490
# of tenant authorization changes/year accounts	151	170	176	175	200
# of payroll checks processed	259	318	341	240	290
# of payroll direct deposits processed	2,542	2,320	2,369	2,510	2,600
# of A/P checks processed	3,001	2,845	2,746	2,800	2,800
# of NSF checks processed	57	44	50	30	50
Average Dollars (in millions) invested	\$19.1	\$18.4	\$18.2	\$20.5	\$19.3

FINANCE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	415,693	406,691	429,283	443,241	3%
PERSONNEL BENEFITS	162,760	172,595	188,728	196,735	4%
SUPPLIES	3,706	2,155	6,000	6,000	0%
OTHER SERVICES & CHARGES	21,322	23,177	29,103	29,629	2%
TOTAL FINANCE	603,481	604,618	653,115	675,604	3%

CLERK'S DEPARTMENT

Appropriations \$ 288,878

FTE's - 3

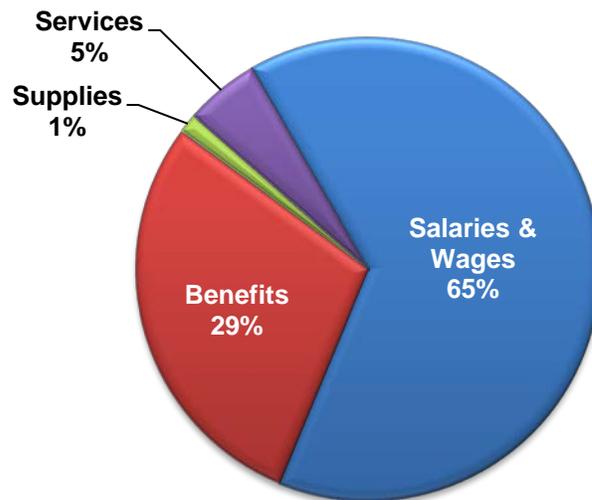
Mission Statement

We, the members of the Clerk's Department, are committed to rendering neutral, impartial, considerate and equal service to all citizens as well as recording the truth and preserving all records entrusted to us.

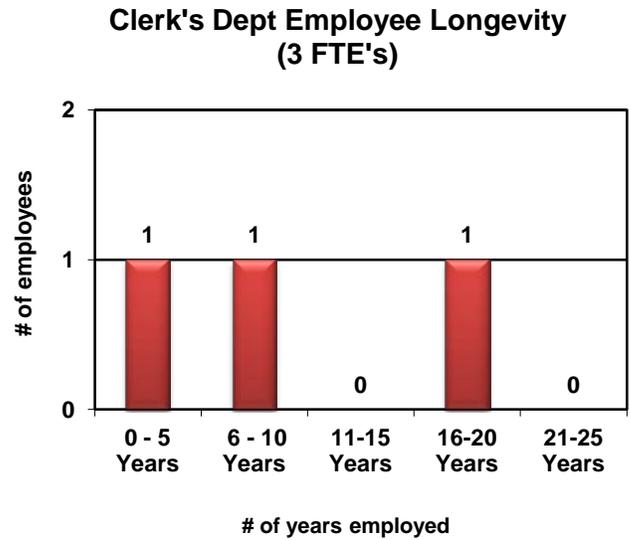
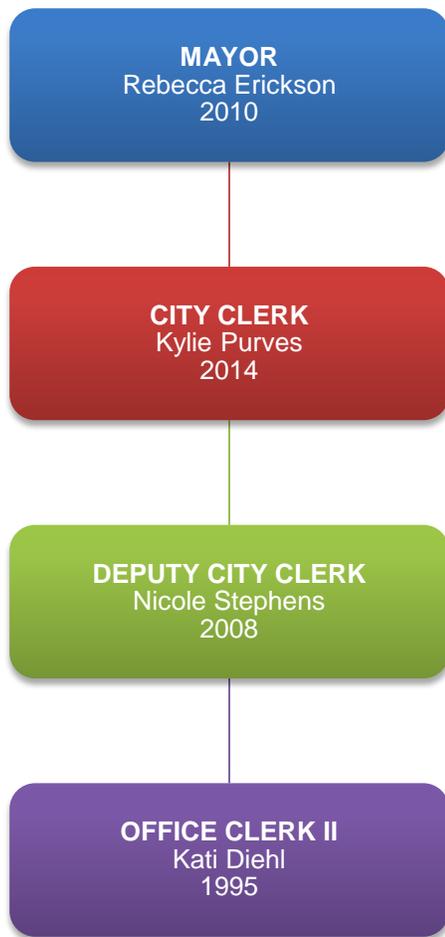
Finance/Administration Committee Members:

*Connie Lord
David Musgrove
Ed Stern*

Clerk's Department Uses



THE ORGANIZATION OF THE CLERK'S DEPARTMENT



CLERK'S DEPARTMENT STAFFING					
POSITION	2010	2011	2012	2013	2014
City Clerk	1	1	1	1	1
Deputy City Clerk	1	1	1	1	1
Office Clerk I	1	0	0	0	0
Office Clerk II	1	1	1	1	1
TOTAL	4	3	3	3	3

**PROGRAM DESCRIPTION/
SERVICES PROVIDED:**

The Clerk's Department is the main information center for city government. In addition to providing information, public records and assistance to the citizens in a courteous, timely, proficient and professional manner, the department maintains and updates the Poulsbo Municipal Code, has responsibility for all ordinances, resolutions, proclamations and policies and provides records maintenance and retention for most City departments.

Staff responsibilities include:

- providing support to the Mayor and City Council
- preparing Council agendas and extended agendas
- preparing Council agenda packets for placement on the City's web site
- attending meetings, recording and transcribing Council meetings, Finance/Administration Committee meetings, Economic Development Committee meetings, special meeting, retreat, and workshop minutes
- coordinating with Bremerton Kitsap Access Television for the televising of Council meetings
- issuing business and occupational licenses
- processing ordinances, resolutions, contracts/agreements
- processing real property documents, claims for damages and lawsuits
- facilitating citizen complaints
- processing passport applications
- issuing miscellaneous licenses and permits
- telephone answering
- inventory control of the Clerk's Department equipment
- mail processing and distribution
- updating information for the Legislative and Clerk Department portions of the City's web page
- public records and records retention instruction, storage, microfilming, access and monitoring of public records requests and notary services.

STAFFING:

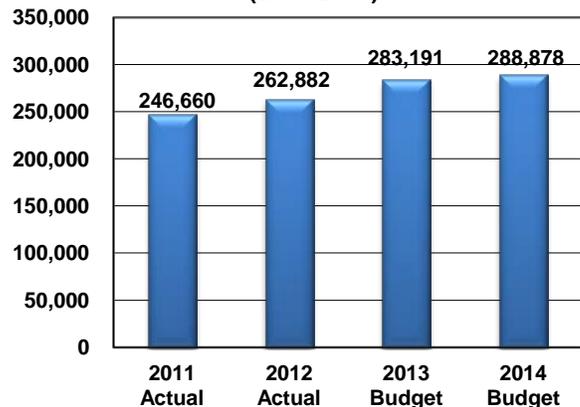
In 2014 the City Clerk's department will consist of three full-time positions: the City Clerk, Deputy City Clerk and one Office Clerk II. The Office Clerk I position was eliminated in 2011 due to continued budget constraints. In addition,

the position of Executive Assistant for the Mayor created in 2006 was eliminated from the 2011 budget and the duties will continue to be assumed by the City Clerk's Department. The Office Clerk II will have .5 fte of their salary allocated to the function of Business Licensing.

2013 PROGRAM HIGHLIGHTS:

- The Clerk's Office implemented the partnership with Department of Revenue Business Licensing Service
- Processes and procedures for archiving paper documents were reviewed and current archives reorganized for the ease of storage, retrieval and destruction.
- Office Clerk II Kati Diehl attended her second International Institute of Municipal Clerks Professional Development training, made possible through grant funding.
- City Clerk Jill Boltz was voted to the Washington Municipal Clerk's Association Board.
- Continued to monitor, modify and administer City Hall Facility Use Guidelines and Application process and facilitated meetings for non-profits, governmental agencies and private rentals.
- Compliance with revised Washington State Electronic Records Management criteria.
- Participated in Kitsap Community Resources job training program for volunteer office assistance.

**Clerk's Dept Budget
(2011-2014)**



Type of Workload Measure	2011 Actual	2012 Actual	2013 Projected	2014 Projected
LEGISLATIVE SUPPORT SERVICES				
Ordinances processed	23	22	20	20
Resolutions processed	15	17	20	15
Council meetings staffed	40	39	40	40
Pages of Ordinances Codified	137	48	130	150
Library Board meetings staffed	1	0	1	0
Finance Committee meeting staffed	27	24	24	24
Economic Development meetings staffed	12	11	12	12
Pages of council meeting minutes processed	208	172	200	200
RECORDS MANAGEMENT				
Archival record retrievals	29	52	25	40
Public record requests processed	76	83	70	75
Boxes of documents prepared for microfilming	6	0	10	0
Boxes of documents transferred to regional archivist	0	10	5	0
Boxes of documents submitted for records destruction	97	78	150	100
Archives – total boxes received and transferred	91	41	75	50
Microfilm transferred to State Archives	0	0	2	0
ADMINISTRATIVE SERVICES				
New business licenses	200	416	300	300
Renewal business licenses issued	1463	1223	1500	1600
Business license revenue	78,008	148,004	85,000	95,000
Passport revenue	20,150	19,575	20,000	20,000
Passports processed	805	783	800	800
Signatures notarized	141	195	125	150
Notary Revenue		1,600	1,000	1,000
Pet License Revenue	2,330	2,965	2,800	3,000
Web page updates	112	177	150	150
City Hall Conference Room Reservations	114	64	110	125

CLERK					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	163,727	172,613	183,421	186,501	2%
PERSONNEL BENEFITS	68,476	75,028	78,190	83,527	7%
SUPPLIES	1,918	1,739	3,827	3,827	0%
OTHER SERVICES & CHARGES	12,538	13,503	17,753	15,023	-15%
TOTAL CLERK	246,660	262,882	283,191	288,878	2%

CENTRAL SERVICES

Administration Appropriations	\$ 137,942 ♦
Printing & Duplication Appropriations	6,785 ♦
Data Processing Appropriations	87,362 ♦
ADA Requirement Appropriations	250 ♣
Small Tools and Minor Equipment	27,100 ♦
Risk Management	163,953 ♦
Custodial/Janitorial/Building Maintenance Appropriations	237,390 ♣
Total Central Services	\$ 660,782
FTE's – 2.55	

Central Services provides General Fund departments throughout the City with services and operating supplies which are not department specific

♦ Finance/Administration Committee

♣ Public Works Committee

*Connie Lord
David Musgrove
Ed Stern*

*Linda Berry-Maraist
Jeff McGinty
Gary Nystul*

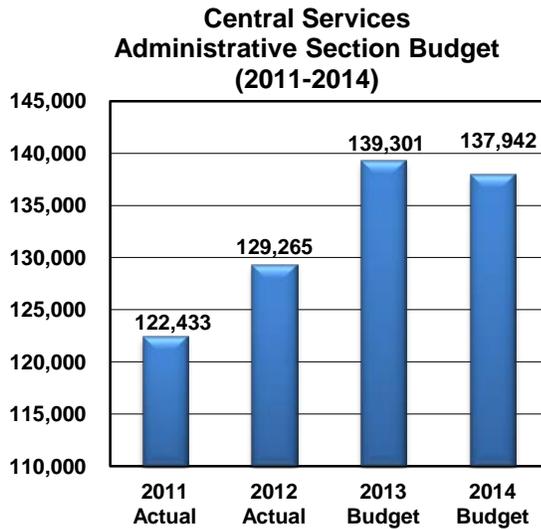
Central Services Uses



ADMINISTRATION PROGRAM:

The administration-central budget includes items used by City departments that cannot be specifically allocated to an individual department. In 2011, the City moved into their new facilities creating more utilities to be centralized. Central administration items include:

- Paper, envelopes, and miscellaneous forms
- Administrative postage
- Heating fuel
- City and power utilities
- Repairs and maintenance
- General governmental credit card discount fees
- Retail B&O taxes.
- Courier Fee's
- Bank Charges
- Postage Machine Lease
- Telephone Charges



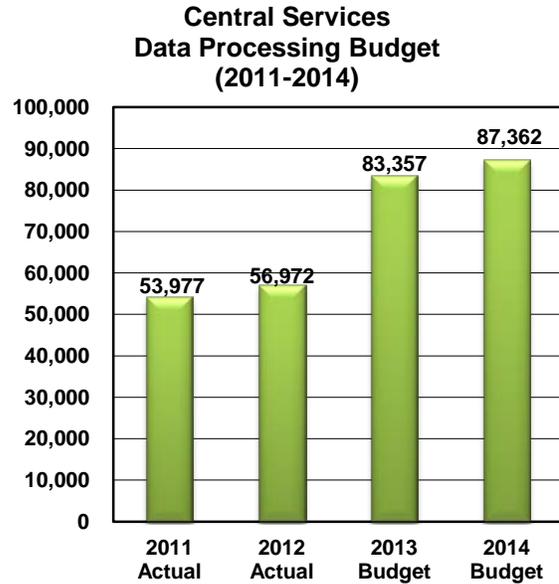
DATA PROCESSING:

Central Services Data Processing includes:

- Administrative computer system repairs
- Maintenance agreements and service for software programs.
- Forms and supplies for the administrative computer system, such as payroll and claim checks and billing forms.

In 2010, the City signed an agreement with the software company to provide the accounting software through an Application Service Provider (ASP). The service was implemented at

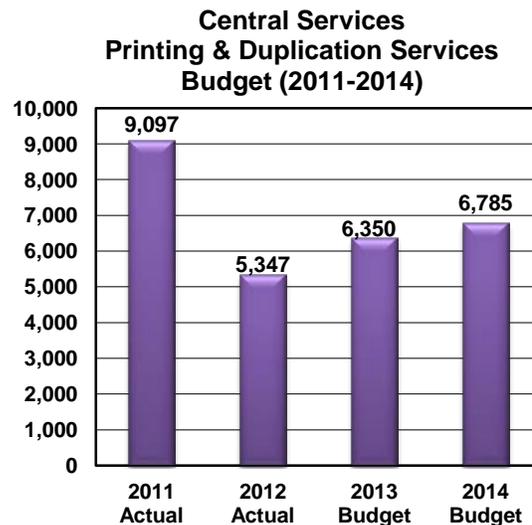
the end of 2010. This allowed the City to begin implementation of web applications in 2012 and provided an emergency offsite backup system. Services to the public and staff continue to increase with web availability through the ASP server.



PRINTING & DUPLICATION:

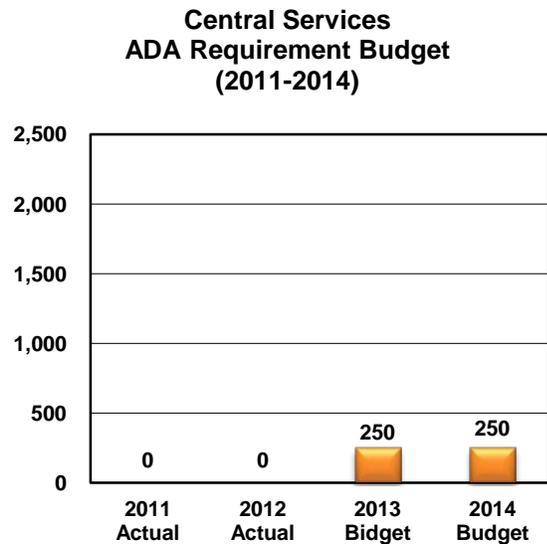
Central Services Printing and Duplication includes:

- Administrative copy machine repair
- Maintenance contracts
- Printing of Annual Budget
- Printing of Comprehensive Annual Financial Report



ADA REQUIREMENTS:

In order to meet the federally mandated Americans with Disabilities Act (ADA), the City, in cooperation with Public Works staff, identifies items that must be improved to meet ADA requirements. Implementation of those items continues on an on-going basis. The City's goal is to continue to make City facilities and services accessible to all people and allow staff to attend pertinent training.



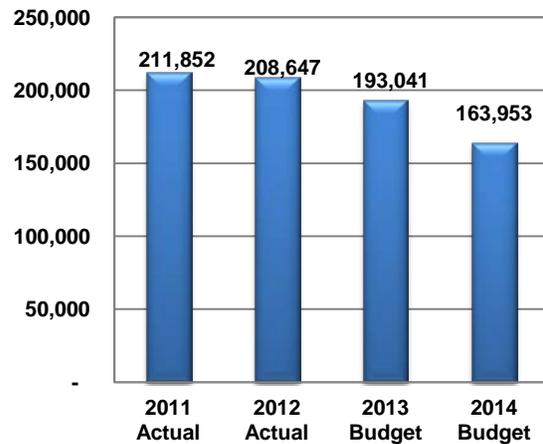
RISK MANAGEMENT:

The Risk Management budget is managed by the Clerks Department and includes expenditures related to any audit service performed for the City and liability and property insurance costs.

Prior to 2014, the City participated in the Association of Washington's Cities Insurance Risk Pool for liability and property insurance. Government functions are charged to the General Fund. Amounts related to the utility funds are charged directly to those funds.

In 2012, the City issued an RFP for insurance quotes. This resulted in lesser premiums for 2014. A one-year mandatory notice of cancellation was given in 2012. In 2014 Washington City's Insurance Authority will provide liability and property insurance coverage for the City.

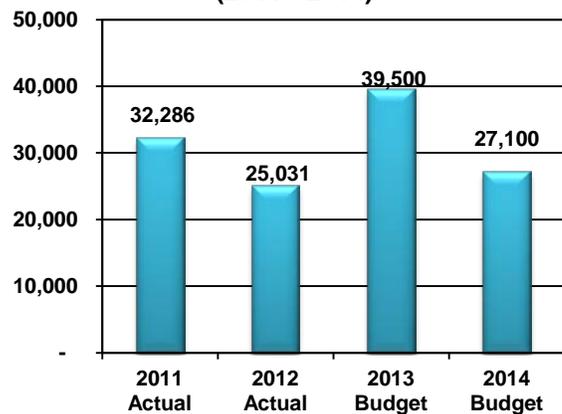
**Risk Management Budget
(2011-2014)**



SMALL TOOLS AND MINOR EQUIPMENT

The City's capitalization policy has a threshold of \$5,000. Computers, printers, software and items of "small tools" in nature which are on a replacement rotation and/or not part of departmental operating budgets are considered for funding and allocated to these funds. The majority of expenditures are for workstations (computers) set on a 4-year replacement cycle. Planned replacements are detailed in the table below.

**Small Tools & Minor Equipment
(2011 - 2014)**



2014 Small Tools Equipment Replacement			
Department	Amount	Type of Equipment	Total Cost
Muni Court	3	Workstations	3,600
Executive	1	Workstation	1,800
Finance	1	Cashier All-in-One Printer	2,500
Finance	1	Utility Billing Printer	2,500
Police	4	Workstations	7,200
Engineering (Transportation Mgnt)	1	Workstation	1,800
Engineering (Transportation Mgnt)	1	Wide Format Printer (lease)	1,750
Planning	1	Workstation	1,800
Planning	1	Wide Format Printer (lease)	1,750
Park & Rec	1	New Copier (lease)	2,400
Total			\$27,100

CUSTODIAL/BUILDING MAINTENANCE

Mission Statement: The mission of the Custodial/Building section of the Central Services Department is to provide for the routine maintenance and repair of City owned buildings to protect and maintain the value of the General Fund assets.

Program Description: The Custodial/Building Maintenance section of the General Fund is under the direction of Public Works. Responsibilities include janitorial services and the repair and maintenance of City owned or leased facilities and equipment. Facilities include: City Hall, Police Department, Library, Recreational Center, Rentals of Caretakers houses, Parks Buildings & Facilities, the Public Works Complex and Public Works installations including pump houses and other utility structures.

Staffing:

Staffing associated with Central Service includes 2.55 fulltime equivalent positions (FTE's) under the supervision of the Assistant Public Works Director. The increase in 2014 is due to a maintenance mechanic being allocated by functions instead of through an internal service fund.

2013 Program Accomplishments:

- Continued to provide routine maintenance to City buildings as required.
- Continued maintenance support for the Marine Science Center and Parks & Recreation buildings.

- Provided support to Library projects.
- Assisted various Public Works projects.
- Performed boardwalk repairs as needed.
- Continued support for the new City Hall.

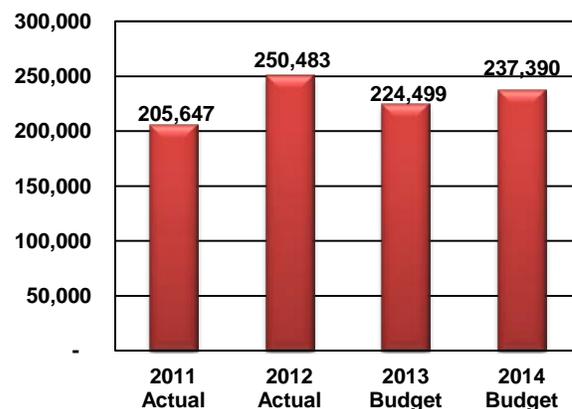
2014 Expenditures:

The year 2014 operation and maintenance program will be a continuation of the 2013 program. Expenditures for the year 2014 associated with Central Services for repair and maintenance of facilities are estimated to be approximately \$237,390.

Programs and Projects for 2014 include:

- Support to various Public Works projects
- Continue routine maintenance projects as required throughout the city.

**Central Services
Custodial/Building Maintenance
(2011-2014)**



CENTRAL SERVICES					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
ADMINISTRATION					
BAD DEBT EXPENSE	22	5,736	-	-	0%
SUPPLIES	(596)	168	4,450	2,950	-34%
OTHER SERVICES & CHARGES	122,953	123,306	134,426	134,767	0%
INTERGOVERNMENTAL SERVICES	54	55	425	225	-47%
TOTAL ADMINISTRATION	122,433	129,265	139,301	137,942	-1%
PRINTING & DUPLICATION SERVICES					
SUPPLIES	-	-	750	750	0%
OTHER SERVICES & CHARGES	9,097	5,347	5,600	6,035	8%
TOTAL PRINTING & DUPL SERVICES	9,097	5,347	6,350	6,785	7%
DATA PROCESSING SERVICES					
SUPPLIES	1,878	2,010	6,900	6,900	0%
OTHER SERVICES & CHARGES	52,099	54,961	76,457	80,462	5%
TOTAL DATA PROCESSING SERVICES	53,977	56,972	83,357	87,362	5%
ADA REQUIREMENTS					
SUPPLIES	-	-	75	75	0%
OTHER SERVICES & CHARGES	-	-	175	175	0%
TOTAL ADA REQUIREMENTS	-	-	250	250	0%
SMALL TOOLS AND MINOR EQUIPMENT					
SMALL TOOLS	32,286	25,031	39,500	27,100	-31%
TOTAL SMALL TOOLS & MINOR EQUIP1	32,286	25,031	39,500	27,100	-31%
RISK MANAGEMENT					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
OTHER SERVICES & CHARGES	211,852	208,647	193,041	163,953	-15%
TOTAL RISK MANAGEMENT	211,852	208,647	193,041	163,953	-15%
CUSTODIAL/JANITORIAL/SERVICE					
SALARIES & WAGES	107,274	122,679	126,335	133,664	6%
PERSONNEL BENEFITS	45,947	55,567	61,239	63,801	4%
SUPPLIES	11,998	16,288	18,300	18,300	0%
OTHER SERVICES & CHARGES	7,287	22,915	18,625	21,625	16%
INTERFUND PYMT-SERVICES	33,141	33,034	-	-	0%
TOTAL CUSTODIAL/JANITORIAL SERVIC	205,647	250,483	224,499	237,390	6%
TOTAL CENTRAL SERVICES	635,291	675,744	686,298	660,782	-4%



POLICE DEPARTMENT

Appropriations \$ 2,552,246
FTE's – 20.8

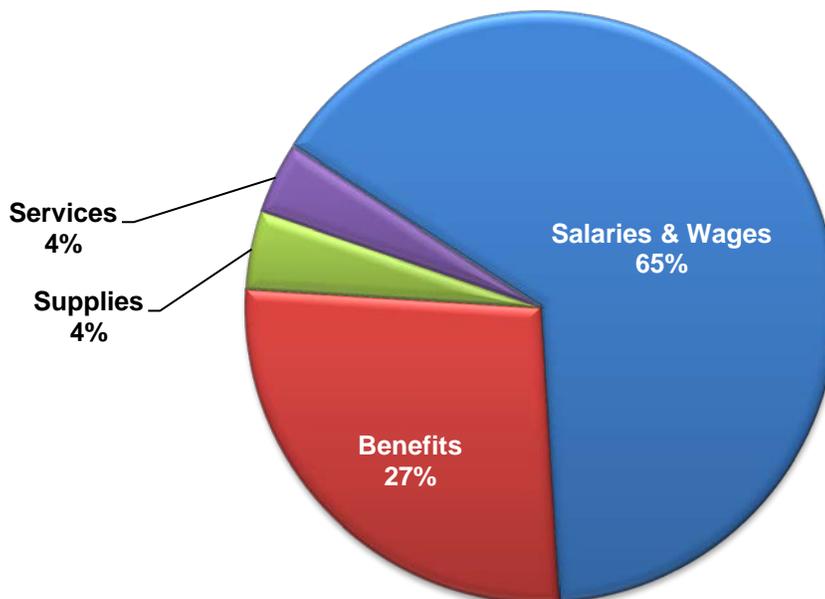
The Police Department Mission and Purpose:

The City of Poulsbo Police Department has been established to preserve the public peace, prevent crime, detect and arrest violators of the law, protect life and property, and enforce criminal laws of the State of Washington and the City of Poulsbo Municipal Code.

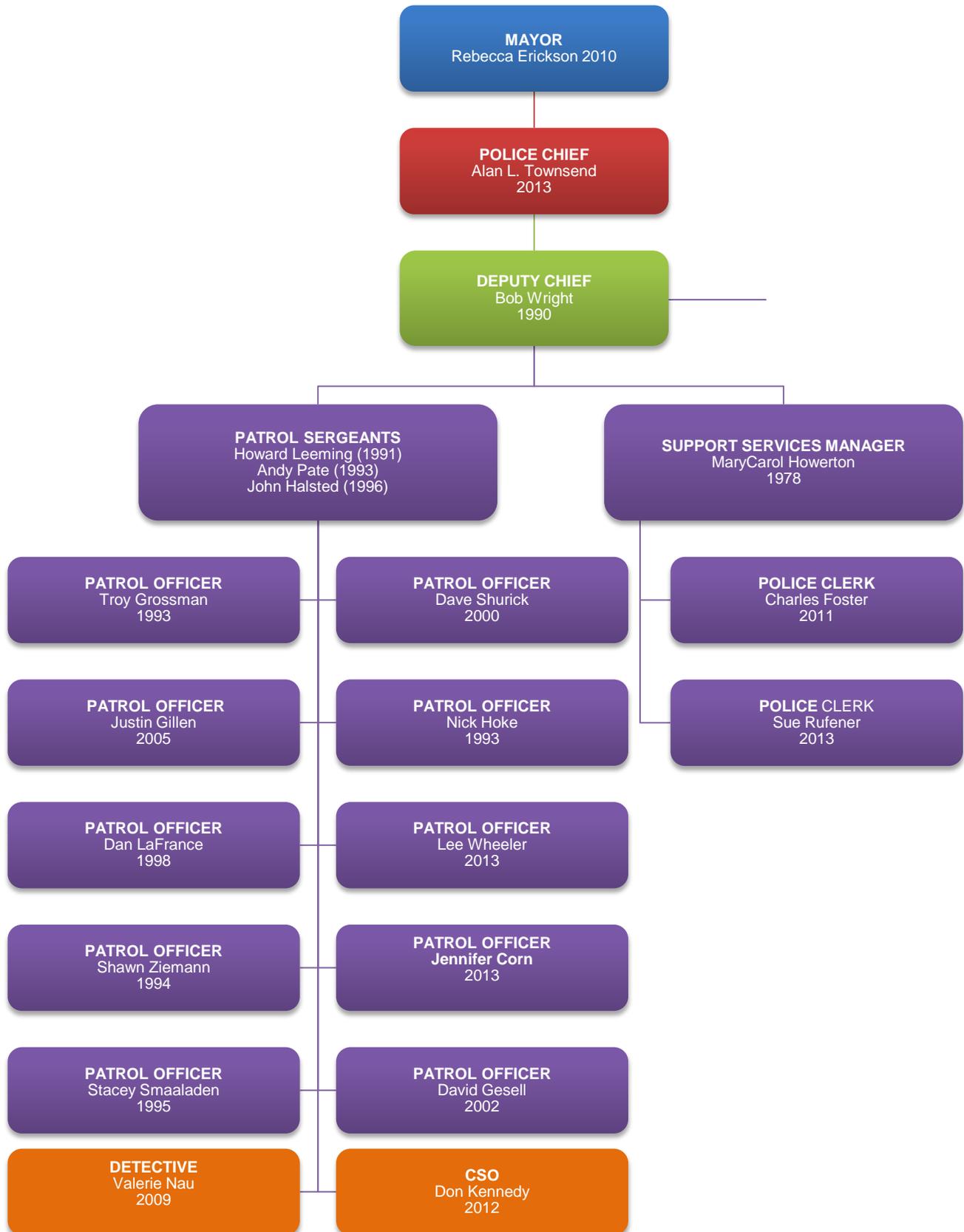
Public Safety Committee:

Connie Lord
Jeff McGinty
Ed Stern

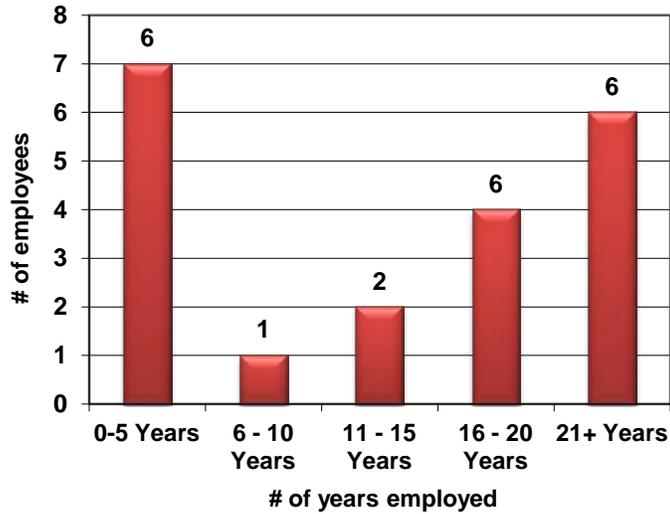
Police Department Uses



THE ORGANIZATION OF THE POLICE DEPARTMENT



**Police Dept Employee Longevity
19.6 FTE's**



POSITION	2010	2011	2012	2013	2014
Police Chief	1	1	1	1	1
Deputy Chief	1	1	1	1	1
Sergeant	3	3	3	3	3
Patrol Officer	11	10	10	10	11
Detective	1	1	1	1	1
Support Services Manager	1	1	1	1	1
Police Clerk	3	2	2	1.5	2
Evidence Room Manager	0	0	0	.5	0
Community Service Officer	0	0	0	.6	.8
<i>Total Police Department</i>	<i>21</i>	<i>19</i>	<i>19</i>	<i>19.6</i>	<i>20.8</i>

PROGRAM DESCRIPTION:

The Poulso Police Department consists of a highly qualified and professionally trained group of women and men. The goal of the Officers is to help maintain the high quality of living that has come to be expected in Poulso. This standard is maintained by providing a safe environment for both the citizens and visitors of Poulso.

SERVICES PROVIDED:

Services provided by the police department include but are not limited to:

- Responding to 911 calls and citizen requests for assistance
- Documenting crimes
- Arresting suspects
- Criminal Investigations
- Enforcing traffic laws with the goal of public safety
- Investigating collisions
- Providing public record information
- Vacation house checks

STAFFING:

The field operations of the Poulso Police Department consist of 11 Patrol Officers being supervised by three Sergeants. Additionally, there is one Detective assigned to follow-up felony cases, monitor sex offenders, and provide crime prevention training.

During the last quarter of 2013 there were several staffing revisions achieved to accommodate Departmental needs. The Police Records – Evidence staff were reorganized to move evidence control back into the police department and allow information technology staff to refocus on those needs.

The police department maintains a part-time Community Service Officer that is responsible for court room security, management of the electronic home monitoring program, and a parking enforcement pilot program in the downtown core.

The City of Poulso enjoys several festivals throughout the year. Staffing these festivals would be very difficult without the assistance of the Poulso Police Reserve unit and the Volunteers in Policing (VIP) unit. The Reserve Officers serve the citizens as a volunteer force. They are formally trained officers that donate a minimum of sixteen hours of patrol time per month, some of them much more. The Reserve

unit members as a whole donate hundreds of hours of their personal time with the result being a savings of tens of thousands of dollars. The dedicated work of the Reserve Officers results in a safer Poulso. Unfortunately, it has become more and more difficult to fill these positions as the time requirements are significant to reach certification putting added stress on an already stretched fulltime officer base.

As depicted in the chart above, the Poulso Police Department has sustained staffing and program cuts between 2009 and 2012 due to a decreased Salaries and Benefits budget. The goal for the last quarter of 2013 and for 2014 is to try to recover positions lost from those budget cuts and reach pre-recession staffing levels again. A New Program Request was approved for 2014 adding a new Patrol Officer.

SUPPORT SERVICES

The Support Services Unit consists of the Manager as well as two Police Records – Evidence staff. The Administrative Support Unit is tasked with supplying records management, which includes all communications with the Court and various law enforcement entities throughout the area. Additionally, this unit manages all property and evidence booked into the police department as well as assists with finger printing services. The Support Services Unit is critical to the Department's success by maintaining the flow of information between the public, the Prosecutor's Office, the Courts and Kitsap County Jail.

RELATED DEPARTMENT ACTIVITY

The Police Department is very proud of its active group of "VIPS" or Volunteers in Police Services. The national VIPS program serves as an avenue to greater resources specifically for volunteer police programs of all kinds. The Citizen Volunteers patrol the City and routinely assist in many ways to help keep our streets safe. Citizen Volunteers assist during every special event with traffic control; they also assist by providing vacation house checks for residents whom are away. Our Citizen Volunteers routinely enforce disabled parking regulations. Critical to the success of the department is the fact that the Citizen Volunteers provide an invaluable service in that they report suspicious activity or crimes in progress during patrol. The Poulso Citizen Volunteers donate hundreds of hours, which if compensated would cost taxpayers tens of thousands of dollars.

2013 PROGRAM ACCOMPLISHMENTS

The highlight of 2013 accomplishments is best noted in staffing changes in the department. A new police chief joined the department in April bringing new ideas and a renewed energy to the department. Since then the department has been able to fill 2 police officer positions with incredibly talented staff. The department also recruited and hired a new records-evidence staff member.

The Poulsbo Police Department Crisis Intervention Team continues to set the standard for other agencies in the county and the state. Currently Poulsbo leads a group working to redesign the way law enforcement responds to persons with mental illness.

The department continues to look at ways to be more efficient and share those efficiencies with other departments in the county to reduce duplication.

The Suquamish Tribal Mitigation Funds will be received in late 2013 or early 2014 for the purpose of purchasing a police motorcycle to increase the department’s tools in traffic safety.

The department is currently in the process of working to provide more services at the service desk and through the department’s website; such as concealed pistol licenses that Poulsbo citizens in the past had to obtain in Silverdale from the sheriff’s office. Also, new reporting methods for traffic complaints, crime tips, and other reporting options are being developed to allow these types of services through the web.

The Poulsbo Police Department has instituted an email notification system to provide crime updates, crime prevention tips, and other pertinent news to members of the community who subscribe. The department also has activated a twitter social media site to provide timely information to citizens. Both have been very well received by the community.

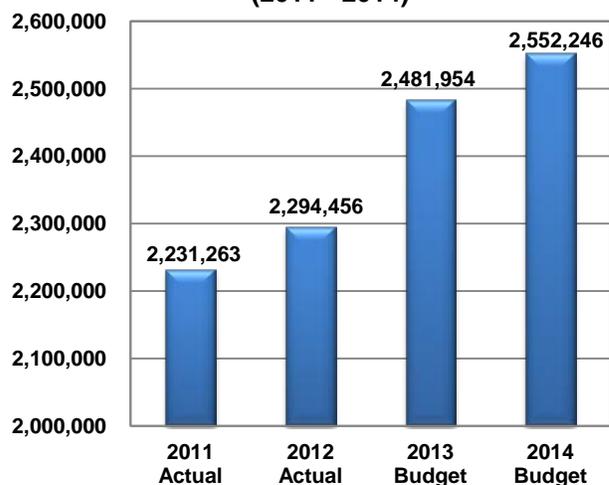
MARINE PATROL UNIT

The Marine Unit was awarded a grant from the Washington State Parks Department and also received funding allotted through the Washington State Vessel Registration program. The Marine unit has been working diligently to increase on-water hours to improve boating safety on Liberty Bay, including additional manpower on the water during Viking Fest and the 3rd of July. New in 2013 was the addition of several visits by a cruise line to our community which was escorted into Poulsbo on each visit by the unit.

The Marine Unit is working on documenting derelict or abandoned boats that are moored in the bay. Owners will be notified of the violations with potential action being taken in accordance with the Poulsbo Municipal Code or Revised Code of Washington State.

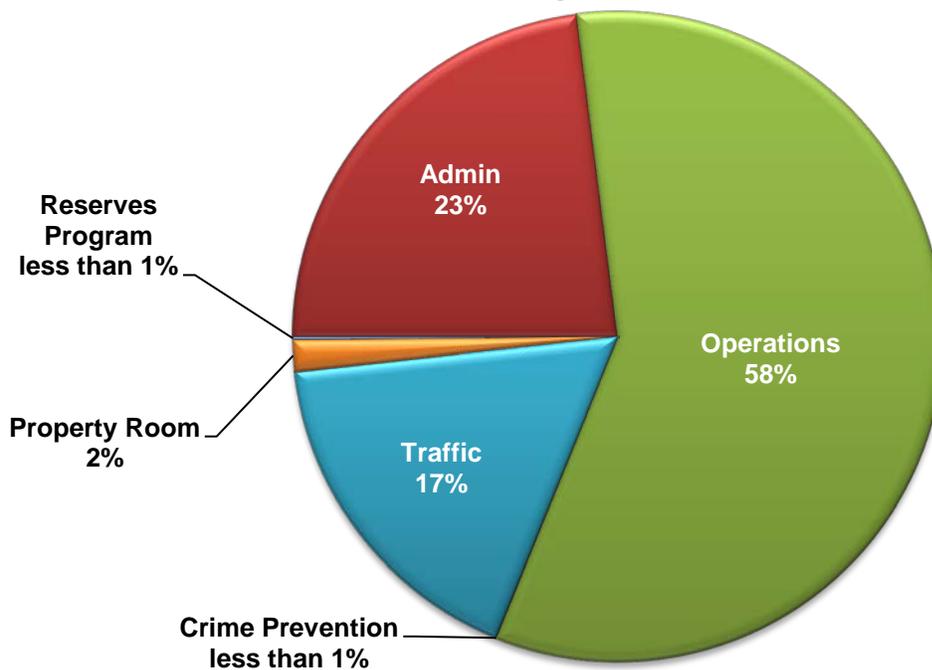


Police Budget (2011 - 2014)



Type of Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Case Reports	1,686	1,746	1,552	1,595	1,400	1,500
Citations Issued by Officers (Criminal, infractions, parking)	1,198	1,568	1,957	12,139	1,900	1,800
Prosecutor Complaints (Criminal)	238	235	205	153	250	250
Training Hours	1,707	2,238	611		800	1,000
Calls for Service	12,842	13,744	13,591	12,139	14,500	13,500
Motor Vehicle Accidents (ILEAD STATS)	173	347	164	182	200	200
Driving Under Influence (Total included in Criminal Citations)	59	84	77	50	75	50
Citizen Assist	737	786	438	514	500	550
Vacation House Checks	1,247	1,114	677	398	680	500
Handicap Parking Citations	45	96	85	100	90	100

Police Department Uses



POLICE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	1,343,842	1,406,907	335,239	356,760	6%
PERSONNEL BENEFITS	556,240	598,112	149,081	166,328	12%
SUPPLIES	49,313	38,196	48,015	32,000	-33%
OTHER SERVICES & CHARGES	38,315	25,737	25,776	31,600	23%
OPERATIONS					
SALARIES & WAGES	131,451	100,419	988,796	963,051	-3%
PERSONNEL BENEFITS	9,575	11,787	370,408	384,091	4%
SUPPLIES	57,817	56,962	45,404	73,500	62%
OTHER SERVICES & CHARGES	43,255	39,327	68,149	62,540	-8%
CRIME PREVENTION					
SUPPLIES	-	498	700	1,000	43%
OTHER SERVICES & CHARGES	168	936	-	-	0%
TRAFFIC					
SALARIES & WAGES	-	-	275,354	313,850	14%
BENEFITS	-	-	110,715	123,812	12%
PROPERTY ROOM					
SALARIES & WAGES	-	-	38,778	21,694	-44%
BENEFITS	-	-	14,864	12,271	-17%
SUPPLIES	-	-	1,500	1,500	0%
OTHER SERVICES & CHARGES	-	-	5,500	4,500	-18%
RESERVES PROGRAM					
BENEFITS	-	-	-	1,750	0%
SUPPLIES	-	-	2,875	1,000	-65%
OTHER SERVICES & CHARGES	1,287	-	800	1,000	25%
MARINE SAFETY PROGRAM					
SALARIES & WAGES	-	8,221	-	-	0%
BENEFITS	-	2,669	-	-	0%
SUPPLIES	-	3,922	-	-	0%
OTHER SERVICES & CHARGES	-	763	-	-	0%
TOTAL POLICE	2,231,263	2,294,456	2,481,954	2,552,246	3%



PUBLIC WORKS ADMINISTRATION

Appropriations \$ 450,508

FTE's 3.48

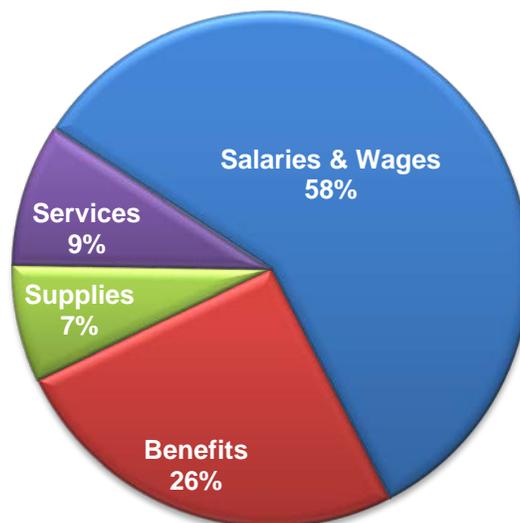
Public Works Administrative Department Mission Statement:

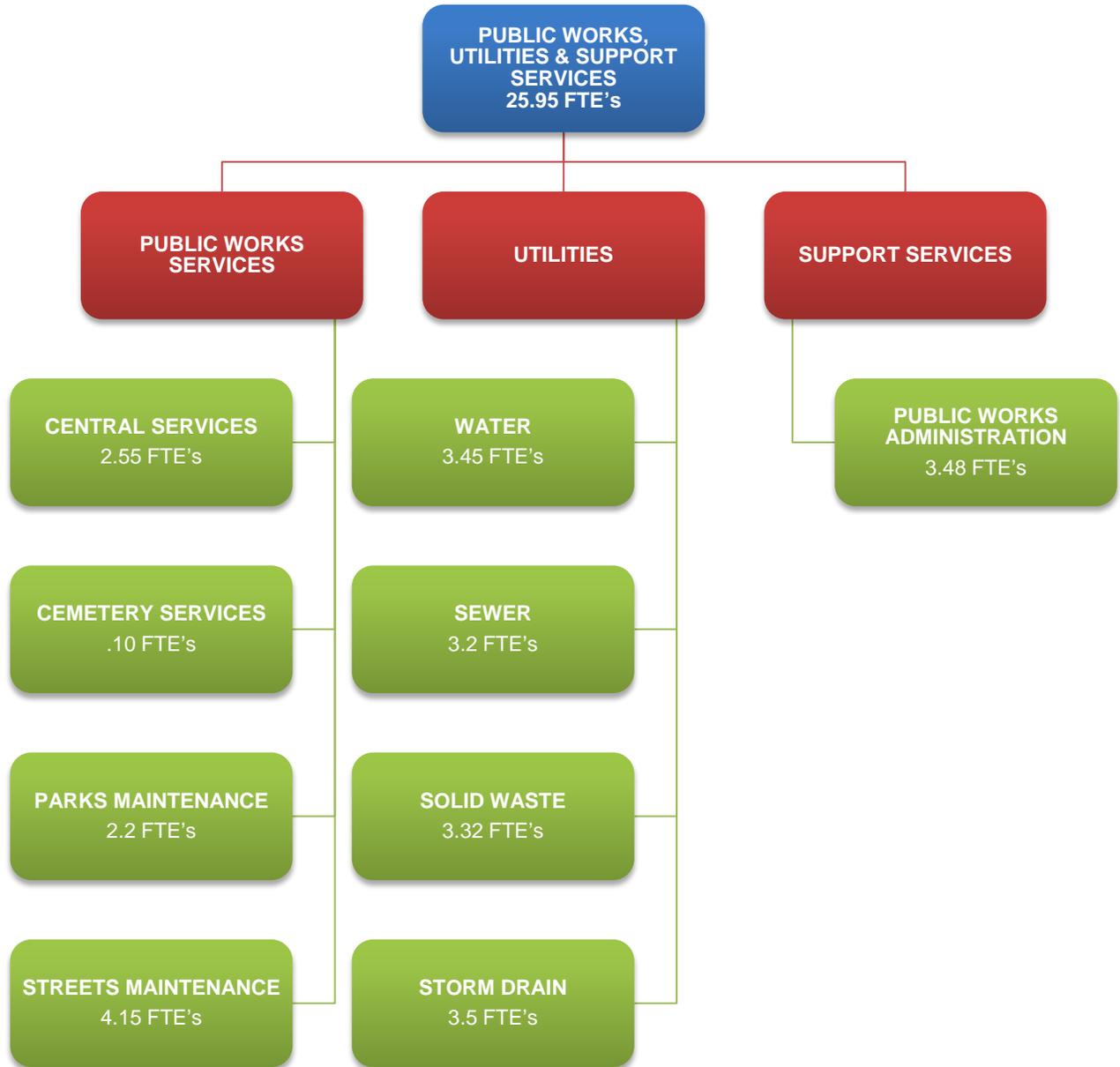
The mission of the Public Works Administrative Department is to provide support services to the Public Works Department. Responsibilities include management and supervision, budgeting and accounting, and purchasing and procurement of supplies, good and services.

Public Works Committee Members:

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Public Works Administration Uses





PUBLIC WORKS ADMINISTRATION

PROGRAM DESCRIPTION:

Public Works Administration is responsible for the overall supervision and administration of the Public Works Department.

Public Works Administration is responsible for the management and oversight of ten (10) different departments/sections. These include: **General Fund** activities associated with Central Services to include building maintenance, janitorial activities and maintenance activities associated with the Parks and the Cemetery; **Special Revenue Fund** activities associated with Streets; and **Proprietary Fund** activities associated with Water, Sewer, Solid Waste, Storm Drain and General Facilities (Mechanic/Shop).

Support activities associated with Public Works Administration include:

- Management and supervision of approximately 25.95 FTE's, engaged in the operation, maintenance and repair of the City of Poulso's public infrastructure including buildings and central facilities, streets, roadways, trails and sidewalks, water, wastewater, solid waste and stormwater facilities, services and equipment repair facilities.
- Preparation, management and monitoring of the department's annual budget.
- Comprehensive planning and administration of all public works capital improvements and equipment replacement programs.
- Financial administration and management of Public Works activities to include, but not limited to, payroll preparation, work order and project cost accounting, processing of accounts receivable and payable.
- Allocation of overhead expenses to include management and supervision, insurance expenses, general fund expenses and other allied expenses to the benefiting departments.

2013 Program Highlights:

- Continued update of City web site.
- Continued staff support to other City departments.
- Continued plan design review for developer projects.
- Continued updating the utility AutoCAD drawings.

STAFFING:

In 2014 the Engineering and Publics Works departments were restructured with the elimination of the Public Works Director position. Staffing associated with Public Works Administration now includes 3.48 full time equivalent positions (FTE's). This includes a City Engineer partially allocated, an Office Manager, an Office Clerk and a portion of the City Mechanic. Public Works Administration is under the supervision of the City Engineer.

2014 EXPENSES:

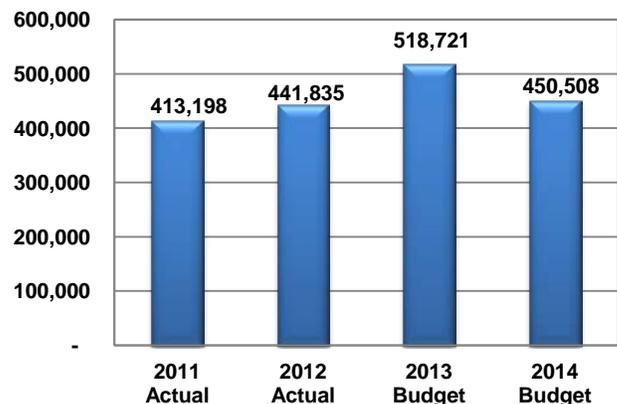
The year 2014 administrative management program will be a continuation of the year 2013 program and will include the administration, management and supervision of Public Works Departments. Expenditures for 2014 for the administration of the Public Works Department are estimated to be approximately \$450,508.

2014 Capital Improvement and Equipment

The capital improvement program for year 2014 is estimated to be \$100,000 and includes the following project:

- PW Complex Relocation (\$100,000) (This expense will be allocated throughout functions supported by Public Works.)

Public Works Administration Budget (2011 - 2014)



Type of Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of work orders processed	248	202	203	210	208
Utility Change of Ownership /New and change of service	653	759	651	660	650
Clean-up Dumpsters	356	300	306	310	310

<i>PW ADMIN</i>					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	271,279	285,342	320,542	262,331	-18%
PERSONNEL BENEFITS	104,978	115,249	124,944	114,941	-8%
SUPPLIES	11,204	9,623	33,100	33,100	0%
OTHER SERVICES & CHARGES	25,737	31,621	40,136	40,136	0%
TOTAL PW ADMIN	413,198	441,835	518,721	450,508	-13%

ENGINEERING DEPARTMENT

Appropriations \$ 499,572

FTE's – 7.05

Mission Statement

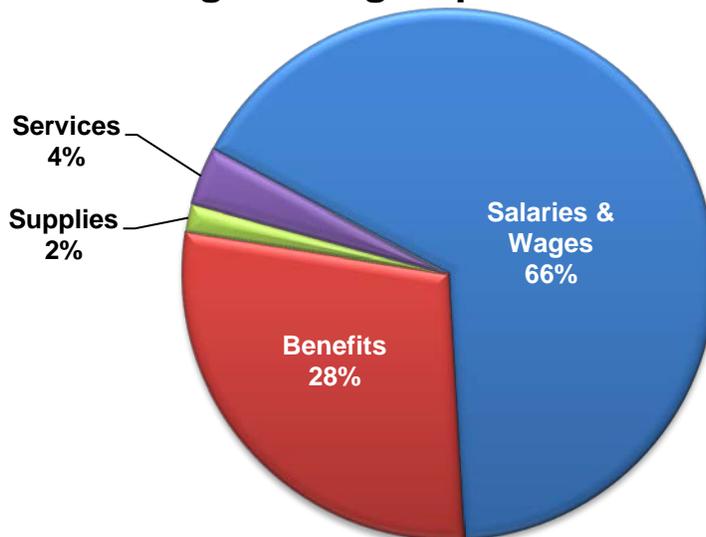
The City of Poulsbo Engineering Department strives to support the City's Vision Statement and promotes public health, safety, and welfare by:

- *Assisting in the development of the City's existing sewer, storm, water and street infrastructure;*
- *Ensuring that new projects meet City standards;*
- *Accomplishing our work in a professional, timely, and cost-effective manner.*

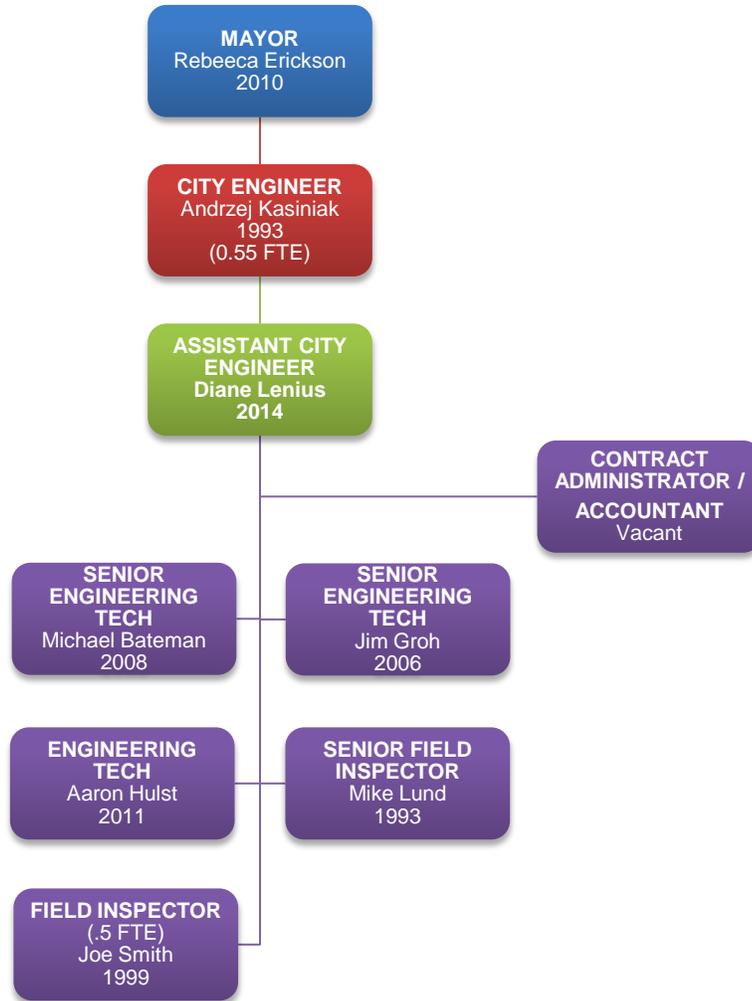
Public Works Committee

Linda Barry-Marist
Jeff McGinty
Gary Nystul

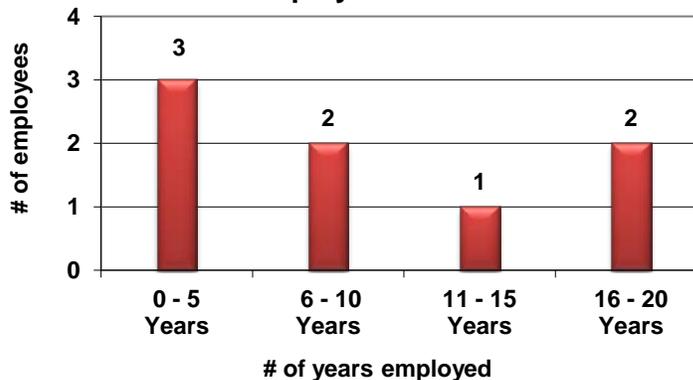
Engineering Department Uses



ORGANIZATION OF THE ENGINEERING DEPARTMENT



**Engineering Department Employee
Longevity
8 Employees/7.05 FTE's**



ENGINEERING DEPARTMENT STAFFING					
<i>POSITION</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Public Works Director	.125	.125	.125	.125	0
City Engineer	1	1	1	1	0.55
Assistant City Engineer	0	0	0	0	1
Contract Administrator/Accountant	1	0	0	0	1
Office Clerk	.45	0	0	0	0
Senior Engineering Technician	2	2	2	2	2
Engineering Technician	0	1	1	1	1
Senior Field Inspector	1	1	1	1	1
Field Inspector	.5	.5	.5	.5	.5
Total Engineering	6.075	5.625	5.625	5.625	7.05

PROGRAM DESCRIPTION:

The Engineering Department provides services to the public and other City departments in the following areas:

- Regional Transportation Planning
- City Long Range Planning
- Current Planning
- Contract Administration
- Construction of Public Facilities
- Construction of Private Facilities

SERVICES PROVIDED:

The Engineering Department provides technical assistance to Kitsap County Regional Coordinating Council; develops the City comprehensive sanitary sewer, water, storm water and transportation plans; provides contract management services to several City departments; implements the City's Capital Improvement Plan (CIP); reviews land use applications and performs field inspections and material testing; processes utility extension agreements, right of way and site construction permits, right of way vacation requests and local improvements district applications.

The Engineering Department takes pride in striving to provide courteous and professional treatment of its customers with a quick turn-around of applications and permits.

In 2013 a grant was received to provide professional service funds for the development of a County wide Multi-Modal Transportation Plan.

STAFFING LEVEL:

The City Engineer manages the Engineering Department. The Engineering Department consists of 7.05 full-time positions: City Engineer (0.55 FTE), Assistant City Engineer, Contract Administrator, Engineering Technician, two Senior Engineering Technicians, a Senior Field Inspector, and a Field Inspector who is shared half time with Public Works functions.

2013 ACCOMPLISHMENTS:

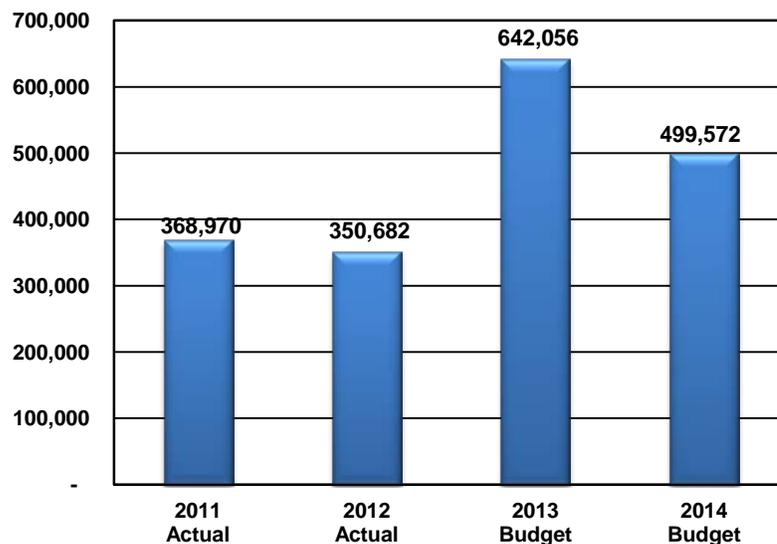
- Continued to review land use applications for conformance with City standards.
- Moved stale projects forward to final plats.
- Completed construction of Anderson Parkway stormwater retrofit, Big Valley Water Main Replacement, 6th Avenue LID Improvements project, and the SR305 Intersection Lighting Project.
- Completed design work on the Lincoln Road Improvements and 6th & 9th Avenue Pump Station projects.
- Continued design work on Bond Rd/7th/8th/Hostmark Pavement Preservation, Liberty Bay Waterfront Trail, Central Business District LID Improvements, and the 3rd Avenue Improvements projects.
- Completed study of Kevos Pond/Ridgewood stormwater basin.
- Staff completed multiple training courses through WSDOT and other opportunities to ensure our ability to comply with state and federal regulations.

2014 GOALS AND WORK PLAN:

- Continue to review land use applications, right-of-way permits, right of way vacation requests, public information requests and other private land use actions for conformance with City standards.
- Continue to support completion of permitting and construction of proposed plats and commercial distressed properties.
- Maintain current turn-around time for private development projects.
- Plan for and develop public works projects on the Capital Improvement Plan.
- Continue to inspect and monitor private construction projects. Incorporate new commercial stormwater monitoring requirements.
- Complete revisions to City construction standards and complete updates to PMC titles 15, 17 and 19.
- Complete concurrency ordinances; revise latecomer agreement ordinance.
- Develop plans, specifications and estimate for the 3rd Avenue Reconstruction project and Liberty Bay Trail project.
- Construction projects for 2014:
 - 6th & 9th Avenue Pump Station Upgrade
 - Lincoln Road Improvements
 - Central Business District/3rd Avenue Improvements
 - Bond Road/7th/8th/Hostmark Pavement Preservation
- Continue to develop the Public Works Transfer Station project.
- Continue to monitor and apply for grants for planning and infrastructure improvements throughout the City.
- Support the City Council goal to create utility easements that include public pedestrian access.
- Continue to monitor storm system flooding and capacity issues, implement plans to resolve issues.
- Complete Water Comprehensive Plan Update.

Engineering Department

(2011-2014)



CONTRACTING WORKLOAD MEASURES					
Type of Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Awarded from Small Works Roster	2	3	1	2	2
Formal Bids	3	3	2	5	4
Consultant Agreements	5	6	6	4	6

LAND USE, PERMIT AND INSPECTION WORKLOAD					
Type of Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Right of Way Permits	49	43	47	50	45
Land Use Applications – Reviewed, Conditions or Comments written	59	42	48	50	55
Grading-Site Construction Permit/Application	9	6	10	6	10
*Commercial Sites – Land use applications	5	4	5	8	8
*Residential Sites – Land use applications	14	4	6	6	7
Engineering Services Revenue	\$39,707	\$46,232	57,551	\$55,000	60,000
*Does not include storm detention ponds or storm vaults					
*Commercial and Residential site development inspections occur on a daily basis. Inspections for structures occur when scheduled.					

ENGINEERING (TRANSPORTATION MANAGEMENT)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	251,118	238,880	263,584	331,254	26%
PERSONNEL BENEFITS	93,840	93,143	108,054	142,147	32%
SUPPLIES	7,813	4,670	8,428	8,428	0%
OTHER SERVICES & CHARGES	16,199	13,989	261,990	17,743	-93%
TOTAL ENGINEERING (TR MGNT)	368,970	350,682	642,056	499,572	-22%



PARKS/CEMETERY PROGRAMS

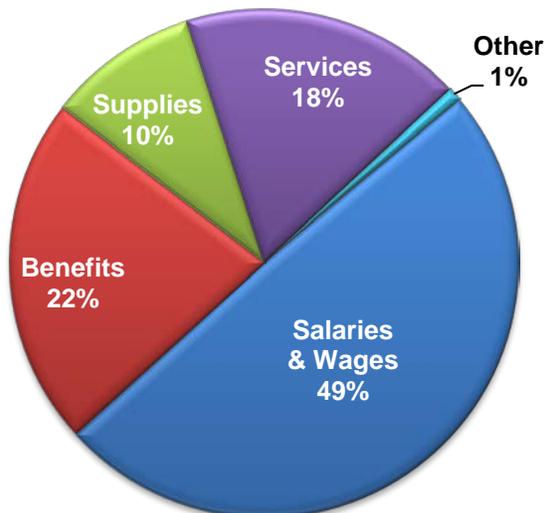
Parks' Appropriations \$ 307,604
FTE's – 2.20

Cemetery Appropriations \$ 9,344
FTE's - .1

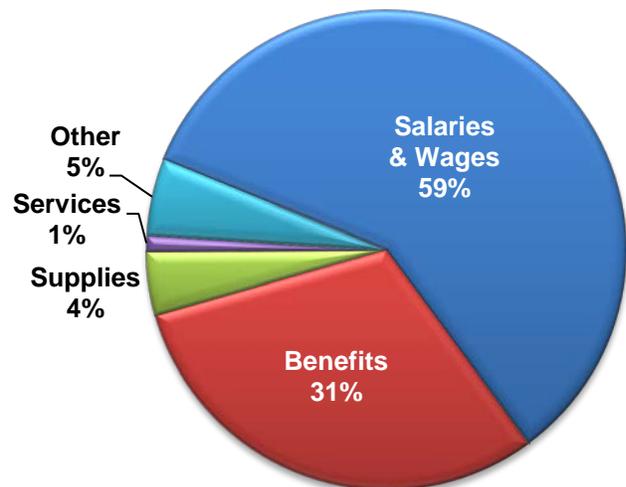
Public Works Committee:

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Parks Department



Cemetery Department



PARKS DESCRIPTION/SERVICES:

The Parks program, under the direction of the Public Works Superintendent, is responsible for the management and maintenance of the City of Poulso's municipal parks. The City's parks provide a high quality and safe recreational experience for both citizens and visitors.

Poulso has 19 city parks/open spaces as well as 3.75 linear miles of trails.

Facilities available within the City park system include one full size tennis court, and two combination basketball courts, boat launch, exercise trails, three picnic shelters, grilling facilities at five parks, a waterfront gazebo, and an off-leash exercise area known as the "Bark Park." Restroom facilities are maintained at 5 parks; playgrounds at 7 parks, a skate park, stage, and Dog Park located within Raab Park.

The city has intensified the development of parks and recreational areas resulting in significant increase in the demand for maintenance services. Maintenance of these facilities is a labor intensive activity. During summer months, routine maintenance activities significantly increases, and the Public Works Department increases staffing with casual labor to augment regular employees.

The City is currently handling all requirements for routine custodial services for the restrooms, servicing of public trash receptacles, maintaining street trees and planters, and furnishing and maintaining flower baskets and other landscaping services. This includes maintaining downtown flower beds, maintenance of City Hall landscaping and parking lot, and dog waste issues. The City has two live on site caretakers, one at Raab Park and one at Nelson Park that help with maintaining grounds, restrooms, the picnic shelter and Dog Park.

STAFFING:

Staffing associated with the parks maintenance function includes 2.20 fulltime equivalent positions (FTE's). The Public Works Superintendent supervises these positions. Two Ground Maintenance Techs and a .15 FTE Foreman are allocated to the Parks, and a portion of the City Mechanic.

2013 Operations & Maintenance Program Highlights:

- Addressed numerous vandalism issues in all city parks.
- Watered many newly planted trees/plants.
- Continued maintenance on the Boardwalk as needed.
- Replaced the Gazebo floor at Liberty Bay Park.
- Assisted Arbor Day tree planting.
- Met with citizen volunteers to plan Earth Day litter clean-up project.
- Continued the Park's program associated with the scheduled maintenance and repair of all park's facilities. This includes cleaning of restrooms, grounds maintenance, mowing, and weekly inspections of park facilities to ensure safety, and compliance with applicable guidelines and regulations.
- Continued support of the Fish Park project.
- Coordinate with Parks & Rec regarding special events.
- Replaced steps at Raab Park trail & 11th Ave.
- Replaced Skate ramp sheeting.
- Improvements to asphalt path at Legion Park
- Added more supports to Board Walk

2014 Projects/Programs:

A number of projects are planned for the operations and maintenance of city parks for 2014, including:

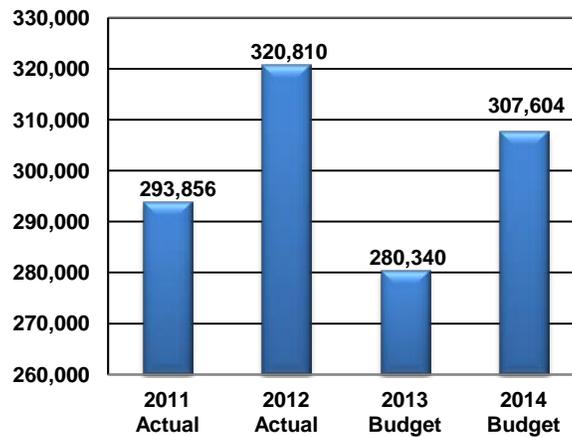
- Fish Park Restoration
- Poulso Fish Park Property Expansion
- Continuation of scheduled maintenance and routine repairs for all park facilities
- Raab Park Stage repairs or replacement.
- Replace seating at Gazebo at Liberty Bay Park.

PARKS' EXPENDITURES:

The year 2014 repair and maintenance program will be a continuation of the 2013 program and will include the maintenance and repair associated with the City of Poulso Parks and open spaces. Expenditures for the year 2014 accounting period for repair and maintenance are estimated to be approximately \$307,604.

The reduction in 2013 expenditures is attributed to a new indirect allocation formula and recording of Public Works Administration in the General Fund.

**Park Expenditures
(2011-2014)**



PARKS/OPEN SPACES TRAILS INCLUDED:

Liberty Bay Park	Lions Park	American Legion Park
Betty Iverson Kiwanis Park	Frank Raab Park- Caretaker maintained	Wilderness Park
Austerbruin Park	Forest Rock Hills Park	Hattaland Park
Oyster Plant Park	Mitchusson Park	Centennial Park
Net Shed Vista Park	Poulsbo's Fish Park	Nelson Park – Caretaker maintained
County Road 59 Trail	Moe Street Trail	
Olhava Park #1	Olhava Park #2	

PARKS' DEPARTMENT WORKLOAD MEASURES

Type of Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Number of parks, open spaces and trails maintained	17	17	17	17	19**	19**
Acres of parks/open space maintained	66.5	66.5	66.5	66.5	67.5	67.5
Acres of parks mowed	13.5	13.5	13.5	13.5	16.5	16.5*
Vandalism/malicious mischief reports	25	15	14	17	15	15

*Indicated increase due to Centennial Park

**Indicates increases due to College Market Place & additional open spaces

PARKS MAINTENANCE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	117,859	135,485	130,982	151,820	16%
PERSONNEL BENEFITS	54,252	60,629	63,863	68,390	7%
SUPPLIES	15,340	22,000	28,363	29,563	4%
OTHER SERVICES & CHARGES	53,000	49,453	54,400	55,100	1%
INTERGOVERNMENTAL SERVICES	2,731	2,731	2,731	2,731	0%
INTERFUND PYMT-SERVICES	50,674	50,511	-	-	0%
TOTAL PARK MAINTENANCE	293,856	320,810	280,340	307,604	10%

CEMETERY PROGRAM:

MISSION STATEMENT:

The mission of this program is to provide the continued maintenance and upkeep of the City of Pouslbo’s Municipal Cemetery.

PROGRAM DESCRIPTION:

The program, under the direction of the Public Works Superintendent, is responsible for the maintenance and upkeep of the municipal owned cemetery located on Caldart Avenue. Sales and records are under the Direction of the Public Works Office Manger.

Activities include:

- Continuous updating of cemetery records and CAD mapping.
- Work with families researching burial locations of family members.
- Meet with parties/families to show what is available to those interested in purchasing plots at the cemetery.
- Plot locating and marking for local funeral homes for burials and monument companies for the placement of headstones and/or monuments.
- Maintenance and upkeep of the facilities including grave markers and grounds
- Assist the public and genealogy groups in records research and investigations
- Mowing and general site maintenance

Revenues received from the sale of cemetery plots are recognized in Cemetery Reserves (Fund 314).

STAFFING:

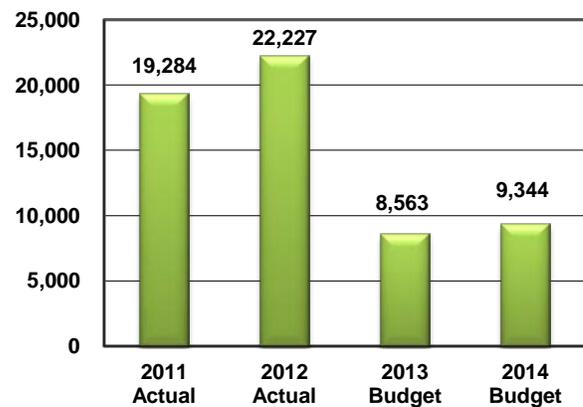
Maintenance of the cemetery is accomplished utilizing regular and casual labor supervised by the Office Manager and the Assistant Public Works Director.

EXPENDITURES:

The year 2014 program will be a continuation of the 2013 program and will include the administration, management and supervision of the department. Expenditures for the year 2014 accounting period for repair and maintenance are estimated to be approximately \$9,344.

The reduction in expenditures after 2012 is attributed to a new indirect allocation formula and recording of Public Works Administration in the General Fund.

**Cemetery Expenditures
(2011-2014)**



CEMETERY MAINTENANCE					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	4,958	6,965	5,244	5,494	5%
PERSONNEL BENEFITS	2,449	2,946	2,804	2,870	2%
SUPPLIES	-	445	400	400	0%
OTHER SERVICES & CHARGES	92	102	100	100	0%
INTERGOVERNMENTAL SERVICES	29	50	15	480	3100%
INTERFUND PYMT-SERVICES	11,756	11,719	-	-	0%
TOTAL CEMETERY	19,284	22,227	8,563	9,344	9%



PLANNING & BUILDING DEPARTMENT

Appropriations \$ 678,056
FTE's – 6.55

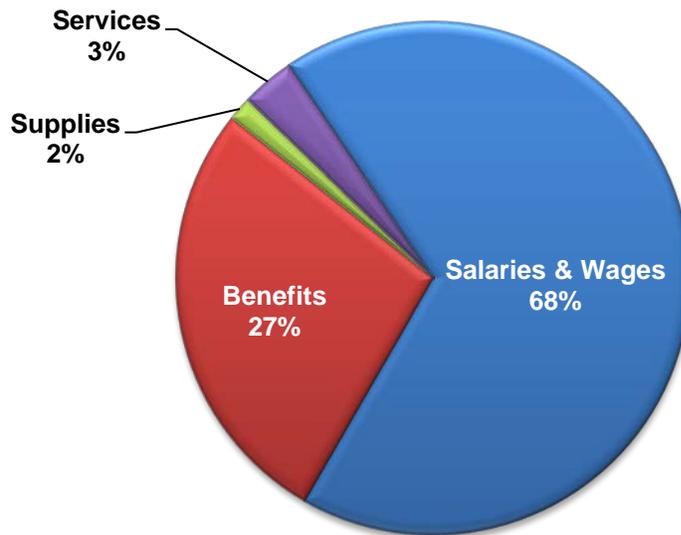
Mission Statement

Our mission is to provide our customers with excellent service, while serving the Poulsbo community - our client - with the highest degree of professionalism. We accept responsibility to continually search for more effective and efficient ways to accomplish our job. We are proud of the City of Poulsbo and our job is to help the City accomplish its vision.

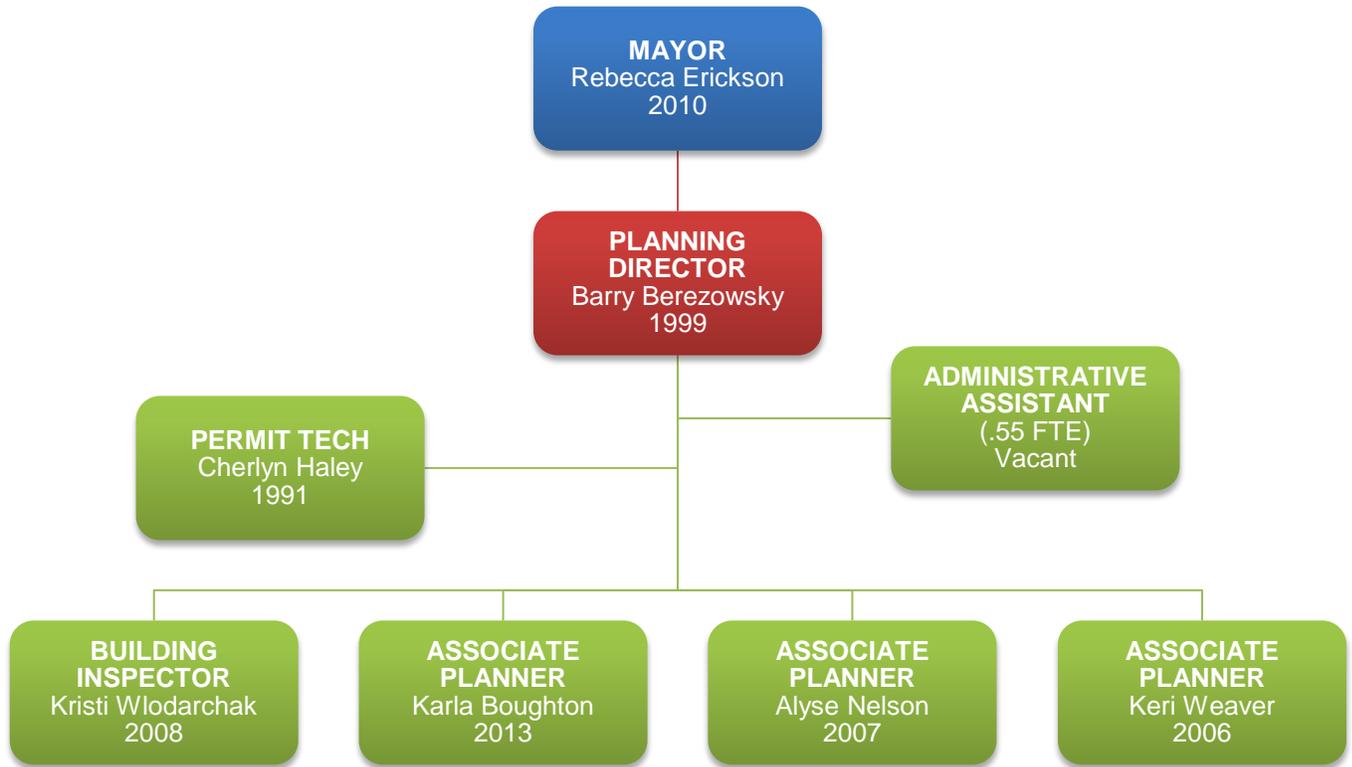
Economic Development:

Linda Berry-Maraist
David Musgrove
Ed Stern

Planning Department Uses



THE ORGANIZATION OF THE PLANNING & BUILDING DEPARTMENT



**Planning Dept Employee
Longevity
(2013 - 6.55 FTE's)**



Planning & Building Dept Section Staffing (FTE's)					
POSITION	2010	2011	2012	2013	2014
Planning Director	1	1	1	1	1
Senior Planner	1	1	0	0	0
Assoc Planner	2	2	3	3	3
Admin Assist	1	1	.55	.55	.55
Office Clerk	0.45	0.45	0	0	0
Permit Technician	1	1	1	1	1
Building Inspector	1	1	1	1	1
TOTAL	7.45	7.45	6.55	6.55	6.55

PROGRAM DESCRIPTION/SERVICES:

The City of Poulsbo Planning and Building Department responds to issues regarding land development, population growth, and environmental quality and building construction. A key focus of the department is the maintenance of the City's Comprehensive Plan and implementing regulations in light of changes to State law and local issues. The department is also charged with enforcing the International Building Code. The department strives to build and maintain cooperative and productive relationships with both the private and public sectors.

The Planning and Building Department also participates in regional planning programs involving growth management and environmental issues. Other important functions of the department include: timely and thorough review of proposed development and construction projects, automated geographical mapping services, environmental protection, shoreline planning, community development, annexations, implementing and maintaining the City's new computer based permitting system and staff support to the City Council, City Planning Commission and Hearing Examiner.

STAFFING:

The Planning and Building Department has 6.55 FTEs. The Department staffing breakdown is: one full-time Building Inspector, one full-time Permit Technician, the Building Official/Planning Director, three Associate Planners and a part-time Administrative Assistant.

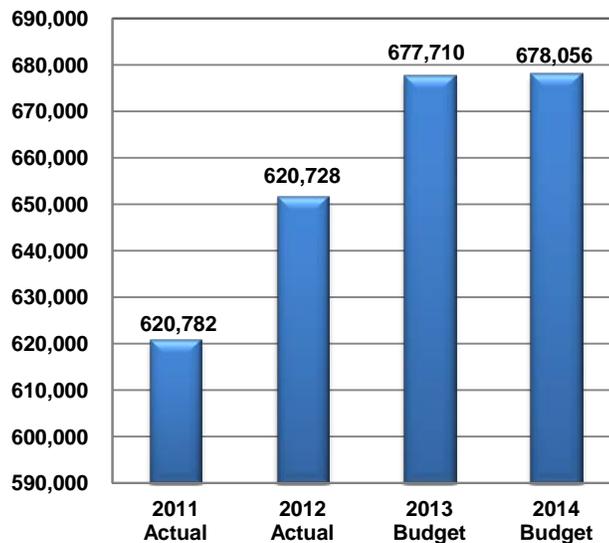
The Planning and Building Department staff performs work in the following areas: ongoing administration of land development and building codes and ordinances, comprehensive planning, geographical information system, mapping, ordinance review and amendment, participation in regional growth management efforts, water quality planning, Endangered Species Act, and regional coordination.

2013 SUMMARY OF PROGRAM ACCOMPLISHMENTS:

- Maintained development review performance time lines for land use permit review. While the complexity of applications continues to increase – building permit activity is up year-to-date, as are plan check revenues. Land Use permitting is flat year-to-date.
- Successfully defended an Central Puget Sound Growth Management Hearings Board (CPSGMHB) appeal of the City's Urban Paths of Poulsbo Plan and other amendments to the City's Comprehensive Plan.
- City Council adopted Phase 2 of Zoning Code amendments to implement the newly adopted Comprehensive Plan.
- Staff has initiated Phase 3 update of the City's development regulations.
- Processed 14 Comprehensive Plan Amendments.
- Amended Fee Schedule.
- Adopted a newly consolidated Code Enforcement Ordinance.

- Council adopted Emergency Ordinance regulation for Marijuana Collective Gardens and I-502 Producers, Processor’s and Retailers.
- Council Approved amendments to the Liberty Bay Marina Concomitant Agreement.
- Continued to provide staff and GIS support for the City’s Trail Committee.
- Maintained and updated the Department’s portion of the City’s web site.
- Conducted 7 zoning code enforcement actions, 22 public requests for information and copies of plans and/or reports, and posted 3 stop work orders.
- Continued to work on implementing a new software system, which is fully integrated with the Financial Software accessible to all City Departments.
- Supported the Planning Commission’s review of development review projects.
- Continued to assist the Public Works and Engineering Departments during permit review for various public works projects, such SEPA review and hydraulic permit assistance for the City’s culvert clearing/maintenance program and the new transfer station.
- Continued to assist the Parks and Recreation Department during project development and permit review for Fish Park and Centennial Park.
- Continued to represent the City at Kitsap Regional Coordinating Council (KRCC) Planning Director meetings and KRCC Policy Board meetings.
- Continued to coordinate with Kitsap County in reviewing development proposals in the unincorporated Urban Growth Area (UGA).
- Continued to review building permits for compliance with conditions of approval and/or Poulsbo Municipal Code/Zoning Code.
- Continued to review business license applications for zoning compliance.
- Planning Director continued to represent Kitsap County cities on the Puget Sound Regional Council’s (PSRG) Professional Tech Staff Committee.
- Continued to implement the International Building Code.

**Planning Dept Budget
(2011 - 2014)**



	Type of Measure	
	Number of Planning Permits	Zoning-Subdivision Revenue
2010 Actual	150	60,650
2011 Actual	81	60,000
2012 Actual	43	75,000
2013 Projected	43	75,000
2014 Projected	36	35,000

	Type of Measure	
	Building Permits Issued	Building and Structure Permit Revenue
2010 Actual	235	177,005
2011 Actual	202	201,607
2012 Actual	260	460,785
2013 Projected	150	325,000
2014 Projected	150	325,000

	Type of Measure	
	CO's Issued	Residential/Commercial
2010 Actual	91	Single Family 59; Commercial 32
2011 Actual	64	Single Family 31; Commercial 33
2012 Actual	102	Single Family 79; Commercial 23
2013 Projected	44	Single Family 44; Commercial 0
2013 Projected	70	Single Family 65; Commercial 5

Type of Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Pre-Applications	12	14	11	11	10
Appeals	2	1	0	0	0
Site Plan Reviews	11	4	8	3	10
Preliminary Plats ¹	2	0	1	0	0
Short Plats	0	2	1	1	1
Shoreline Permits	2	1	0	1	2
Shoreline Exemptions	0	0	2	1	2
SEPA Checklists	17	8	10	2	13
Variances	0	0	0	0	0
Conditional Use Permits	1	0	2	0	0
Home Occupation Permits	0	2	2	1	2
Temporary Use Permits	0	3	1	1	1
Comprehensive Plan Amendments	11	0	**	5	**
PRD	0	0	0	0	2
Final Plats	1	2	1	0	0
Administrative Determination	0	0	1	0	2
Design Reviews ²	5	0	1	0	0
Other Planning Permits ³	16	10	10	3	4
Total permits ⁴	70	47	52	32	36
Zoning-Subdivision Revenue	60,650	74,725	48,680	31,195	35,000

¹Some plats are phased and therefore staff resources are needed to be committed over an extended time period. (i.e. Poulsbo Place; Olhava; Rose; Quadrant -Liberty Hill)

²DRB Done in conjunction with primary project permits since 2010.

³Other Planning Permits include: accessory dwelling units, annexations, unclassified actions, critical area permit and non-project grading and clearing permits.

⁴ The Planning Department reviews every building permit prior to issuance for compliance with either condition of approval and/or City Zoning Standards.

**No Projects

Type of Measure	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2013 Projected	2014 Projected
Public Records Request	23	55	25	55	36	25
Response to Complaints	18	15	12	8	5	5
Stop Work Orders Issued	0*	0*	5	3	2	2

*no data available

PLANNING & COMMUNITY DEVELOP.					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	427,695	437,655	451,992	459,513	2%
PERSONNEL BENEFITS	154,829	167,396	177,797	185,621	4%
SUPPLIES	7,886	6,153	10,228	10,228	0%
OTHER SERVICES & CHARGES	30,373	40,250	37,693	22,693	-40%
TOTAL PLANNING	620,782	651,454	677,710	678,056	0%



PARKS AND RECREATION DEPARTMENT

Operating Appropriations \$ 735,151
FTE's – 6.17

Mission Statement:

The mission of the Parks and Recreation Department is to promote the quality of life by serving the community's needs for quality and affordable educational and recreational programs, parks and services to all residents and visitors.

Youth and Adult Recreation and Enrichment Programs

Learn and Grow Preschool

Sports Programs

Park Rentals

Park Acquisition & Development **Urban Forestry**

Community Partnerships

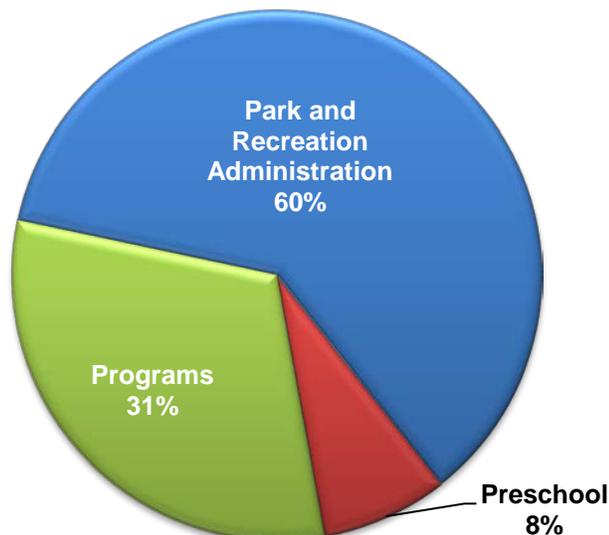
Special Events

Lodging Tax Projects

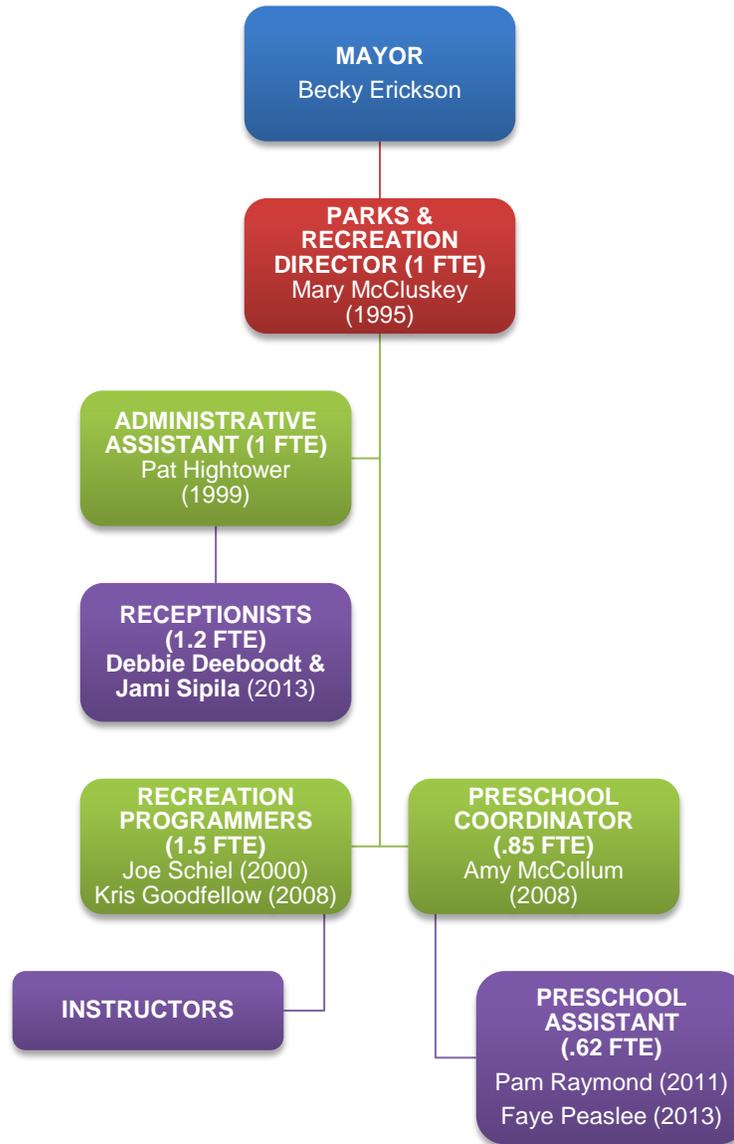
Community Services Committee:

Connie Lord
Linda Berry-Maraist
Jim Henry

Park and Recreation Uses



THE ORGANIZATION OF THE PARK & RECREATION DEPT



**Parks & Recreation Dept Employee Longevity
(9 Employees/6.17 FTE's)**



Parks and Recreation Section Staffing (FTE's)					
<i>POSITION</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Park & Rec Dir	1	1	1	1	1
Preschool Coordinator	.85	.85	.85	.85	.85
Administrative Assistant	1	1	1	1	1
Recreation Programmer	1.5	1.5	1.5	1.5	1.5
Preschool Assistant	.62	.62	.62	.62	.62
Receptionist	1.6	.9	.9	1.2	1.2
<i>TOTAL</i>	<i>6.57</i>	<i>5.87</i>	<i>5.87</i>	<i>6.17</i>	<i>6.17</i>

RESOURCES:

There are three sources of revenue generated by Parks and Recreation, including: user fees charged to class participants, user fees charged to pre-school students, and rent revenue. User fees cover approximately 70% of all expenses.

STAFFING:

The department has two divisions: Administrative and Recreation Programs. There are 6.17 FTEs.

Administrative:

The **Parks and Recreation Director** performs a variety of professional and administrative work in planning, developing, scheduling, directing and implementing a year-round, citywide parks and recreation program, obtains grants for park acquisition and development, and staffs the Poulso Tree Board, Poulso Park and Recreation Commission, and the Lodging Tax Advisory Committee. The office is managed by the **Administrative Assistant** who supervises the **receptionists** and daily operations of the office, manages department finances, and coordinates with customers, employees and other city departments.

Recreation Programs:

Two Recreation Programmers lead the development, implementation and evaluation of recreation programs for all age groups. All age ranges are provided products in the arts, language, music, sports, adventure, summer camps, and special events. Most programs and classes have numerous categories to reach and engage the very young to the more experienced citizens. The programmers hire a variety of part-time instructors, recreation aides and independent contractors to implement the programs.

The **Preschool Coordinator** develops, implements, and evaluates programs for preschool aged children, supervises the part-time Preschool Assistants, and is the lead teacher in the Learn and Grow Preschool. The school has 56 children in four age appropriate programs.

**RECREATION PROGRAM:
2013 ACCOMPLISHMENTS:**

The Parks and Recreation Department not only provides a variety of recreation programs for the citizenry, but continues to build community relationships with a variety of agencies, businesses, non-profit organizations, and individuals. We have accomplished many of our main goals including:

- Providing citizens with a variety of enjoyable leisure opportunities, which are accessible, safe, well organized, physically attractive and well maintained. Recreation programs are often trendy, and programs created are through citizen request or have proven popularity elsewhere.
- Online Registration: By far, the department's biggest success in 2013 has been the implementation of an online software system. After much research, a program called Rec1 was selected and executed September 3, 2013. Patrons are now able to register from home for most recreational programs.
- Social media, primarily Facebook, is being used consistently from this department. Keeping the information in front of people's eyes is a positive and effective marketing tool.
- Increased partnerships with local businesses who also offer recreational experiences. Expanded class offerings include InMotion Dance Studio, UKO Karate, West Sound Wildlife Shelter, the Poulso

Tree Board, Kitsap Mosaics and the Kitsap Children's Musical Theater.

- A large variety of summer camps for preschoolers and youth that were well attended and positive.
- The sailing program continued to increase the number of students this year. With strong support from the Port of Kingston, the entire sailing program became more efficient by standardizing the fleet.
- The Poulsbo Park and Recreation Center building continues to be used to its fullest capacity for the benefit of the community. The building is old, but provides a solid home base for recreation programs and staff until a newer facility can be built. In addition to being used for recreation, the city has leased other space in the building to help cover operating expenses including the debt payment.
- Offering elementary and middle school classes immediately after school so children do not have to find transportation back to a program. This involves working with building principals and staff.
- Maintaining a strong relationship with the North Kitsap School District allowing community access of buildings, fields, and some shared maintenance. Staff enjoys open lines of communication with the maintenance and facilities departments, as well as the school district administration. Since the school district owns the majority of facilities used for community recreation programs, it is important to keep working together for the community. The school district owns three synthetic fields, and the city played a role by funding a part of the fields through the North Kitsap Regional Events Center (NKREC) project at North Kitsap High School and Strawberry Multi-Use Fields. These fields allow additional opportunities for practices in the winter months and during inclement weather. The steering committee of the NKREC continues to meet, and in May submitted an application for additional funding from the Kitsap Public Facilities District. The NKREC project was successful in getting funding for (a) a stormwater review of the NKREC site, which will include parking lot improvements at Strawberry Field; and (b) updated soccer and lacrosse equipment for the Strawberry Field site.
- Staying involved with other countywide agencies including Olympic College, the

Ports of Kingston and Poulsbo, the Village Green Metropolitan Park District of Kingston, the WSU Master Gardener Foundation, Kitsap Public Facilities District, Kitsap County Parks and Recreation, local service clubs including the Poulsbo Lions and Rotary Clubs, as well as local youth athletic organizations is vital. Relationships with these departments and organizations are important in the department's success in service to the community.

2014 Recreation Challenges, Goals and Critical Issues:

The department continues to see signs the economy is strengthening in Poulsbo. The staff continues to be committed to providing quality programs for community members. The department has experimented with different methods and fees, using a non resident fee and "early bird" registration fee successfully. Employees are cognizant that patrons are more careful where they spend their discretionary dollars, and staff must produce a good product for a family's hard-earned funds. Staff believes teamwork helps produce a good product, and entices people to sign up for classes they want.

The launching of online registration has been positive. The hope is more people will be able to sign up on their schedule instead of being held to office hours, thus increasing the number of registrants.

The department sends out two recreation catalogs each year, outlining classes, special events and rentals. These catalogs are mailed to Poulsbo and Suquamish; and stuffed into the Kingston Community News for the north end communities.

The department continues to be the primary provider of recreation programs in North Kitsap. The programs are created based upon perceived need, client requests, and instructor availability. Department staff members monitor the program trends throughout the state and country, and try to create programs that will be both successful and fun. The programs pay all direct costs including the instructor, room fee, and supplies. In addition, a 30% fee is assessed for administrative/overhead costs.

The City of Poulsbo does not own any ball fields or gyms, but continues to have an excellent working relationship with the school district in

using these facilities. The Recreation Center has one available classroom, which is used most of the time. Facility use fees are included in the cost of each program, whether the program is held on school district property or on city property. Park improvement funding and development dollars are very competitive, but the City will continue to look at all funding opportunities.

In 2000, Kitsap County created the Kitsap Public Facilities District, a group assessing the status of recreational facilities and opportunities in the county. The master plan for the North Kitsap Regional Events Center was completed in 2006. Phase 1 was completed in 2008, and included the renovation of two grass fields into synthetic turf. A trail was built in 2012 as a part of this project. 2013 saw a review of stormwater issues on the NKREC site, and improvements at Strawberry Field. An indoor facility or recreation center is also on the long range plan. This partnership includes public agencies, private businesses, service organizations, and citizens.

In 2014, the department will continue to address a high quality level of service, with programs for all age groups from preschool to adult. This includes yoga, gymnastics, ballet, dance, music, art, foreign language, cooking, science, gardening, sports leagues, sailing, and fitness programs. The programs that have continued to have the highest number of registrations include adult and youth sports, dance classes, softball league, and basketball.

After school programs are expanding into all six elementary schools and both middle schools. These programs have been supported by the principals and PTSA's.

Senior Excursions are very popular for the "over 50" crowd, providing passive but fun recreation. These excursions utilize a 15-passenger van, which is driven by a committed crew of volunteers. The department is requesting a new van in 2014.

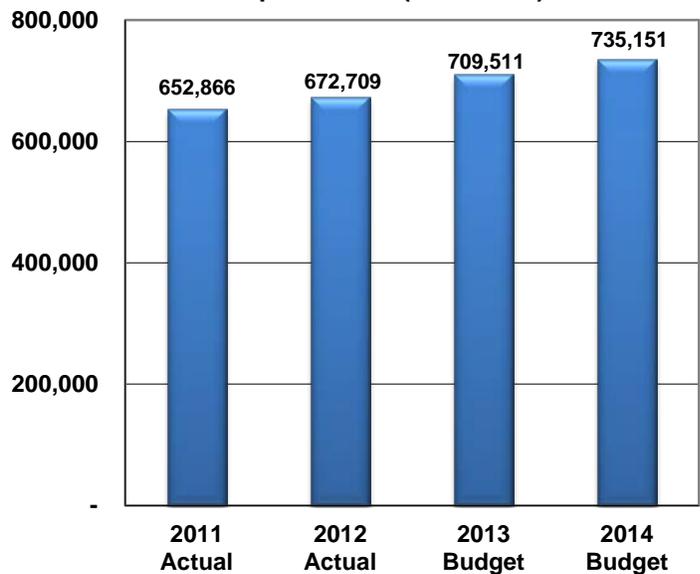
The Learn and Grow Preschool continues to be a successful and popular pre-school for ages 3-5. Due to low sign ups in the younger classes, and a waiting list in the older program, the Fall of 2013 saw a change in the classes being offered catering to where the need exists.

Community wide special events are scheduled throughout the year. Finding sponsors for these events is often challenging, but the support is needed to continue them. The regular events that have found a place in our community include:

- Hip Hop Basketball tournament (3 on 3) in January
- Daddy-Daughter Dance in February
- Easter Candy Hunt in April
- Viking Fest Road Race in May
- Kids Fair in May
- National Trails Day in June
- Summer concert series during July and August
- Poulsbo Park Days in September
- Spooktacular" preschool event in October.

All of these events are supported and encouraged by our local service organizations and businesses, through personnel, advertising and monetary support.

Park and Recreation Department Expenditures (2011-2014)



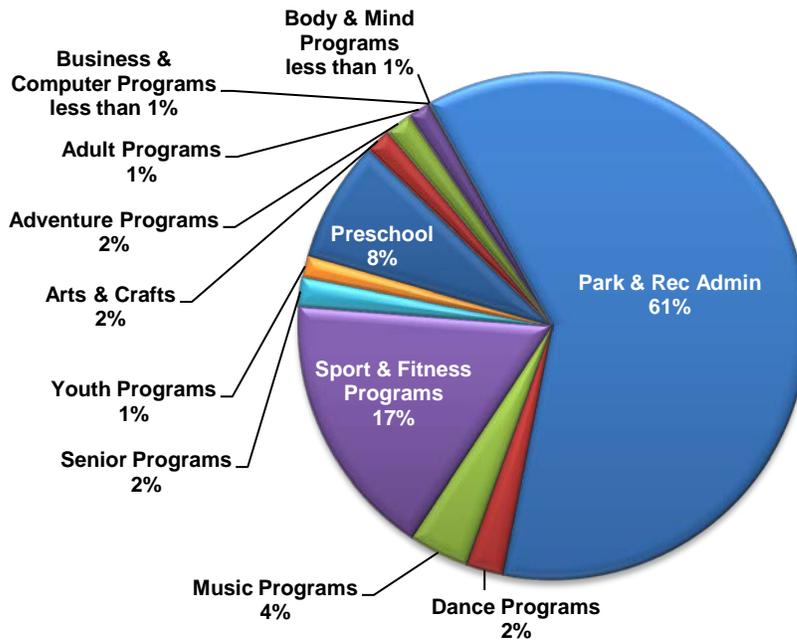
PROGRAM DESCRIPTION and SERVICES

Recreation	Parks	Other
Primary provider of recreation programs in Poulsbo and North Kitsap	Process reservations for individuals and organizations who use the gazebo or picnic shelters at three city parks	Partnerships with other agencies and organizations to provide community programs.
Planning and implementation of community-wide special events	Process sign requests for local organizations for two community signs	Staff support for the Poulsbo Parks and Recreation Commission, Poulsbo Tree Board and Poulsbo Trails Committee and their related activities.
Operation and oversight of the Learn and Grow Preschool	Grant research and implementation for parks, recreation and open space improvements.	Participation and involvement with other countywide recreation service providers and knowledge of what is going on throughout the county.
Volunteer management in many areas including parks, recreation and special events	Capital acquisition and development of city parks	Staff support for the Lodging Tax Advisory Committee and the special funding projects.

Performance Measure	Measurement/Goal	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Response to Citizen Requests and Complaints	100% within 24 hrs	100%	100%	100%	100%
Prompt processing of sign/park permits	100% within 2 weeks (ordinance states 30 days)	100%	100%	100%	100%
% of Classes able to be held because of adequate participation	Determine % of successful classes/programs	58%	68.6%	60%	60%
Maintain capacity in the Learn & Grow Preschool	Maintain 60 of 66 (91%) spots available during the school year	91%	88%	91%	92%
Program Related Expenses	Recover 100% direct expenses	100%	100%	100%	100%

Workload Measure	Measurement/Goal	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of Sign Permits	90 annually	80	86	85	85
# of Park Shelter Permits	160 annually	170	145	165	160
# of Senior Trip Registrations	650 registrations	575	484	575	500
Grant Applications	Submit at least 5	5	4	6	6

Park and Recreation Program Uses



PARK & RECREATION					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
PARKS & RECREATION ADMINISTRATION					
SALARIES & WAGES	231,131	244,681	264,645	275,548	4%
PERSONNEL BENEFITS	78,451	87,289	96,665	101,470	5%
SUPPLIES	3,272	3,010	10,000	4,900	-51%
OTHER SERVICES & CHARGES	31,858	34,795	62,080	66,980	8%
TOTAL PARKS & REC ADMIN	344,712	369,775	433,390	448,898	4%
EDUCATION SERVICES/PRESCHOOL					
SALARIES & WAGES	44,677	38,551	42,274	44,404	5%
PERSONNEL BENEFITS	7,157	7,780	8,821	7,943	-10%
SUPPLIES	3,749	3,278	4,326	4,326	0%
TOTAL EDUCATION SVCS/PRESCHL	55,582	49,610	55,421	56,673	2%
RECREATION SERVICES					
SALARIES & WAGES	77,205	85,840	81,000	79,700	-2%
BENEFITS	14,108	15,965	12,300	11,680	-5%
SUPPLIES	25,368	26,485	29,900	30,400	2%
OTHER SERVICES & CHARGES	135,892	125,033	97,500	107,800	11%
TOTAL RECREATION SERVICES	252,572	253,324	220,700	229,580	4%
TOTAL PARK & RECREATION	652,866	672,709	709,511	735,151	4%



NON-DEPARTMENTAL

Audit	\$ 41,000♦	Pollutions Control	\$ 5,251♦
Legal	\$ 317,410♦	Solid Wst Admin-Ref Tax	\$ 45,000♦
Employee Benefit Program	\$ 2,000♣	Animal Control	\$ 26,000♦
Care & Custody of Prisoners	\$ 150,480♦	Public Health	\$ 11,779♦
Monitoring of Prisoners	\$ 75,705♦	Substance Abuse	\$ 2,449♦
Employment Administration	\$ 2,500♦	Library	\$ 32,155♦
Communications-CENCOM	\$ 90,270♦	Soil & Water Conservation	\$ 10,000♣
Disaster Preparedness	\$ 14,000♦	Operating Transfers	\$1,631,980♦

Total Non-Departmental \$ 2,457,979

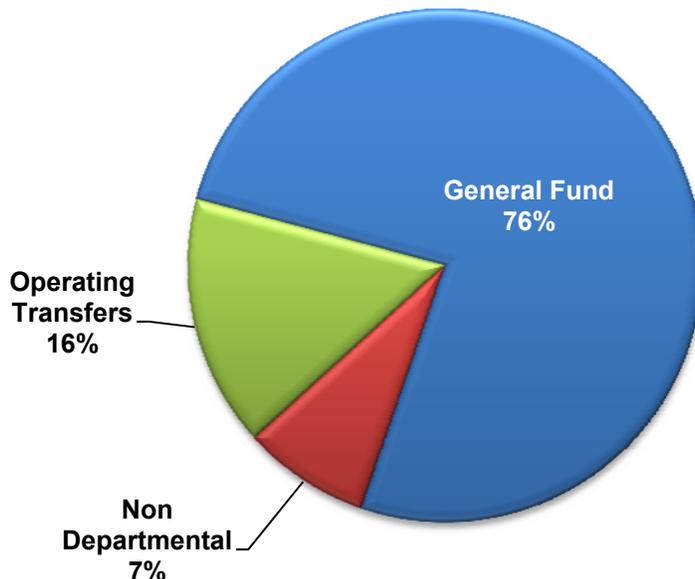
Non-Departmental budgets represent those appropriations that are not department specific

♦ Finance/Administration Committee:

*Connie Lord
David Musgrove
Ed Stern*

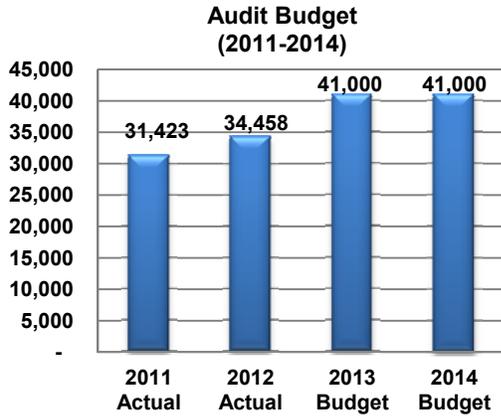
♣ Community Services Committee:

*Connie Lord
Linda Berry-Maraist
Jim Henry*



AUDIT:

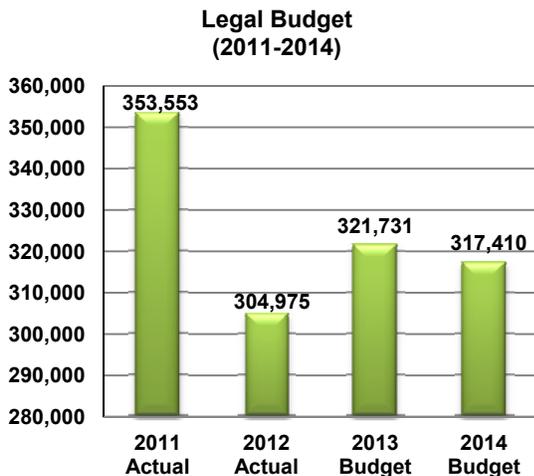
The Washington State Auditor audits the City on an annual basis. Because federal grant proceeds in 2013 will exceed \$500,000, a single audit will be necessary again in 2014.



LEGAL:

This budget includes expenditures related to legal services. The City contracts with Ogden, Murphy, Wallace for general legal needs, the Kitsap County Prosecutor’s Office and Thomas Alpaugh for public defense. In 2013 the City went through an RFP process for the public defender. After submittals and panel interviews the new public defender was selected.

In 2011 legal services were higher due to costs associated with appeals of City Comprehensive Plan, personnel issues and contract negotiation expenses associated with the Police Association.

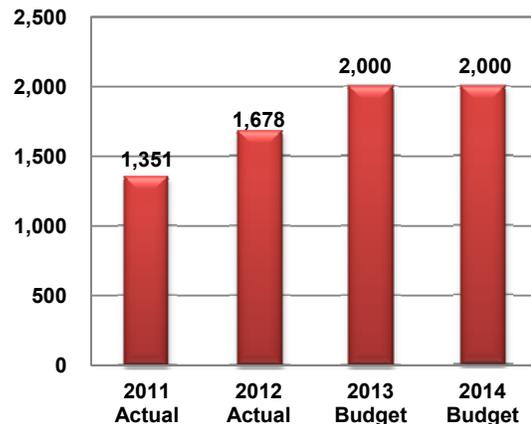


EMPLOYEE BENEFIT PROGRAMS:

The Employee Benefit budget is prepared and monitored by the Parks & Recreation Director. This budget supports the City’s Wellness Program, which is governed by a committee of representatives from each City department. The committee develops, promotes and carries out policies, programs and activities aimed at preventing illnesses and injuries, and promoting better morale, reduced absenteeism, and enhanced productivity and performance among City employees.

The City’s Wellness Committee, through its Wellness Program, continues to create an environment supportive of positive health practices and lifestyle choices for its employees. The Wellness Program sponsors several educational activities such as departmental wellness boards in every building with rotating health topics, and a walking club. Other morale building programs included a school supply drive for Fishline, Employee Appreciation event, a Poker Walk, Family Movie Night, Otter Pop and Hot Cocoa Brigade, the annual Turkey Bowl event and the Department Head Summer BBQ. 2014 programs will continue at a similar level.

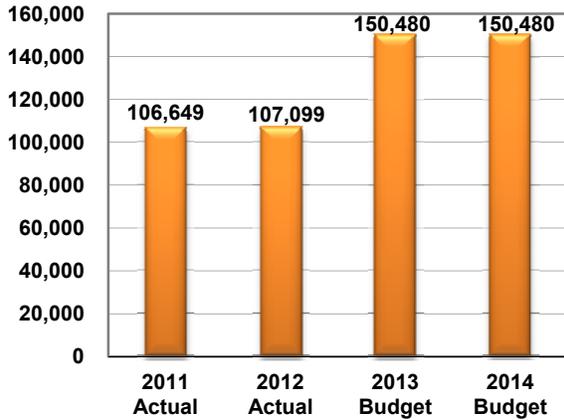
**Employee Benefit Program
Budget (2011-2014)**



CARE & CUSTODY OF PRISONERS:

The City contracts with Kitsap County to provide incarceration services. The City contracts for these services with Kitsap County Jail. The Forks jail provides for incarceration services for long time incarcerations at a lesser rate.

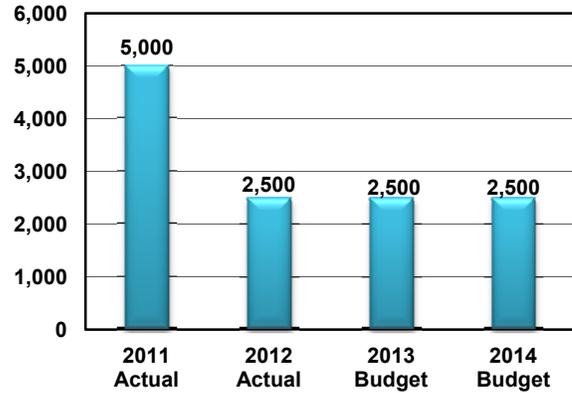
Care & Custody of Prisoners Budget (2011-2014)



EMPLOYMENT ADMINISTRATION

This budget funds a contract with SoundWorks Employment Agency. They are a non-profit agency providing job placement services. The amount was reduced to \$2,500 in 2012. The City provides an office for the agency to conduct business as the City's contribution for the services provided to the citizens.

Employment Administration Budget (2011-2014)

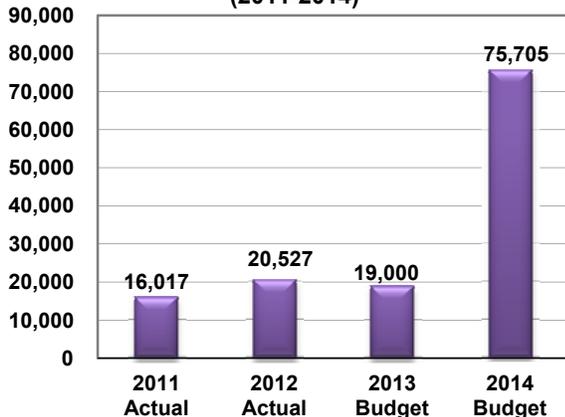


MONITORING OF PRISONERS:

Electric Home Monitoring and Alcohol Monitoring of defendants. This is an alternative in lieu of jail for those defendants that qualify for the program. It allows defendants the ability to remain employed and attend any treatment program they're in. The services are provided by the Community Services Officer at a rate much less than jail costs.

The cost increase is due to allocating the probation officer and related expenses to this function. These were previously recorded in the Court functions.

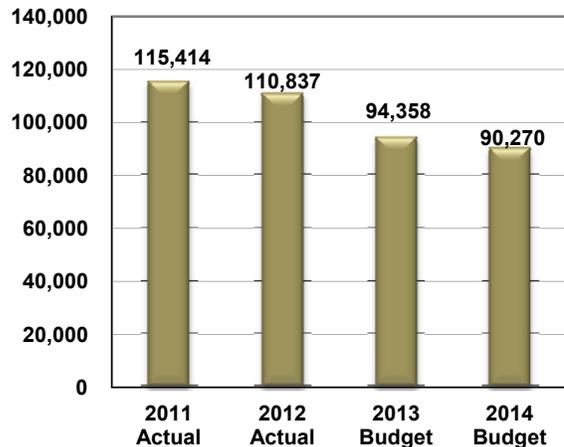
Monitoring of Prisoners (2011-2014)



COMMUNICATIONS:

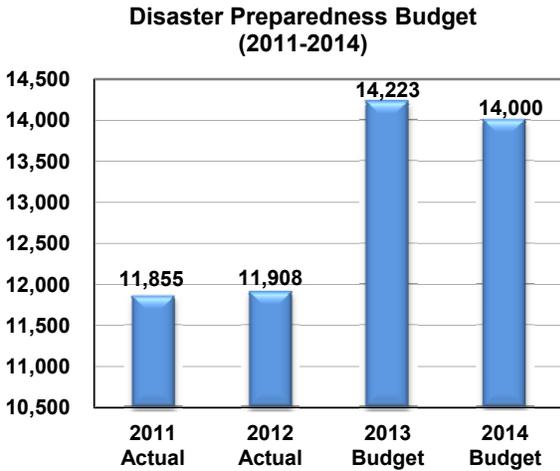
This budget includes expenditures related to emergency 911-dispatch service. Dispatch 911 service is contracted from Kitsap County CENCOM. The contract also includes the support of the County wide software used in law enforcement operations (ILEADS).

Communication Budget (2011-2014)



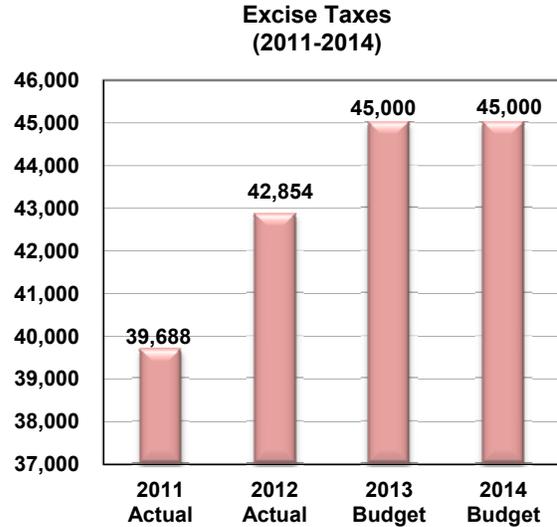
DISASTER PREPAREDNESS:

This budget funds expenditures associated with emergency management, in particular, participation in Kitsap County's Department of Emergency Management Programs.



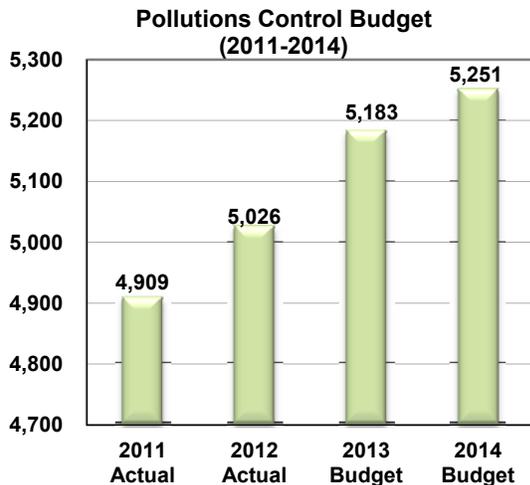
EXCISE TAXES:

Washington State requires excise tax be paid on the solid waste service charges recorded in the Solid Waste Fund 404. The tax revenue is recorded in General Fund then distributed to the State on the excise tax return.



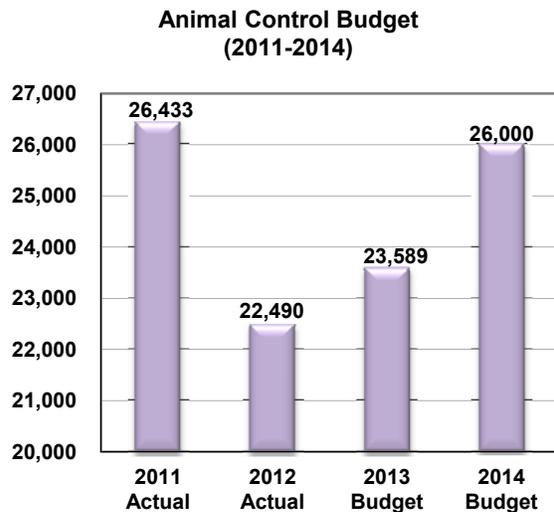
POLLUTIONS CONTROL:

The City contributes to the Puget Sound Air Pollution Control for maintenance of clean air in the Puget Sound Region as set forth by the terms of the Washington State Clean Air Act, RCW 70.94.093.



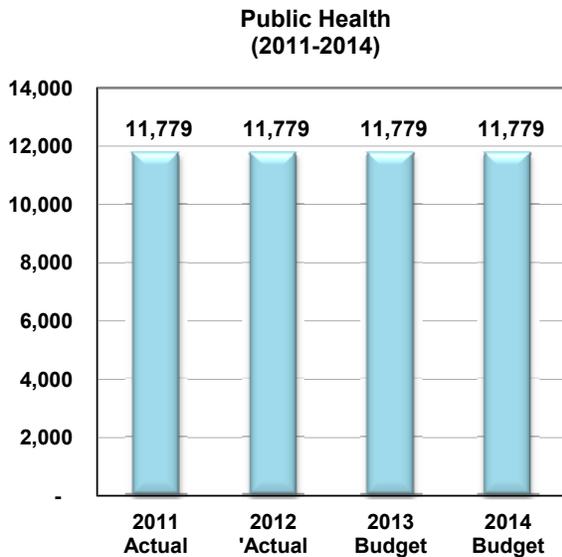
ANIMAL CONTROL:

The City contracts with Kitsap County Humane Society for animal control services. We have a three-year contract for these services. The agreement was reduced in 2012 because service levels for licensing were reduced. The service levels were restored in 2014 and is resulting in a higher contract amount.



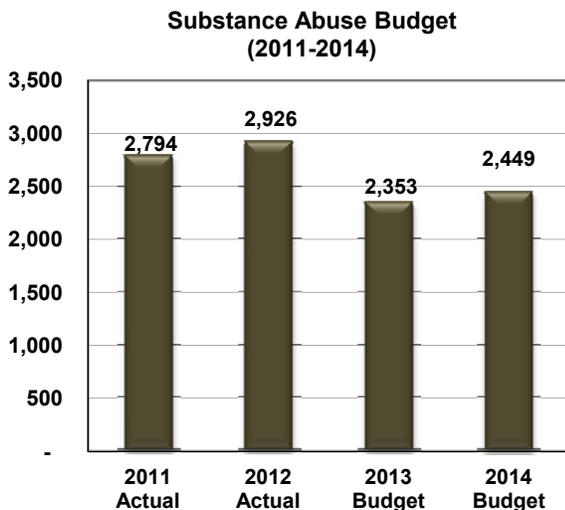
PUBLIC HEALTH:

The City contracts with Kitsap County Health District to supplement the services they provide to the City.



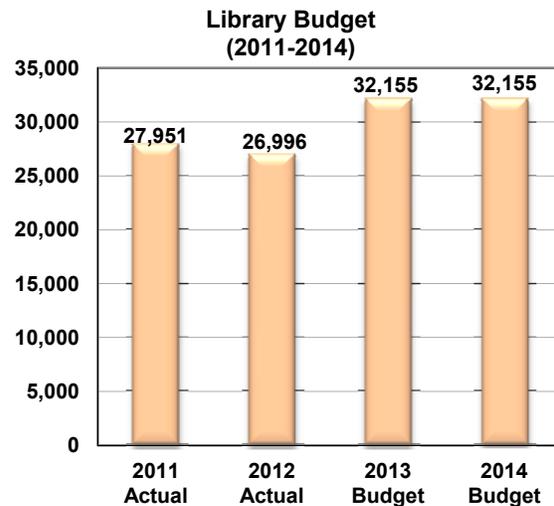
SUBSTANCE ABUSE:

The City is required by State law to commit 3% of our revenues from liquor profits and liquor tax to this program. (RCW 70.96A.087) The City participates in Kitsap County’s Substance Abuse Program. The revenue distributed by the state has been reduced resulting in a lesser distribution by the City.



LIBRARY:

The City’s library is a joint operation between the City of Poulsbo and the Kitsap Regional Library System. The City built and maintains the building while the Regional Library System provides the employees and media resources. The Library maintains the building for library operations, custodial, grounds maintenance, and meeting room rental. The City will continue to provide building maintenance and all utilities. The district also collects the rental income for the rooms which is used to offset the maintenance of the rooms.



SOIL & WATER CONSERVATION

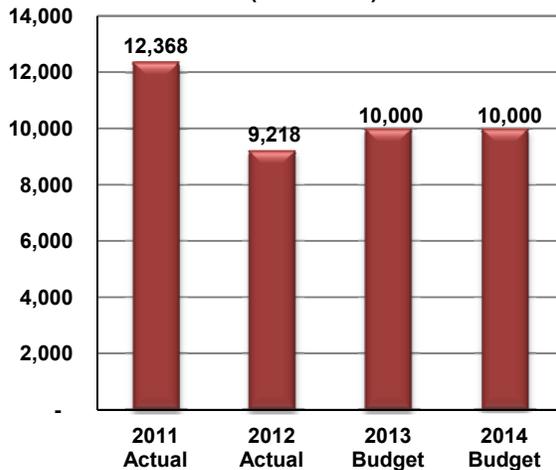
In 1997, the City of Poulsbo became a Tree City USA. The Poulsbo Tree Board was created and put together a five-year strategic plan with updates, to build and sustain soil and water conservation program within the City. The action plan is carried out with goals and objectives to establish and maintain an urban forest within the community.

The soil and water conservation program is supported by a \$2 per capita. These dollars are for public education, repair and maintenance, and contractual services for the City Arborist and Urban Forestry programs within the City. Funding for 2012 was reduced utilizing fewer services by the contracted arborist resulting in lower anticipated operating expenses. The 2014 funding will remain at the reduced level.

2013 SOIL & WATER CONSERVATION ACCOMPLISHMENTS:

- Maintained Tree City USA designation for the year by upholding four standards: 1) maintain the Tree Board; 2) maintain a tree ordinance; 3) allocate \$2 per citizen to tree related projects and needs; and 4) celebrate Arbor Day.
- Poulso Tree Board members were busy in 2013. They hosted two public pruning classes at Austurbruin Park, created a tree care series, toured Heritage Park near Kingston, and celebrated Arbor Day by planting three trees near the trail renovation in American Legion Park. In addition, the city received a grant from the Department of Natural Resources for a City Tree Inventory Project.

Soil and Water Conservation Uses (2011-2014)



OPERATING TRANSFERS:

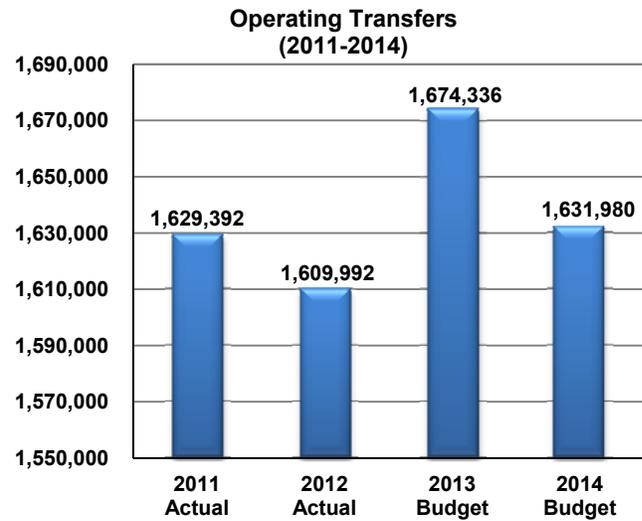
This budget includes routine or regular interfund operating transfers and transfers to City Reserves. The detail of transfers to other funds is detailed in the chart below.

OPERATING TRANSFER SUMMARY-need to update	
GEN FUND TRANSFER TO FUND #	DETAIL OF TRANSFER
101	Transfer of 31% of property taxes revenue to the Street Fund, to be reduced small amount to support a portion of Street Sweeper purchase
204	Transfer to Debt Service Funds for principal and interest payments for all government Debt Service payments
302	Transfer of 2.15% of property tax revenue to support the Park Reserve Fund (50% reduction).
301/Capital Acquisition Fund	Transfer of 3.5% of sales tax revenue for Capital Equipment Acquisition, reduced by 50% and additional amount necessary to support small tools purchased out of the General Fund (ie computer workstations) <ul style="list-style-type: none"> • 2.5% - Capital Replacement • 1%- New Capital
311	Transfer of 7% of property tax to Street Reserve Fund for pavement restoration (50% reduction). Transfer 2.15% of Property Tax revenue to support Street Capital projects (50% reduction).

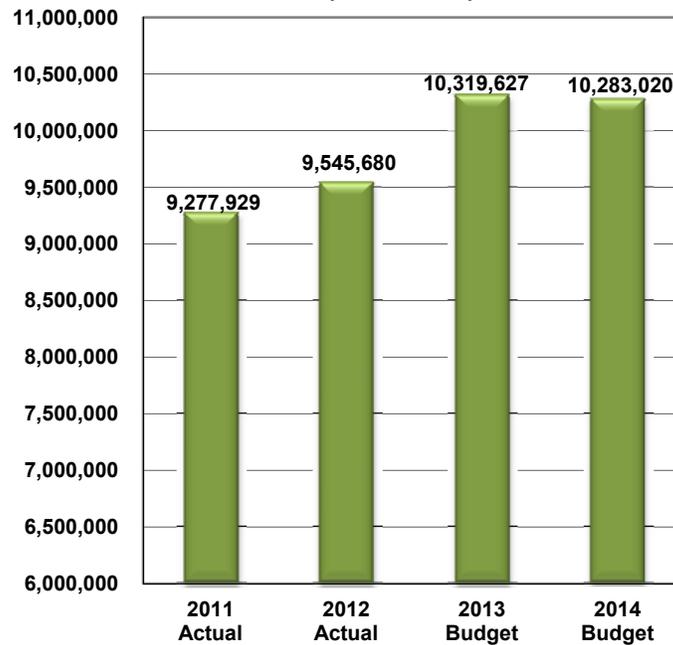
FUND BALANCE & RESERVES:

After closing the books from the previous year, any excess carryover dollars (those exceeding budgeted beginning balance) may be used to consider unfunded Baseline Adjustment Requests and New Program requests. Excess dollars are then transferred into the City's Revenue Stabilization Reserves assigned Fund Balance.

Fund Balance Amounts	
Unassigned	0
Assigned – Revenue Stabilization	1,035,388
Assigned – Legal Reserves	224,494
Total	\$1,259,882



**Total General Fund Expenditures
(2011-2014)**



TOTAL GENERAL FUND BUDGET SUMMARY:

GENERAL FUND SUMMARY				
Department/Section	2011 Actual	2012 Actual	2013 Budget	2014 Budget
Legislative	115,912	112,126	143,243	124,785
Executive	93,400	109,477	110,561	108,042
Clerk	246,660	262,882	283,191	288,878
Personnel	106,750	131,875	142,588	136,017
Information Services	117,323	185,828	179,992	235,678
Municipal Court	347,030	374,672	352,098	362,775
Finance	603,481	604,618	653,115	675,604
Central Services	635,292	675,744	686,298	660,782
Police	2,231,263	2,294,456	2,481,954	2,552,246
Public Works Admin	413,198	441,835	518,721	450,508
Engineering	368,970	350,682	642,056	499,572
Planning	620,782	651,454	677,710	678,056
Parks	293,856	320,810	280,340	307,604
Cemetery	19,284	22,227	8,563	9,344
Parks and Recreation	657,866	672,709	709,511	735,151
Non-Departmental	2,411,865	2,334,285	2,449,687	2,457,979
Fund Balance	1,589,482	2,070,485	2,077,089	1,259,882
Total General Fund	\$9,277,932	\$9,545,680	\$10,319,628	\$ 10,283,021

Section 4

Special Revenue Funds (100's)



SPECIAL REVENUE FUNDS (100'S)

*account for the proceeds for specific revenue sources
that are legally restricted to expenditures
for specific purposes.*

SPECIAL REVENUE FUNDS SUMMARY

FUND #	FUND NAME	DESCRIPTION/USE
101	City Street Fund	Maintenance and operations of street department
121	Capital Improvement Fund	Revenue received from Real Estate Excise Tax used for expenditures associated with city's capital improvement plan and street maintenance projects
123	Transportation Development Fund	Tracks traffic & sidewalk impact fees
124	Park Development Fund	Park Impact Fees
131	Downtown Poulsbo/HDBA Fund	Self assessed dues & expenditures on downtown businesses used for promotion and beautification of downtown area
161	Paths & Trails Reserve Fund	Fund receives a portion of state fuel tax revenue to be used for paths & trails expenditures
171	Drug Enforcement Fund	Acquisitions acquired in drug related crimes which must be expended for drug enforcement related programs
181	Transient Occupancy Tax Fund	Hotel/Motel tax received and expended on tourist related programs
191	Police Restricted Fund	Revenue received from various sources to be used specifically for law enforcement purposes.

FUND #	FUND NAME	BEGINNING BALANCE	TOTAL RESOURCES	TOTAL USES	ENDING BALANCE
101	City Street Fund	285,296	845,290	1,120,421	\$ 10,165
121	Capital Improvement Fund	210,437	300,100	350,000	\$ 160,537
123	Transportation Development Fund	127,222	191,000	306,785	\$ 11,437
124	Park Development Fund	108,966	0	25,236	\$ 83,730
131	Historic Downtown Poulsbo Association (HDPa) Fund	77,879	52,335	46,100	\$ 84,114
161	Paths & Trails Reserve Fund	12,523	978	0	\$ 13,501
171	Drug Enforcement Fund	13,150	50	4,750	\$ 8,450
181	Transient Occupancy Tax Fund	36,448	90,000	101,000	\$ 25,448
191	Police Restricted Fund	101,215	17,139	26,972	\$ 91,382

STREET FUND 101

Appropriations \$ 1,120,421

FTE's 4.15

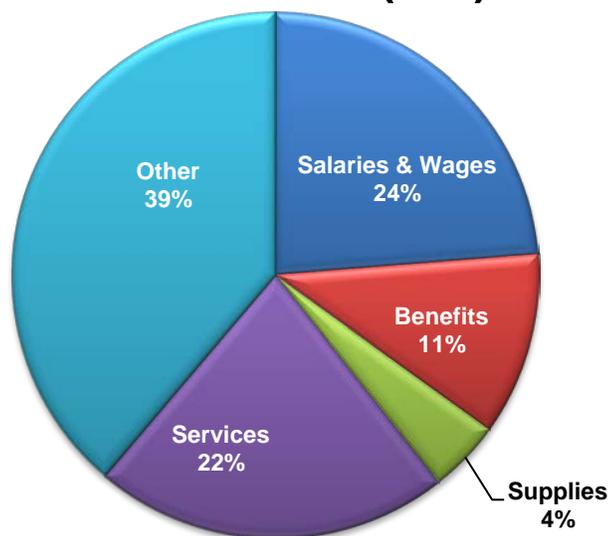
Mission Statement:

The mission of the Streets Department is to provide a safe, functional, efficient and aesthetic transportation system through efficient maintenance and construction of improvements to the City's street, pedestrian corridors and bicycle routes for the citizens of Poulsbo to allow for the movement of people, goods and services in a safe, functional and efficient manner.

Public Works Committee:

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Street Fund (101)



STREET FUND (101) PROGRAM**DESCRIPTION:**

The Street Fund is a Special Revenue Fund providing for the repair and maintenance of the City's transportation system, which includes streets and right-of-ways, paths and trails, sidewalks and parking lots. Activities associated with the street programs are:

- **Street Maintenance and Repair:** Maintenance and repair of the transportation infrastructure to include, roadways, right of ways, parking lots, sidewalks, trails, pedestrian corridors, traffic control devices and storm water control and treatment.
- **Emergency Response:** Emergency response associated with snow removal, ice control and inclement weather conditions, including storm cleanup and some accident or spill cleanups.
- **Routine Street Maintenance:** Routine scheduled street cleaning and sweeping; painting of crosswalks, parking stalls, fog lines, no parking areas and curbing; installation of new street signs; asphalt pavement repair; crack sealing; and maintenance of existing signage and thermo plastic street markings.
- **Roadside Maintenance:** Roadside and right of way maintenance and vegetation control.
- **Ancillary Activities:** Traffic control and cleanup associated with City of Poulsbo's special events including, but not limited to, Halloween Street Closure, Viking Fest, Arts by the Bay, 3rd of July, Annual Street Dance and installation of special event lighting.
- **Street and Pedestrian Lighting:** Installation and maintenance of street and pedestrian lighting.

STAFFING:

The Street Maintenance program is staffed with 4.15 full time equivalent positions (FTE's) providing for the operation, maintenance and repair of the system. The increase in FTE's in 2014 is due to a maintenance mechanic being allocated by functions instead of through an internal service fund.

2013 Operation and Maintenance Program Highlights:

- Continuation of street sweeping program.
- Provided support with Noll Road Project.
- Assisted with Hostmark Project.

- Provided assistance and support to the Lincoln Road Round-A-Bout Project.
- Continued the installation of thermo plastic for most new stop bars and cross walks, and refreshed various other locations.
- Patched selected "alligatored" areas.
- Performed routine scheduled/emergency maintenance and repair of streets, roadways, alleys, parking lots, sidewalks and trails, and street lighting.
- Performed routine maintenance of roadsides and right of ways.
- Continued maintenance and repair of traffic control devices and signage infrastructure.
- Maintained city regulatory/guide signs.
- Installed new parking lot guide signs.
- Sidewalk vegetation removal.
- Supported various capital projects as needed.
- Performed maintenance and cleaning of catch basins and street inlets to allow for the conveyance of surface and storm water and to prevent flooding.
- Continued pothole/asphalt repairs, crack sealing and on-going button replacement.
- Continued with annual striping program of parking stalls, centerlines, fog lines and crosswalks including ADA parking stalls.
- Prepared signs, barricades/cones; placed and removed for special events.
- Installed and removed traffic counters at various locations for Transportation Demand Management (TDM) study.
- Ground down sidewalk trip hazards.
- Started new traffic sign reflectivity compliance report to implement and then continued to use an assessment or management method designed to maintain traffic sign retro reflectivity at or above the minimum levels shown in Table 2A-3 of the 2003 Manual on Uniform Traffic Control Devices (MUTCD) Revision 2.
- Placed and removed speed radar sign at various locations.
- Performed work on new Public Works property.
- Installed two street luminaries on Noll Road for elementary school safety. Provided traffic control.

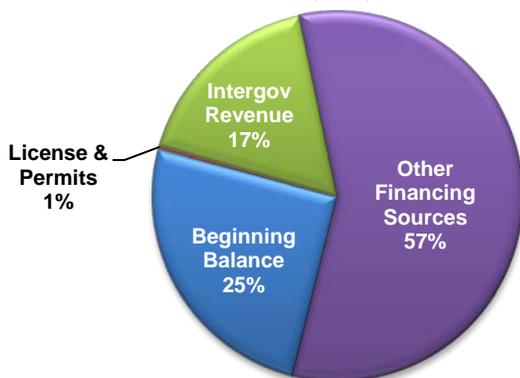
2014 Operation & Maintenance Programs:

- Replace selected sections of sidewalks.
- Repair concrete defects on Jensen Way.
- Replace selected street asphalt as identified in the CIP.
- Continue update of sign inventory.
- Continue asphalt/crack seal program.
- Continue button replacement program.
- Continue thermo plastic striping placements.
- Painting crosswalks and parking stalls.
- Routine scheduled maintenance and repair of roadways, alleys, parking lots, sidewalks, trails and signage.
- Expand ADA sidewalk access program to include more intersections.
- Accomplish appropriate vegetation control where needed.
- Replacement of oil absorbent pads in street stormwater facilities.
- Street sanding and snow removal as needed.
- Continue street sweeping but at a reduced level due to a reduction in staffing.
- Continue establishing new traffic sign reflectivity compliance program to implement and then continue to use an assessment or management method that is designed to maintain traffic sign retro reflectivity at or above the minimum levels shown in Table 2A-3 of the 2003 MUTCD Revision 2.

2014 REVENUES:

The Street Maintenance Fund (101) derives the majority of its revenues from operating transfers associated with revenue received from property taxes and real estate excise taxes. Additional revenue for this fund is state shared revenue gas taxes. Revenues for 2014 are estimated to be approximately \$ 845,290.

Street Fund Resources Fund (101)
\$1,130,586



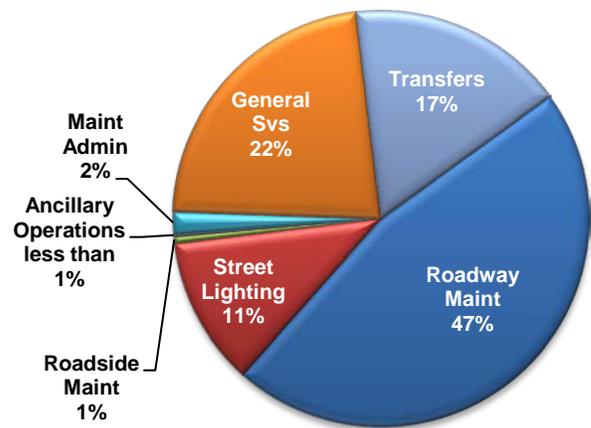
2014 EXPENDITURES:

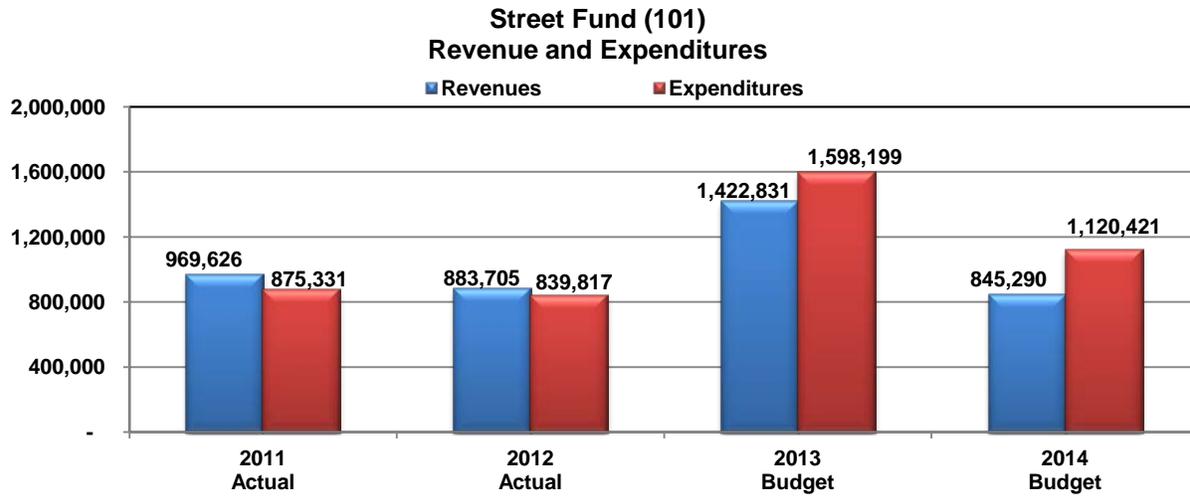
Operation and Maintenance: The 2014 operation and maintenance program will be a continuation of the 2013 program and will include the operation, maintenance and repair of the City's transportation systems. Operations and maintenance expenditures for year 2014 are estimated to be approximately \$685,585.

Debt 2014: Debt Service expenditures for year 2014 from the 101 Fund are estimated to be \$89,985. These funds are transferred to the Debt Service Funds for the debt payments of the Public Works Trust Fund loan.

Additionally, it has been a goal of the City to transfer 5% of the revenue into the City Street Reserve Fund (311) and City Street Equipment Reserve Fund (321), and \$50,000 to Street Reserve Fund (311) for pavement restoration. In 2014 the transfer will be reduced for the street sweeper purchased from the Strom Drain Fund (410). The amount of these transfers are \$99,542.

2014 Expenditures Fund (101)
\$1,120,421





STREET DEPARTMENT WORKLOAD MEASURES						
Type of Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of street signs maintained	2204	2204	2215	2255	2260	2280
Miles of sidewalks	48	49*	50**	50	50	50
Miles of shoulders (grass, gravel, ditches, bike paths, R/W)	42	42	41	41	44	44
Miles of streets maintained	45	45	45	45	45	47
Hours spent street sweeping*	468	468	225	312	312	312
Hours snow plowing/sanding	--	80	80	62	80	80

*New sidewalks on Viking Avenue North. ** New sidewalks on Viking Avenue South

Note: On average, we have swept City streets 3 days per week/3 hours per day. Starting in 2011, street sweeping was reduced to 2 days per week.

CITY STREET FUND RESOURCES (FUND 101)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	368,735	463,030	506,919	285,296	-44%
LICENSE & PERMITS	9,225	12,100	4,000	4,000	0%
INTERGOVERNMENTAL	192,777	188,898	613,190	194,556	-68%
MISCELLANEOUS	563	816	-	-	0%
OTHER FINANCING SOURCES	767,060	681,891	805,641	646,734	-20%
TOTAL CITY STREET FUND RESOURCE	1,338,361	1,346,735	1,929,750	1,130,586	-41%
CITY STREET USES (FUND 101)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	200,895	199,775	250,826	265,915	6%
PERSONNEL BENEFITS	80,396	82,964	114,114	126,041	10%
SUPPLIES	34,219	28,306	50,850	49,450	-3%
OTHER SERVICES & CHARGES	240,548	237,809	707,339	244,179	-65%
INTERGOVERNMENTAL SERVICES	9,399	10,367	15,000	15,000	0%
INTERFUND SERVICES P/W ADMIN	174,757	185,204	219,392	230,310	5%
OTHER FINANCING USES	135,117	95,392	240,678	189,526	-21%
FUND BALANCE	463,030	506,918	331,551	10,165	-97%
TOTAL CITY STREET FUND USES	1,338,361	1,346,735	1,929,750	1,130,586	-41%

CAPITAL IMPROVEMENT FUND (121)**DESCRIPTION:**

Capital Improvement Fund was established to receive all proceeds of the Real Estate Excise Tax (REET) disbursed to the City. The first quarter percent (1/4%) has been allocated to fund the debt service payment for City Hall. Revenues generated from the first quarter percent REET shall be used solely for financing capital projects specified in the Capital Facilities Plan element of the Comprehensive Plan per RCW 82.46.010(2)(6). RCW 82.46.010(6) defines capital projects as public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and judicial facilities, etc.

The second quarter percent (1/4%) of REET may only be levied by cities and counties that are required to or choose to plan under the Growth Management Act. The second quarter percent (1/4%) is transferred into the Debt Service funds to support the debt payment for transportation improvements (\$100,000) and the remaining revenue is transferred to the City Street Fund (101) to be used for street maintenance and rehabilitation operations. The fund can also be used for capital projects, including public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and planning, construction, reconstruction, repair, rehabilitation or improvement of parks. RCW 82.46.035(5).

Legislation was adopted in 2011 which amends the RCW through 2016 allowing both portions of REET revenue to be used for operations and maintenance expenditures of existing capital projects that qualify for REET I and REET II funding. The amount which can be used for operations and maintenance cannot exceed the greater of \$100,000 or 35% of revenues.

FUND RESOURCES:

As previously stated, the majority of this fund's revenue is derived from Real Estate Excise Tax

(REET). This is a tax levied on each sale of real property within the City. The tax is collected at the rate of one-quarter (1/4) of one percent (1%) of the selling price of the property. The tax is collected in two parts referred to as simply "the first one quarter percent (1/4%) REET I" and "the second one-quarter percent (1/4%) REET II". The County Treasurer collects the tax at the time of property closing and disburses the tax back to the City.

This revenue is very difficult to estimate, as it is solely dependent on the number of real estate sales within any year. Many new housing developments began planning and construction in 2013 with anticipated completion and sales in 2014, justifying a projected increase, but maintaining consistency with amounts collected in the prior year. The 2014 revenue projection is \$300,100.

EXPENDITURES:

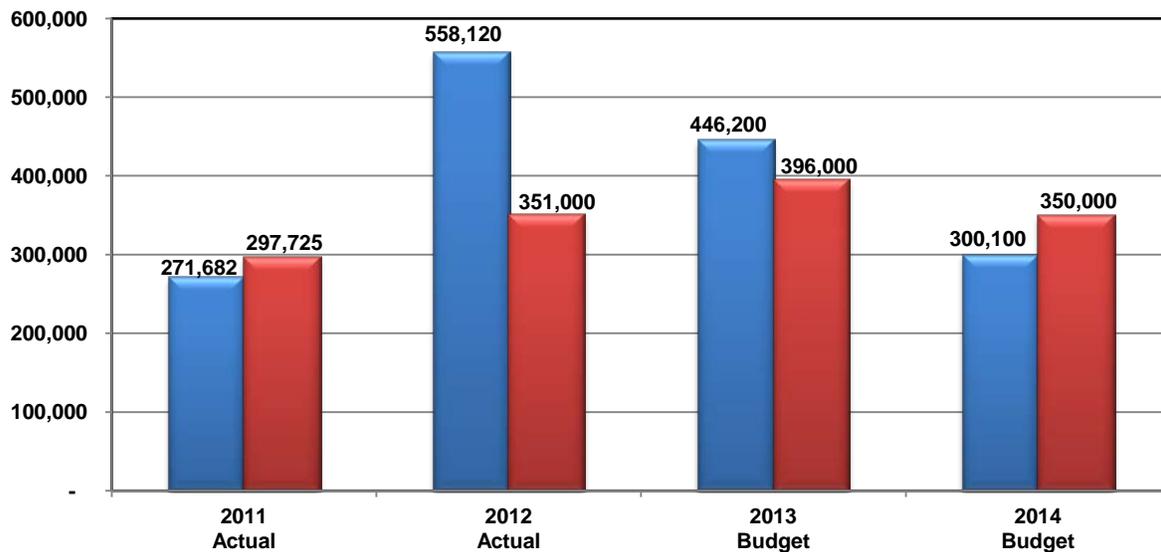
The Capital Improvement Plan (CIP) Committee is chaired by the Mayor and includes three council members. The role of the Committee is to consider and make recommendations on the City's capital improvement needs. The committee has two functions: strategic planning and finance/budget. Strategic planning will deal with long-term policy planning, including capital improvement planning, as part of the City's comprehensive plan. Finance/budget will deal with short-term planning which falls under the budget process with capital improvement projects being reviewed by individual committees, then reviewed by the Finance/Administration Committee, and finally forwarded with recommendations to the full Poulsbo City Council.

- The City will transfer the first one-quarter percent (1/4%) of REET to the Debt Service Fund (204) to help fund the City Hall Debt (\$200,000). Revenues are projected to be less than the amount allocated for debt in the project funding. During the project planning it was anticipated REET would support the debt payment of \$250,000 per year. Since revenue projections are less, the difference will be allocated from the General Fund.

- The City will transfer the second one-quarter percent (1/4%) of REET to the Debt Service Funds to support debt payments related to transportation improvements to Front Street, Caldart Avenue, 10th Avenue and Finn Hill. (\$100,000) and the remaining amount to the Street fund supporting operations and pavement restoration.

**Capital Improvement Fund (121)
Revenue & Expenditures
(2011-2014)**

■ Revenue ■ Expenditures



CAPITAL IMPROVEMENT FUND RESOURCES (FUND 121)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	64,160	38,118	245,237	210,437	-14%
TAXES	271,370	558,074	446,000	300,000	-33%
MISCELLANEOUS	312	46	200	100	-50%
TOTAL CAPITAL IMPROV RESOURCES	335,842	596,238	691,437	510,537	-26%

CAPITAL IMPROVEMENT FUND USES (FUND 121)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
OTHER FINANCING USES	297,725	351,000	396,000	350,000	-12%
FUND BALANCE	38,118	245,238	295,437	160,537	-46%
TOTAL CAPITAL IMPROVEMENT USES	335,842	596,238	691,437	510,537	-26%

TRANSPORTATION DEVELOPMENT FUND (123) PROGRAM DESCRIPTION:

The purpose of this fund is to track revenue and expenditures associated with traffic mitigation fees. Developers are assessed impact fees based on the impact their projects are estimated to have on the flow of traffic in the area near the project.

Fees must be paid prior to the issuance of the building permit. Fees are used to support street improvements to support growing traffic needs.

FUND RESOURCES:

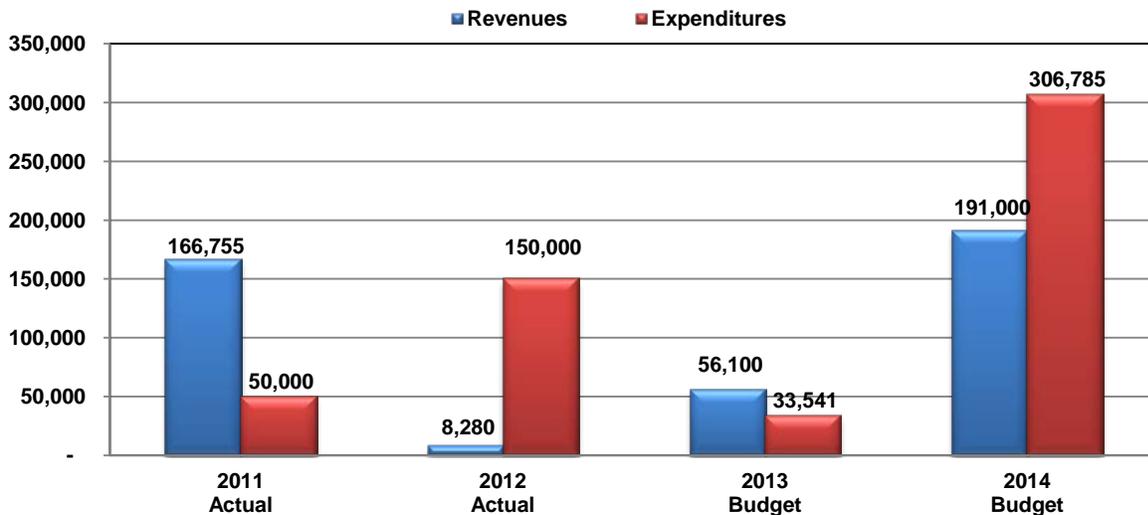
This fund's revenue is derived from fees assessed to developers. In 2014 we are estimating \$191,000 in revenues due to existing known projects within the City.

EXPENDITURES:

Transfers planned in 2014 for the following projects:

- Lincoln Road Reconstruction \$256,785
- 3rd Avenue Central Business District LID Retrofit \$50,000

**Transportation Development Fund (123)
Revenue and Expenditures
(2011-2014)**



TRANSPORTATION DEVELOPMENT RESOURCES (FUND 123)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	83,390	199,928	58,424	127,222	118%
CHARGE FOR SERVICES	166,526	8,057	56,000	191,000	241%
MISCELLANEOUS	229	223	100	-	-100%
TOT TRANS DEVELOPMENT RESOURC	250,145	208,208	114,524	318,222	178%

TRANSPORTATION DEVELOPMENT USES (FUND 123)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
OTHER FINANCING USES	50,000	150,000	33,541	306,785	815%
FUND BALANCE	200,145	58,208	80,983	11,437	-86%
TOTAL TRANS DEVELOPMENT USES	250,145	208,208	114,524	318,222	178%

**PARK DEVELOPMENT FUND (124)
DESCRIPTION:**

The purpose of this fund is to provide a repository for park impact fees paid by developers for park improvements as a means of compliance with the State Environmental Protection Act (SEPA) (prior to October 2011), Park Impact Fees (beginning October 2011) and the Park, Recreation and Open Space element of the City's Comprehensive Plan. The funds shall be used for the acquisition of land, cost of planning, or capital improvements of land to be used for public park purposes. The fund is administered by the Parks & Recreation Department.

FUND RESOURCES:

Park Impact Fees and developer park mitigation fees provide the revenue for this fund. Fees are assessed by the Planning Department after site plan approval and are required to be paid prior to final plat approval. This timing can be very unpredictable; therefore, revenue is rarely budgeted, rather recognized when received.

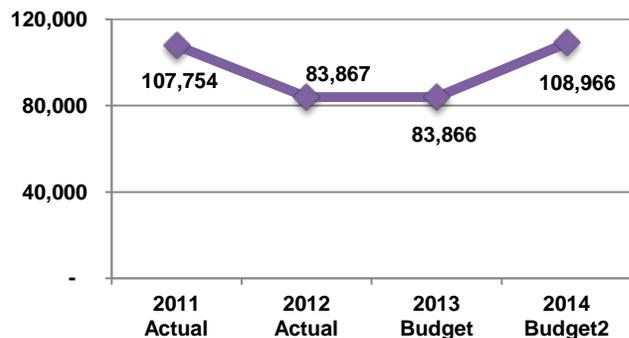
The City completed a review of these Park Impact fees in 2011. A new impact fee amount was adopted by City Council and will be reviewed every two years in order to keep current.

EXPENDITURES:

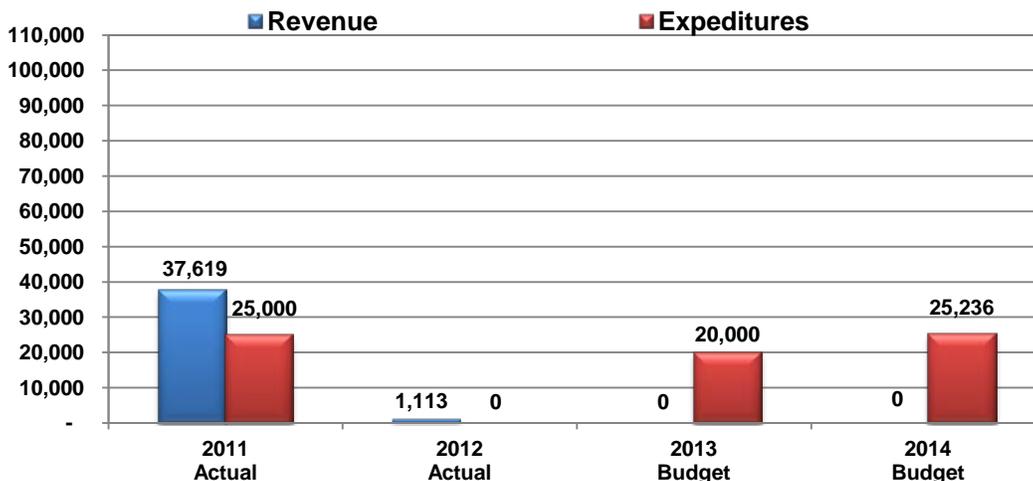
In the past, the city has used these funds towards athletic field improvements to the community field at Vinland Elementary School, the replacement of an aging playground at Betty Iverson Kiwanis Park, and planning for the trail easement to Nelson Park. These funds are transferred into the Park Reserve Fund (302).

Due to limited revenues in this fund, only one project will receive funding. This project is the construction of the trail easement to Nelson Park.

Park Development Fund (124) Resources



**Park Development Fund (124)
Revenue and Expenditures**



PARK DEVELOPMENT RESOURCES(FUND 124)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	70,135	82,754	83,866	108,966	30%
CHARGE FOR SERVICES	37,500	1,000	-	-	0%
MISCELLANEOUS	119	113	-	-	0%
TOT PARK DEVELOPMENT RESOURCE	107,754	83,867	83,866	108,966	30%
PARK DEVELOPMENT USES (FUND 124)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
OTHER FINANCING USES	25,000	-	20,000	25,236	26%
FUND BALANCE	82,754	83,867	63,866	83,730	31%
TOTAL PARK DEVELOPMENT USES	107,754	83,867	83,866	108,966	30%

HISTORIC DOWNTOWN POULSBO ASSOCIATION FUND (HDPa) (131) DESCRIPTION:

In 1988, business owners in the downtown area, with the cooperation of the City, formed a Business Improvement Area Association (BIAA). This organization, dedicated to the beautification and promotion of historic downtown Poulsbo, is now known as the "Historic Downtown Poulsbo Association" (HDPa).

The purpose of the Association as stated in their mission statement is: ***"To aid general economic development and facilitate business cooperation through promotion and improvement of the Downtown Business District."***

Businesses self-assess fees to support the beautification, preservation, and promotion of downtown Poulsbo. Donations are also accepted from corporations and any other business or individuals who wish to support the program. By attending quarterly member meetings, members can join committees, run for open board positions, and discuss their ideas. The Board communicates through email and in person with the members regarding ongoing projects, and upcoming promotions.

The skill and expertise of HDPa members has been the key to the success of the organization. The volunteer board and committee members decide how the association's budget will be spent. The City Council approves both the budget and expenditures. These funds are used for promotion, beautification, and administration purposes. The City provides the services of accounts receivable, accounts payable and annual report preparation in compliance with Washington state regulations. The City is paid for these services.

The Association has purchased attractive blue standards to hold decorative banners and flower baskets which are planted each spring. Flowers are planted each year in the blue pots throughout the business improvement area. The downtown is decorated for the winter holiday season with lighted structures, wreaths, and garlands purchased and maintained by the HDPa. The much needed replacement of Christmas lighting for Front Street and Jensen Avenue will continue into 2014.

Brochures, television, radio, internet, and print media are used to promote the downtown area. The association's website provides the names and telephone numbers of each association business member as well as a calendar of events. Live web site links are also provided to all member businesses' websites. The marketing committee has also negotiated favorable advertising rates for Association members. HDPa will be the lead member of the Poulsbo Market Coalition (PMC) established in 2008 to administer the grant proceeds from Hotel/Motel tax dollars to be used for joint advertising.

In 2012, six decorative light standards were installed in the Waterfront Park. Pavers and light standards were paid by donations, leaving a reserve for additional beautification of Historic Downtown Poulsbo. A mural was also supported by the Association on the "Boehm's" building, featuring a Viking ship, adding to the delightful aesthetics of the downtown.

The Association also works all year long to host or assist with public events: Viking Fest, 3rd of July, Hopstock-Kitsap Peninsula Beer Festival, Poulsbo Streetdance, Downtown Trick or Treat, Fall Harvest Fest, Christmas in Little Norway, Girls Night Out and monthly Artwalks.

FUND RESOURCES:

Businesses located in the downtown area pay an assessment based on the type of business and square footage of floor space. These assessments are levied by applying a quarterly minimum fee, or a fee based on the square footage of floor space, whichever is greater.

The association also recognizes the benefits of joining the Greater Poulsbo Chamber of Commerce and the Kitsap Peninsula Visitors & Convention Bureau in marketing efforts. This cooperation makes more marketing resources accessible to the downtown core, and enhances Poulsbo's overall branding.

The Planning Department determines the correct square footage and the City bills Association members on a quarterly basis. For 2014, assessments are estimated to be \$46,500.

EXPENDITURE HIGHLIGHTS:

Ongoing:

- Purchase or replacement of beautification elements when needed
- Event planning and marketing
- Radio & Print Advertising, Digital Marketing
- Brochure Printing
- Co-op ads with Poulsbo Chamber of Commerce and Visit Kitsap Peninsula (VKD), formerly the Kitsap Visitors Convention Bureau.

Seasonal-Spring

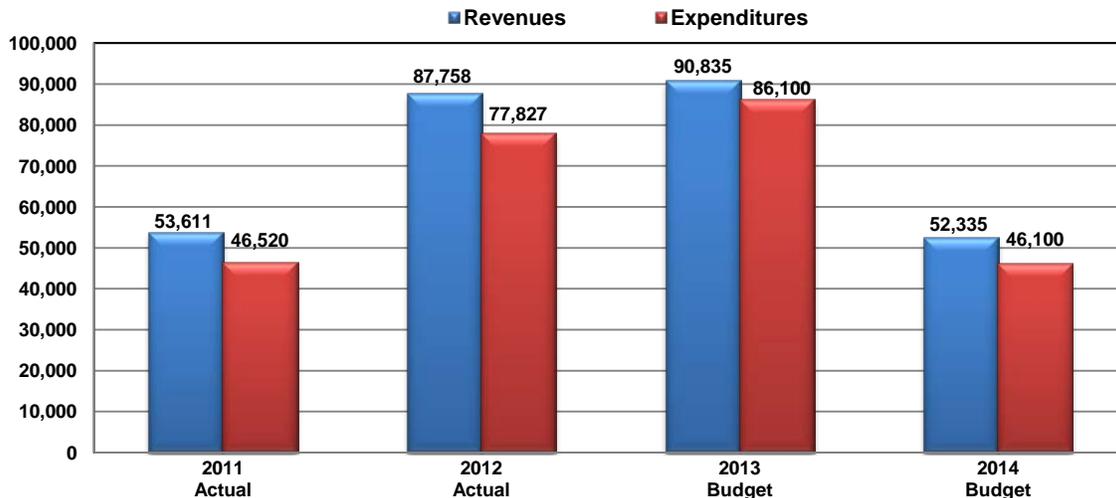
- Contract with a private nursery to supply maintain and water all hanging floral baskets and 60 potted containers located on Front and Jensen Streets inside the HDPAs boundary.
- In 2013, the HDPAs increased the budget for planters and baskets to include 8 to 10 new ones on Anderson Parkway.

Seasonal-Fall

- Community “Trick or Treat” in downtown Poulsbo
- Poulsbo’s Fall Harvest Fest
- Christmas in Poulsbo
 - decoration of downtown with Christmas banners, lighted street crossing structures, wreaths and candy canes
 - Father Christmas and the Giving Tree (contributions collected for Fishline)
 - Kitsap Newspaper Group - "Experience Little Norway"
 - Kitsap Newspaper Group - Holiday Gift Guide
- Girls Night Out events
- Artwalks, winewalks, monthly events, shoulder season promotion

HDPAs QUARTERLY ASSESSMENT SCHEDULE		
	Minimum Quarterly Base	Assessment per square footage
Retail	\$60	7.5 cents
Non-Retail	\$45	4.5 cents

**Historic Downtown Poulsbo Association (131)
Revenues & Expenditures (2011-2014)**



HISTORIC DNTWN POULSBO ASSOCIATION RESOURCES (FUND 131)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	56,667	63,758	73,644	77,879	6%
MISCELLANEOUS	53,611	87,758	90,835	52,335	-42%
TOT HIST DNTWN POULSBO ASSOC	110,278	151,516	164,479	130,214	-21%
HISTORIC DOWNTOWN POULSBO ASSOCIATION USES (FUND 131)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BAD DEBT EXPENSE	340	1,086	-	1,000	0%
SUPPLIES	17,828	8,257	750	750	0%
OTHER SERVICES & CHARGES	25,352	65,484	82,350	41,350	-50%
INTERFUND PAYMENT FOR SERVICES	3,000	3,000	3,000	3,000	0%
FUND BALANCE	63,758	73,689	78,379	84,114	7%
TOTAL HIST DNTWN POULSBO USES	110,278	151,516	164,479	130,214	-21%

**PATHS & TRAILS RESERVE FUND (161)
DESCRIPTION:**

The purpose of this fund is to track revenue and expenditures associated with the paths and trails reserve fund. This fund is administered by the Public Works Department.

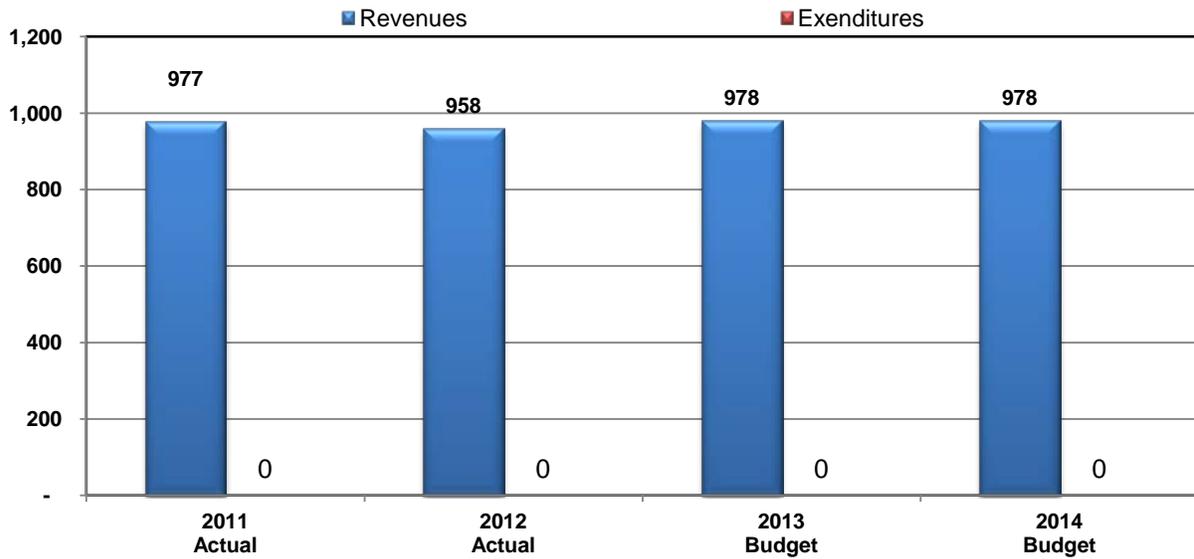
FUND RESOURCES:

.5% of the State Fuel Tax is designated to be used specifically for paths and trails. The tax is State shared revenue and is distributed to cities based on their population.

EXPENDITURE HIGHLIGHTS

There are no anticipated expenditures in 2014.

**Path & Trails Reserve Fund (161)
Revenue (2011 - 2014)**



PATH AND TRAILS RESERVE RESOURCES (FUND 161)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	9,609	10,587	11,545	12,523	8%
INTERGOVERNMENTAL	964	944	978	978	0%
MISCELLANEOUS	13	14	-	-	0%
TOTAL PATHS & TRAILS RESOURCES	10,586	11,545	12,523	13,501	8%

PATH AND TRAILS RESERVE USES (FUND 161)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
OTHER FINANCING USES	-	-	-	-	0%
FUND BALANCE	10,586	11,545	12,523	13,501	8%
TOTAL PATH AND TRAILS USES	10,586	11,545	12,523	13,501	8%

DRUG ENFORCEMENT FUND (171)

DESCRIPTION:

This fund was created to account for monies and proceeds from the sale of property seized during drug investigations and forfeited as outlined in RCW 69.50.505, or other state or federal laws. Additionally, all monies received by the City pursuant to a court order prescribing such monies shall be used for drug enforcement and deposited into this fund after certain amounts, if any, are deducted in accordance with state and federal laws. The City shall keep and provide to the State Treasurer records of such deposits. The fund is administered by the Police Department.

The fund was established for accumulating funds for the expansion and improvement of controlled substance related law enforcement activity including drug awareness education and the purchase, lease, and maintenance of equipment and other items necessary for drug enforcement by the City of Poulsbo Police Department. The monies deposited in this fund shall be expended for these purposes only.

At the end of the budget year, any unexpended funds shall remain in the fund and be carried forward from year to year until expended for drug enforcement.

FUND RESOURCES:

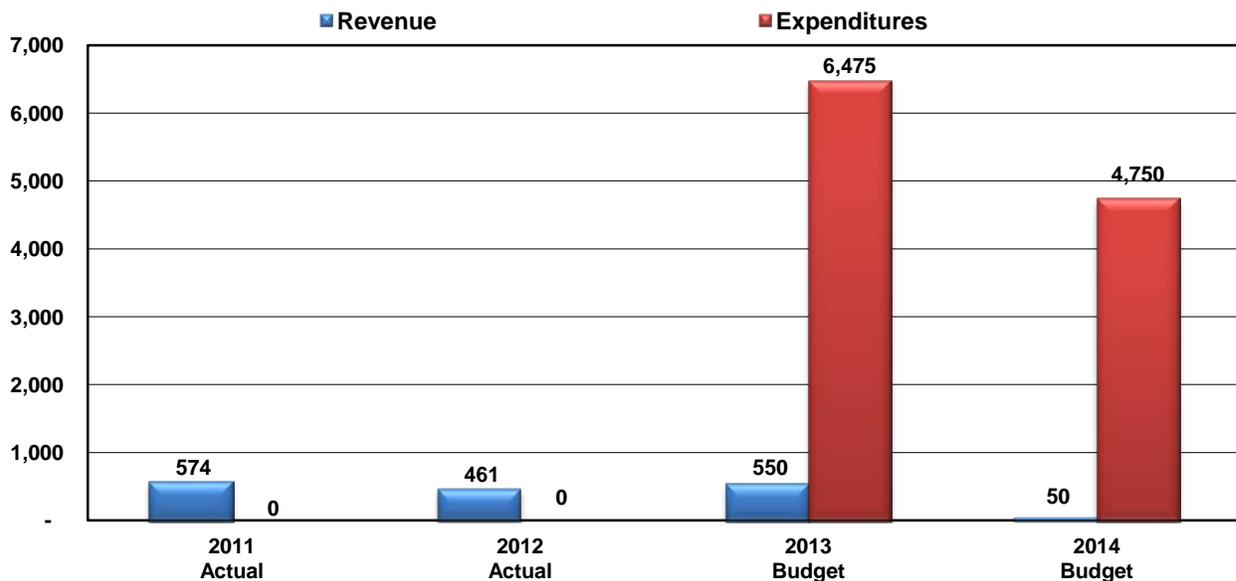
As described, resources are derived from monies and property seized during drug investigations. The City is very conservative in this revenue estimate because of the type of activity that generates the revenue.

Certain law enforcement activities in concert with federal drug enforcement agencies such as the Drug Enforcement Agency (DEA) or the Department of Homeland Security (DHS) may result in reimbursement of overtime costs.

EXPENDITURE HIGHLIGHTS:

In 2013 the City began collecting contributions to support a K-9 program for drug enforcement. Expenditures in 2013 and 2014 will be used to support this program.

**Drug Enforcement Fund (171)
Revenues and Expenditures (2011 - 2014)**



DRUG ENFORCEMENT FUND RESOURCES (FUND 171)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	24,055	24,630	25,091	13,150	-48%
INTERGOVERNMENTAL	-	-	-	-	0%
FINES AND FORFEITURES	-	-	-	-	0%
MISCELLANEOUS	574	461	550	50	-91%
TOTAL DRUG ENFORCEMENT RES	24,629	25,091	25,641	13,200	-49%
DRUG ENFORCEMENT FUND USES (FUND 171)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	-	-	-	-	0%
PERSONNEL BENEFITS	-	-	375	1,000	167%
SUPPLIES	-	-	5,600	1,500	-73%
OTHER SERVICES & CHARGES	-	-	500	2,250	350%
FUND BALANCE	24,629	25,091	19,166	8,450	-56%
GRAND TOTAL DRUG ENFORCEMENT	24,629	25,091	25,641	13,200	-49%

TRANSIENT OCCUPANCY TAX FUND (181) DESCRIPTION:

In April 1982, this fund was created to account for monies received from hotel/motel tax. It is administered by the Finance Director and Parks and Recreation Director. In accordance with RCW 67.28.180 the City levies a 2% tax on lodging activity within the City. This tax is credited against the State sales tax. In the past, the City Council authorized this first two percent to be distributed equally to the Greater Poulsbo Chamber of Commerce and Kitsap Peninsula Visitors & Convention Bureau. In 2010, the allocation amount changed also using funds for festivals deemed to support tourism such as police and public works overtime associated with patrolling, setting up, and cleaning up of the festival.

In 1998, the City approved Ordinance 98-03 in accordance with RCW 82.08 and authorized by RCW 67.28.181 to levy an additional 2% tax on charges for lodging activity, which is not credited against the sales tax. In order to collect the additional 2% tax the City is required to form a Lodging Tax Advisory Committee (LTAC). As per requirements outlined in RCW 67.28.1817, the Committee must consist of at least five members of whom at least two are representatives from businesses that collect the tax, at least two which are persons involved in activities funded by the tax, and one member from the city who acts as chair. The second 2% tax is subject to recommendations by the lodging tax advisory committee and RCW 67.28.1815 which states, "All revenue from (these) taxes shall be used solely for the purpose of paying all or any part of the cost of tourism promotion, acquisition or tourism-related facilities, or operation of tourism-related facilities."

Legislation in 2008 expanded the definition so hotel-motel tax revenues can now be used not only on marketing special events and festivals but also on operations. Additional legislation in 2013 slightly revised the 2008 legislation.

Eligible activities/projects, as defined in Washington State laws.

- RCW 67.28.080 (5) Tourism*
- RCW 67.28.080 (6) Tourism Promotion*
- RCW 67.28.080 (7) Tourism-related facility*

Allowable Uses, as per Sec. 1 RCW 67.28.1816 AND 2008 c 28 s 1:

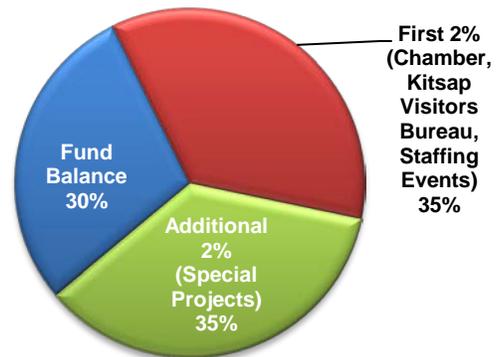
Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitor's bureau or destination marketing organization for:

- a) Tourism marketing;
- b) The marketing and operations of special events and festivals designed to attract tourists;
- c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters 35.57 and 36.100 RCW; or
- d) Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501 c (3) and 26 U.S.C. Sec. 501c (6) of the internal revenue code of 1986, as amended.

FUND RESOURCES:

The City has two motels on which the tax is levied. The State collects the tax and remits it back to the City on a monthly basis. In 2014 the anticipated tax revenue is \$90,000.

**Transient Occupancy Tax Fund (181)
Resources \$126,448**



EXPENDITURES:

The City accepts grant proposals from various eligible organizations for use of the lodging tax to fund tourism related projects, events and facilities. All proposals are reviewed by the Lodging Tax Advisory Committee. The Committee then makes a recommendation to the Community Services Committee prior to coming before the full Council.

Successful projects in 2013 included:

- a. Repairs to the Kvelstad Pavilion in Waterfront Park
- b. A brochure rack installation in Poulsbo City Hall.
- c. Collaborative marketing through the Poulsbo Marketing Coalition.
- d. Police overtime for the two largest City festivals, Viking Fest and the 3rd of July.
- e. The chamber created a volunteer program with the intention of building Poulsbo's Visitor Information Center.
- f. Generation of operational support for the Poulsbo Chamber of Commerce and the Kitsap Peninsula Visitor and Convention Bureau.

2014 Approved projects include:

Visit Kitsap \$18,000

City of Poulsbo Year-Round tourism Marketing Services & Support

The Poulsbo Marketing Coalition \$68,500

Welcome to Poulsbo, Phase II

City of Poulsbo \$2,000

Waterfront Park restroom maintenance

City of Poulsbo \$2,000

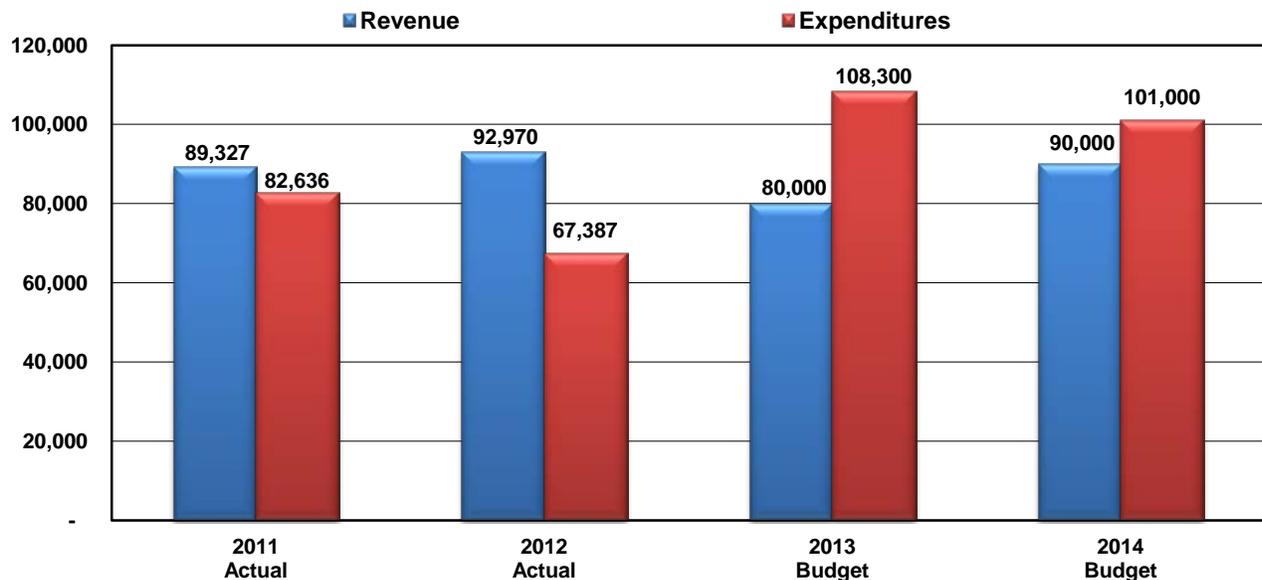
Public Works overtime for Viking Fest and 3rd of July festivals

City of Poulsbo \$10,500

Police overtime for Viking Fest and 3rd of July festivals.

Total: \$101,000

**Transient Occupancy Tax Fund (171)
Revenues and Expenditures (2011 - 2014)**



TRANSIENT OCCUPANCY RESOURCES (FUND 181)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	32,452	39,143	64,727	36,448	-44%
TAXES	89,280	92,910	80,000	90,000	13%
MISCELLANEOUS	47	60	-	-	0%
TOTAL TRANSIENT OCCUP RESOURCE	121,779	132,113	144,727	126,448	-13%
TRANSIENT OCCUPANCY TAX USES (FUND 181)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	11,436	8,920	10,000	10,375	4%
PERSONNEL BENEFITS	2,320	1,838	3,000	2,125	-29%
SUPPLIES	-	-	-	-	0%
OTHER SERVICES & CHARGES	68,879	56,628	95,300	88,500	-7%
OTHER FINANCING USES	-	-	-	-	0%
FUND BALANCE	39,143	64,727	36,427	25,448	-30%
GRAND TOTAL TRANSIENT OCCUPAN	121,779	132,113	144,727	126,448	-13%

**POLICE RESTRICTED FUNDS (191):
PROGRAM DESCRIPTION:**

This fund is administered by the Police Department. It accounts for various revenues to be used specifically for criminal justice activities.

FUND RESOURCES:

Vessel Registration Fees: Money is allocated to counties with eligible boat safety programs approved by the State Parks and Recreation Commission. Distribution is based on the number of registered vessels by county of moorage. The county is responsible for equitable allocation to other jurisdictions with approved programs within the county. (RCW 88.02.040)

Criminal Justice Programs:

Criminal Justice funds must be used for innovative law enforcement strategies (RCW 82.14.330(2)(a), programs helping at-risk children or child abuse victims (RCW 82.14.330(2)(b), or programs reducing the level of domestic violence (RCW 82.14.330(2)(c).

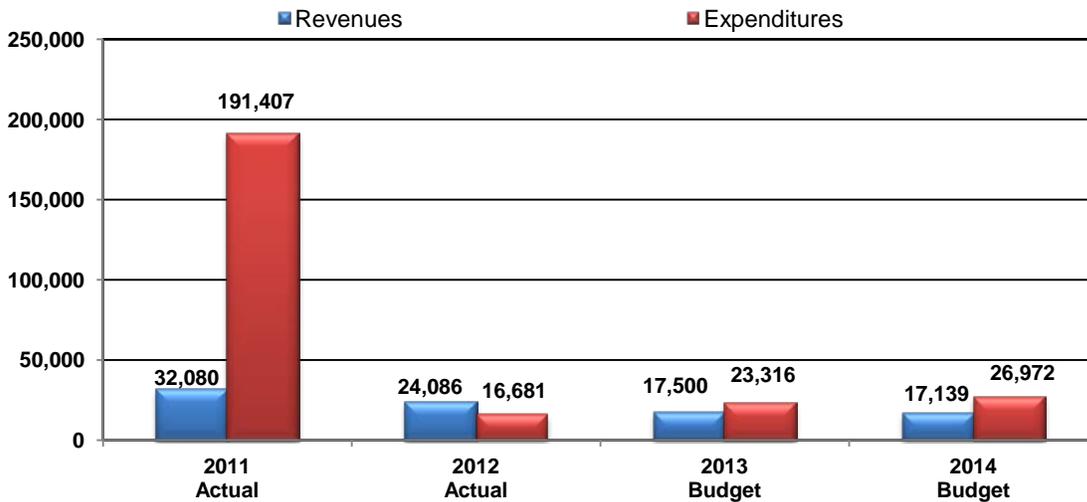
Prior to 2012 several Criminal Justice sales tax programs were accounted for in the Police Restricted Fund (191). Beginning in 2012 the resources and related expenditures are accounted for in the General Fund. This change was made because it was determined there had been many more Criminal Justice expenditures being absorbed into the General Fund without the related resource.

FUND USES:

Fund uses for 2014 will be:

- A distribution to the YWCA for victims of domestic violence and a final distribution to Coffee Oasis Poulsbo will be funded from the Criminal Justice funds. Kitsap County Drug Court will receive a distribution in 2014 as well;
- Expenditures for our marine patrol program;
- Small tools and supplies for police use from funds generated by donations.

**Police Restricted Fund (191)
Revenue & Expenditures (2011-2014)**



POLICE RESTRICTED FUND RESOURCES (FUND 191)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	228,191	92,319	99,723	101,215	1%
INTERGOVERNMENTAL	9,713	21,127	16,700	14,839	-11%
FINES & FORFEITS	-	9	-	-	0%
MISCELLANEOUS	22,367	2,950	800	2,300	188%
OTHER FINANCING SOURCES	-	-	-	-	0%
GRAND TOTAL POLICE REST FUNDS	260,271	116,405	117,223	118,354	1%
POLICE RESTRICTED FUNDS USES (FUND 191)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	-	1,621	-	-	0%
PERSONNEL BENEFITS	7,233	340	-	-	0%
SUPPLIES	11,376	5,078	10,193	13,000	28%
OTHER SERVICES & CHARGES	14,673	9,642	13,123	13,972	6%
CAPITAL OUTLAY	50,059	-	-	-	0%
OTHER FINANCING USES	108,066	-	-	-	0%
FUND BALANCE	68,864	99,724	93,907	91,382	-3%
TOTAL POLICE RESTRICTED USES	260,271	114,784	117,223	118,354	1%

Section 5

Debt Service Funds (200's)



DEBT SERVICE FUNDS (200's):

***Account for the accumulation of resources for,
and the payment of, long-term debt
principal and interest for debt associated
with the Governmental Funds***

Note: Debt associated with the Proprietary Funds is accounted for in the Proprietary Funds.

TYPES OF GOVERNMENTAL DEBT CURRENTLY ISSUED BY THE CITY:

Voted General Obligation (GO) Bonds: These bonds are the most common form of debt issuance by governments for general purpose, open space, parks and infrastructure. The bonds offer maximum security to investors through the pledge of the issuer's full faith and credit. These GO bonds require 60% voter approval and assess property owners a special tax levy. The City has no Voted GO debt issued at this time

Non-Voted General Obligation (GO): The debt requires the City to levy a property tax sufficient to meet its non-voted debt service obligations up to a statutory limit. This debt is issued without voter approval for capital purposes only. The debt can also be in the form of purchase, sales, or lease Contracts. Typically, these types of debts are very simple financial arrangements between the government and the vendor who is providing the property being acquired.

Public Works Trust Fund Loan (PWTF): The debt is a low interest intergovernmental loan from Washington State's Public Works Board that is used for repairing, replacing or creating domestic water systems, sanitary sewer systems, storm sewer systems, roads and solid waste public works projects.

Revenue Bonds: Bonds that are used for financing construction or improvements to facilities of enterprise systems such as water, sewer, solid waste and storm drain. Revenue Bonds are retired by means of revenue in proprietary funds. There is no general tax liability for these obligations. Revenue bond debt is accounted for in the enterprise funds (400's) and is controlled by bond covenants.

Local Option Capital Asset Lending (LOCAL) Program Debt: A financing contract with the Office of the State Treasurer for financing equipment and capital needs.

Limited Tax General Obligation (LTGO) Bond Anticipation Note: An obligation which is used for meeting immediate financing needs of a project for which funding has been secured but not received.

- All debt funds are administered by the City's Finance Department •

SUMMARY OF THE CITY'S DEBT SERVICE FUNDS

<i>FUND 201 MISCELLANEOUS GOVERNMENTAL DEBT</i>
<p>PWTF Loan/Front Street Improvements – In 2001, the City secured a debt issue for the reconstruction of Front Street between Bond Road and Jensen Way. The total amount of the loan is \$1,406,930 with a 3% interest rate. It will be paid off in June of 2020.</p>
<i>FUND 204 NON-VOTED GENERAL OBLIGATION DEBT</i>
<p>Municipal Campus – In late 2005, the City secured a \$5,185,000 debt issue to purchase a large parcel of land on 10th Avenue with the intention of building a new municipal campus. The debt would fund Phase I which includes the purchase of land and civil site work. The debt will be paid off in December 2025. The property has since been sold with the proceeds and remaining bond proceeds used for the Downtown City Hall Project.</p>
<p>City Hall – In 2009, the City went out for \$6,015,000 debt to finance the new City Hall. The debt is part of a funding package that includes additional sources. The debt will be paid off in December 2033.</p>
<p>2012 City Hall - In early 2012, the City secured a \$2,455,000 Limited Tax General Obligation Bond. \$1,795,000 was to pay off the City Hall Line of Credit and \$660,000 was to pay off the 2003 Limited Tax General Obligation Bond Anticipation Note commonly known as Morris Property/Transportation. The bond will be paid off in December of 2031.</p>
<p>Parks & Recreation Building – In 2010, the City financed \$310,000 towards the purchase of the Park and Recreation building in a LOCAL certificate of participation with the State of Washington. The debt will be paid off in 2030.</p>

FUND #	FUND NAME	BEGINNING BALANCE	TOTAL RESOURCES	TOTAL USES	ENDING BALANCE
201	Miscellaneous Governmental Debt	3,214	89,985	89,985	3,214
204	Non-Voted General Obligation	5,313	978,518	979,515	4,316

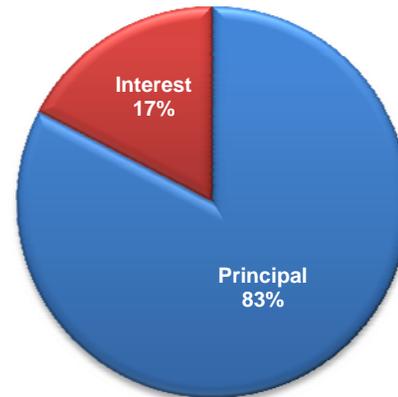
MISCELLANEOUS GOVERNMENTAL DEBT (201):

Fund 201 accounts for the revenue and debt expenditures associated with miscellaneous governmental debt.

FRONT STREET – PUBLIC WORKS TRUST FUND LOAN

In 2001, the City obtained a Public Works Trust Fund Loan (PWTF) for improvements to Front Street between Bond Road and Jensen Way. The total amount borrowed is \$1,406,930. The debt funded improvements such as pavement overlay, storm drainage, shoulders, curbs and sidewalks.

Miscellaneous Governmental Debt (Fund 201) Uses



Debt Issue	2014 Principal	2014 Interest	12/31/14 Ending Balance	Payoff Year
2001 PWTF-Front Street	74,368	15,617	446,210	2020

MISC GOVERNMENTAL DEBT RESOURCES (FUND 201)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	1,186	3,177	3,213	3,214	0%
MISCELLANEOUS	20	36	3	-	-100%
OTHER FINANCING SOURCES	98,650	94,448	92,217	89,985	-2%
TOTAL MISC GOVNMT DEBT RESOURC	99,856	97,661	95,433	93,199	-2%

MISCELLANEOUS GOVERNMENTAL DEBT USES (FUND 201)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
DEBT SERVICE - PRINCIPAL	74,368	74,368	74,368	74,368	0%
DEBT SERVICE - INTEREST	22,310	20,079	17,848	15,617	-13%
FUND BALANCE	3,177	3,213	3,217	3,214	0%
TOTAL MISC GOV DEBT USES	99,856	97,661	95,433	93,199	-2%

NON-VOTED GENERAL OBLIGATION DEBT (204):

Fund 204 accounts for revenue and expenditures associated with the following debt:

CITY HALL:

In late 2005, the City went out for \$5,185,000 of debt to purchase a piece of property to house the future Municipal Campus. A parcel on 10th Avenue was initially purchased however, it was decided by advisory vote to move the location to the downtown area.

Two adjacent parcels were purchased at 3rd Avenue & Moe Street to house the new City Hall. The debt proceeds were also to fund the design and initial civil site work. The original parcel on 10th Avenue was sold and the proceeds combined with the remaining debt proceeds were applied towards the downtown City Hall project.

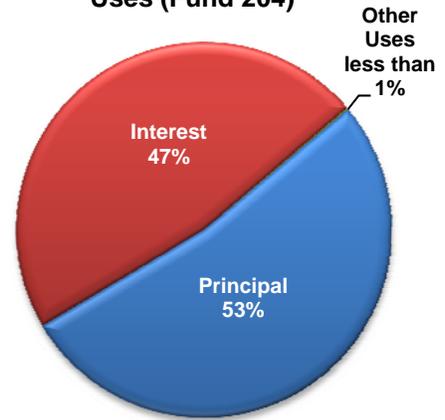
In early 2009, the City went out for \$6,015,000 of debt as part of the financing package for the new City Hall on 3rd Avenue & Moe Street. This debt issue funded the site work and construction phase of the project. This bond will be paid off in 2033.

In early 2012, the City secured a \$2,455,000 Limited Tax Obligation Bond. \$1,795,000 was delegated to pay off remaining balance of the Line of Credit and \$660,000 was delegated to refund the 2003 Limited Tax Obligation Bond Anticipation Note, commonly known as Morris Property/Transportation. The debt for the larger line of credit portion was issued with a three year interest only payment. The refunding portion of \$660,000 will be paid off in 2017. This bond will be paid off in 2031.

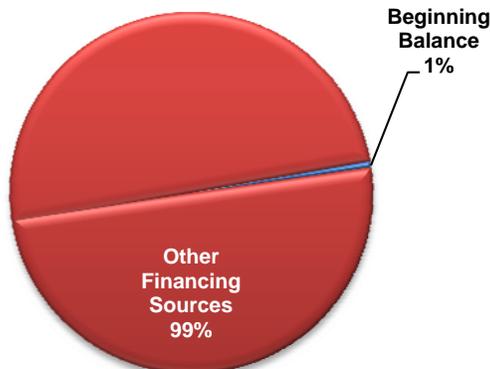
PARKS & RECREATION CENTER – CERTIFICATES OF PARTICIPATION:

In 2010, the City entered into a Certificate of Participation with the Washington State Treasurer’s office for \$310,000 to finance the acquisition and renovation of the existing Parks & Recreation facility.

Non-Voted GO Debt Uses (Fund 204)



Non-Voted GO Debt Resources (Fund 204)



Debt Issue	2014 Principal	2014 Interest	12/31/14 Ending Balance	Payoff Year
2003 Morris Property/Transportation	100,000	6,540	295,000	2031
2005 Muni Campus	235,000	148,655	3,325,000	2025
2009 City Hall Bonds	170,000	243,900	4,960,000	2033
2012 City Hall	0	53,800	1,795,000	2031
2010 LOCAL Parks & Recreation	10,000	10,400	270,000	2030

NON-VOTED GENERAL OBLIG DEBT RESOURCES (FUND 204)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	69,853	9,769	5,422	5,313	-2%
MISCELLANEOUS	426	340	94	-	-100%
OTHER FINANCING SOURCES	971,379	3,562,835	982,395	978,518	0%
TOTAL NON-VOTED GO DEBT RES	1,041,658	3,572,944	987,911	983,831	0%

NON-VOTED GENERAL OBLIGATION DEBT USES (FUND 204)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
DEBT SERVICE - PRINCIPAL	560,000	3,040,000	505,000	515,000	2%
DEBT SERVICE - INTEREST	470,801	527,520	477,701	464,515	-3%
FUND BALANCE	10,857	5,423	5,210	4,316	-17%
TOTAL NON-VOTED G.O DEBT USES	1,041,658	3,572,944	987,911	983,831	0%

Section 6

Capital Project Funds (300's)



CAPITAL PROJECT FUNDS (300's)

account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary and trust funds.

CAPITAL PROJECT FUNDS

FUND #	FUND NAME	DESCRIPTION/USE	2013 FUNDING SOURCE
301	Equipment Acquisition	Replacement of existing capital equipment Acquisition of capital equip for new programs	<ul style="list-style-type: none"> • General Fund transfer to cover capital replacement and new capital
302	Park Reserve	Development of parks	<ul style="list-style-type: none"> • 4.3% Property Tax Revenue (reduced 50%) • Grants
311	Street Reserve	Capital Street Projects	<ul style="list-style-type: none"> • 4.3% of various Street Fund Rev (101) • Grants • 7% Property Tax for pavement restoration (reduced 50%) • 4.3% Property Tax Revenue (reduced 50%) • Transfer from Traffic Improvement Fund (123)
314	Cemetery Reserve	Capital improvements to city cemetery	<ul style="list-style-type: none"> • Gravesite sales
321	Street Equip Reserve	Acquisition of street program equipment	<ul style="list-style-type: none"> • 5% of various Street Fund Revenue
331	Facilities Fund	Capital improvements to facilities	<ul style="list-style-type: none"> • Bond Proceeds

FUND #	FUND NAME	BEGINNING BALANCE	TOTAL RESOURCES	TOTAL USES	ENDING BALANCE
301	Equipment Acquisition	152,515	124,650	46,500	\$ 230,665
302	Park Reserve	146,584	160,059	214,000	\$ 92,643
311	Street Reserve	91,000	4,190,298	4,170,000	\$ 111,298
314	Cemetery Reserve	62,004	3,200	0	\$ 65,204
321	Street Equipment Reserve	116,490	0	75,500	\$ 40,990
331	Facilities Fund	141,853	0	0	\$ 141,853

EQUIPMENT ACQUISITION FUND (301)

DESCRIPTION: This fund, under the direction of the City’s Finance Department, provides funding for the acquisition of capital equipment for all departments other than those in the proprietary funds. The equipment can be of two types: a replacement of existing equipment, or equipment for a newly approved program. When preparing their budgets for the upcoming year, departments submit requests for capital equipment replacement to the Finance Director. After determining what resources will be available in the fund, the requests are prioritized based on department need. The prioritized list is presented to the Finance/Administration Committee during the budget process. The Committee then makes a formal recommendation to the full Council. The Council makes the final determination on how the funds will be allocated.

The City’s capitalization policy sets the capital purchase threshold at \$5,000. Computers, printers, software and items of “small tools” in nature are purchased directly through the General Fund reducing the General Fund transfer for these items. These types of purchases represent: 1) items under \$5,000 in cost, which do not qualify as a capital purchase, i.e. software, or, 2) items that were budgeted to cost over \$5,000, but actual costs were lower.

PROGRAM RESOURCES:

Funding is provided through operating transfers from the General Fund. Prior to 2010, 7% of sales tax was transferred to this fund; 5% for replacement purchases and 2% for new program equipment. Also transferred to this fund are criminal justice funds to purchase a new police vehicle. In 2013 these amounts have been reduced for two different reasons. 1) Amount remaining in General Fund to purchase small tools items, not large enough to be capitalized but have been targeted for the funding source; 2) The amounts have been reduced leaving funds to remain in the General Fund supporting operational costs. The capital replacement portion has been reduced by 50% and the new capital portion has been reduced only transferring the amount necessary to fund 2014 anticipated expenditures. Some items planned for replacement will be pushed out to a later date and not replaced in 2014.

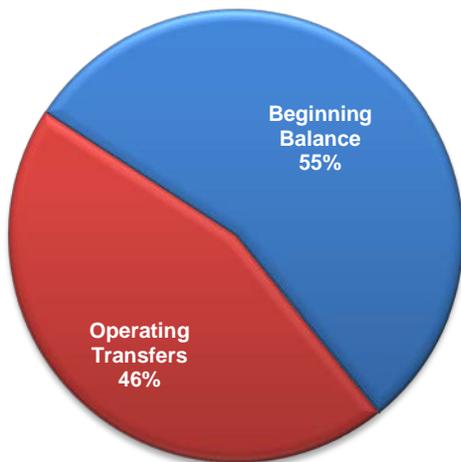
2013 ACCOMPLISHMENTS:

During 2013 a new police vehicle and a new mower for park maintenance were purchased. The amount to fund a portion of the City Hall debt attributed to the equipment and furnishings of the building.

PROGRAM USES:

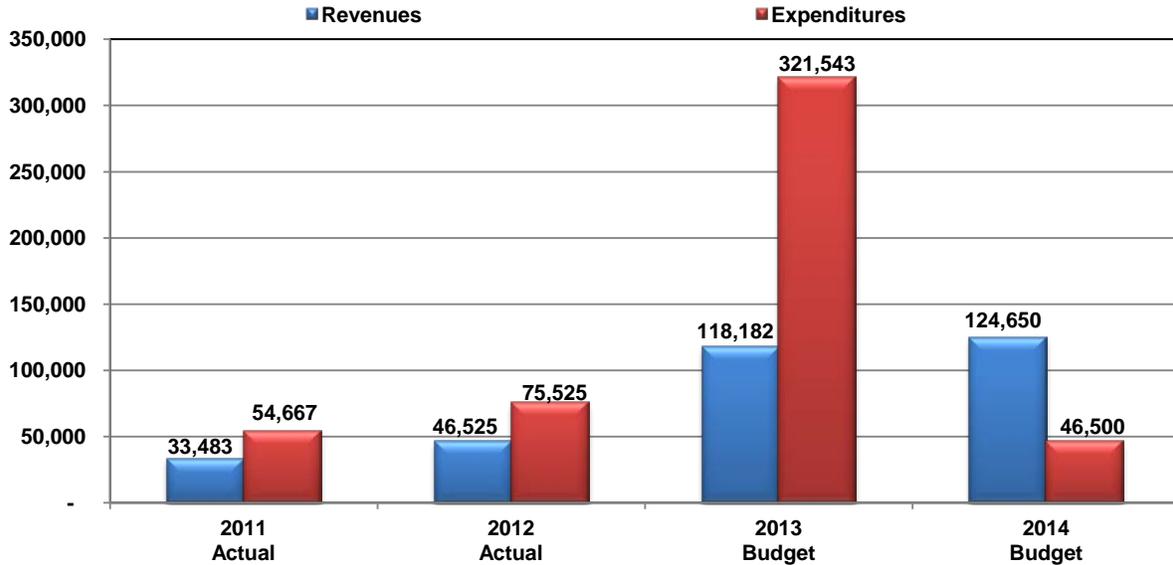
A detailed list of projected capital purchases for 2014 is provided.

**Equipment Acquisition Fund (301)
Resources \$277,165**



2014 Capital Acquisitions	
Police Vehicle Computer Replacement/Phased (5)	\$15,000
Transfer for City Hall Debt Equip	\$31,500
Total Funded	\$46,500
Items Requested – Not Recommended for 2014 Funding	
Police Car #1	\$48,379
Police Car #2 - Hybrid	\$53,000
Park & Recreation Van	\$35,000
Records Management Software	\$47,241
Novus Agenda	\$5,550
Evidence Dryer	\$15,000
Finger Printing System	\$11,143
Total Not Funded	\$215,313

**Equipment Acquisition Fund (301)
Revenue and Expenditures**



EQUIPMENT ACQUISITION RESOURCES (FUND 301)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	406,059	384,875	355,876	152,515	-57%
MISCELLANEOUS	1,983	1,525	-	-	0%
OTHER FINANCING SOURCES	31,500	45,000	118,182	124,650	5%
TOTAL EQUIP ACQUIS RESOURCES	439,542	431,400	474,058	277,165	-42%

EQUIPMENT ACQUISITION USES (FUND 301)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SUPPLIES	-	-	-	-	0%
OTHER SERVICES & CHARGES	-	-	-	-	0%
CAPITAL OUTLAY	12,347	44,025	284,043	15,000	-95%
OTHER OPERATING USES	42,320	31,500	37,500	31,500	-16%
FUND BALANCE	384,875	355,876	152,515	230,665	51%
TOTAL EQUIP ACQUISITION USES	439,542	431,400	474,058	277,165	-42%

PARK RESERVE FUND (302)

DESCRIPTION:

The purpose of this fund is to provide monies for improvements to City parks. The fund is administered by the Parks & Recreation Department.

FUND RESOURCES:

Historically, 4.3% of property taxes received in the General Fund (001) are transferred into the Park Reserve Fund. Since 2011, the transfer from the General Fund was reduced 50%, allowing the additional funds to remain in the General Fund for operations. The city hopes this will be a temporary setback in park development.

Poulsbo’s Fish Park, located on the Dogfish Creek estuary at the north end of Liberty Bay along Lindvig Way, continues to successfully involve the citizenry, business and service organizations in its development. Phase 2 development is continuing, with the biggest challenge being an access across the estuary, linking east and western halves of the property.

2013 saw ongoing stewardship and general maintenance projects in the original park parcels. The amphitheater was completed with the help of the Poulsbo-NK Rotary Club. The Westsound Wildlife Shelter has used this facility for public programs. A new piece of driftwood artwork was created and installed.

In 2014 the value of donated properties will be used as matching funds in a grant application for acquisition of two neighboring parcels.

The Fish Park Steering Committee has continued to be the driving force in this mostly volunteer effort. They have led the project planning and provided stewardship of this jewel within the City. Three groups have “adopted” a zone to maintain within the 36 acre site.

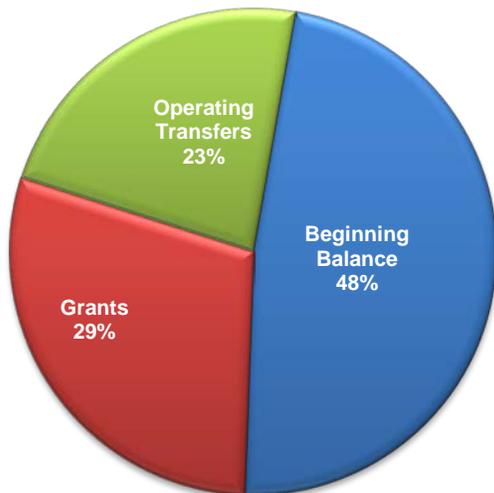
The **Poulsbo Trails Committee** meets annually, reviewing the Urban Paths of Poulsbo trail plan. This plan is used by developers and city planners alike, to guide connectivity between public spaces, parks, economic areas, neighborhoods and schools.

The planning and permitting for the **trail easement** between Poulsbo’s Fish Park and Nelson Park has been completed, with construction beginning in 2014.

Other trail easement possibilities continue to be researched for possible linkages between neighborhoods, commercial areas and public spaces.

Planning at **Net Shed Park** in Old Town included a slope assessment and tree maintenance evaluation. The neighbors in the area have agreed to provide stewardship through an “adopt a park” type program.

**Park Reserve Fund (302)
Resources \$306,643**



2013 PROGRAM ACCOMPLISHMENTS:

The City has been very successful creating partnerships with other government agencies, service organizations, businesses, and citizens. Poulsbo parks have benefited from these partnerships over the years, and this will continue.

In 2009, the City embarked on a review of SEPA/Park Mitigation Fees in the city, and determined it was time again to do research on a Park Impact Fee. The Park and Recreation Commission (PRC) has been instrumental in working on level-of-service questions, and has supported the process. In the fall of 2011, the PRC reviewed and the City Council held a public hearing on creating a park impact fee that took effect in October 2011. A two-year review will ensure these fees stay current.

Improvements have been completed at **Kvelstad Pavilion** in the Muriel Iverson Williams Waterfront Park. This park is the center of the City, and provides a lovely setting for weddings and get togethers. The work completed includes a thorough cleaning and repair to the roof, a new floor installed by Poulsbo-NK Rotary Club members, and a new bench configuration for more enjoyable seating.

Wilderness Park underwent a thorough cleaning thanks to the efforts of the mayor and many volunteers. Blackberry was eradicated from the trailhead, which also opened up the area to visual inspection for the police department.

Eagle Scout candidates continue to contribute to local parks through volunteerism and development.

2014 PARK PROJECTS AND GOALS:

Poulsbo Fish Park Development

Carryover Project: The project will continue development of the original parcels on this 36-acre park with public access trails, plantings, and the building of a bridge between the east and west sides.

Goal: Continue restoration of Poulsbo's Fish Park.

Objective: Apply for additional grant money through RCO and other various sources.

Objective: Continue forming partnerships with organizations for stewardship activities on all phases.

Objective: Work with resource agencies to create a connection between the east and west side.

Measurement: Groups maintaining all parts of the park under the Fish Park Stewardship Plan.

Measurement: Completed RCO grant application for acquisition of two contiguous parcels to add to the overall park site. Use the value of the 2012 property donation as match to this grant.

Measurement: Scheduled monthly volunteer work parties on the site.

Measurement: Completed development of the east side parcel.

Responds to Council Goals: #3-Natural Environment, #5-Parks & Recreation and Open Space, #9-Revenues and Financial Stability

Project Funding:

• Park Reserves	\$5,000
• Grants	\$90,000
• <u>Donations</u>	<u>100,462</u>
2014 total -	\$195,462

Trail Easement & Stair Climb to Nelson Park

New Project: The planning and permitting was completed in 2013, and this new project is for a volunteer lead construction project. This is a public easement in front of the commercial building at 225 NW Lindvig Way. Once developed, this trail would connect Poulsbo's Fish Park and Nelson Park. A stair climb would take people up to the main part of Nelson Park without having to go through a parking lot.

Goal: Plan and permit for the trail design.

Objective: Complete construction of this easement.

Objective: Create plans and construction documents for the trail.

Objective: Apply for permits for the project.

Measurement: Completed set of plans and permits for the project going into 2013.

Responds to Council Goals: #6-Parks & Recreation and Open Space, #8-Public Safety

Project Funding:

• Park Reserves	\$86,765
• <u>Park Impact fees</u>	<u>\$23,235</u>
2014 total -	\$110,000

Eastside Park

New Project: This 1.25 acre passive park will be built around the natural landscape using existing trees and fauna. Plans call for sitting benches, playground equipment, and a shared use path.

Goal: Plan and permit for the trail design.

Objective: Prepare and work with the property owner for donation of the site.

Objective: Begin to brainstorm ideas for development of the site.

Measurement: Completed donation of the site.

Measurement: A completed concept plan.

Responds to Council Goals: #6-Parks & Recreation and Open Space, #8-Public Safety

Project Funding:

• <u>Park Donation</u>	<u>\$100,000</u>
2014 total -	\$100,000

Lions Park Fencing
New Project:

Responds to Council Goals: #6-Parks & Recreation and Open Space, #8-Public Safety

Goal: Replace failing perimeter fencing at Lions Park by 9/30/2014

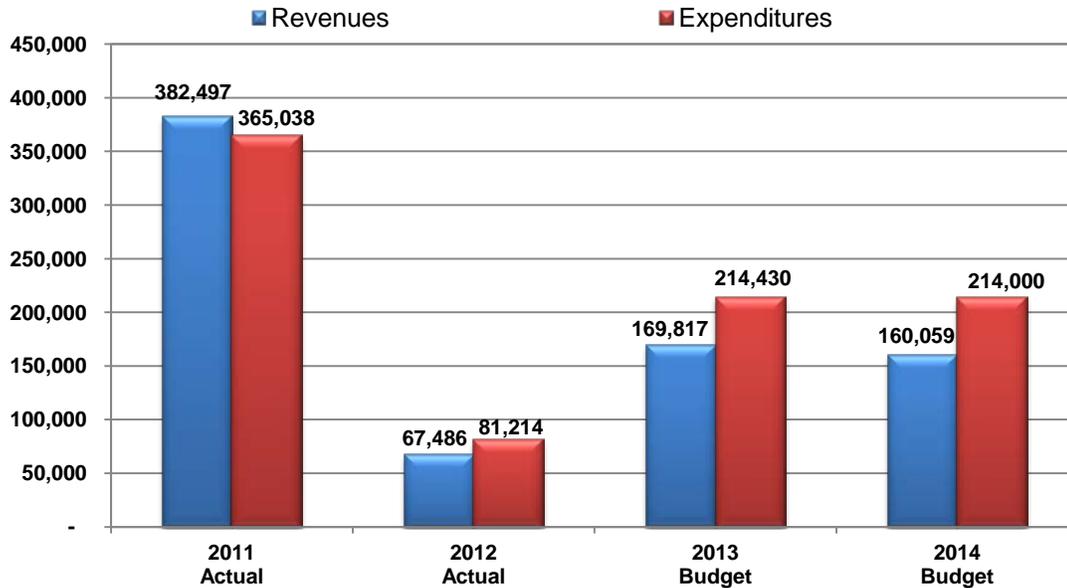
Project Funding:

Objective: Install new fencing around this popular neighborhood park

- Park Reserves \$9,000
- 2014 total - \$9,000

Measurement: Completed and installed fencing

Park Reserve Fund (302)
Revenues & Expenditures



PARK RESERVE RESOURCES (FUND 302)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	166,827	204,287	190,174	146,584	-23%
INTERGOVERNMENTAL	340,960	25,922	100,000	90,000	-10%
MISCELLANEOUS	1,631	6,591	5,177	-	-100%
OTHER FINANCING SOURCES	39,907	34,972	64,640	70,059	8%
TOTAL PARK RESERVE RESOURCES	549,324	271,772	359,991	306,643	-15%

PARK RESERVE USES (FUND 302)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
SALARIES & WAGES	-	-	-	-	0%
PERSONNEL BENEFITS	-	-	-	-	0%
SUPPLIES	4,800	-	-	-	0%
OTHER SERVICES & CHARGES	-	-	-	-	0%
CAPITAL OUTLAY	360,238	81,214	214,430	214,000	0%
INTERFUND PYMT-SERVICES	-	-	-	-	0%
FUND BALANCE	184,287	190,559	145,561	92,643	-36%
TOTAL PARK RESERVE USES	549,324	271,772	359,991	306,643	-15%

STREET RESERVE FUND (311)

PROGRAM DESCRIPTION:

Fund 311, under the administration of the Engineering Division, provides for the planning, design and construction of improvements associated with the City of Poulsbo's transportation system.

The program includes: construction of roads, traffic control devices, curbs, gutters, and sidewalks as well as roadway drainage improvements, and pavement restoration.

PROGRAM RESOURCES:

The Street Reserve Fund (311) derives the majority of its revenues from State Transportation Improvement Board (TIB) grant program, Federal Surface Transportation Program (STP) grant program and operating transfers.

Operating Transfers:

- Transfers from the Traffic Development Fund (123) which accumulates traffic impact fees
- Prior to 2009 Fund (311) received an operating transfer from the General Fund (001) – 4.3% of Property Tax Revenue. In 2011 and 2012 due to the economic conditions, this transfer was reduced by 50%. It will continue to be reduced by 50% in 2014.
- General Fund (001) – 14% Property Tax Revenue for pavement restoration. This transfer will be reduced by 50% in 2014.
- Street Fund (101) – 5% of Fund 101 revenues with the exception of grant revenues.

2013 PROGRAM ACCOMPLISHMENTS:

- Completed construction of Anderson Parkway project.
- Completed construction of Big Valley Water Main Replacement project.
- Completed construction of 6th Avenue LID Improvements project.
- Completed construction of SR305 Intersection Safety Lighting project.
- Completed design of Lincoln Road Improvements project.
- Completed design of 6th & 9th Avenue Pump Station replacement project.
- Continued design on Public Works Facility project.
- Continued design on Liberty Bay Waterfront Trail project.

2014 PROGRAM PROJECT GOALS:

Lincoln Road Improvements

The project will include full reconstruction of the road, new curb, gutter and sidewalks. Construction is estimated to cost \$3,545,664.

2013 Project Funding:

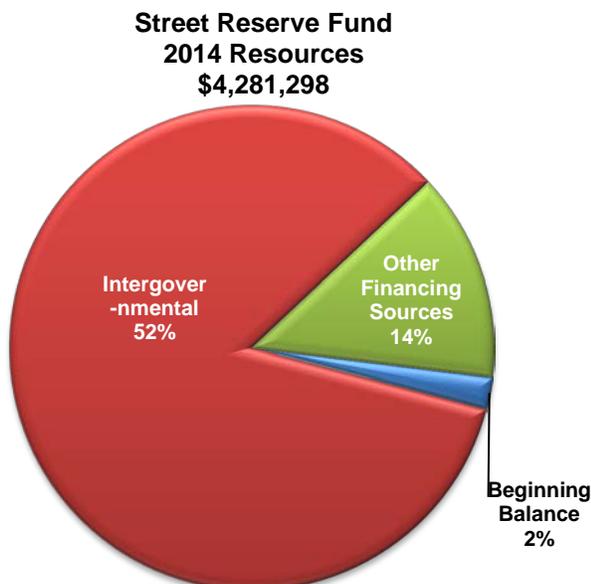
• Federal STP Grant -	\$2,100,000
• State TIB Grant -	\$ 843,215
• <u>City Impact Fees -</u>	<u>\$ 256,785</u>
2013 Total	\$3,200,000

3rd Avenue/Central Business District LID

This project is an LID Retrofit of the Central Business District. Construction will take place on 3rd Avenue, Jensen Way, Front Street, and King Olaf Parking Lot. It includes 11 tree boxes, 5 landscaped rain gardens, and pervious pavement.

Project Funding:

• Street Reserves (311) -	\$ 100,000
• <u>Traffic Impact Fees -</u>	<u>\$ 50,000</u>
2014 Total	\$ 150,000



Liberty Bay Waterfront Trail:

This project will begin the design and permitting process for a trail extending from American Legion Park north to existing trails in Fish Park and Nelson Park. Total project costs are estimated to be \$1,571,263.

Pavement Restoration:

This project is designed to overlay the existing streets and will include the following elements: pavement repairs, pavement overlay, striping and upgrades to the existing handicap ramps.

Project Funding:

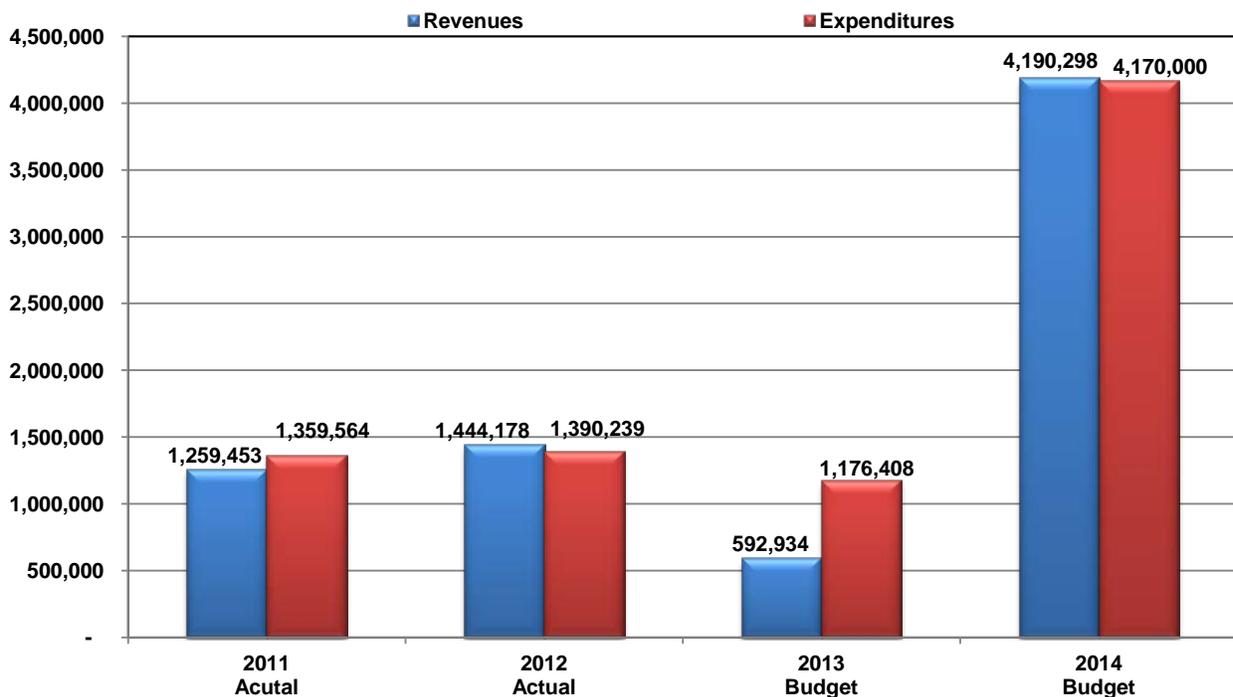
• Street Reserves (311) -	\$ 20,000
2014 Total	\$ 20,000

Project Funding:

• Street Reserves (311) -	\$ 150,000
• Federal Grant	\$ 650,000
2014 Total	\$ 800,000

Project Name	Total Transportation Project Cost	2014 Expenditures
Lincoln Road Improvements	3,545,664	3,200,000
City Wide Pavement Restoration Program	800,000	800,000
3 rd Avenue/Central Business District LID	680,000	150,000
Liberty Bay Waterfront Trail	140,000	20,000
Total	\$5,245,664	\$4,170,000

**Street Reserve Fund (311)
Revenues & Expenditures
(2011 - 2014)**



STREET RESERVE RESOURCES (FUND 311)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	766,141	666,031	619,208	91,000	-85%
INTERGOVERNMENTAL	999,236	1,076,322	270,674	3,593,215	1228%
MISCELLANEOUS	944	432	-	-	0%
OTHER FINANCING SOURCES	259,273	367,424	322,260	597,083	85%
TOTAL STREET RESERVE RESOURCE:	2,025,594	2,110,209	1,212,142	4,281,298	253%

STREET RESERVE USES (FUND 311)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
CAPITAL OUTLAY	1,350,064	1,390,239	1,103,408	4,170,000	278%
OTHER SERVICES & CHARGES	9,500	-	73,000	-	-100%
FUND BALANCE	666,030	719,970	35,734	111,298	211%
TOTAL STREET RESERVE USES	2,025,594	2,110,209	1,212,142	4,281,298	253%

CEMETERY RESERVE FUND (314)

DESCRIPTION:

The City owns 5.1 acres of land known as the Poulsbo Cemetery, which dates back to 1900. The land is plotted for approximately 2913 gravesite plots and 534 cremain sites.

This fund was established as a repository for receipts paid for cemetery gravesites. The funds may be used for cemetery improvements. The fund is administered by the Public Works Department in conjunction with the City Clerk.

2013 was a very busy year for public inquiries, plot sales and family searches. A total of 19 plots were sold in 2013.

FUND RESOURCES:

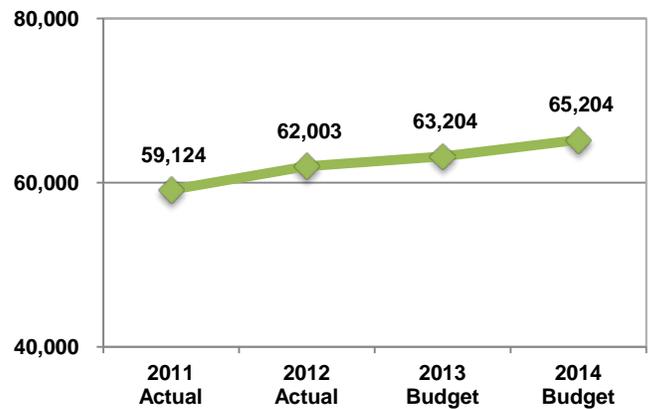
Revenue is derived from the sale of gravesites.

FUND USES:

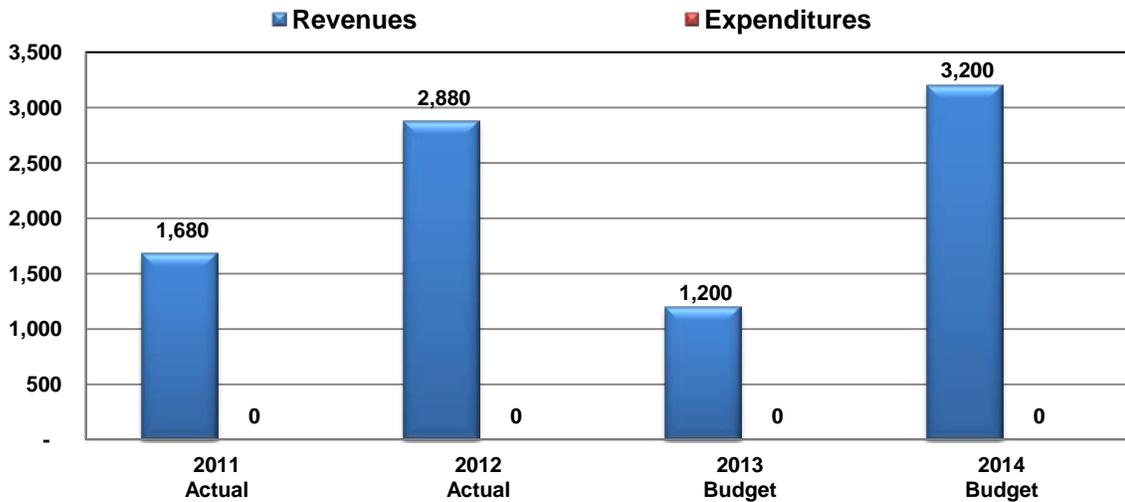
There are no planned expenditures in 2014.

Cemetery Site Rates	
Cremain gravesite	\$200
Regular gravesite	\$400
Family lot (6 regular grave sites)	All sold
Block (24 regular grave sites)	All sold

**Cemetery Reserve Fund (314)
Resources**



**Cemetery Reserve Fund (314)
Revenue & Expenditures
2011 - 2014**



CEMETERY RESERVE RESOURCES (FUND 314)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	57,444	59,123	62,004	62,004	0%
CHARGE FOR SERVICES	1,600	2,800	1,200	3,200	167%
MISCELLANEOUS	80	80	-	-	0%
TOTAL CEMETERY RESRV RESOURCE	59,124	62,003	63,204	65,204	3%

CEMETERY RESERVE USES (FUND 314)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
FUND BALANCE	59,124	62,003	63,204	65,204	3%
TOTAL CEMETERY RESERVE USES	59,124	62,003	63,204	65,204	3%

STREET EQUIPMENT RESERVE FUND (321) DESCRIPTION:

This fund, under the administration of the Public Works Department provides a reserve fund for the purchase of equipment for the Street Department.

PROGRAM RESOURCES:

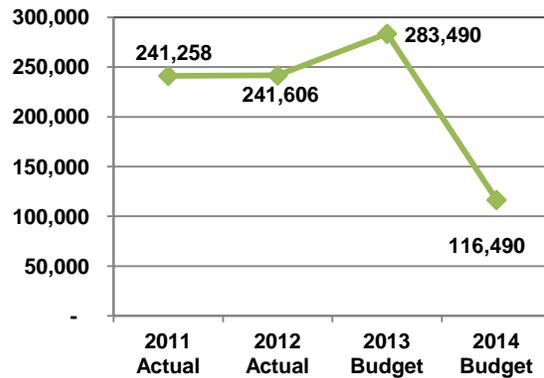
Funding is provided by an operating transfer of approximately 5% of the specific Street Fund (101) revenue. The transfer was eliminated in 2011 and 2012 leaving the funds in Street Operations and Maintenance. In 2013 the transfer was made as budgeted. In 2014 the transfer has been eliminated to leave the funds in Street Fund (101).

2014 STREETS CAPITAL EQUIPMENT EXPENDITURES:

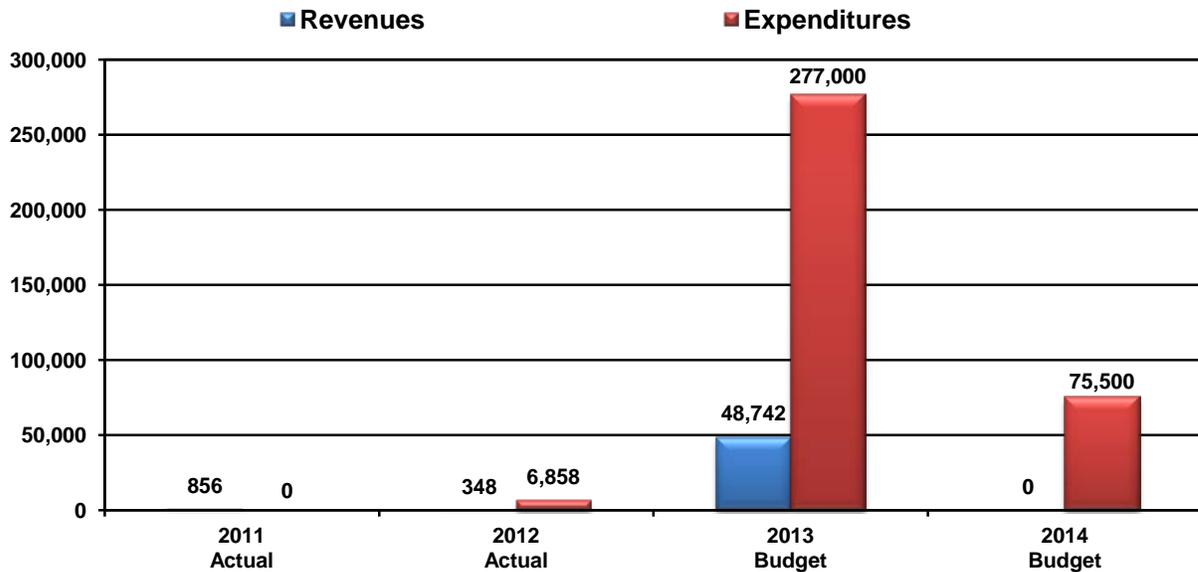
For 2014 the following purchased are planned:

- Sidewalk Sweeper - \$42,500 (Total cost of the Sidewalk Sweeper is \$85,000, the Storm Drain Fund will pay \$42,500)
- Vermar 6" Chipper - \$33,000

Street Equipment Reserve Fund (321) Resources (2011-2014)



City Street Equip Reserve Fund (321) Revenues and Expenditures (2011- 2014)



CITY STREET EQUIP RESERVE RESOURCES (FUND 321)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	240,402	241,258	234,748	116,490	-50%
MISCELLANEOUS	856	348	-	-	0%
OTHER FINANCING SOURCES	-	-	48,742	-	-100%
TOTAL CITY STR EQUIP RESOURCES	241,258	241,606	283,490	116,490	-59%

CITY STREET EQUIPMENT RESERVE USES (FUND 321)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
CAPITAL OUTLAY	-	6,858	277,000	75,500	-73%
FUND BALANCE	241,258	234,748	6,490	40,990	532%
TOTAL CITY STREET EQUIP RES USES	241,258	241,606	283,490	116,490	-59%

FACILITIES FUND (331) DESCRIPTION:

This fund accounts for funds available for capital improvements to City buildings and facilities.

FUND RESOURCES:

A new City Hall project spanning several years was substantially completed in 2010. A remodel was completed at the beginning of 2012 to move the Police Department into the building. In 2012 the City went for a long term debt issue to replace the short term bond anticipation note.

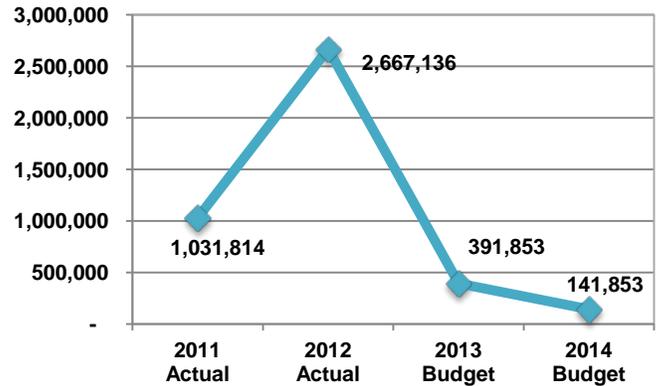
In 2013 the City sold a parcel of land previously planned for a historical museum. The museum is now located in City Hall. Proceeds and related costs were recorded in the Facilities Fund (331).

Beginning Balance is the only anticipated resource for 2014.

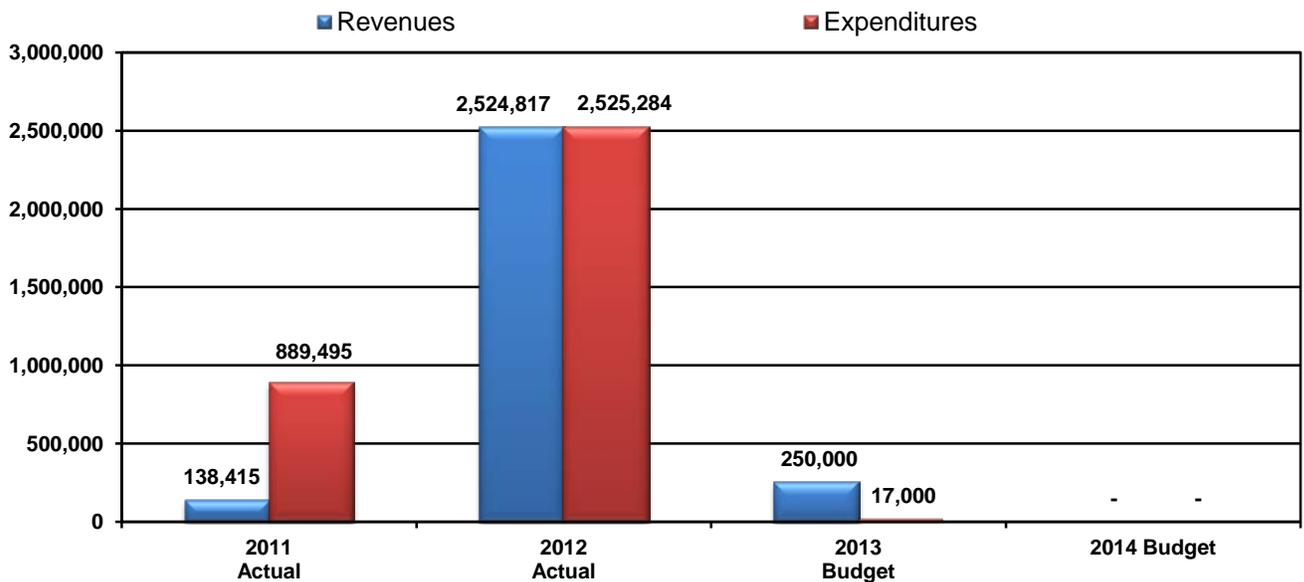
EXPENDITURES:

There are no anticipated expenditures for 2014.

Facilities Fund Resources (2011 - 2014)



Facilities Fund (331) Revenues & Expenditures 2011 - 2014



FACILITIES FUND RESOURCES (FUND 331)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	138,274	142,319	141,853	141,853	0%
MISCELLANEOUS	141	187	-	-	0%
OTHER FINANCING SOURCES	893,399	2,524,630	250,000	-	-100%
TOTAL FACILITIES FUND RESOURCES	1,031,814	2,667,136	391,853	141,853	-64%

FACILITIES FUND USES (FUND 331)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
CHARGE FOR SERVICES	-	-	17,000	-	-100%
CAPITAL OUTLAY	889,495	654	-	-	0%
INTERFUND PYMT - SERVICES	-	2,524,630	-	-	0%
DEBT SERVICE - INTEREST	-	-	-	-	0%
FUND BALANCE	142,319	141,853	374,853	141,853	-62%
TOTAL FACILITIES FUND	1,031,814	2,667,136	391,853	141,853	-64%



Section 7

Proprietary Funds (400's)



PROPRIETARY FUNDS:

ENTERPRISE FUNDS (400'S)

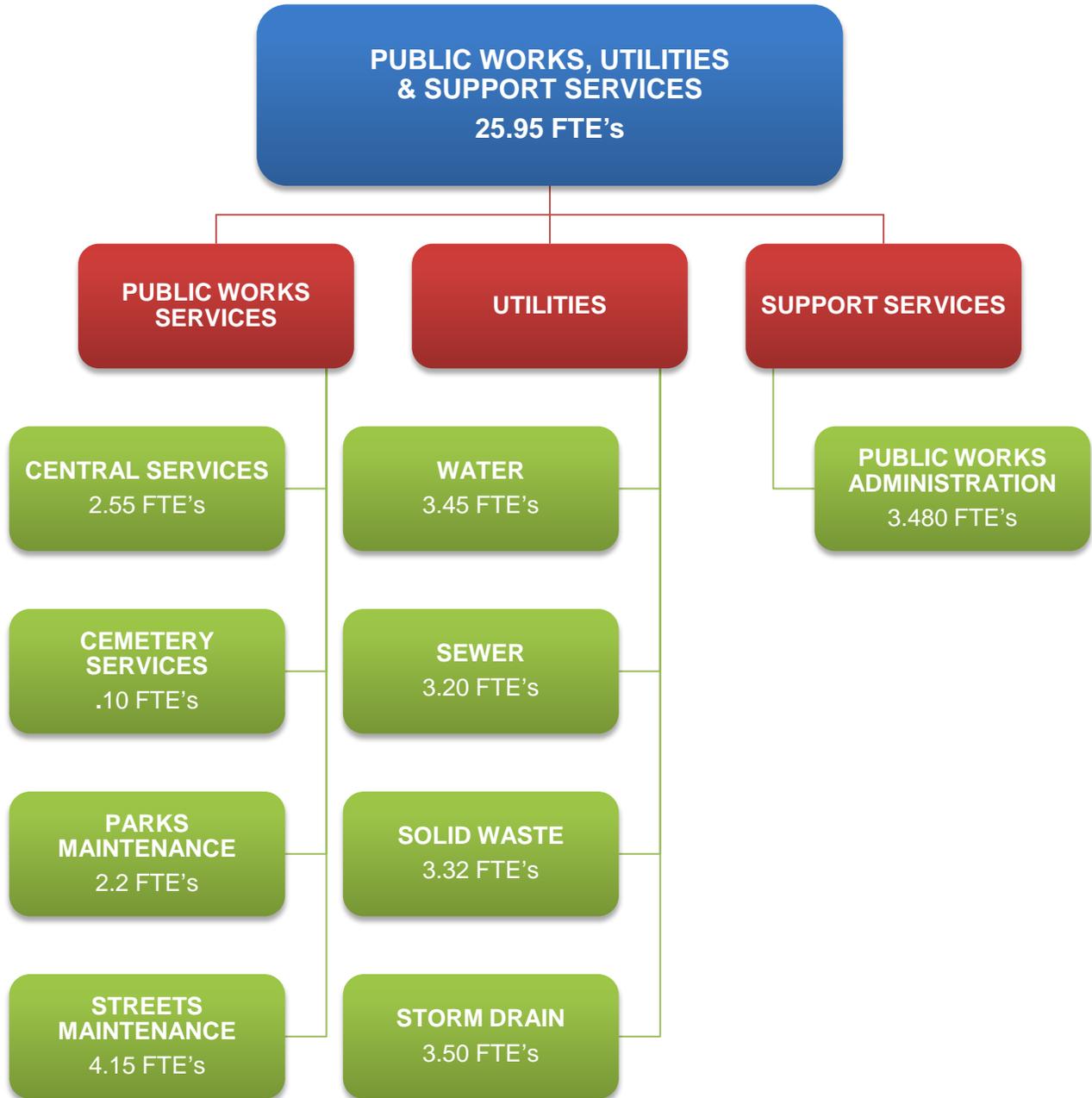
account for operations (a) that are normally financed and operated in a manner similar to a private business enterprise - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes

PROPRIETARY FUNDS SUMMARY

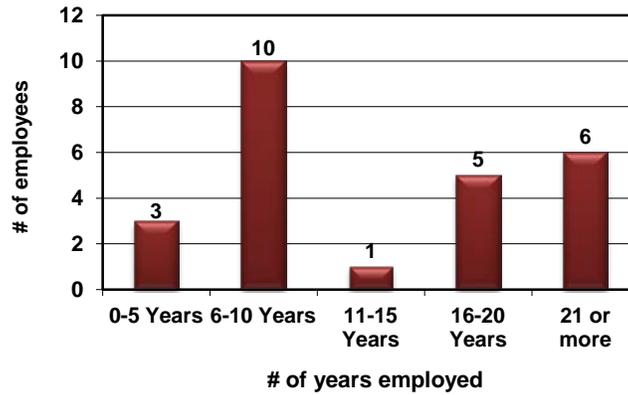
FUND #	FUND NAME	DESCRIPTION/USE	FUNDING SOURCE
<i>ENTERPRISE FUNDS</i>			
401	Water	Provides water services	Funded by user charges and connection fees
403	Sewer	Provides sewer services	Funded by user charges and connection fees
404	Solid Waste	Provides garbage and recycling services	Funded by user charges
410	Storm Drain	Services the City's storm drainage system	Funded by user charges

FUND #	FUND NAME	BEGINNING BALANCE	TOTAL REVENUES	TOTAL EXPENDITURES	ENDING BALANCE
ENTERPRISE FUNDS					
401	Water	2,928,630	1,708,615	2,420,710	\$ 2,216,535
403	Sewer	4,377,370	3,351,612	4,736,216	\$ 2,992,766
404	Solid Waste	2,016,916	1,365,000	1,307,235	\$ 2,074,681
410	Storm Drain	1,114,897	1,470,000	1,893,299	\$ 691,598

THE ORGANIZATION OF THE PUBLIC WORKS DEPARTMENT



**Public Works Employee Longevity Chart
(25 Employees)**



PUBLIC WORKS STAFFING FULL TIME EQUIVALENTS (FTE's)						
	2009	2010	2011	2012	2013	2014
Director	1	1	1	1	1	0
City Engineer	0	0	0	0	0	.45
Assistant Director O&M	1	1	1	1	1	0
Public Works Superintendent	0	0	0	0	0	1
Office Manager	1	1	1	1	1	1
Engineering Technician	1	1	0	0	0	0
Engineering Tech Sr.	1	1	2	2	2	2
Civil Engineer	1	1	0	0	0	0
Office Clerk	1.1	1.1	1	1	1	1
Foreman	2	2	2	2	2	2
Maintenance Technician Sr.	9	9	8.5	9.5	9.5	10.5
Maintenance Technician I	5	5	4.5	3.5	3.5	2.5
Custodian	1.5	1.5	1.5	1.5	1.5	1.5
Grounds Maintenance Tech II	1	2	2	2	2	2
Maintenance Mechanic	1	1	1	1	1	1
Mechanic/Building Mech.	1	1	1	1	1	1
TOTAL	27.6	28.6	26.5	26.5	26.5	25.95

Water Fund (401)
Water Operating & Capital Outlay Appropriations
\$ 2,420,710
Water FTE's 3.45

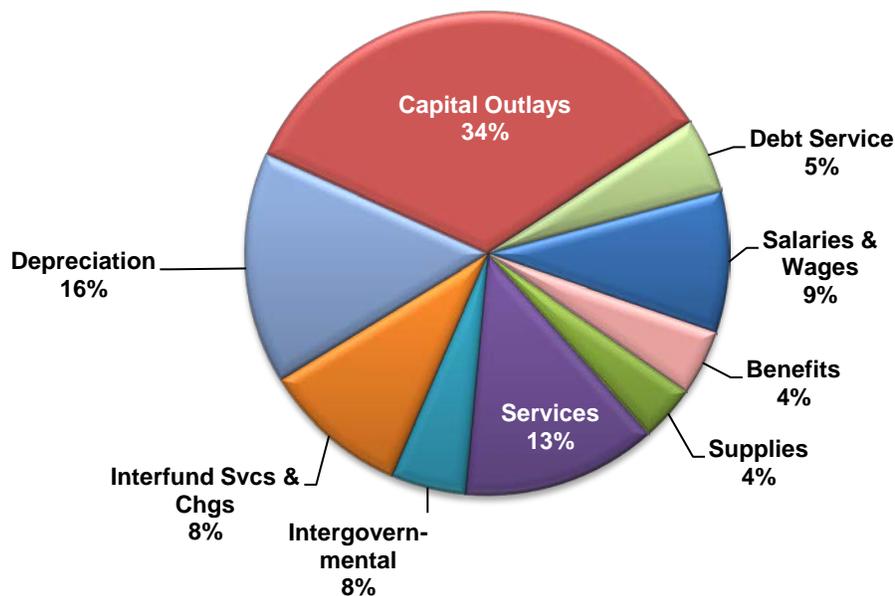
Water Department Mission Statement:

The Public Works Department ensures the city's physical infrastructure (buildings and parks, water and sewer systems, roads and sidewalks, and drainage systems) is built and maintained, and that essential public services (solid waste collection and equipment maintenance) are performed, in a fiscally responsible manner to support a safe and healthy environment and help the city achieve its vision.

Public Works Committee Members:

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Water Fund Uses



WATER FUND (401) PROGRAM**DESCRIPTION:**

The Water program is part of an enterprise fund providing for the delivery of domestic water supplies to the citizens of the City of Poulsbo and the surrounding community.

The City of Poulsbo currently provides service to approximately 3,500 residential and commercial water customers located primarily within the city limits of Poulsbo. The water system consists of a supply, treatment, storage and distribution system.

Water Supply: Water supply is derived from six groundwater wells; two located in the Big Valley area (Big Valley Well's 1 & 2), one from east of the City in the Lincoln Road area, the Pugh Road Well (relocated to site along Lincoln Road), the Bus Barn Well and the Westside Well. The wells have a combined capacity of approximately 2010 gallons per minute. Additionally, the City maintains an intertie with the Kitsap County Public Utility District # 1 for 120 gpm of water supply.

Water Treatment: The City provides for treatment and disinfection of its water supplies. Sources of water supplies are treated utilizing sodium hypochlorite in order to insure proper disinfections pursuant to State Health Department Standards. Additionally, the City adds fluoride to its water supplies at the sources as an additional health benefit. The City water supply is tested daily by City staff. Sampling and laboratory testing is conducted monthly pursuant to the requirements of the Federal Safe Drinking Water Act to insure the protection of the public health and the safety of the community. Water sampling and testing includes coliform, lead and copper, volatile and synthetic organic chemicals (VOC's and SOC's), chlorine residuals and radionuclides and also disinfection by-products.

Storage and Distribution System: The distribution system consists of ten (10) storage facilities located in various service zones having a total combined capacity of 4 million gallons of water, six (6) water pump stations and appurtenances, together with a water distribution system consisting of 63 miles of pipe ranging in size from 2 inches to 12 inches.

WATER STAFFING:

The Water program is staffed with 3.45 fulltime equivalents (FTE's) providing for the operation, maintenance and repair of the system. Staffing is under the supervision of the Utilities Foreman. The increase in 2014 is due to a maintenance mechanic being allocated by functions instead of through an internal service fund.

2013 Program Highlights:**Maintenance and Operations:**

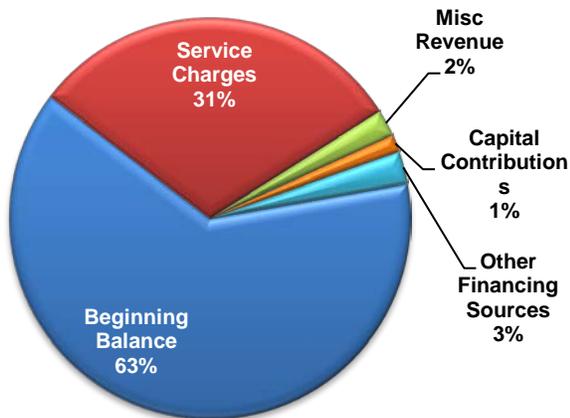
- Conducted annual water main flushing program.
- Complied with state mandated water quality monitoring and testing requirements, including coliform, phase I, II & V contaminates, lead & copper monitoring.
- Updated and distributed annual Consumer Confidence Report for water system performance for the previous year.
- Read water distribution system service meters for the 2013 billing period.
- Responded to customer requests for servicing.
- Currently tracking 720 backflow assemblies for effectiveness and compliance.
- Provided inspections for all new water main construction on our system.
- Extensive hydrant maintenance program which included replacing or repairing fire hydrants.
- Total gallons of water pumped between July 2012 and June 2013: 664,609,000.
- Coordinated approximately 90 unscheduled meter reads and an unspecified number of turn-off's/turn-on's with Finance Department.
- Provided 495 utility locates and markings through June 2013, an average of 41 each month.
- Initiated city-wide program to exercise water valves.
- Conducted EPA unregulated contaminant monitoring program.

2014 WATER REVENUE:

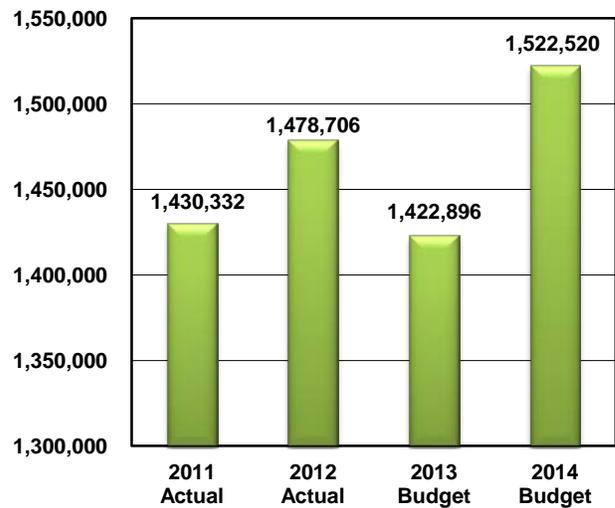
Users support the water utility, and revenue is generally derived from three sources: 1) monthly service charges, 2) system connection fees, and 3) miscellaneous revenues to include investment interest and charges associated with special work requests for customers. The majority of revenue comes from monthly service charges. The summer months June through September have different consumption rates. Larger usage during these months will have a higher consumption rate. This will more accurately charge the users of the system and also promote conservation during the summer months. 2014 revenues for these services are estimated to be approximately \$1,522,520.

2014 Monthly Residential Water Rate Structure		
	Inside City	Outside City
Base Rate	12.33	18.50
Plus Consumption per 100		
October through May		
0 and over	1.91	2.43
June through September		
0-1000	1.91	3.56
1001 and over	2.98	3.56

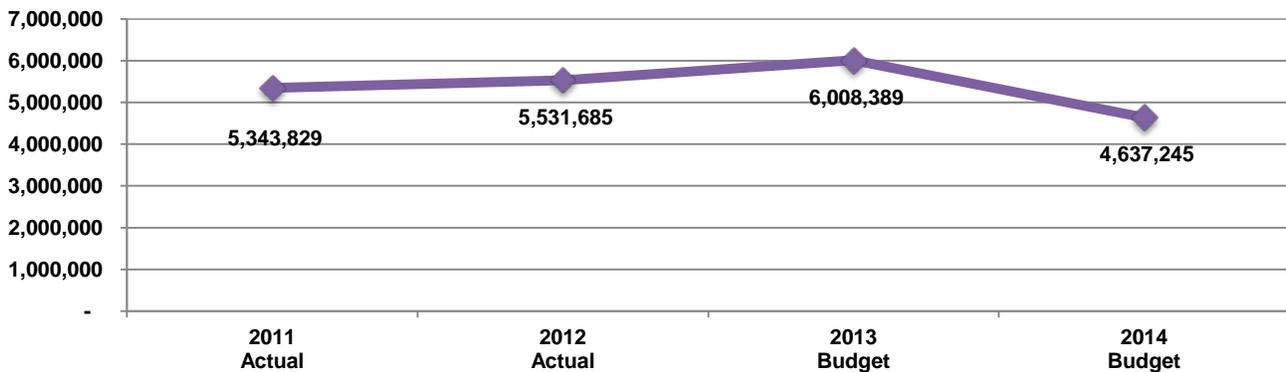
2014 Water Resources Fund (401)
\$4,637,245



Water Service Charge Revenue (2011-2014)



Water Resources (2011-2014)



2014 WATER EXPENSES:

Operation and Maintenance: The year 2014 operation and maintenance program will be a continuation of the 2013 program and will include the operation, maintenance and repair of the utility's existing water system infrastructure to include water supply, storage and distribution systems. Additional duties associated with operations will include water monitoring and testing, compliance with regulatory reporting requirements and implementation of the water comprehensive planning requirements. Expenditures for year 2014 for operations and maintenance are estimated to be approximately \$1,474,715.

2014 Operations & Maintenance Program

On-going maintenance of all wells/well sites, pumps, valves and storage facility tanks, including routine maintenance, flushing and other tasks.

2014 Capital Improvement and Equipment

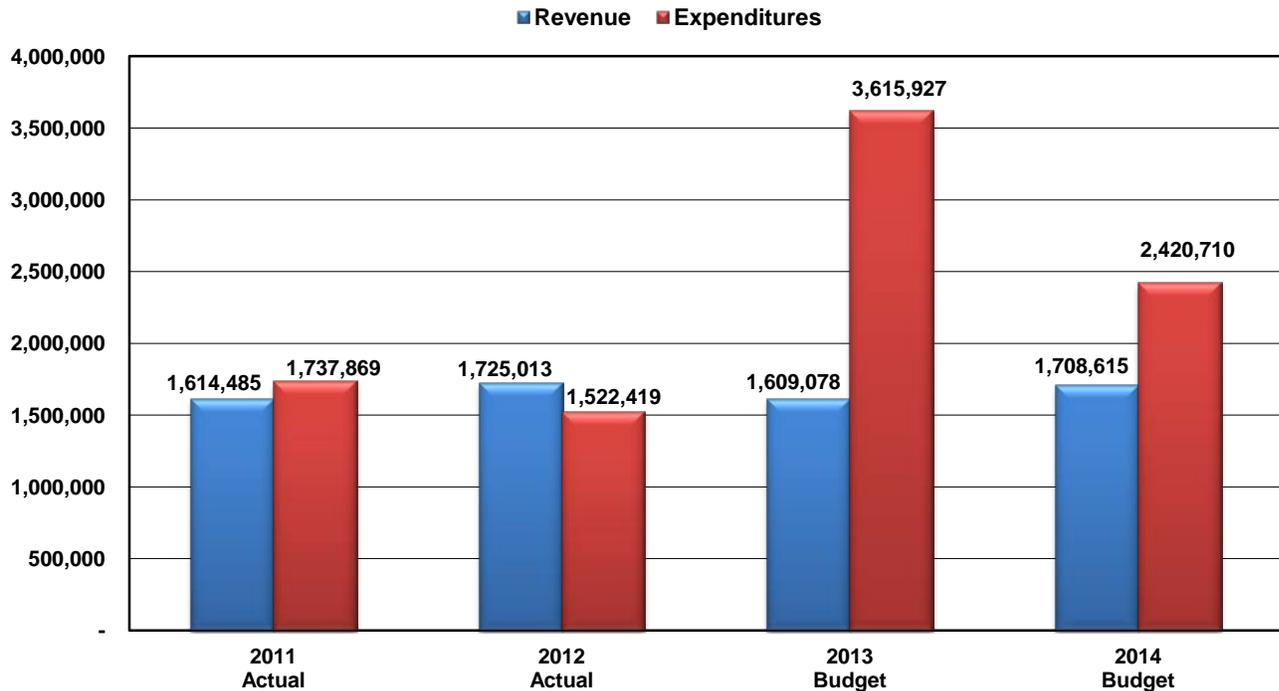
The Capital Improvement Program for year 2014 is estimated to be \$824,900 and includes the following projects and equipment purchase:

- Raab Park Tank Repair (\$250,000)
- Lincoln Well #2 – Treatment for Magnanese (\$25,000)
- Lincoln Road Water Improvements – (\$330,000).
- Replace Lindvig/ Bond Road Water Line (190,000)
- Equipment Trailer (29,900)
- Update of the Water System Plan

Debt Service

Debt Service expenses for Water for year 2014 are estimated to be approximately \$121,095. Detail information on the outstanding debt is found in a chart at the end of this fund's section.

**Water Dept Fund
Revenue and Expenditures
(2011-2014)**



WATER WORKLOAD MEASURES						
Type of Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of active water services	3133	3156	3254	3194	3270	3280
Miles of water mains maintained	61	62	63	63	63	63
Meters (Active) read per month/# of accounts	3147	3259	3249	3355	3260	3360

WATER/SEWER FUND OUTSTANDING DEBT INFORMATION:					
Year	Type	Purpose	Original Issue	Balance as of 12/31/11	Year of Payoff
1996	PWTF Loan #2	Jensen Way Water & Sewer Improvements	\$869,025	\$137,543	2015
2005	Revenue Bond Water & Sewer	Refund portion of 1998 Bonds	\$3,134,000	\$2,218,000	2017

WATER RESOURCES (FUND 401)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	3,729,344	3,806,672	4,399,311	2,928,630	-33%
CHARGE FOR SERVICES	1,315,179	1,364,082	1,321,000	1,422,000	8%
MISCELLANEOUS	115,153	114,623	101,896	100,520	-1%
PROPRIETARY OTHER INCOME	68,574	131,572	65,000	65,000	0%
OTHER FINANCING SOURCES	115,579	114,735	121,182	121,095	0%
TOTAL WATER RESOURCES	5,343,829	5,531,685	6,008,389	4,637,245	-23%

WATER USES (FUND 401)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BAD DEBT EXPENSE	127	260	-	-	0%
SALARIES AND WAGES	208,474	209,565	219,230	229,112	5%
PERSONNEL BENEFITS	83,211	89,659	100,874	106,022	5%
SUPPLIES	56,215	41,890	90,100	90,100	0%
OTHER SERVICES & CHARGES	140,844	151,425	449,563	316,512	-30%
INTERGOVERNMENTAL	166,190	173,398	121,182	121,095	0%
CAPITAL OUTLAY	334,968	51,747	1,869,394	824,900	-56%
DEBT SERVICE - PRINCIPAL	92,421	95,281	99,241	102,541	3%
DEBT SERVICE - INTEREST	28,686	26,449	21,941	18,554	-15%
INTERFUND PAYMENT FOR SERVICES	292,767	302,516	228,402	236,874	4%
DEPRECIATION EXPENSE	333,966	380,230	416,000	375,000	-10%
FUND BALANCE	3,605,960	4,009,266	2,392,462	2,216,535	-7%
TOTAL WATER USES	5,343,829	5,531,685	6,008,389	4,637,245	-23%

Sewer Fund (403)
Sewer Operating & Capital Outlay Appropriations
\$ 4,736,216
Sewer FTE's 3.20

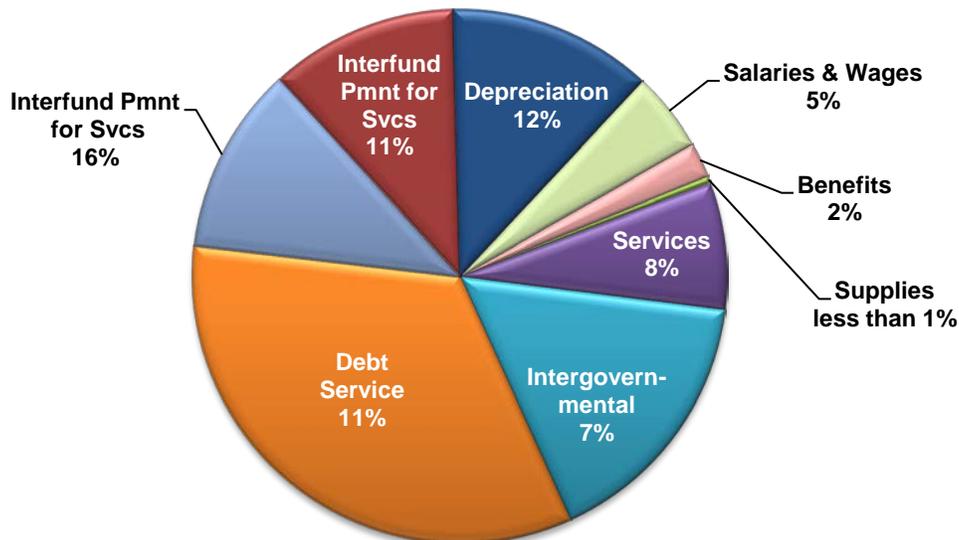
Sewer Department Mission Statement:

The Mission of the Wastewater Department is to provide the citizens of Poulsbo and the surrounding community with quality domestic wastewater service in concert with federal, state and local regulatory requirements together with associated responsibilities including the planning, design and expansion of the utility in support of the short and long term goals of the City and the maintenance, replacement and upgrade of utility infrastructure.

Public Works Committee Members:

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Sewer Fund Uses



SEWER FUND (403) PROGRAM

DESCRIPTION:

The Sewer program is part of an enterprise fund providing for the collection and treatment of wastewater for the citizens of the City of Poulsbo and the surrounding community.

The City of Poulsbo currently provides service to approximately 3,500 residential and commercial sewer customers located primarily within the City limits of Poulsbo. The wastewater system consists of a collection and transmission system.

Collection System: The collection system consists of approximately thirty-four (34) miles of collection system main, providing collection of wastewater from the respective drainage basins located throughout the City.

Transmission and Conveyance System: The transmission and conveyance system is comprised of nine (9) wastewater lift stations, together with the central interceptor, connecting the City of Poulsbo’s System with the Kitsap County Wastewater Treatment Plant.

Wastewater Treatment: The City contracts with the Kitsap County Department of Public Works for treatment of its wastewater. Wastewater is received by the County from the City at the County’s Johnson Way Metering Station located at Johnson Way and State Highway 305.

SEWER STAFFING:

The 3.20 FTE’s provide the operation, maintenance, and repair of the system. Staffing is under the supervision of the Utilities Foreman. The FTE increase in 2014 is due to a maintenance mechanic being allocated by functions instead of through an internal service fund.

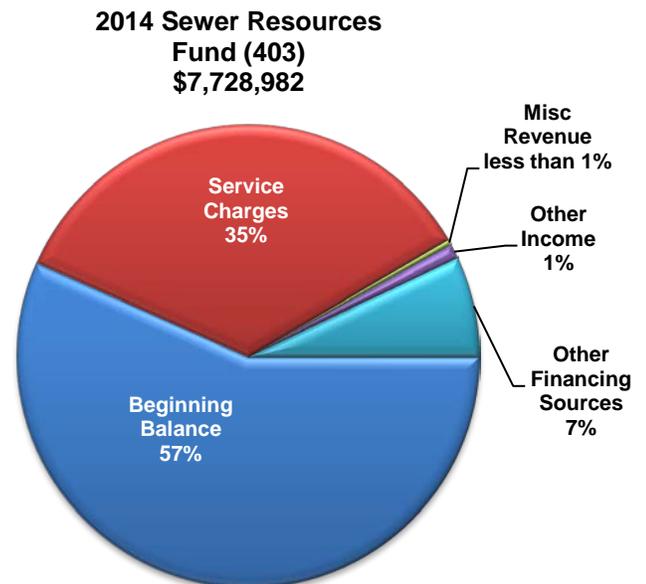
2013 Sewer Program Highlights:

- Continued pre-design activities associated with wastewater improvements in order to expand the capacity of the wastewater system.
- Clean & maintain 9 lift stations (includes: cleaning floats, changing filters, cleaning wet wells of grease, floats, flapper valves, seals and impellers as needed).
- Conducted dye and smoke tests as required.
- Monitored flows daily to wastewater treatment facility.

- Jetted problem areas as needed.
- Continued to monitor commercial business grease traps.
- Continued manhole inventory.
- 6th Ave Pump Station Upgrade
- Continued to provide locating services for new developments and projects.
- Reduced inflow and infiltration where possible through the installation of rain stopper inserts, and manhole repairs.

2014 SEWER REVENUES:

Users support the wastewater utility and revenue is generally derived from three sources: 1) monthly service charges, 2) system connection fees, and 3) miscellaneous revenues to include investment interest and charges associated with special work requests for customers. The majority comes from monthly service charges. The summer months, June through September, charge consumption based on an average water usage during the eight previous months. The rate now takes into consideration increased summer usage for watering but does not produce any more wastewater. The Revenues for the year 2014 accounting period are estimated to be approximately \$3,351,612.



SEWER RATES:

2013 Monthly Residential Sewer Rate Structure		
	Inside City	Outside City
Base Rate	46.66	69.60
<i>Base charge includes 400 cubic feet of water flow</i>		
Plus Consumption per 100		
October through May		
401 and over	6.13	9.12
June through September		
401 and over	6.13	9.12
<i>Seasonal Averaging for months of June - Sept: Cubic feet consumption calculated on the average water flow of the previous eight months for each account individually</i>		

2014 SEWER EXPENSES:

Operation and Maintenance: The year 2014 operation and maintenance program will be a continuation of the 2013 program and will include the operation, maintenance and repair of existing utility system infrastructure to include wastewater collection system, pump stations and conveyance facilities. Expenditures for the year 2014 are estimated to be approximately \$2,604,604.

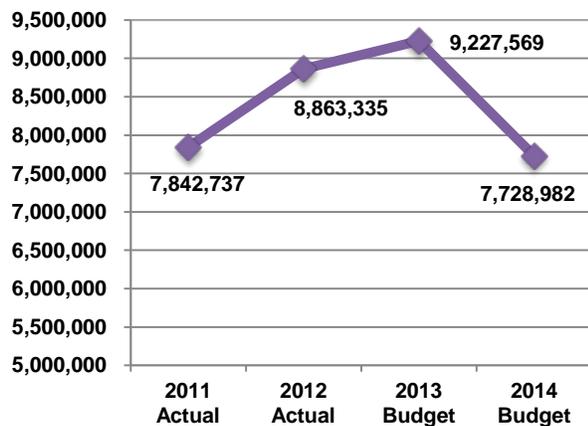
Debt Service: Debt Service expenses for year 2014 are estimated to be approximately \$538,612.

Capital Improvements:

The capital improvement program for year 2014 is estimated to be \$1,593,000 and includes the following projects:

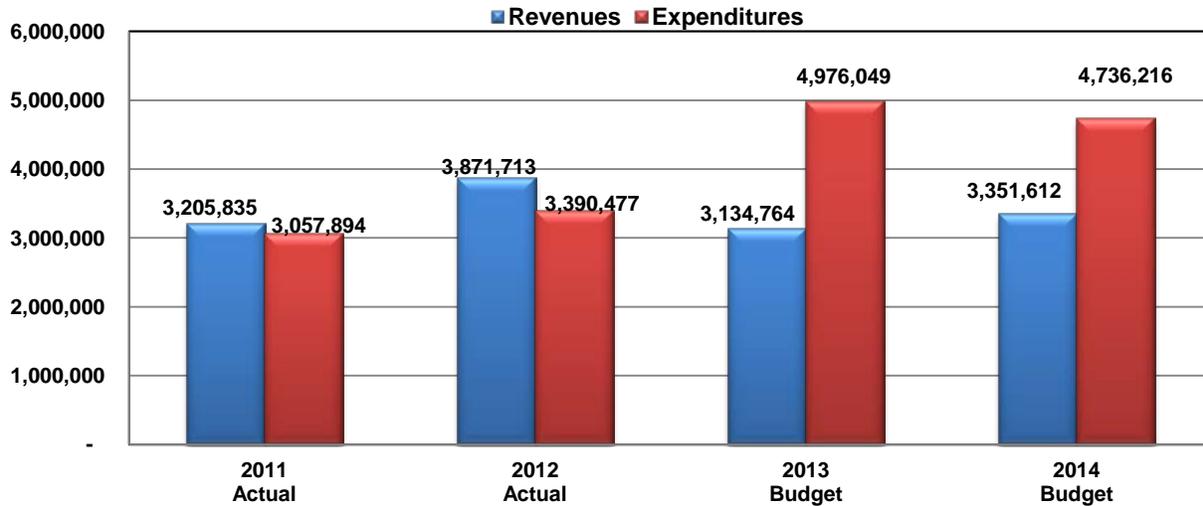
- 6th & 9th Avenue Pump Station Upgrades (\$900,000)
- Lincoln Road Sewer Improvements (\$90,000)
- Capital Facilities Charge for CK Plant (\$133,000)
- Harrison Forcemain Replacement (\$340,000)
- I&I Effectiveness & Downstream Capacity Study (\$110,000)
- Annual Inflow Reduction Program (\$20,000)

Sewer Fund Resources (2011-2014)



SEWER WORKLOAD MEASURES							
Type of Measure	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of active sewer services	2869	2963	2985	3001	3073	3020	3080
# of pumping stations maintained	9	9	9	9	9	9	9
Miles of sewer lines maintained	34	34	34	34	34	34	34

Sewer Dept Fund Revenue & Expenditures (2011-2014)



SEWER RESOURCES (FUND 403)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	4,636,902	4,991,622	6,092,805	4,377,370	-28%
CHARGE FOR SERVICES	2,536,432	2,770,666	2,510,500	2,703,000	8%
MISCELLANEOUS	62,452	54,017	35,082	30,000	-14%
PROPRIETARY OTHER INCOME	157,750	393,321	150,000	80,000	-47%
OTHER FINANCING SOURCES	449,202	653,709	439,182	538,612	23%
TOTAL SEWER RESOURCES	7,842,737	8,863,335	9,227,569	7,728,982	-16%

SEWER USES (FUND 403)

ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BAD DEBT EXPENSE	237	623	-	-	0%
SALARIES AND WAGES	195,675	191,017	223,557	228,576	2%
PERSONNEL BENEFITS	75,828	82,842	94,366	101,076	7%
SUPPLIES	15,647	14,900	24,500	19,500	-20%
OTHER SERVICES & CHARGES	80,939	80,494	491,062	363,576	-26%
INTERGOVERNMENTAL	831,521	865,322	759,896	768,264	1%
CAPITAL OUTLAY	194,521	61,161	1,768,304	1,593,000	-10%
DEBT SERVICE - PRINCIPAL	365,913	583,816	460,607	472,307	3%
DEBT SERVICE - INTEREST	104,201	95,832	78,575	66,305	-16%
INTERFUND PAYMENT FOR SERVICES	609,674	823,774	439,182	538,612	23%
DEPRECIATION EXPENSE	583,737	590,697	636,000	585,000	-8%
FUND BALANCE	4,784,844	5,472,859	4,251,520	2,992,766	-30%
TOTAL SEWER USES	7,842,737	8,863,335	9,227,569	7,728,982	-16%

Solid Waste Fund (404)
Operating & Capital Outlay Appropriations
\$1,307,235
FTE's 3.32

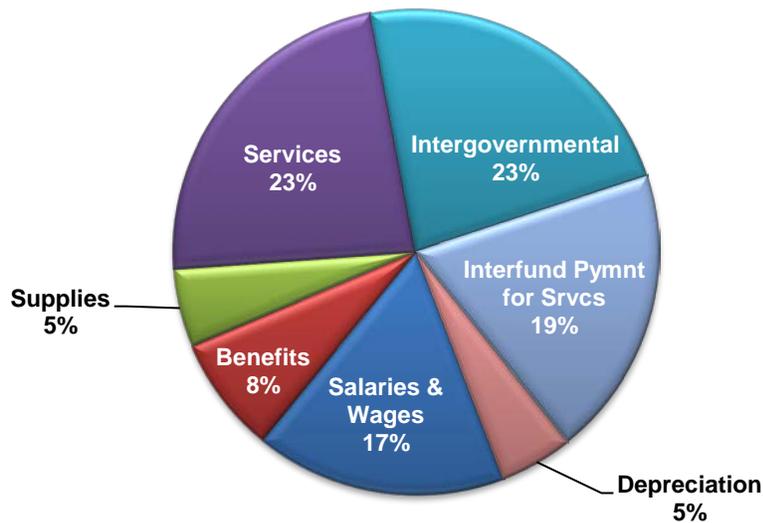
Mission Statement

The Mission of the Solid Waste Department is to provide the citizens of Poulsbo and the surrounding community refuse and recycling services in concert with federal, state and local regulatory requirements.

Public Works Committee:

Linda Berry-Maraist
Jeff McGinty
Gary Nystul

Solid Waste Fund Uses



SOLID WASTE FUND (404) PROGRAM DESCRIPTION:

Solid Waste program is an enterprise fund providing for the collection and disposal of solid waste for the citizens of the City of Poulsbo and the surrounding community.

SERVICES PROVIDED:

The City of Poulsbo provides both residential and commercial solid waste collection and disposal services to approximately 2,952 residential and commercial utility customers located within the City limits of Poulsbo. The solid waste program also includes a curbside recycling program.

Residential Service: Residential services include the weekly pickup of containers ranging in size from 10 gallons to 64 gallons.

Commercial Service: Services include all sizes of containers together with dumpsters ranging in size from two yards to eight yards. For units greater than eight yards in volume, customers are referred to Bainbridge Disposal for disposal services.

Solid waste is collected on a weekly basis in the residential areas of the community and on a more frequent basis in the commercial areas of the City subject to the property owner's disposal requirements.

Solid Waste Disposal: Solid waste is transported and disposed of at the Olympic View Transfer Station located in South Kitsap adjacent to the Port of Bremerton Industrial Park off State Highway 3.

Recycling Program: The City has an established recycling program in accordance with the Solid Waste Act of 1989. The fee for recycling is included in the customer's monthly service charge rate.

In 2013, the City renewed a contract with Bainbridge Disposal to provide curbside recycling services as well as collection of cardboard, yard waste, and refuse from oversized dumpsters.

Bainbridge Disposal has a single stream curb side recycling program. 64-gallon containers are delivered to City residents. All recyclable items can be co-mingled into the new containers, including milk cartons and cardboard. Recycling is picked up every other week on the same scheduled day as the customers' garbage.

Recycling Center: The recycling program also includes a regional recycling center. To assist those residents in the surrounding community requiring service and for those City residents requiring expanded service, the City of Poulsbo in concert with the Kitsap County Solid Waste Division, established the "Poulsbo Recycle Center" located on Viking Avenue north of Bond Road off Highway SR 305. The facility is designed to serve both City and County residents. The recycling center provides a drop point for the disposal of newspaper, aluminum, tin cans, plastic milk jugs, cardboard and plastic pop bottles. Charts providing recycling information are displayed later in this section.

SOLID WASTE STAFFING:

The Solid Waste program is staffed with 3.32 fulltime equivalents (FTE's) providing for the collection and disposal of refuse and solid waste. Staffing is under the supervision of the Public Works Superintendent. The FTE increase in 2014 is due to a maintenance mechanic being allocated by functions instead of through an internal service fund.

2013 PROGRAM ACCOMPLISHMENTS:

- Continuation of the City of Poulsbo's "Keep the City Clean Program", a program which allows each resident of the City annually to obtain a one yard dumpster in order to encourage local residents to keep the city clean and dispose of unneeded and unwanted trash.
- Continued cleanup and mowing of old landfill.
- Renewed contract with Bainbridge Disposal for recycling services.

2014 REVENUES:

The solid waste utility is supported by its users and revenue is generally derived from service charges which include: 1) service charges for scheduled residential and regular dumpster garbage collection, and 2) service charges for recycling. The majority of revenue comes from monthly service charges. Revenues for the year 2014 accounting period are estimated to be approximately \$1,365,000.

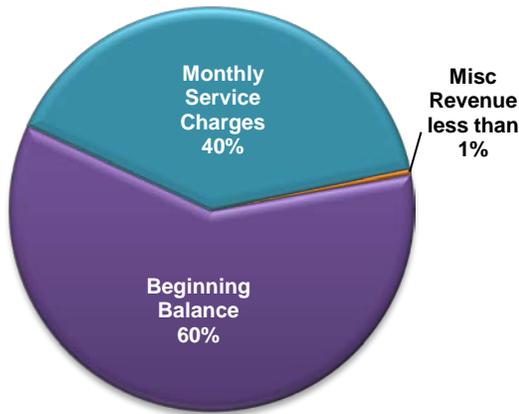
2014 EXPENSES:

Operation and Maintenance: The year 2014 operation and maintenance program will be a continuation of the 2013 program and will include the collection and disposal of refuse and solid waste for the citizens of Poulsbo. Expenditures for the year 2014 for operation and maintenance are estimated to be approximately \$1,308,848.

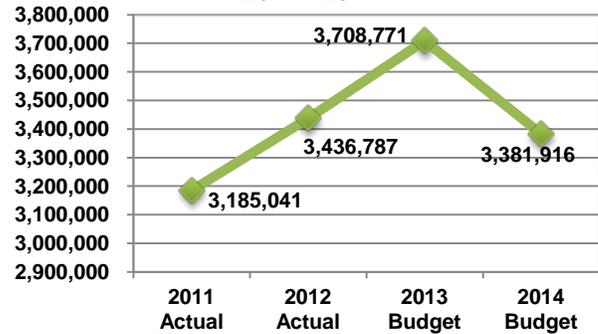
SOLID WASTE CAPITAL PROGRAM:

In 2014, we plan to complete design and begin construction of the solid waste transfer station in concert with the stormwater decant facility. These funds will be carried over from the 2013 allocation.

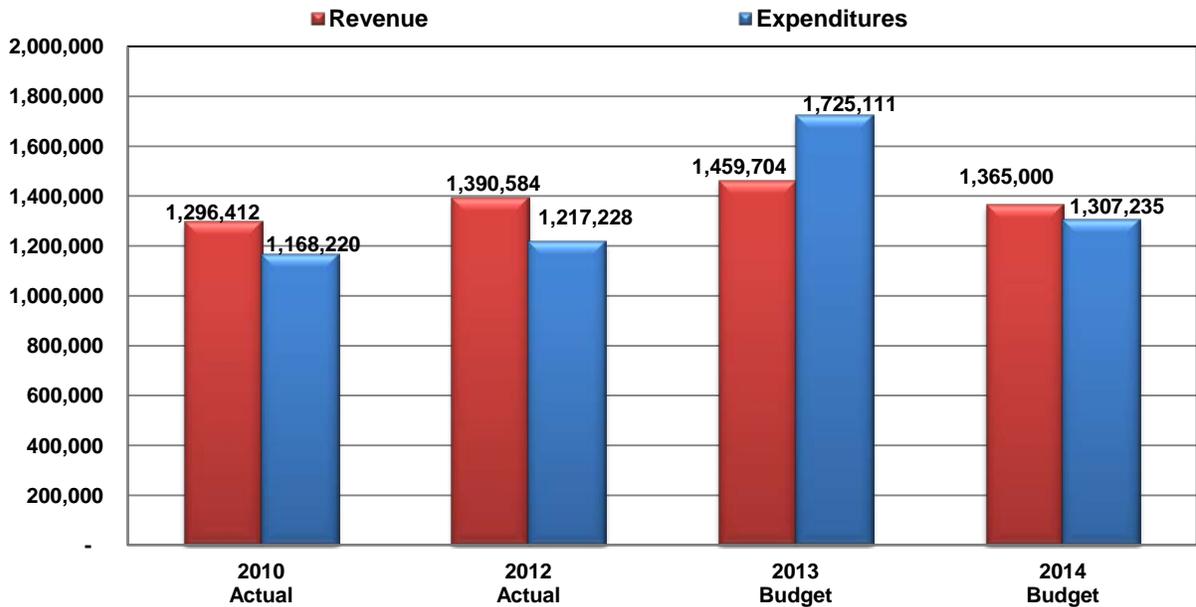
2014 Solid Waste Resources Fund (404)
\$3,381,916



Solid Waste Resources 2011 - 2014



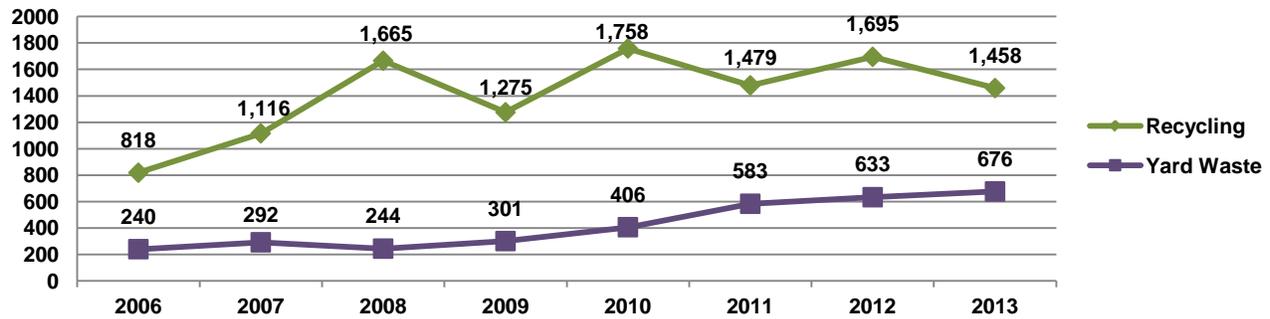
Solid Waste Fund Revenue and Expenses (2011-2014)



Current Monthly Residential Garbage Rates (includes \$3 recycling charge)				
# of cans	Can Size			
	64 Gal	32 Gal	20 Gal	10 Gal
1 Can	\$35.47	\$17.73	\$11.82	\$8.86
2 Cans	\$73.29	\$37.83	\$26.00	N/A
3 Cans	\$108.76	\$55.56	\$37.83	N/A

2013 Residential Customer Can Count				
Can Size	# of Cans			
	1	2	3	4
64 Gallon	395	9	0	0
32 Gallon	1938	77	1	2
20 Gallon	312	2	1	0
10 Gallon	160	0	0	0

Recycling and Yardwaste
in Tons
2006-2013



SOLID WASTE WORKLOAD MEASURES						
Type of Measure	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
# of residential accounts	2623*	2643*	2662	2785	2897	2950
# of multi-family garbage units	1012	1012	1012	1012	1012	1012
# of commercial accounts	266	281	297	311	319	325
Tons of waste to landfill	4894	4810	4874	5114	5100	5200
Clean-up dumpsters provided	312	356	365	300	306	310

*Includes Poulso Mobile Home Park, it is listed as one (1) account and has 76 units.

*Includes Seabird Mobile Home Park which was listed as one (1) account, but has 44 units – changed to individual accounts in 2010)

**Reduction due to recycling.

SOLID WASTE RESOURCES (FUND 404)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	1,888,629	2,046,203	2,249,067	2,016,916	-10%
CHARGES FOR SERVICES	1,270,529	1,367,847	1,440,000	1,350,000	-6%
MISCELLANEOUS	25,883	22,737	19,704	15,000	-24%
TOTAL SOLID WASTE RESOURCES	3,185,041	3,436,787	3,708,771	3,381,916	-9%
SOLID WASTE UTILITIES USES (FUND 404)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2013 BUDGET	2013 BUDGET	2014 BUDGET	% CHANGE
BAD DEBT EXPENSE	121	1,301	-	-	0%
SALARIES AND WAGES	191,106	188,487	199,742	218,423	9%
PERSONNEL BENEFITS	75,886	84,684	92,996	101,551	9%
SUPPLIES	53,902	80,033	76,250	68,250	-10%
OTHER SERVICES & CHARGES	226,244	220,475	358,387	302,528	-16%
INTERGOVERNMENTAL	379,208	400,692	312,000	300,000	-4%
CAPITAL OUTLAY	192,840	7,593	387,735	-	-100%
INTERFUND PYMNT FOR SRVCS	18,557	204,368	238,001	252,483	6%
DEPRECIATION EXPENSE	30,356	29,596	60,000	64,000	7%
FUND BALANCE	2,016,820	2,219,560	1,983,660	2,074,681	5%
TOTAL SOLID WASTE USES	3,185,041	3,436,787	3,708,771	3,381,916	-9%

**Storm Drain Fund (410)
 Operating & Capital Outlay Appropriations
 \$1,893,299
 FTE's 3.50**

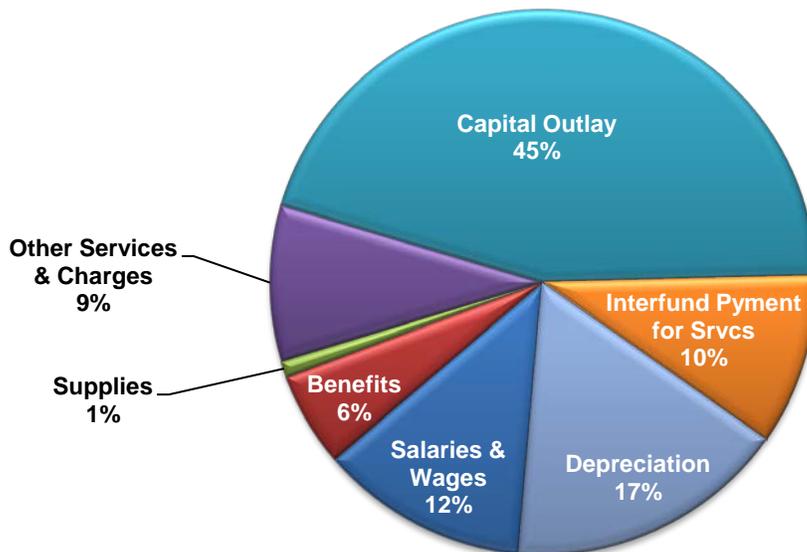
Stormwater Department Mission Statement:

Provide for the proper development, management, maintenance, replacement, and improvement of the City's stormwater system in an efficient and cost-effective manner that considers the needs for protection of public health and safety, private property, water quality and the natural environment, and economic development while conforming to Federal, State, and local regulatory requirements and considering the short and long-term goals of the City.

Public Works Committee:

**Linda Berry-Maraist
 Jeff McGinty
 Gary Nystul**

Storm Drain Fund (410)



STORM DRAIN FUND (410) PROGRAM DESCRIPTION:

The Storm Drain program is an enterprise fund providing for the management of storm and surface water runoff for the citizens of the City of Poulso.

SERVICES PROVIDED:

Collection System: The collection system, consisting of approximately 22 miles of collection system mains, 4 miles of open drainage ditches, and over 2000 catch basins, provides for the collection and conveyance of storm and surface water runoff.

Flow Control and Treatment Systems: Water quantity and quality are managed with the operation and maintenance of more than 50 detention and treatment facilities.

STAFFING:

Staffing totals 3.50 full-time equivalents (FTEs). Operation, maintenance, and repair is provided by 2.20 FTEs. Public Works Engineering Technician services are supported by 0.40 FTEs. NPDES (National Pollutant Discharge Elimination System) permit coordination is provided by one 1.0 FTE. Operations and Maintenance staff are supervised by the Public Works Superintendent. NPDES and Public Works Engineering staff is supervised by the City Engineer.

2013 O&M PROGRAM HIGHLIGHTS:

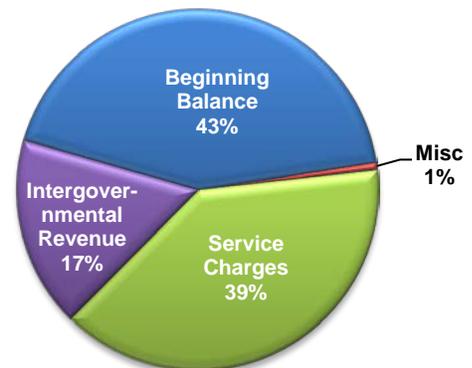
- Inspected storm drainage facilities.
- Maintained and cleaned stormwater conveyance, flow control, and treatment facilities such as pipes, detention facilities, catch basins, debris barriers, oil separators, and treatment facilities.
- Vegetation control at retention and detention ponds.
- Continued work on program development and implementation for NPDES Permit requirements for public education and outreach, illicit discharges, runoff control, operations and maintenance program enhancements and training. Some of the activities include:
 - The Backyard Pet Waste program and Mutt Mitt program
 - Outreach for spill and illicit discharge reporting to hotline
 - Illicit discharge investigations and education

- Development of maintenance manuals
- Development and implementation of the private drainage facility inspection and maintenance program
- O&M program refinement
- Data collection for conversion of existing stormwater maps to a GIS (Geographic Information System) system.
- Drainage system mapping updates
- Continuation of the storm drain marking program
- Continued implementation of the Storm Water Comprehensive Plan.

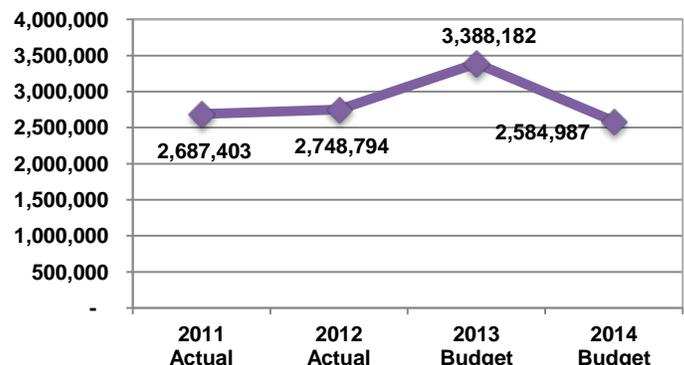
2014 REVENUE:

The storm drain utility is supported by its users and revenue is generally derived from service charges, which include: 1) monthly service charges, and 2) building permit connection charges. The majority of revenue comes from monthly service charges. Revenues for 2014 are estimated to be \$1,470,000.

2014 Storm Drain Resources Fund (410) \$2,584,987



Storm Drain Resources 2011 - 2014



STORM DRAIN DRAINAGE RATES:

The 2014 rate for residential and commercial customers is \$10.72 per impervious surface units (ISU). One ISU is equivalent to 3,000 square feet of impervious surface. As the result of a rate study designed to achieve break-even funding for the utility, a new rate was established by City Council beginning August 1, 2013. This rate is \$10.57/ISU/month and will increase annually in January by the proceeding June Consumer Price Index.

2014 EXPENSES:

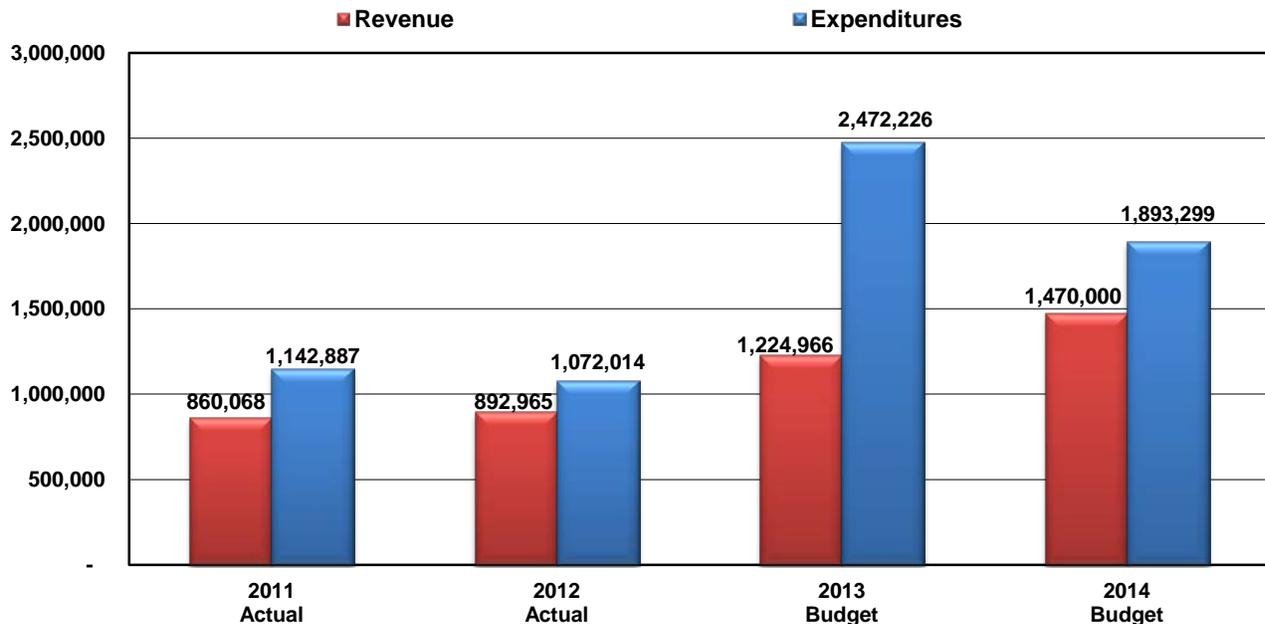
Operation and Maintenance: The year 2014 operation and maintenance program will be a continuation of the 2013 program. The program will include the operation, maintenance and repair of the utilities existing storm water system infrastructure to include storm drain collection systems and conveyance facilities to reduce flooding and protect water quality pursuant to the City of Poulsbo’s Stormwater Comprehensive Plan, adopted stormwater management manuals, and NPDES permit. 2014 expenditures for operations and maintenance are estimated to be approximately \$1,040,799.

NPDES Permit Compliance: Permit compliance includes activities that address the following elements: public education, outreach, and involvement, illicit discharge detection and elimination, construction/post construction runoff control, and operations and maintenance.

2014 Capital Expenditures/Improvements: (\$852,500 total)

- Dogfish Creek Restoration (\$50,000)
- Noll Rd Culvert Replace/Bjorgen Cr. Culvert (\$20,000)
- Replace storm drains in Ridgewood/Kevos Pond (\$60,000)
- Norrland Drainage Ditch Replacement (\$20,000)
- 3rd Avenue Central Business District (\$560,000)
- Sidewalk Sweeper (\$42,500)
- Public Works Complex Relocation (\$100,000)

**Storm Drain Fund (410)
Revenue & Expenses
(2011-2014)**



STORM DRAIN DEPARTMENT WORKLOAD MEASURES (BASED ON NPDES PERMIT REQUIREMENTS)						
Type of Measure	2013 Facility Count	Components Inspected / Maintained				
		2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Projected
Annual inspection of all city-owned treatment and flow control facilities, followed by maintenance activities (if necessary per adopted maintenance standards)	76					
Treatment (swales, bio-infiltration, concentrators)		16	54*	56*	69	69
Flow Control (ponds, vaults, tanks, other related structures)		23	91*	89*	96	96
Inspection of all city-owned catch basins and inlets, followed by maintenance activities if necessary per adopted maintenance standards. Permit specifies minimum quantity / frequency.	2012+	120 <i>(1,812 previously done towards permit term total)</i>	447	831	503 minimum	503 minimum

* Revised count

Facility: a location that contains one or more stormwater treatment and/or flow control components

Component: an individual structure or element within a facility

STORM DRAIN RESOURCES (FUND 410)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BEGINNING BALANCE	1,827,335	1,855,829	2,143,216	1,114,987	-48%
INTERGOVERNMENTAL REVENUE	117,095	81,050	486,956	440,000	-10%
CHARGE FOR SERVICES	728,104	783,275	728,000	1,013,000	39%
MISCELLANEOUS REVENUE	14,868	28,640	30,010	17,000	-43%
TOTAL STORM DRAIN RESOURCES	2,687,403	2,748,794	3,388,182	2,584,987	-24%

STORM DRAIN UTILITIES USES (FUND 410)					
ACCOUNT DESCRIPTION	2011 ACTUAL	2012 ACTUAL	2013 BUDGET	2014 BUDGET	% CHANGE
BAD DEBT EXPENSE	19	151	-	-	0%
SALARIES AND WAGES	231,950	250,036	228,619	234,060	2%
PERSONNEL BENEFITS	100,779	109,654	106,026	106,062	0%
SUPPLIES	10,880	13,615	19,600	18,600	-5%
OTHER SERVICES & CHARGES	49,406	58,881	185,420	174,993	-6%
INTERGOVERNMENTAL	70,407	75,944	-	-	0%
CAPITAL OUTLAY	211,299	80,162	1,405,773	852,500	-39%
INTERFUND PYMENT FOR SRVCS	156,673	166,039	186,287	192,085	3%
DEPRECIATION EXPENSES	311,474	317,533	340,500	315,000	-7%
FUND BALANCE	1,544,515	1,676,779	915,956	691,688	-24%
TOTAL STORM DRAIN USES	2,687,403	2,748,794	3,388,182	2,584,987	-24%



Section 8

Baseline Adjustment and New Program Requests



**2014 BUDGET
BASELINE ADJUSTMENT REQUESTS**

DEPT/IMPROVEMENT	Associated Costs			PG #	On-Going	FUNDING SOURCE	Funded?
	Non-Discretionary	Mandatory/Regulatory	Other				
Legislative							
1 Council Training			3,500	8-2	Y	General Fund (001)	Funded
<i>SUBTOTAL BY DEPT</i>	-	-	3,500				
MUNICIPAL COURT							
1 Travel			500	8-3	Y	General Fund (001)	
<i>SUBTOTAL BY DEPT</i>	-	-	500				
CLERK'S DEPARTMENT							
1 Deputy Clerk Overtime			2,000	8-4	Y	General Fund (001)	
<i>SUBTOTAL BY DEPT</i>	-	-	2,000				
CENTRAL SERVICES - JANITORIAL							
1 Repairs & Maintenance	6,000			8-5	Y	General Fund (001)	
2 Professional Services	3,000			8-6	Y	General Fund (001)	Funded
<i>SUBTOTAL BY DEPT</i>	6,000	-	-				
POLICE							
1 LEOFF 1 Disability		10,000		8-7	Y	General Fund (001)	\$5,000
2 Fuel Costs	6,596			8-8	Y	General Fund (001)	Funded
3 Garage/Evidence Fencing		4,750		8-9	N	General Fund (001)	Funded
4 Training Costs			3,000	8-10	Y	General Fund (001)	
	6,596	14,750	3,000				
Care & Custody of Prisoners							
1 Care & Custody of Prisoners	30,000			8-11	Y	General Fund (001)	Funded
<i>SUBTOTAL BY DEPT</i>	30,000	-	-				
ENGINEERING							
1 Training		2,000		8-12	Y	General Fund (001)	
2 Laptop		1,500		8-13	N	General Fund (001)	
<i>SUBTOTAL BY DEPT</i>	-	3,500	-				
CEMETERY							
1 Casual Labor	3,510			8-14	Y	General Fund (001)	
<i>SUBTOTAL BY DEPT</i>	3,510	-	-				
PARKS							
1 Casual Labor	16,508			8-15	Y	General Fund (001)	Funded
2 Training	700			8-16	Y	General Fund (001)	Funded
<i>SUBTOTAL BY DEPT</i>	16,508	-	-				
STREETS							
1 Casual Labor			28,080	8-17	Y	City Street (101)	Funded
<i>SUBTOTAL BY DEPT</i>	-	-	28,080				
WATER							
1 Professional Services		7,000		8-18	Y	Water (401)	Funded
<i>SUBTOTAL BY DEPT</i>	-	7,000	-				
SEWER							
1 Casual Labor	9,711			8-19	Y	Sewer (403)	Funded
<i>SUBTOTAL BY DEPT</i>	9,711	-	-				
STORM WATER							
1 Casual Labor		12,870		8-20	Y	Storm Water (410)	Funded
<i>SUBTOTAL BY DEPT</i>	-	12,870	-				

Summary of Totals	Requested			Approved Funding	
Total General Fund (001)	66,314	18,250	9,000		70,054
Total Street Maintenance (Fund 101)	-	-	28,080		28,080
Total Water (Fund 401)	-	7,000	-		7,000
Total Sewer (Fund 403)	9,711	-	-		9,711
Total Storm Water (Fund 410)	-	12,870	-		12,870
Total All Funds	76,025	38,120	37,080	Total Approved	127,715

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Training increase	Priority: 1
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Person Responsible: Nicole Stephens	Department: City Clerk's
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Council Goal this request responds to:	10 Customer Service
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Description:
The City Council has requested to increase their training/travel budget by \$500 per Councilmember.

Effect on Level of Service:
The Council needs to stay current on legislative, regional and local matters, as well as attend trainings and conferences pertaining to City business. The ability to attend these type of training, meeting and/or conference is greatly beneficial to the City.

Alternatives:
None.

Advantages/Disadvantages of Approval or Denial:
Advantages include continuous education, networking with other electeds and valuable trainings.
Disadvantages include inability to keep current on legislative matters, missed opportunities to lobby on the City's behalf, and the Council paying out of their own pocket.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies				
Other			1,750	00111000051160 50000492
Other			1,750	00111000051160 50000430
Total	-	-	3,500	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Deputy Clerk Overtime	Priority: 1
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Person Responsible: Kylie Purves	Department: City Clerk's
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Council Goal this request responds to: 10 Customer Service
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Description:
The Deputy Clerk has primary responsibility for producing accurate minutes of the City Council meetings in a timely fashion. Last year a reclassification of the position from Exempt to Hourly made it necessary to budget for overtime for attendance at these meetings separate from salaries and wages. An adjustment for unanticipated overtime, step increase and cost of living is being requested for 2014.

Effect on Level of Service:
Attendance at the meetings is the most efficient and effective method for producing accurate minutes.

Alternatives:
None.

Advantages/Disadvantages of Approval or Denial:
Advantages include continuing to produce accurate minutes in a timely fashion. **Disadvantages** include longer production of minutes and impact to Clerk's Department daily job functions.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages			2,000	00114300051421 50000120
Benefits				
Supplies				
Other				
Capital				
Total	-	-	2,000	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Municipal Court Travel	Priority: 1
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Person Responsible: Linda Baker	Department: Municipal Court
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Council Goal this request responds to: 8 Public Safety
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Description:
I am requesting to have the \$500 deducted from the court travel budget in 2012 to be reinstated.

Effect on Level of Service:
The Judge and staff need to stay current on legislation, court rules, and appellate rulings. This means attending meetings and training.

Alternatives:
Getting the information second or third hand.

Advantages/Disadvantages of Approval or Denial:
By attending the meeting or training you get the information first hand and what is currently happening in the court community along with what issues, problems, etc. which have arisen as part of the discussions. Networking is essential to staying on top of changing legislation and what comes out of Appellate or Supreme Court rulings.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				00112000051250 50000430
Benefits				
Supplies				
Other			500	
Capital				
Total	-	-	500	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title:	Building Maintenance/Janitorial Repairs & Maintenance	Priority:	1
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Person Responsible:	Dan Wilson	Department:	Public Works
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Council Goal this request responds to: 4 Capital Facilities

Description:
The repair and maintenance line in the building maintenance budget pays for fire alarm monitoring at City Hall, annual fire extinguisher service at City Hall, air conditioning repairs at the Marine Science Center and annual HVAC maintenance/inspections at City Hall, and any 'unforeseen' repairs at City buildings. We are also obtaining quotes for annual window washing for City Hall. Vehicle maintenance for two (2) vehicles are also paid out of this line.

Effect on Level of Service:
This baseline adjustment will allow the department to provide these required services within an allocated budget.

Alternatives:
Reduce budget capacity in other line items to increase capacity in this line item.

Advantages/Disadvantages of Approval or Denial:
The advantage of this request would be to have a sufficient budget in this line to pay for the required and necessary repair services for our City buildings. For year end 2012 with a budget of \$4,700 and a 2011 carryover of \$6,600, we still had a deficit in this line of -\$3,696.22.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies				
Other	6,000			00130000051830 50000480
Capital				
Total	6,000	-	-	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title:	Building Maintenance/Janitorial Professional Services	Priority:	2
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Person Responsible:	Andrzej Kasiniak, PE	Department:	Public Works
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Council Goal this request responds to: 4 Capital Facilities

Description:
The professional services line in the building maintenance budget supports elevator inspections and certifications at the Marine Science Center and City Hall, annual sprinkler inspections/testing at City Hall, Parks & Rec. and the MSC, inspection/certification of boilers at the MSC, City Hall and Parks & Recreation and alarm monitoring.

Effect on Level of Service:
This baseline adjustment will allow the department to provide these required services within an allocated budget.

Alternatives:
Reduce budget capacity in other line items to increase capacity in this line item.

Advantages/Disadvantages of Approval or Denial:
The advantage of this request would be to have a sufficient budget in this line to pay for the required and necessary services. For year end 2012, we had a deficit in this line of -\$2,345.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies				
Other	3,000			00130000051830 50000410
Capital				
Total	3,000	-	-	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: LEOFF 1 Disability	Priority: 1
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:	Pays for medical costs related to LEOFF 1 retirees.
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Effect on Level of Service:	Doesn't help us at all. But unfortunately the law requires us to pay these bills.
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Alternatives:	Required
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Advantages/Disadvantages of Approval or Denial:	
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Associated Costs:	Non-Discretionary	Mandatory/Regulatory	Other	Expenditure Account Number:
Wages				00120000052110 50000290
Benefits				
Supplies				
Other				
Capital		10,000		
Total	-	10,000	-	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Fuel Costs	Priority: 2
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to: 8 Public Safety
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Description:
Fuel costs continue to rise. This increase is based upon trends so far for 2013 which would indicate that costs will need to be increased for 2014 to an estimated \$52,000 compared to \$45,404 in 2013. Most of this is caused by increased costs, not increased use. And there is no sign of any fuel price decreases on the horizon.

Effect on Level of Service:
We continue to look at alternatives, including the use of a motorcycle for some patrol time; hybrid vehicles for added gas mileage for admin/detective staff; less patrol time, etc. But for now, these costs need to be incorporated into the 2014 budget.

Alternatives:
Required

Advantages/Disadvantages of Approval or Denial:

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies	6,596			00120000052120 50000320
Other				
Capital		-		
Total	6,596	-	-	

One Time Expense Continuous Funding Request

Source of Funding (New Revenue?) Yes No

If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Garage/Evidence Fencing	Priority: 3
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:
An area of the sallyport needs to be fenced off to secure vehicles being held for search warrants.

Effect on Level of Service:
Without a secure location we cannot guarantee the integrity of the evidence. This compromises investigations/cases.

Alternatives:
Rent a secure storage facility at a significantly higher price.

Advantages/Disadvantages of Approval or Denial:
Improve evidence integrity

Associated Costs:			Expenditure Account Number:
	Non-Discretionary	Mandatory/Regulatory	
Wages			00120000052180 50000480
Benefits			
Supplies			
Other		4,750	
Capital			
Total	-	4,750	-

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Training Costs	Priority: 4
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to: 8 Public Safety
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Description:
 Costs of training have increased. Mandatory training must be accomplished. State training mandates require at least 24 hours of training per officer per year on mandatory areas. This, coupled with several new staff members means an increase in training costs.

Effect on Level of Service:
 Its important to be meeting training mandates along with other important high-liability training. Due to the nature of our work, we have a high liability compared to other government programs and as such must ensure that we are trained satisfactorily. In 2012, the training budget was over \$16,000. We are working to re-establish that fund over time to ensure high quality and timely training.

Alternatives:

Advantages/Disadvantages of Approval or Denial:

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies			3,000	00120000002120 50000492
Other				
Capital		-		
Total	-	-	3,000	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Care & Custody of Prisoners	Priority: 1
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Person Responsible: Deborah Booher	Department: Finance
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Council Goal this request responds to: 8 Public Safety
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Description:
This expenditure line item is maintained in the General Fund Non-Departmental budget and is for the care and custody of prisoners. The budget for 2013 is \$120,480 and with the current trend we expect it to be approximately \$150,000.

Effect on Level of Service:
This baseline adjustment request will allow appropriate care and custody of prisoners in order to maintain public safety.

Alternatives:
Reduce budget capacity in other line items to increase capacity in this line item.

Advantages/Disadvantages of Approval or Denial:
Advantage: Maintains public safety Disadvantage: Uses General Fund capacity

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				00114200052360 50000510
Benefits				
Supplies				
Other	30,000			
Capital				
Total	30,000	-	-	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

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Please enter the costs into the appropriate category.

Title: Training	Priority: 1
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Person Responsible: Andrzej Kasiniak, PE	Department: Engineering
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Council Goal this request responds to: 3 Natural Environment
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Description:
Additional training required by Engineering Department to respond to changes to Department of Ecology stormwater regulation and to gain additional training in easement and right of way issues. With more projects moving forward to final plat and construction these issues are becoming more important.

Effect on Level of Service:
The additional training will allow the Engineering Department to stay current with increasingly complex regulations, and properly protect the interests and legal position of the City regarding easements and right of way issues.

Alternatives:
More reliance on consultant services will be required along with the associated expense.

Advantages/Disadvantages of Approval or Denial:
See above.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				00130000054310 50000492
Benefits				
Supplies				
Other		2,000		
Capital				
Total	-	2,000	-	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Replace unsupported laptop	Priority: 2
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Person Responsible: Andrzej Kasiniak, PE	Department: Engineering
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Council Goal this request responds to:	10 Customer Service
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Description:
The engineering department's laptop has to be replaced this year as the operating system will not be supported beyond April.

Effect on Level of Service:
Laptop will need to be replaced to maintain the existing level of service.

Alternatives:
do not replace

Advantages/Disadvantages of Approval or Denial:
If not replaced the functionality will be lost, affecting the Engineering Department's ability to do their work properly.

Associated Costs:	Non-Discretionary	Mandatory/Regulatory	Other	Expenditure Account Number:
Wages				
Benefits				
Supplies				
Other				
Capital			1,500	00130000054310 50000350
Total	-	-	1,500	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

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- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Casual Labor - Cemetery	Priority: 1
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Person Responsible: Dan Wilson	Department: Cemetery
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Council Goal this request responds to: 6 Parks & Recreation and Open Space
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Description:
Increased casual labor for maintenance of our cemetery grounds. This labor would primarily be for additional mowing/weed whipping and also for the necessary trimming of large shrubs and trees which have grown wild, especially on many of the older family plots where there may be no family members to maintain their plots.

Effect on Level of Service:
Increased activity and interest at our City cemetery creates the need for more attention and maintenance to the appearance of the City cemetery.

Alternatives:
Continue maintenance as we have been doing with our current staffing.

Advantages/Disadvantages of Approval or Denial:
The advantage of this request would be to increase our level of service maintaining our cemetery grounds.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages	3,000		(casual)	00130000053620 50000130
Benefits	510		(casual)	00130000053620 50000215
Supplies				
Other				
Capital				
Total	3,510	-	-	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	Cemetery Reserves

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

For the 2014 budget process, departments are limited to the 2013 budget levels with the exception of wages, benefits and contractual costs. If any line items need to be increased to maintain the current level of service, departments should complete this General Adjustments Request for Additional Funding Form. The request goes through a separate process than the operating budget process.

General Adjustments will be divided into three categories:

- 1) **Non Discretionary** - costs beyond staff's control (i.e. utility, fuel)
- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Parks - Casual Labor	Priority: 1
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Person Responsible: Dan Wilson	Department: Parks
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Council Goal this request responds to: 6 Parks & Recreation and Open Space

Description:
We are requesting an increase to our casual labor pool to increase labor to maintain our Parks during our growing season. They would be helping with weeding, watering, pressure washing, litter pickup, emptying trash cans/dog waste containers, and assisting with various painting projects. Our casual laborers also assist during special events.

Effect on Level of Service:

This would allow us to do more maintenance in a timely manor,

Alternatives:

Continue has we have been doing and hope we can address issues as they come up.

Advantages/Disadvantages of Approval or Denial:

The advantage would be to have a sufficient labor force during the growing season to perform all the necessary services in our Parks department.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages	14,110			00130000057680 50000130
Benefits	2,398			00130000057680 50000215
Supplies				
Other				
Capital				
Total	16,508	-	-	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

For the 2014 budget process, departments are limited to the 2013 budget levels with the exception of wages, benefits and contractual costs. If any line items need to be increased to maintain the current level of service, departments should complete this General Adjustments Request for Additional Funding Form. The request goes through a separate process than the operating budget process.

General Adjustments will be divided into three categories:

- 1) **Non Discretionary** - costs beyond staff's control (i.e. utility, fuel)
- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Training	Priority: 2
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Person Responsible: Dan Wilson	Department: Parks
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Council Goal this request responds to: 6 Parks & Recreation and Open Space

Description:
Establish a training budget in the Parks department. Both Parks employees are certified in 'pesticide management' and Kris Watson is also certified with ISA (International Society of Arboriculture). Annual pesticide license is currently \$33/year/employee or \$66.00 annually. The ISA annual membership and chapter dues are currently \$175.00/year and the ISA certification is required every 3 years at \$100. This request will also include travel expenses.

Effect on Level of Service:
Allow Parks staff to continue training through the WSA Extension Workshops. Examples of training attended include Urban IPM and Pesticide Safety Education, diagnosing turf problems including diseases and insect diagnosis, IPM pesticide safety education, pesticide management and water quality.

Alternatives:
Contract our services to a certified horticulturist.

Advantages/Disadvantages of Approval or Denial:
The advantage of this request would be for Parks staff to have the knowledge/certification to identify and rectify any turf diseases, pesticide issues, pruning techniques' etc., within our Parks.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies				
Other	700			00130000057680 50000492 (\$500)
Capital				00130000057680 50000430 (\$200)
Total	700	-	-	

One Time Expense Continuous Funding Request

Source of Funding (New Revenue?) Yes No

If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

For the 2014 budget process, departments are limited to the 2013 budget levels with the exception of wages, benefits and contractual costs. If any line items need to be increased to maintain the current level of service, departments should complete this General Adjustments Request for Additional Funding Form. The request goes through a separate process than the operating budget process.

General Adjustments will be divided into three categories:

- 1) **Non Discretionary** - costs beyond staff's control (i.e. utility, fuel)
- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Casual Labor - Streets	Priority: 1
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Person Responsible: Dan Wilson	Department: Streets
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Council Goal this request responds to: 6 Parks & Recreation and Open Space
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Description:
We are requesting an increase to our Streets Casual Labor pool to cover our 'extra staff' throughout the year when needed instead of adding a new fulltime employee. Examples of work performed would be roadside maintenance for all newly landscaped streets, i.e., Viking Avenue (north & south), Mesford/Noll landscaping, the Lincoln Road round-a-bout, etc.

Effect on Level of Service:
Would allow us to increase our level of service in roadside maintenance with all the newly planted areas along our City streets.

Alternatives:
Continue to try and keep current level of service from a 'reactionary mode' to an established maintenance schedule.

Advantages/Disadvantages of Approval or Denial:
The advantage is to maintain all our newly landscaped roadside areas.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages			24,000	10130000054230 50000130
Benefits			4,080	10130000054230 50000215
Supplies				
Other				
Capital				
Total	-	-	28,080	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

For the 2014 budget process, departments are limited to the 2013 budget levels with the exception of wages, benefits and contractual costs. If any line items need to be increased to maintain the current level of service, departments should complete this General Adjustments Request for Additional Funding Form. The request goes through a separate process than the operating budget process.

General Adjustments will be divided into three categories:

- 1) **Non Discretionary** - costs beyond staff's control (i.e. utility, fuel)
- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Water - Professional Services	Priority: 1
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Person Responsible: Andrzej Kasiniak, PE	Department: Public Works
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Council Goal this request responds to: 4 Capital Facilities

Description:
The professional services line in Water supports such services as water quality testing, water locates, sensus metering and the design/production of our mandated annual water quality report. This line has exceeded its budget over the past several years, requiring year-end budget amendments.

Effect on Level of Service:
This request will provide adequate funding for this professional services expenditure line.

Alternatives:
Reduce budget capacity in other line items to increase budget capacity in this line.

Advantages/Disadvantages of Approval or Denial:
Advantages: Maintain adequate budget in this line Disadvantage: YE budget amendments

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages				
Benefits				
Supplies				
Other		7,000		40130000053400 50000410
Capital				
Total	-	7,000	-	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

For the 2014 budget process, departments are limited to the 2013 budget levels with the exception of wages, benefits and contractual costs. If any line items need to be increased to maintain the current level of service, departments should complete this General Adjustments Request for Additional Funding Form. The request goes through a separate process than the operating budget process.

General Adjustments will be divided into three categories:

- 1) **Non Discretionary** - costs beyond staff's control (i.e. utility, fuel)
- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Sewer - Casual Labor	Priority: 1
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Person Responsible: Dan Wilson	Department: Sewer
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Council Goal this request responds to:	4 Capital Facilities
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Description:
We would like to add Casual labor manhours to the sewer department to help with vegetation control at sewer installations /lift station and manholes, lift station pump house painting, potential help with remedial sewer repairs (shoveling/backfilling) and the installation of rain stopper manhole inserts.

Effect on Level of Service:
Would allow us to do more needed maintenance and updates to the Sewer Lift Stations.

Alternatives:
Continue with maintenance as needed with no preventive maintenance.

Advantages/Disadvantages of Approval or Denial:

Associated Costs:				Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other		
Wages	8,300			40330000053580	50000130
Benefits	1,411			40330000053580	50000215
Supplies					
Other					
Capital					
Total	9,711	-	-		

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
BASELINE ADJUSTMENT REQUEST**

For the 2014 budget process, departments are limited to the 2013 budget levels with the exception of wages, benefits and contractual costs. If any line items need to be increased to maintain the current level of service, departments should complete this General Adjustments Request for Additional Funding Form. The request goes through a separate process than the operating budget process.

General Adjustments will be divided into three categories:

- 1) **Non Discretionary** - costs beyond staff's control (i.e. utility, fuel)
- 2) **Mandatory/Regulatory** - costs for legally mandated items (i.e. election costs, taxes)
- 3) **Other** - other adjustments (i.e. training, small tools, supplies, equipment)

Please enter the costs into the appropriate category.

Title: Casual Labor - Storm Water	Priority: 1
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Person Responsible: Dan Wilson	Department: Storm Water
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Council Goal this request responds to: 3 Natural Environment
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Description:
Increased casual labor for maintenance of stormwater facilities. This labor would primarily be in grounds maintenance and trash removal for stormwater ponds, swales, ditches, infiltration galleries, etc. The increasing number of these facilities requires more maintenance efforts.

Effect on Level of Service:
Would allow us to increase our level of service and meet regulatory requirements for stormwater facilities.

Alternatives:
Continue to try and keep current level of service from a 'reactionary mode' to an established maintenance schedule.

Advantages/Disadvantages of Approval or Denial:
Poor appearance and reduced treatment functions of facilities if not accomplished.

Associated Costs:			Expenditure Account Number:	
	Non-Discretionary	Mandatory/Regulatory	Other	
Wages		11,000		41030000053115 50000130
Benefits		1,870		41030000053115 50000215
Supplies				
Other				
Capital				
Total	-	12,870	-	

One Time Expense Continuous Funding Request
 Source of Funding (New Revenue?) Yes No
 If yes, indicate revenue account number:

**2014 BUDGET
NEW PROGRAM REQUESTS**

DEPT/IMPROVEMENT	COST	PG#	On-Going	FUNDING SOURCE	Funded
LEGISLATIVE					
1 Kitsap Economic Development Alliance	5,000	8-22	Y	General Fund (001)	Funded
<i>SUBTOTAL BY DEPT</i>	<i>5,000</i>				
CLERKS					
1 Records/Meeting Mngmnt Software	15,750	8-23	Y/N	Equipment Acq Fund (301)	
2 Receptionist	21,140	8-24	Y	General Fund (001)	
<i>SUBTOTAL BY DEPT</i>	<i>36,890</i>				
FINANCE					
1 UB Mailing Alternative	20,000	8-25	Y	Utility Funds (400's)	Funded
2 Accounting Clerk	68,816	8-26	Y	General Fund (001)	
<i>SUBTOTAL BY DEPT</i>	<i>88,816</i>				
POLICE					
1 Police Officer (New Position)	108,764	8-27	Y	General Fund (001)	Funded
1 Police Officer (New Position)	48,379	8-27	N	Equipment Acq Fund (301)	
2 Community Services Officer	13,237	8-28	Y	General Fund (001)	Funded
3 Evidence Dryer	15,000	8-29	N	General Fund (001)	
4 LIVESCAN	11,143	8-30	N	Equipment Acq Fund (301)	
6 Feasibility Study/Architect Plans	5,000	8-31	N	General Fund (001)	
7 Crime Analysis Software	1,250	8-32	Y	General Fund (001)	
8 IACP Net	500	8-33	Y	General Fund (001)	
9 Community Services Officer - EHM	0	8-34	Y	No Cost Given	
10 Hybrid Police Vehicle	52,891	8-35	N	Equipment Acq Fund (301)	
<i>SUBTOTAL BY DEPT</i>	<i>256,164</i>				
PARKS					
1 Three Water Spigots at Raab Park	1,200	8-36	Y/N	General Fund (001)	Funded
<i>SUBTOTAL BY DEPT</i>	<i>1,200</i>				
STREETS					
1 Sidewalk Sweeper	85,000	8-37	N	Street Res (321)/Storm Drain (420)	Funded
2 Bridge Inspection Program	15,000	8-38	N	Street Maintenance (101)	Funded
<i>SUBTOTAL BY DEPT</i>	<i>100,000</i>				
FACILITIES					
1 Energy Upgrades for Nelson Park Home	6,000	8-39	N	Capital Facilities (331)	
<i>SUBTOTAL BY DEPT</i>	<i>6,000</i>				
WATER					
1 Equipment Trailer	29,900	8-40	N	Water (421)	Funded
<i>SUBTOTAL BY DEPT</i>	<i>29,900</i>				

Summary of Totals	Requested			Approved Funding	
Total General Fund (001)	239,907				128,201
Total City Street Fund (101)	15,000				15,000
Total Equipment Acquisition Fund (301)	128,163				-
Total Street Reserve Fund (321)	85,000				85,000
Total Capital Facilities Fund (331)	6,000				
Total Water Fund (401)	29,900				29,900
Total Utility Funds (400's)	20,000				20,000
<i>Total All Funds</i>	<i>523,970</i>			<i>Total Approved</i>	<i>278,101</i>

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Kitsap Economic Development Alliance	Priority: 1
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Person Responsible: Kylie Purves, City Clerk	Department: Legislative
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Council Goal this request responds to:	7 Economic Development
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Description:
Kitsap Economic Development Alliance (KEDA) requests continuation of economic development services funding for 2014 at the level of \$10,000. The principal purpose of this agreement is to promote diversification of the Kitsap community's primary job base and to integrate its economy into the national and world economies.

Effect on Level of Service:
This funding request is based on a \$5,000 (historical) baseline with the additional request based on .5 FTE PTAC counselor position, continued interaction with City elected officials and staff, City Council economic development committee, Greater Poulsbo Chamber of Commerce and Poulsbo businesses. The \$5,000 base funding does not adequately address the professional economic development services delivered as an adjunct economic development office for the City of Poulsbo. Direct benefits will include an increase in contract dollars awarded to Poulsbo companies that attend and utilize skills outlined in PTAC workshops and counseling -- this has a significant total economic impact on employees and families in Poulsbo. KEDA will continue providing to Poulsbo businesses on request data research, site selection service and introduction to strategic resources and relationships. 2014 Poulsbo goals: 10+ site visits with Poulsbo (area) companies to determine growth and expansion needs with follow up; 90 assists, referrals and custom reports; outreach to 10 site consultants regarding Poulsbo properties and specialized tours for 4 Poulsbo businesses with entities such as WA Department of Commerce, PTAC, Impact WA or other agencies as opportunities arise.

Alternatives:
There are no alternatives at this time.

Advantages/Disadvantages of Approval or Denial:
Advantages of Approval: We will continue to provide 1) Marketing and assistance to entrepreneurs and businesses to keep and expand their businesses in Poulsbo as well as to move or expand to Poulsbo. (This includes referrals to KEDA's partners when appropriate and follow up to determine if needs are met), 2) Assistance in site selection evaluation, 3) Land inventory and labor availability for employers and the City of Poulsbo, 4) Assistance and leadership in physical infrastructure development, 5) procurement and technical assistance for selling to (all levels) the government, 6) Leadership in diversifying the county for future sustainable economic development 7) significant, timely and impactful research and economic data specific to Poulsbo, 8) Outreach to public officials, the private sector and general public about economic development in Poulsbo and the region.
Disadvantages of denial: These services will be significantly diminished or some services may be terminated.

Associated Costs:	Expenditure Account Number:
Wages	00111000051160 50000490
Benefits	
Supplies	
Other 5,000	
Capital	
Total 5,000	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Records & Meeting Management Software	Priority: 1
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Person Responsible: Kylie Purves, City Clerk	Department: City Clerk
Council Goal this request responds to:	10 Customer Service

Description:
 The City Clerk's Office continues to work towards an electronic records management process with little or no resources. Over the past few years we have worked with a program (PaperVision), that no longer meets our needs and has provided more challenges than opportunities. We recently resolved our e-mail archiving and management through the purchase of the Barracuda software presented by the IT Department. Implementation of a full electronic records management system is the next step to providing staff and the public with full access to public records. The meeting management system included with this product will move the City into the next phase of electronic meeting information distribution for Council Meetings as well as Committees, Boards and Commissions.

Effect on Level of Service:
 Purchasing the iCompass meeting and records management system will allow the Records Managers from each department to archive records into an electronic repository rather than storing, archiving and destroying through conventional paper methods. Time savings will be realized in the filing and retrieval process. Records requests can be produced with greater efficiency and transparency with the ultimate result of self-service through a web portal. Cost savings in staff time, filing cabinets, archive boxes, retrieval and destruction. iCompass also offers a online portal for citizen engagement for complaint and public records request submittals. This system will be used city-wide not just by the Clerk's Department. This is a cloud based solution that requires no hardware purchase meaning less time and resouces expended through our IT Department.

Alternatives:
 The alternative is to not fund this request resulting in decreased efficiencies in records management and becoming further behind in public and internal access to these records.

Advantages/Disadvantages of Approval or Denial:
 Advantages to implementing records and meeting management systems include efficiencies and cost savings through staff time, accessibility and open government with an emphasis in the reduction of staff time responding to public records requests(s). Disadvantages include becoming further behind in what is becoming an industry standard.

Associated Costs:	Expenditure Account Number:
Wages	30114200006014 5000640
Benefits	
Supplies	
Other	
Capital	
15,750	
Total	
15,750	

One Time Expense <input checked="" type="checkbox"/>	\$15,750	Continuous Funding Request <input checked="" type="checkbox"/>	\$7,000
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
If yes, indicate revenue account number:			

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Receptionist	Priority: 2
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Person Responsible: Kylie Purves, City Clerk	Department: City Clerk
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Council Goal this request responds to:	10 Customer Service
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Description:
The City Clerk's Office is requesting the reinstatement of a part-time (.63 FTE) position lost during the voluntary separation process. The Clerk's Office has taken on and sustained more responsibility beyond absorbing the loss of the 1-FTE including administrative support to the Mayor, City Hall Meeting Room Use and increased business licensing compliance.

Effect on Level of Service:
The Receptionist position would assist with phone answering (Clerk's Office & the City's main phone numbers) and greeting customers at the 3rd floor front counter. By adding this position, other Clerk's Office staff would be free to work on tasks taking them away from their desk, such as working in archives. This position would allow for the best utilization of City Clerk's staff time and assigned job duties.

Alternatives:
The alternative is to not fund this position and keep the City Clerk's Office status quo, operating with a 1/4 reduction in staffing. In doing so, efficiencies will not be realized and implementation of electronic record keeping will be accomplished as time allows.

Advantages/Disadvantages of Approval or Denial:
Advantages to approval would be the ability to evaluate all Clerk's Department staff job descriptions and right size them to accurately reflect job duties, including the addition of administrative support for the Mayor to the Deputy Clerk's job description. This position would free up time otherwise dedicated to attending to routine phone answering. **Disadvantages** to denying this request would keep the City Clerk's Office working at a reduced level with the added job duties. Denial would also slow our progress and transition to electronic record keeping.

Associated Costs:	Expenditure Account Number:
Wages 17,546	00114300051421 50000110
Benefits 3,594	00114300051421 50000120
Supplies	
Other	
Capital	
Total 21,140	

One Time Expense Continuous Funding Request

Source of Funding (New Revenue?) Yes No

If yes, indicate revenue account number:

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: UB Mailing Alternative	Priority: 1
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Person Responsible: Deborah Booher	Department: Finance
Council Goal this request responds to:	9 Revenues & Financial Stability

Description:
The postal regulations for bulk mailing has changed. Our software cannot support the new regulations and the department will need to buy a new folding machine. It may be more cost effective to outsource the printing and mailing of our monthly utility billing.

Effect on Level of Service:
It will provide consistency, allowing the City to stay compliant with Federal regulations, and may enhance the look of the bill by providing more information such as a consumption graph. This will also give the Utility Billing Accounting Technician time to work on additional tasks and quicker customer service response time in lieu of printing, folding, sorting and mailing the utility bills monthly.

Alternatives:
Continue printing and mailing the utility billings in house and purchase a new folding machine.

Advantages/Disadvantages of Approval or Denial:
Advantages

- Will enable the City to maintain bulk mailing rates by staying in compliance with Federal regulations.
- Gives the possibility of enhancing bills with consumption use chart.
- Eliminates the need to purchase a folding machine
- Increases our level of service by giving the Utility Billing Accounting Technician time to work on additional tasks in place of printing, folding, sorting and mailing the utility bills monthly.

Disadvantages

- We may lose our bulk mail rate due to compliance issues
- Purchase of a new folding machine would be required if not approved

Associated Costs:	Expenditure Account Number:												
<table style="width: 100%; border-collapse: collapse;"> <tr><td>Wages</td><td></td></tr> <tr><td>Benefits</td><td></td></tr> <tr><td>Supplies</td><td></td></tr> <tr><td>Other</td><td style="text-align: right;">20,000</td></tr> <tr><td>Capital</td><td></td></tr> <tr><td>Total</td><td style="text-align: right;">20,000</td></tr> </table>	Wages		Benefits		Supplies		Other	20,000	Capital		Total	20,000	Cost will be absorbed by utilities
Wages													
Benefits													
Supplies													
Other	20,000												
Capital													
Total	20,000												

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Accounting Clerk	Priority: 2
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Person Responsible: Deborah Booher	Department: Finance
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Council Goal this request responds to:	9 Revenues & Financial Stability
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Description:

The Finance Department is requesting to hire a full-time Accounting Clerk to assist with Utility Billing. The number of UB account continues to grow and the amount of associated work. New housing developments are growing in Poulsbo creating new UB accounts. Garbage accounts have also increased due to the end of the moratorium from annexation.

Effect on Level of Service:

The City would be able to maintain the level of customer service provided to the citizens, including returning phone calls, and processing billings in a timely manner.

If not approved the response times to assist customers could be delayed. Timeliness of billings could be effected and the ability to provide the one on one customer service necessary may not be possible.

Alternatives:

Continue to operate as we currently do but eventually the level of service provided to customers will be effected by not returning phone calls timely and delays in processing requests and billings.

Advantages/Disadvantages of Approval or Denial:

Advantages:

- Continue to provide excellent customer service to the citizens of Poulsbo

Disadvantages:

- Level of service lowered
- Delay in processing requests
- Phone calls not returned same day

Associated Costs:	Expenditure Account Number:
Wages 40,883	00114200051420 50000110
Benefits 25,183	00114200051420 50000210
Supplies	
Other 2,750	00114200051420 50000350
Capital	
Total 68,816	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Police Officer (New Position)	Priority: 1
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:
The department has not seen growth for many years. In fact, this position will actually get the department back to 17 commissioned officers; the same number that the department had several years ago. This actually is not an increase in staffing but a return to pre-recession staffing. And during that time calls for police service, population and crime rates have all continued to increase.

Effect on Level of Service:
SEE STAFFING STUDY Service delivery will increase instead of decrease. Officers will be able to better respond to and correct traffic issues/complaints. Response times for non-priority calls would decrease. Citizen and officer safety will increase as result. Need for increased drug enforcement, traffic education and response to complaints. There is a significant need to be actively involved in drug enforcement. Drug related crimes are making up nearly 80% of our property crime activity and we must deal with the root of the problem to impact it.

Alternatives:
Contract out work to other agencies

Advantages/Disadvantages of Approval or Denial:
Advantages; Better service to citizens and businesses and increased safety for citizens and officers. Reduced response time, increased safety for Festivals and reduced City liability. Disadvantages; Increased response time, less traffic enforcement and unable to adequately manage security for Festivals. Increased City liability.

Associated Costs:	Expenditure Account Number:	
Wages	68,619	00120000052120 50000110
Benefits	32,645	00120000052120 50000210
Supplies	7,500	00120000052110 50000310
Other		
Capital	48,379	30114200059421 50000640
Total	157,143	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Community Service Officer	Priority: 2
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:

Permanently increase CSO to 32 hrs/wk. This was done on a trial basis. To properly manage EHM (Electronic Home Monitoring) subjects whether 1 or 100 you need to provide sufficient time to monitor them.

Effect on Level of Service:

The closer to 100% FTE, the better monitoring and control of the EHM participants, who often tend to skirt the law. If a contract with district court can be negotiated this cost would be covered by the revenue of that contract.

Alternatives:

Stop EHM, keeping in mind that it saves more than this costs in reduced jail bills. Could also contract the work out to another entity at a higher per unit cost.

Advantages/Disadvantages of Approval or Denial:

Even after his salary this position saves through EHM approx. \$100,000 in reduced jail costs (see info from PMC)

Associated Costs:		Expenditure Account Number:	
Wages	10,585	00120000052320	50000110
Benefits	2,652	00120000052320	50000210
Supplies			
Other			
Capital			
Total	13,237		

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Evidence Dryer	Priority: 3
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:

Self contained drying unit with proper filtration to dry wet/bloody evidence in a controlled environment.

Effect on Level of Service:

Ensures that we are following proper procedures for drying of biohazard or other wet evidence that controls access, germs and hazards.

Alternatives:

Deliver these types of items to KCSO, Port Orchard PD, or Bremerton PD, assuming they will take them and their dryer is not in use.

Advantages/Disadvantages of Approval or Denial:

Compliance, self contained at the department, no need to try to dry in sally port violating evidence control and subjecting people to biohazards. No need to transport biohazards to another agency some distance away.

Associated Costs:	Expenditure Account Number:
Wages	
Benefits	
Supplies 15,000	00120000052180 50000350
Other	
Capital	
Total 15,000	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: LIVESCAN	Priority: 4
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Person Responsible: Chief Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:

The Guardian Livescan System is a biometric identification system that seamlessly captures quality images accurately and rapidly improving the applicant and operator experience. The program interfaces with the state and allows the user to review the prints, allowing faster and more accurate validation.

Effect on Level of Service:

Enable the Police Department to provide additional services to the community. The biometric system is also more accurate, reliable, and efficient identification tool.

Alternatives:

Continue to fingerprint using traditional ten print cards.

Advantages/Disadvantages of Approval or Denial:

Having the system would greatly benefit the department by aiding in new procedures. The device, program, and printer all meet or exceed federal and state guidelines.

Associated Costs:	Expenditure Account Number:
Wages	
Benefits	
Supplies	
Other	
Capital	11,143 30114200059421 50000640
Total	11,143

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Feasibility Study/Architect Plans	Priority: 5
--	-------------

Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:

In order to better utilize the 1st floor space for a police department, it's requested to conduct some drawings/feasibility for changing some room configurations and adding additional walls.

Effect on Level of Service:

Make better use of space available for the police department, making the officers/staff more efficient.

Alternatives:

Advantages/Disadvantages of Approval or Denial:

Make more efficient use of space, more operationally friendly for a police department.

Associated Costs:	Expenditure Account Number:
Wages	00120000052120 50000410
Benefits	
Supplies	
Other 5,000	
Capital	
Total 5,000	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Crime Analysis Software	Priority: 6
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:

This is a crime analysis program that accompanies our free public crime mapping program through Bair Analytics.

Effect on Level of Service:

Allow officers to analyze crime in the City, better determine trends, and focus patrols with the ultimate goal to increase crime clearance rates.

Alternatives:

Advantages/Disadvantages of Approval or Denial:

Goal to increase crime clearance and more focused patrols through problem oriented policing.

Associated Costs:	Expenditure Account Number:
Wages	00120000052120 50000480
Benefits	
Supplies	
Other 1,250	
Capital	
Total 1,250	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: IACP Net	Priority: 7
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:

Subscription website that provides best policing practices through the International Association of Chief's of Police. New techniques, pending legal issues, trending styles and procedures, etc.

Effect on Level of Service:

Timely management of issues in policing and best practices.

Alternatives:

Advantages/Disadvantages of Approval or Denial:

Associated Costs:	Expenditure Account Number:
Wages	
Benefits	
Supplies	
Other 500	00120000052120 50000480
Capital	
Total 500	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Community Service Officer - EHM	Priority: 8
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Person Responsible: Chief Alan Townsend	Department: Police
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Council Goal this request responds to:	8 Public Safety
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Description:
 Extend Hours of Community Service Officer to 40 (1FTE) and possibly some hours of casual labor to meet demand of EHM (Electronic Home Monitoring) Contract with Kitsap District Court. No decision on this required at this time. But some discussion about whether the city is interested in entering into a contract with District Court.

Effect on Level of Service:
 It would provide a better level of service to our court as we would have the EHM officer working a full time position and some casual labor time during vacations/sick leave, etc. This would only occur if Kitsap Dist. Ct signs contract with Poulsbo to provide EHM to Dist. Ct. The Court in preliminary numbers indicate between 50-100 subjects could be on EHM at one time.

Alternatives:
 Not sign contract with Kitsap Dist. Court.

Advantages/Disadvantages of Approval or Denial:
 Allow the majority of salary of Community Service Officer to be paid for through fees of EHM (Electronic Home Monitoring) through the Dist. Court. Revenue could easily be \$500.00 a day. It could actually cover Poulsbo's EHM labor costs through the contract.

Associated Costs:	Expenditure Account Number:
Wages 21,257	00120000052320 50000110
Benefits 22,101	00120000052320 50000120
Supplies	
Other	
Capital	
Total 43,358	

One Time Expense <input type="checkbox"/>	Continuous Funding Request <input checked="" type="checkbox"/>
Source of Funding (New Revenue?) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, indicate revenue account number:	EHM Contract

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Three Water Spigots at Raab Park	Priority: 1
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Person Responsible: Mary McCluskey	Department: Parks & Recreation
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Council Goal this request responds to:	6 Parks & Recreation and Open Space
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Description:
 This request is for two additional water spigots at the Youth Garden; and one additional spigot at the Dog Park. The youth garden spigots were requested by the WSU Master Gardeners/Youth Garden Coordinators, as they are continually moving hoses around to get things watered during the summer months. This becomes cumbersome for the volunteers and garden users. They will be using one of the spigots for a portable hand washing station that will be used during the very popular 8 week gardening season. The dog park spigot has been requested by users of the much-loved dog park.

Effect on Level of Service:
 The additional garden spigots will better serve the 100+ people per week who participate in the youth garden program; and will help the Master Gardeners better organize and manage their space. The dog park spigot will also improve the user experience. This area is highly used by the public.

Alternatives:
 Leave as is.

Advantages/Disadvantages of Approval or Denial:
 There will be some additional cost for water during the spring-summer months; the water spigots are turned off approximately November 1 - March 1. Dog park users will need to bring their own water during that time.

Associated Costs:		Expenditure Account Number:	
Wages	600	00130000057680	50000350
Benefits	150	00130000057680	50000350
Supplies	250	00130000057680	50000350
Other	200	(water/ongoing)	
Capital			
Total	1,200		

One Time Expense (for spigots) <input checked="" type="checkbox"/>	Continuous Funding Request (for water service) <input checked="" type="checkbox"/>	
Source of Funding (New Revenue?) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	none	
If yes, indicate revenue account number:		

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Sidewalk Sweeper	Priority: 1
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Person Responsible: Dan Wilson	Department: Streets
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Council Goal this request responds to:	8 Public Safety
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Description:
We wish to purchase a small sweeper to help maintain sidewalks (including 'pervious' sidewalks), parking lots and the City Hall parking garage.

Effect on Level of Service:
A small sweeper would allow Public Works to address more cleaning issues, which would make them safer and cleaner. In recent years we have added, and will continue to add, pervious sidewalks that require vacuum sweeping periodically in order to function properly for stormwater treatment.

Alternatives:
Continue as we have been doing of addressing issues as our current 'manpower' allows. Allow our pervious sidewalks to clog with moss and other debris, therefore reducing their ability to treat stormwater.

Advantages/Disadvantages of Approval or Denial:
The advantage would be to increase our level of service to address more areas that traditionally have been accomplished as 'manpower' allows.

Associated Costs:	Expenditure Account Number:
Wages	
Benefits	
Supplies	
Capital 42,500	42030000059431 50000640
Capital 42,500	32130000059448 50000640
Total 85,000	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Bridge Inspection Program	Priority: 2
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Person Responsible: Andrzej Kasiniak, PE	Department: Public Works
Council Goal this request responds to:	4 Capital Facilities

Description:

WSDOT manages the state-wide bridge inspection program in accordance with national standards. Poulsbo has one bridge that qualifies for this program - Lindvig. This new program will complete a bridge inspection and evaluation that results in a load rating for inclusion in the state management program. In subsequent years it will require approximately \$3,000 biannually for completion of an inspection.

Effect on Level of Service:

Will ensure the safety and sustainability of our current transportation system and level of service.

Alternatives:

Risk potential failure or downgrade of bridge capacity, and negative impact to our transportation system.

Advantages/Disadvantages of Approval or Denial:

Associated Costs:	Expenditure Account Number:
Wages	10130000054230 50000410
Benefits	
Supplies	
Other 15,000	
Capital	
Total 15,000	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Energy Upgrades for Nelson Park House	Priority: 1
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Person Responsible: Dan Wilson	Department: Public Works
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Council Goal this request responds to:	5 Parks & Recreation
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Description:

Recent Energy Audit identified several recommended upgrades to the caretaker residence at Nelson Park. These include insulation in the attic and crawlspace, sealing leaky windows, upgrading water heater and appliances, and replacing the heating system.

Effect on Level of Service:

Upgrades will improve the living conditions in the house and decrease energy costs for the City.

Alternatives:

Recommend insulation work first and defer appliance replacement and heater replacement to later years, after savings are evaluated for insulation work.

Advantages/Disadvantages of Approval or Denial:

Payback of investment from energy savings should be realized within 5 years.

Associated Costs:	Expenditure Account Number:
Wages	Fund 331
Benefits	
Supplies	
Other 6,000	
Capital	
Total 6,000	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
--	---

Source of Funding (New Revenue?) Yes No

If yes, indicate revenue account number:

**CITY OF POULSBO
NEW PROGRAM REQUEST**

Title: Equipment Trailer	Priority: 1
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Person Responsible: Dan Wilson	Department: Water
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Council Goal this request responds to:	4 Capital Facilities
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Description:

Purchase of a new Equipment Trailer.

Effect on Level of Service:

This would allow staff to haul Backhoe and other equipment to job sites. This would save response time and less wear and tear on equipment from driving them to and from job locations.

Alternatives:

Continue to 'road' equipment to and from different sites.

Advantages/Disadvantages of Approval or Denial:

The advantage would be less wear and tear on equipment and a quicker response to any issue.

Associated Costs:	Expenditure Account Number:
Wages	42130000059434 50000640
Benefits	
Supplies	
Other	
Capital	
29,900	
Total	
29,900	

One Time Expense <input checked="" type="checkbox"/>	Continuous Funding Request <input type="checkbox"/>
Source of Funding (New Revenue?) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, indicate revenue account number:	

Section 9

City Improvement Plan

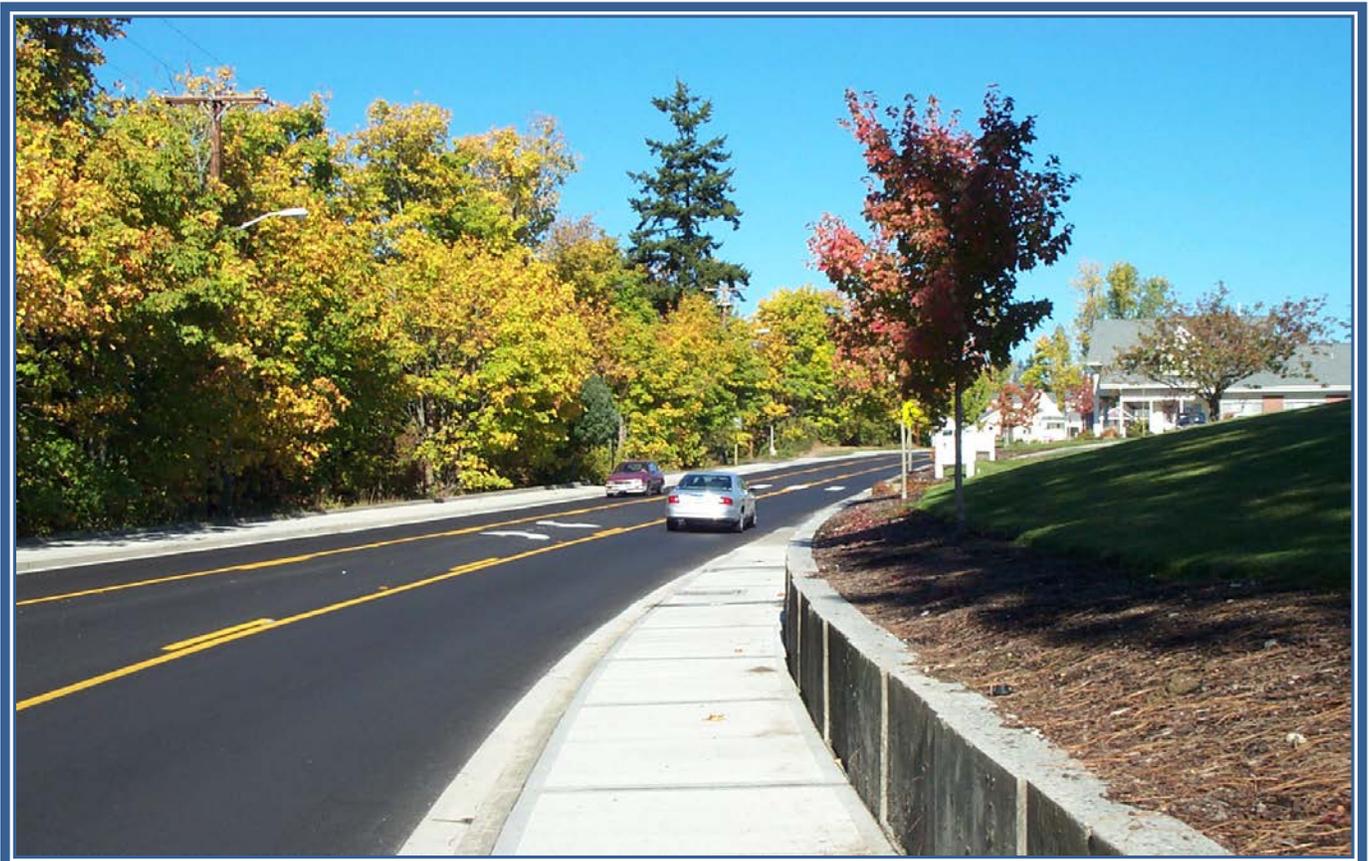


City of Poulsbo, Washington



2014 – 2019

City Improvement Plan



COVER PHOTO
Engineering Department
City of Poulsbo

City Improvement Plan City of Poulsbo, Washington



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Rebecca Erickson

CITY COUNCIL

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Staff

Finance Director
Parks & Recreation Director
City Engineer
Planning Director

Deborah Booher
Mary McCluskey
Andrzej Kasiniak
Barry Berezowksy

CITY OF POULSBO
2014-2019 City Improvement Plan

TABLE OF CONTENTS

	Page
Introduction.....	9-1
Project Prioritization Criteria.....	9-3
Financing the CIP	9-4
Long Term Debt Obligations & Debt Capacity	9-6
Long Term Debt Summary	9-7
Sources of Funding	9-8
Summary of Capital Projects and Funding Sources	9-10
 GENERAL PURPOSE	
General Purpose Program	9-11
General Purpose Capital Outlay - Facilities.....	9-12
General Purpose Capital Outlay - Parks	9-13
General Purpose Projects	9-14
 TRANSPORTATION	
Transportation Program	9-21
Transportation Capital Outlay & Funding	9-22
Transportation Projects	9-23
 ENTERPRISE	
Enterprise Program	9-33
Enterprise Capital Outlay & Funding	9-34
Funded Enterprise Projects	9-36
 APPENDIX	
Capital Improvement Policy	9-61
Debt Management Policy.....	9-63

CITY OF POULSBO

2014-2019 City Improvement Plan

INTRODUCTION

The State of Washington Growth Management Act of 1990 (GMA) requires that the City of Poulsbo develop a Comprehensive Plan outlining its strategy with respect to land use, housing, capital facilities, utilities, public facilities and transportation. A key component of this plan is the City's Capital Facilities Plan (CFP). In addition to serving as an important planning tool, the CFP also places certain obligations on the City. First of all, the CFP is required to be a fully funded plan, identifying funding sources for all projects and expenditures included in the plan. Secondly, land use decisions which rely on future infrastructure improvements, impose an obligation on the City to complete the improvements within six years of development, provided the improvement has concurrency requirements.

The key detailed strategies and programs necessary to implement the CFP are outlined in the City Improvement Plan (CIP), which is a long-range study of financial wants, needs, expected revenues and policy intentions. The City Improvement Plan (CIP) communicates the City's six-year plan for capital construction and major acquisitions. The plan is consistent with the City's Mission Statement, Council goals, department priorities and service level standards necessary to maintain the safety and quality of life of our citizens.

The City's Mission Statement:

The City of Poulsbo is committed to managing the public's resources to promote community health, safety and welfare, and plan for the future to accommodate growth without burden while preserving our natural resources and enhancing those qualities that make our community unique and desirable.

Capital construction projects and major acquisitions in the CIP are divided into three categories: General Purpose, Transportation and Enterprise.

- **General Purpose** - Projects and improvements dealing with police, parks and recreation and the City's public buildings;
- **Transportation** - Projects dealing with vehicle and pedestrian transportation and, for the most part, duplicates our Transportation Improvement Plan (TIP); and,
- **Enterprise** - Projects associated with the City's utilities – Water, Sewer, Storm Water and Solid Waste.

COMPREHENSIVE PLAN

The state's Growth Management Act of 1990 requires all cities within counties planning under the Act adopt a Comprehensive Land Use Plan. Mandatory elements of the Comprehensive Plan are:

- Land use
- Housing
- Utilities
- Transportation
- Capital facilities

CAPITAL FACILITIES PLAN (CFP)

The Capital Facilities Plan (CFP) element of the Comprehensive Plan must include:

- An inventory of existing capital facilities owned by public entities showing the location and capacities of the capital facilities;
- A forecast of the future needs for such facilities;
- The proposed locations and capacities of expanded or new capital facilities;
- At least a six-year plan that will finance such capital facilities within projected funding capacities, which clearly identifies sources of public money for such purposes; and
- A reassessment of the land use element if probable funding falls short of meeting existing needs and to ensure the land use element, capital facilities element, and financing plan in the Capital Facilities Plan element are consistent.

CITY IMPROVEMENT PLAN (CIP)

The City Improvement Plan (CIP) is a long-range study of financial wants, needs, expected revenues and policy intentions. It is not a budget but provides facts, trends and suggestions for decision-makers. Its components are:

- | | |
|--------------------------|---------------------|
| • General Purpose | • Enterprise |
| Parks and Recreation | Water |
| Municipal buildings | Sewer |
| Police | Solid Waste |
| • Transportation | Storm Drain |
| Roads | |
| Paths & Trails | |

The actual appropriation which represents the amount that will be used to implement a part of the City Improvement Plan in the coming years is the:

ANNUAL CAPITAL BUDGET

CITY OF POULSBO
2014-2019 City Improvement Plan

PROJECT PRIORITIZATION CRITERIA

Anticipated growth and development within the City is compared against existing facilities and infrastructure to ensure that established level of service standards will continue to be met. If situations are identified where growth or development will degrade service levels, projects are identified to rectify the situation. In addition, the public, Council members or City staff may suggest specific capital facility projects or major purchases. In all cases, the suggestion is forwarded to the appropriate Council committee for review and for cost projections. A complete financial package is provided to the CIP committee headed by the Mayor and comprised of the Finance Director, Parks and Recreation Director, Planning Director, Public Works Director and three Council members.

Since service level standards and criteria are different for each category of projects, the prioritization criteria are also different. The only consistent criteria is the furtherance of City Council established goals and objectives and implementation of Comprehensive Plan policies. The specific prioritization criteria for each category are listed below and a detailed description of the prioritization criteria is provided in the appendix. The department or fund, as appropriate, will determine the final project rankings, based on the prioritization criteria.

General Purpose Criteria

Legal Mandates	Project Feasibility
Health and Safety	GMA Compliance
Economic Development	Liability
Operation and Maintenance/Reliability	Other Impacts

Transportation Criteria

Safety	Economic Development
Mobility	O&M Cost Impact
Structural Condition	Legal Mandate
Multimodal/Intermodal	Relationship to Plans and Policies
Multi-Agency	Environmental Issues
Project Cost	Other Impacts

Enterprise Criteria

Legal or Contractual Mandate	Relationship to Other Project
Health and Safety	Relationship to Plans and Policies
Reliability and Efficiency	Project Costs
Environmental Issues	Number of Customers or Area Affected
Economic Development	Other Impacts

CITY OF POULSBO
2014-2019 City Improvement Plan

FINANCING THE CIP

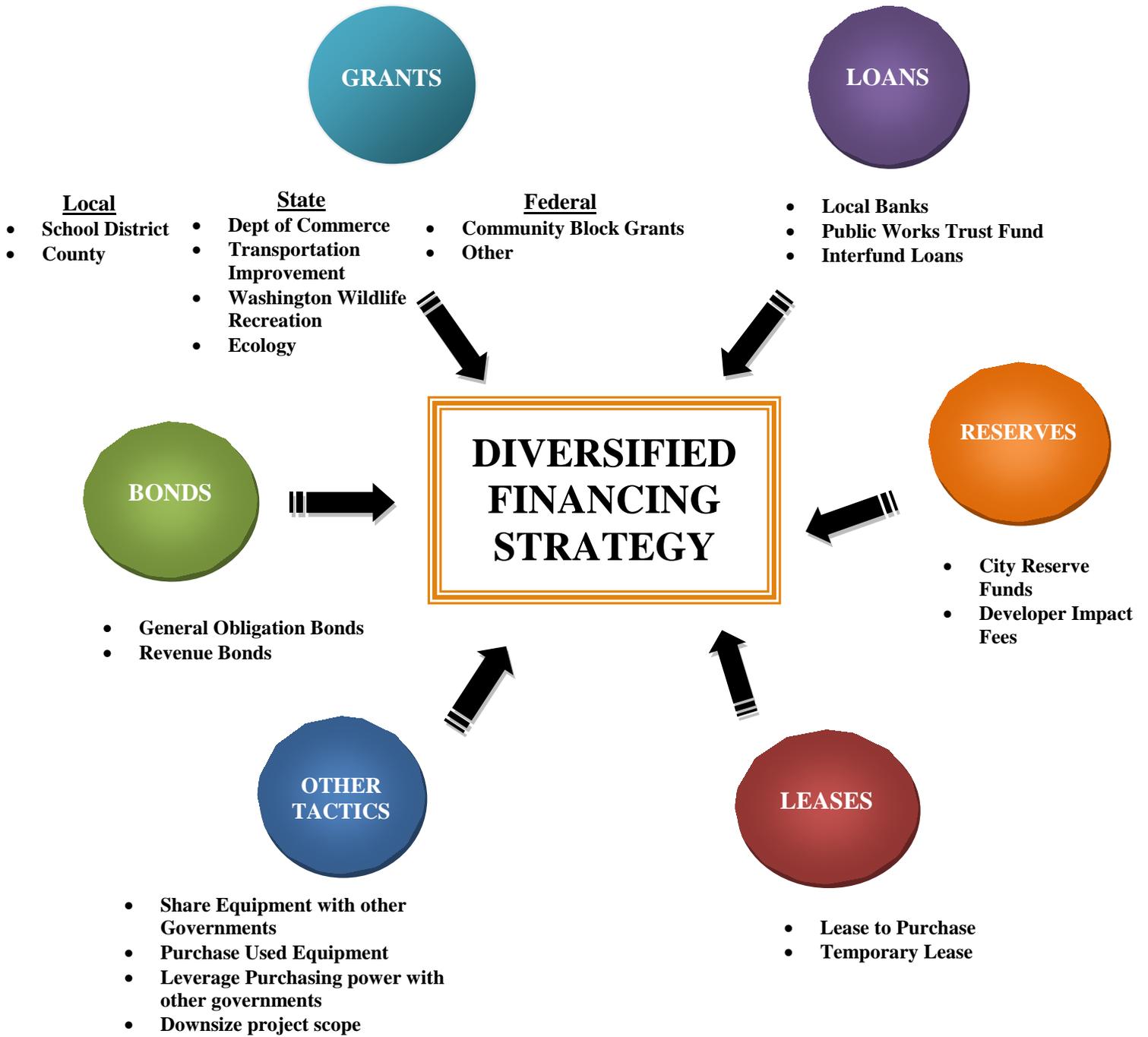
State and Federal mandates continue to impose financial burdens on the City. At the same time, recent funding constraints have left us with aging infrastructure (roadways, utility lines and municipal facilities), which require high maintenance and eventual replacement in the not-so-distant future. Looking ahead, the City needs to diversify its revenue base and attract new industry to our area, which requires investment in site development. Where development is allowed to proceed, the infrastructure improvement must occur to avoid a reduction in service level standards. Since development decisions can be predicated on future infrastructure improvements, all sources of project funding must be identified as part of the plan. Most of our current revenue sources are used to either cover operating expenses, provide for current debt payments or to build reserves. Therefore, very few new projects can be considered without looking for new funding sources.

In order to finance the CIP, the City has at its disposal a multitude of possible funding sources including taxes, utility rates, grants, impact fees, reserves and donations. The City also has the ability to raise taxes, existing utility rates or, in a few limited cases, impose new taxes to generate additional revenue. However, new taxes could be unpopular with our citizens so any decision to move in that direction will not be easy.

In addition, the City can issue bonds and use the proceeds to finance capital spending. However, when considering debt financing, the City is obligated to a fixed payment stream to pay off the debt. Therefore, the CIP addresses financing sources from the stand point of annual cash flow requirements and the summary of capital projects and funding sources lists projected annual funding obligations.

Finally, while certain capital facilities could be financed by voted bonds, there are limits to the City's total indebtedness without degrading our ability to receive a favorable bond rating. Page 9-7 contains a list of annual debt payments, bond retirement date and the overall debt limit available to the City. Over the course of the six-year focus period, some debt obligations will be repaid in full, thus freeing up funds to support new obligations.

**CITY OF POULSBO
2014-2019 City Improvement Plan**



CITY OF POULSBO
2014-2019 City Improvement Plan

LONG-TERM DEBT OBLIGATIONS AND DEBT CAPACITY

As the demand for public sector investment and infrastructure continues to grow, the issuance of medium to long term debt has become an increasingly important component of state and local government capital programs. While the issuance of debt is frequently an appropriate method of financing capital projects, it also requires careful monitoring to ensure an erosion of the City's credit quality does not result. A decision to borrow money binds the City to a stream of debt service payments that can last as long as twenty-five years. It is therefore imperative the City consistently follow carefully developed debt management policies to ensure the City's credit quality and access to the tax-exempt and tax credit markets remains strong.

The implementation of the City's formal debt policies is an important component of the City's overall capital program. Formal debt policies send a clear message to credit analysts, underwriters and investors that the City is administering its debt program in a responsible manner and in compliance with its policies relative to debt management. The City of Poulsbo has received an underlying "AA" rating from Standard & Poors for its last General Obligation Bonds issue.

The two basic forms of long-term debt are general obligation issues which are backed by the full faith and credit (i.e. taxes) of the City, and revenue bonds which pledge revenues from a specific utility for repayment. The City of Poulsbo portfolio utilizes both general obligation and revenue debt to fund its operations. Under RCW 39.36.020(2), the public may vote to approve bond issues for general government in an amount not to exceed 2.5% of the City's assessed valuation. Within the 2.5% limit, the City Council may approve bond issues not to exceed 1.5% of the City's assessed valuation. Currently, the City's remaining debt capacity within the 2.5% limit is estimated at \$19,592,498. Under RCW 39.36.030(4), the public may also vote to approve park facilities and utility bond issues, each of which is also limited to 2.5% of the City's assessed valuation. Thus a total of 7.5% of the City's assessed valuation may be issued in bonds. All voted bonds require a 60% majority approval. To validate the election, the total votes cast must equal at least 40% of the total votes cast in the last general election.

Project	Type	Duration	Interest Rate	Amount Issued	Outstanding
City Hall 2005	Non Voted	2005-2025	3.25% - 4.3%	5,185,000	\$ 3,560,000
City Hall 2009	Non Voted	2009-2033	1.4% - 5.5%	6,015,000	5,130,000
Park & Rec	Non Voted	2010-2030	3.78%	310,000	280,000
City Hall 2012	Non Voted	2012-2031	2% - 3.5%	1,795,000	1,795,000
2003 LTGO Bond - refi 2012 City Hall	Non Voted	2012-2017	.4% - 2%	660,000	395,000
				\$ 13,965,000	\$ 11,160,000
This Debt is controlled by assessed Valuation Debt Limits					
2014 Assessed Valuation \$ 1,230,099,929					
X 0.025	=	\$ 30,752,498	Limited for Combined Debt	Balance Available	\$ 19,592,498
X 0.015	=	\$ 18,451,499	Limited for Non-Voted Debt	Balance Available	\$ 7,291,499
Balance Available for Voted Debt				\$	12,300,999

Year	General Obligation (GO)			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	-	-	-	-	-	-
2014	515,000	463,295	978,295	429,000	62,238	491,238
2015	620,000	448,300	1,068,300	443,000	47,438	490,438
2016	630,000	428,995	1,058,995	457,000	32,154	489,154
2017	655,000	408,933	1,063,933	475,000	16,388	491,388
2018	575,000	387,428	962,428	-	-	-
2019	595,000	365,976	960,976	-	-	-
2020	620,000	342,825	962,825	-	-	-
2021	640,000	318,460	958,460	-	-	-
2022	665,000	292,606	957,606	-	-	-
2023	695,000	265,713	960,713	-	-	-
2024	720,000	237,590	957,590	-	-	-
2025	760,000	205,463	965,463	-	-	-
2026	410,000	171,628	581,628	-	-	-
2027	420,000	152,745	572,745	-	-	-
2028	440,000	133,038	573,038	-	-	-
2029	460,000	112,350	572,350	-	-	-
2030	485,000	89,750	574,750	-	-	-
2031	490,000	66,325	556,325	-	-	-
2032	370,000	42,075	412,075	-	-	-
2033	395,000	21,725	416,725	-	-	-
TOTAL	11,160,000	4,955,219	16,115,219	1,804,000	158,217	1,962,217

CITY OF POULSBO
2014-2019 City Improvement Plan

SOURCES OF FUNDING

RESERVES

Historically, whenever possible, the City of Poulsbo has utilized a “pay-as-you-go” approach to funding capital projects. To that end, several reserve accounts have been established.

Utility Reserves: The City transfers into the utility reserves an amount equal to 100% of the depreciation expense which allows the City to prolong the need to go out for debt on smaller projects, and be able to fund the entire project.

Police Reserves: These reserves are in place to purchase, or at least partially fund, large equipment purchases.

Street, Street Reserve and Park Reserve Funds: Of the City’s property taxes collected in the General Fund, the City transfers 31% into the Street Fund to fund maintenance and operations along with small street projects, 4.3% into the Park Reserve Fund and 4.3% into the Street Reserve Fund for capital projects. The City will transfer 14% of property tax levies to Street Reserves (Fund 311) for pavement restoration capital projects. This amount has been segregated for future maintenance and transportation projects. However, to make more funds available for operations in 2014, the transfers to Street Reserves, Park Reserves and Street Fund for pavement restoration will be reduced by 50%. The City also uses the second one-quarter percent (1/4%) of the Real Estate Excise Tax (REET) for City streets and 2003 Debt Payments. The City will transfer the first one-quarter percent (1/4%) of REET plus an amount from reserves to the Debt Service Fund (204) to help fund the City Hall Debt Service (\$200,000).

BOND FINANCING

In 2003, the City went out for debt to fund the refinancing of the City Hall Morris property and three city transportation projects; Finn Hill Road, 10th Avenue and Caldart Avenue. To fund the annual payments, a transfer is made from the General Fund and REET. This bond was refunded in 2012 lowering the amount of interest.

At the end of 2005, the City issued bonds for the purchase of a large parcel of land, civil site work and an architectural design contract for a new City Hall. In 2009, the City issued an additional \$6 million to fund the construction of the new City Hall. The bond payments are projected to be paid from General Fund dollars and Capital Improvement Fund. In 2010, the City secured a \$2.0M Line of Credit Bond Anticipation Note intended to bridge the receipt of proceeds from the sale of property and/or issuance of bonds. This was refunded with a bond issue in 2012, combined with the 2003 transportation debt.

In 2010, the City financed the \$310,000 purchase of the Park and Recreation building with a LOCAL certificate of participation with the State of Washington. These debt payments are projected to be paid from the General Fund but funded by rental revenue from the building.

In 2012, the City went out for debt to fund the refianancing of the Line of Credit Bond Anticipation Note and the 2003 LTGO Bond. In 2014 these debt payments are projected to be paid from the General Fund and Real Estate Excise Tax (REET) earnings.

IMPACT FEES

As authorized by RCW 82.02.050, the City has enacted the collection of impact fees on new development activity. Consistent with the level of service standards and capital facilities needs identified in the City's Capital Facilities Plan, impact fees collected will provide a funding source, in conjunction with public and other funding sources, for capital improvement projects to the City's transportation and park system.

POTENTIAL NEW FUNDING

It is particularly important to consider new sources of funding that could support projects that would otherwise be funded through the City's General Fund including:

Hotel/Motel Tax: The City could use the additional amount remaining of the second 2% to fund projects that would qualify for this tax use (i.e. Bathrooms, cultural arts, etc.)

B & O Tax: The City is currently part of the minority of cities in the State of Washington that do not impose a business and occupation (B & O) tax. All cities are authorized to establish such a tax and doing so could generate additional dollars annually for capital projects.

Parking Fees: At this time, public parking in the City is provided at no cost. In the future, the City could establish parking fees to fund future parking improvements.

SUMMARY OF CAPITAL PROJECTS and FUNDING SOURCES
2014 - 2019 CIP BUDGET

<i>General Purpose Projects</i>								
<i>Projects</i>	<i>Prior Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
General/Municipal Facilities	\$ 1,100,000	\$ 100,000	\$ 900,000	\$ -	\$ 5,500,200	\$ -	\$ -	\$ 7,600,200
Park Projects	\$ 4,012,698	\$ 405,462	\$ 380,000	\$ 255,000	\$ 280,000	\$ 121,500	\$ 1,150,000	\$ 6,604,660
Total General Purpose	\$ 5,112,698	\$ 505,462	\$ 1,280,000	\$ 255,000	\$ 5,780,200	\$ 121,500	\$ 1,150,000	\$ 14,204,860
<i>Funding</i>	<i>Prior Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Grants	\$ 2,397,964	\$ 90,000	\$ 525,000	\$ 62,500	\$ 62,500	\$ -	\$ 545,000	\$ 3,682,964
City Revenues	2,109,859	215,000	630,000	130,000	155,000	121,500	605,000	\$ 3,966,359
Debt	-	-	-	-	4,400,200	-	-	\$ 4,400,200
Lease/Sale	-	-	-	-	1,100,000	-	-	\$ 1,100,000
Donation/In-Kind	604,875	200,462	125,000	62,500	62,500	-	-	\$ 1,055,337
Total General Purpose	\$ 5,112,698	\$ 505,462	\$ 1,280,000	\$ 255,000	\$ 5,780,200	\$ 121,500	\$ 1,150,000	\$ 14,204,860

<i>Transportation Projects</i>								
<i>Projects</i>	<i>Prior Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Streets Projects	\$ 2,476,048	\$ 4,170,000	\$ 950,000	\$ 1,500,000	\$ 4,800,000	\$ -	\$ 1,000,000	\$ 14,896,048
Total Trans. Projects	\$ 2,476,048	\$ 4,170,000	\$ 950,000	\$ 1,500,000	\$ 4,800,000	\$ -	\$ 1,000,000	\$ 14,896,048
								\$ -
<i>Funding</i>	<i>Prior Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Grants	\$ 1,420,838	\$ 3,593,215	\$ 200,000	\$ 800,000	\$ 3,300,000	\$ -	\$ 800,000	\$ 10,114,053
City Revenues	1,055,210	576,785	750,000	700,000	1,500,000	-	200,000	\$ 4,781,995
Total Trans. Projects	\$ 2,476,048	\$ 4,170,000	\$ 950,000	\$ 1,500,000	\$ 4,800,000	\$ -	\$ 1,000,000	\$ 14,896,048

<i>Enterprise Projects</i>								
<i>Projects</i>	<i>Prior Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Sewer Projects	\$ 6,337,043	\$ 1,593,000	\$ 243,000	\$ 803,400	\$ 803,400	\$ 803,400	\$ 670,400	\$ 11,253,643
Water Projects	575,000	795,000	670,000	499,000	1,000,000	620,000	-	\$ 4,159,000
Storm Drain	120,000	710,000	920,000	490,000	57,000	32,000	94,000	\$ 2,423,000
Solid Waste	135,328	-	-	-	-	-	-	\$ 135,328
Total Enterprise Projects	\$ 7,167,371	\$ 3,098,000	\$ 1,833,000	\$ 1,792,400	\$ 1,860,400	\$ 1,455,400	\$ 764,400	\$ 17,970,971
<i>Funding</i>	<i>Prior Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Grants	\$ -	\$ 440,000	\$ 600,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 1,240,000
City Revenues	7,167,371	2,658,000	1,233,000	1,592,400	1,860,400	1,455,400	764,400	\$ 16,730,971
Total Enterprise Projects	\$ 7,167,371	\$ 3,098,000	\$ 1,833,000	\$ 1,792,400	\$ 1,860,400	\$ 1,455,400	\$ 764,400	\$ 17,970,971

Total Projects	14,756,117	7,773,462	4,063,000	3,547,400	12,440,600	1,576,900	2,914,400	\$ 47,071,879
Total Funding	14,756,117	7,773,462	4,063,000	3,547,400	12,440,600	1,576,900	2,914,400	\$ 47,071,879

CITY OF POULSBO

2014-2019 CITY IMPROVEMENT PLAN

GENERAL PURPOSE PROGRAM



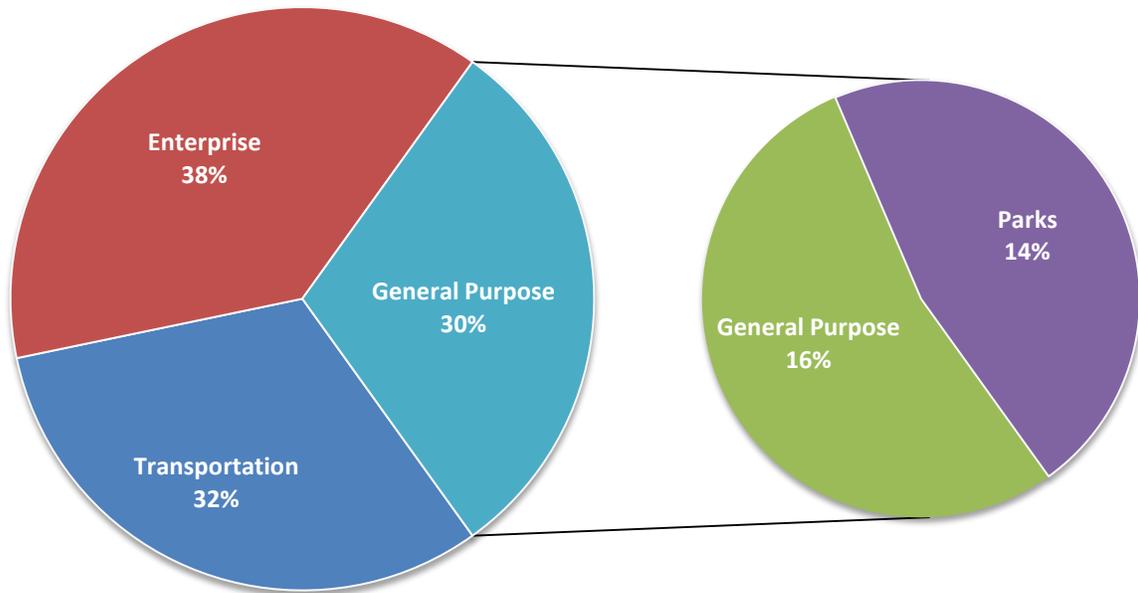
CITY OF POULSBO
2014-2019 City Improvement Plan

GENERAL PURPOSE PROGRAM

The General Purpose Program element of the City Improvement Plan comprises Police, Parks & Recreation and General Government projects. Combined, they represent \$14,204,860 or 30% of the \$47,071,879 City Improvement Plan. This 30% represents park projects that rely heavily on grant funding.

Several park projects will be phased over the next six years. A parcel of land was purchased for the intent of a new Public Works Complex, design is anticipated to begin in the next couple of years.

General Purpose Expenditures



CITY IMPROVEMENT PLAN PROGRAM	AMOUNT
General Purpose	\$ 14,204,860
Transportation	\$ 14,896,048
Enterprise	\$ 17,970,971
TOTAL CAPITAL PROGRAM	\$ 47,071,879

2014 - 2019 GENERAL PURPOSE CAPITAL IMPROVEMENTS

Page #	Project Name	Prior 2013		2014		2015		2016		2017		2018		2019		Total	
		Years	Costs	Project	Cost	Project	Cost	Project	Cost	Project	Cost	Project	Cost	Project	Cost	Project	Cost
General Projects/Municipal Facilities																	
1	PW Complex Relocation		1,100,000		100,000		900,000				5,500,200						7,600,200
	2-State Grants					400,000											400,000
	6-Non-Voted Bonds									4,400,200							4,400,200
	7-City/Utility Reserves		1,100,000		100,000		500,000										1,700,000
	11-Sale of PW Prop										1,100,000						1,100,000
	Total Municipality Facility Projects		\$ 1,100,000		\$ 100,000		\$ 900,000				\$ 5,500,200						\$ 7,600,200
	Total Municipality Funding Sources		\$ 1,100,000		\$ 100,000		\$ 900,000				\$ 5,500,200						\$ 7,600,200
	2-State Grants					400,000											400,000
	6-Non-Voted Bonds									4,400,200							4,400,200
	7-City/Utility Reserves		1,100,000		100,000		500,000										1,700,000
	11-Sale of Property										1,100,000						1,100,000

2014 - 2019 GENERAL PURPOSE CAPITAL IMPROVEMENTS (continued)

Page #	Project Name	Prior 2013		2014		2015		2016		2017		2018		2019		Total	
		Years	Costs	Project	Cost	Project	Cost	Project	Cost	Project	Cost	Project	Cost	Project	Cost	Project	Cost
Park Projects																	
2	Centennial Park		860,308							150,000		61,500					1,071,808
	7-City/Utility Reserves		214,308							25,000		25,000					264,308
	8 - City Impact Fees		46,000							125,000		36,500					207,500
	10-Real Estate Excise Tax		600,000														600,000
3	College Marketplace Athletic Fields											55,000		1,145,000			1,200,000
	1 - Federal Grants													45,000			45,000
	2-State Grants													500,000			500,000
	7-City/Utility Reserves											50,000		500,000			550,000
	8-City Impact Fees											5,000		100,000			105,000
4	Poulsbo Fish Park Restoration		3,132,390		195,462		255,000		130,000		130,000		5,000				3,852,852
	1-Federal Grants		150,000														150,000
	2-State Grants		2,247,964		90,000		125,000		62,500		62,500						2,587,964
	7-City/Utility Reserves		129,551		5,000		5,000		5,000		5,000		5,000				159,551
	13-Donation/In-Kind		604,875		100,462		125,000		62,500		62,500						955,337
5	Trail Easement to Nelson Park		20,000		110,000												130,000
	7 - City/Utility Reserves				84,764												84,764
	8 - City Impact Fees		20,000		25,236												45,236
6	Eastside Park		-		100,000		125,000		125,000		125,000						350,000
	8 - City Impact Fees				100,000		125,000		125,000		125,000						250,000
	13-Donation/In-Kind				100,000												100,000
Total Park and Recreation Projects			\$ 4,012,698		\$ 405,462		\$ 380,000		\$ 255,000		\$ 280,000		\$ 121,500		\$ 1,150,000		\$ 6,604,660
Total Park and Recreation Funding Sources			\$ 4,012,698		\$ 405,462		\$ 380,000		\$ 255,000		\$ 280,000		\$ 121,500		\$ 1,150,000		\$ 6,604,660
	1 - Federal Grants		150,000											45,000			195,000
	2 - State Grants		2,247,964		90,000		125,000		62,500		62,500			500,000			3,087,964
	3 - County Grants																-
	7 - City/Utility Reserves		343,859		89,764		5,000		5,000		30,000		80,000		505,000		1,058,623
	8 - City Impact Fees		66,000		25,236		125,000		125,000		125,000		41,500		100,000		607,736
	10 - Real Estate Excise Tax		600,000														600,000
	13 - Donation/In-Kind		604,875		200,462		125,000		62,500		62,500						1,055,337
Total General Purpose Capital Projects			\$ 5,112,698		\$ 505,462		\$ 1,280,000		\$ 255,000		\$ 5,780,200		\$ 121,500		\$ 1,150,000		\$ 14,204,860
Total General Purpose Funding Sources			\$ 5,112,698		\$ 505,462		\$ 1,280,000		\$ 255,000		\$ 5,780,200		\$ 121,500		\$ 1,150,000		\$ 14,204,860

Project Name: College Marketplace Athletic Fields

Project Description

Budget: \$1,200,000 **Purpose:** Parks
Location: **Project Manager:** Mary McCluskey
Description: This project recognizes that the City of Poulsbo is deficient in the number of ballfields it owns (0), and development of additional athletic fields is necessary. This project plans for development of two multi-use fields and parking on the 6 acre site. Partnerships will be encouraged to develop and maintain the property.
Justification: The community continues to see growth, with over 6,000 students attending NK Schools. All community recreation programs are held at school district fields. The demand for youth and adult programs far outweigh the facilities available to host these programs.
Start Date: 2018 **Completion Date:** 2019

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan						Total
			2014	2015	2016	2017	2018	2019	
1	Federal Grants							45,000	45,000
2	State Grants							500,000	500,000
3	County								-
7	City/Utility Reserves					50,000		500,000	550,000
8	City Impact Fees					5,000		100,000	105,000
	Total	-	-	-	-	-	-	55,000	1,145,000

Capital Costs

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Planning & Design							50,000	50,000
	Land/ Right of Way								-
	Construction							1,135,000	1,135,000
	Management							5,000	10,000
	Total	-	-	-	-	-	-	55,000	1,145,000

Estimated Impact on Future Operating Budgets

Notes: There is an anticipated expense of \$12,000 per year to maintain the athletic fields that would begin in 2019.

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Operating							12,000	12,000
	Debt								-
	Total	-	-	-	-	-	-	12,000	12,000

Project Name: Centennial Park

Project Description

Budget: \$1,071,808 **Purpose:** Parks
Location: **Project Manager:** Mary McCluskey
Description: The 2.5 acre parcel, located at the corner of 7th Avenue and Iverson Street, was purchased in 2000 by the City for future offices. Because Dogfish Creek runs through the property and subsequent Critical Areas Ordinance guidelines, building new structures on this site is not feasible. It was retained as an urban park because of its proximity to shopping, medical offices, the library, and public transportation. A master plan was completed in 2007 and development began in 2008 with clearing and the installation of the Centennial sculpture. Phase 2 included more development including picnic tables, landscaping and a bridge over the creek. This park may benefit in the future with additional parcels after the Public Works Department moves to a new site.
Justification: In the center of the city; connectivity to other public services; a nice, urban setting.
Start Date: 2006 **Completion Date:** 2018

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan						Total
			2014	2015	2016	2017	2018	2019	
1	Federal Grants								-
2	State Grants								-
6	Non-Voted Bonds								-
7	City/Utility Reserves	214,308				25,000	25,000		264,308
8	City Impact Fees	46,000				125,000	36,500		207,500
10	Real Estate Excise Tax	600,000							600,000
	Total	860,308	-	-	-	150,000	61,500	-	1,071,808

Capital Costs

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Planning & Design	53,930							53,930
	Land/ Right of Way	600,000							600,000
	Construction	201,378				140,000	56,500		397,878
	Management	5,000				10,000	5,000		20,000
	Total	860,308	-	-	-	150,000	61,500	-	1,071,808

Estimated Impact on Future Operating Budgets

Notes: This park is all natural so there will be limited maintenance impact. It is anticipated as the park grows in 2017 we will see a minimal increase in the maintenance of \$1,000 per year.

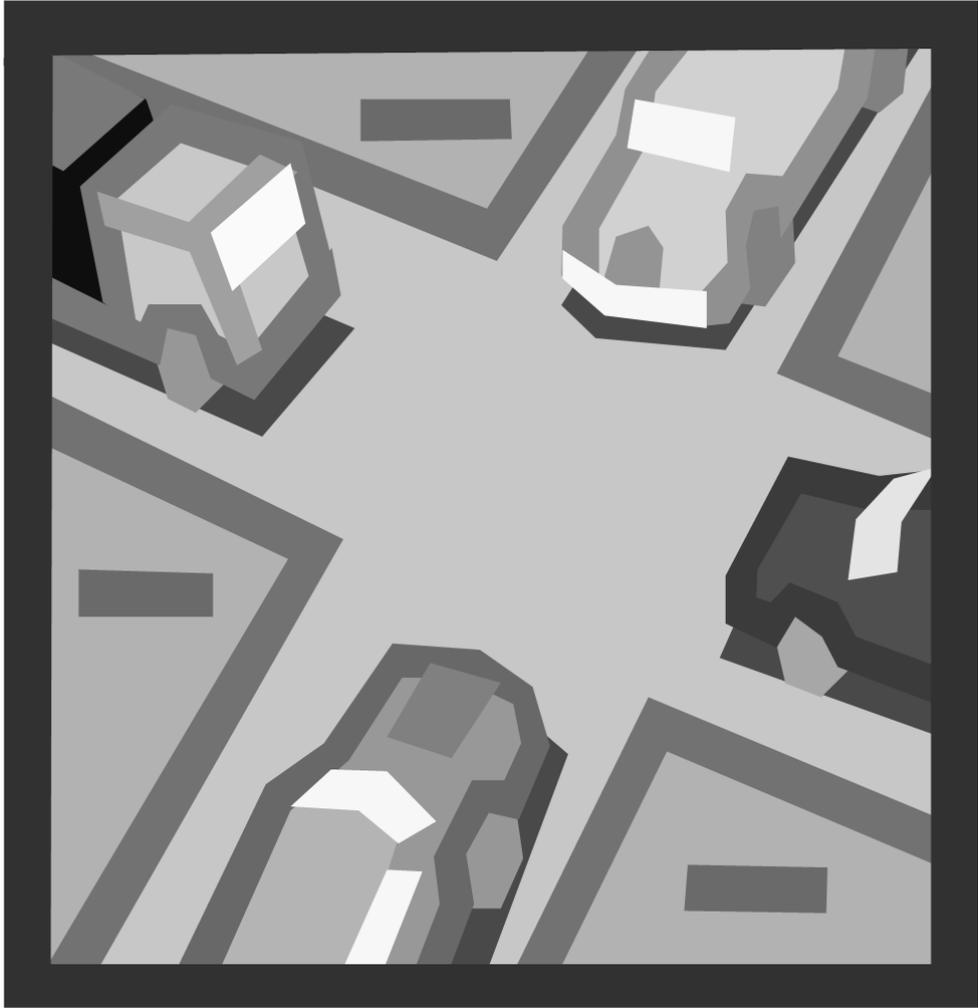
		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Operating	3,000	500	500	500	500	1,000	1,000	7,000
	Debt								-
	Total	3,000	500	500	500	500	1,000	1,000	7,000



CITY OF POULSBO

2014-2019 CITY IMPROVEMENT PLAN

**TRANSPORTATION
PROGRAM**



2014 - 2019 TRANSPORTATION CAPITAL IMPROVEMENTS

Page #	Project Name	Prior 2013 Years Costs	2014 Project Cost	2015 Project Cost	2016 Project Cost	2017 Project Cost	2018 Project Cost	2019 Project Cost	Total Project Cost
	Street Projects								
6	Noll Road Improvements	1,829,121		250,000	450,000	3,500,000			6,029,121
	1-Federal Grants	1,070,888		200,000	400,000	2,800,000			4,470,888
	3 - County Grants	100,000							100,000
	7-City/Utility Reserves	608,233				300,000			908,233
	8-City Impact Fees	50,000		50,000	50,000	400,000			550,000
10	Finn Hill Reconstruction			50,000	50,000	850,000			950,000
	2 - State Grants					500,000			500,000
	8-City Impact Fees			50,000	50,000	350,000			450,000
11	City-wide Safety Improvements			50,000	250,000				300,000
	2 - State Grants				200,000				200,000
	8-City Impact Fees			50,000	50,000				100,000
12	Lincoln Rd Reconstruction - PS&E	345,664	3,200,000						3,545,664
	1-Federal Grants		2,100,000						2,100,000
	2 - State Grants		843,215						843,215
	7-City/Utility Reserves	245,664							245,664
	8-City Impact Fees	100,000	256,785						356,785
13	City-wide Pavement Restoration Program			800,000					800,000
	1-Federal Grants			650,000					650,000
	7-City/Utility Reserves		150,000						150,000
14	3rd Ave Central Business District LID Retrofit		150,000						150,000
	7-City/Utility Reserves		100,000						100,000
	8-City Impact Fees		50,000						50,000
15	3rd Ave to Hostmark to Iverson			600,000					600,000
	7-City/Utility Reserves			600,000					600,000
16	Liberty Bay Waterfront Trail		20,000		250,000			1,000,000	1,571,263
	1-Federal Grants							800,000	1,049,950
	2 - State Grants				200,000				200,000
	7-City/Utility Reserves		20,000		50,000			200,000	321,313
17	2016/2017 City-wide Pavement Restoration Program				500,000	450,000			950,000
	7-City/Utility Reserves				500,000	450,000			950,000
	Total Transportation Capital Projects	\$ 2,476,048	\$ 4,170,000	\$ 950,000	\$ 1,500,000	\$ 4,800,000	\$ -	\$ 1,000,000	\$ 14,896,048
	Total Transportation Capital Funding Sources	\$ 2,476,048	\$ 4,170,000	\$ 950,000	\$ 1,500,000	\$ 4,800,000	\$ -	\$ 1,000,000	\$ 14,896,048
	1 - Federal Grants	1,320,838	2,750,000	200,000	400,000	2,800,000		800,000	8,270,838
	2 - State Grants		843,215	-	400,000	500,000			1,743,215
	3 - County Grants	100,000							100,000
	7 - City/Utility Reserves	905,210	270,000	600,000	550,000	750,000		200,000	3,275,210
	8-City Impact Fees	150,000	306,785	150,000	150,000	750,000			1,506,785

Project Name: City-wide Safety Improvements

Project Description

Budget: \$300,000 **Purpose:** Transportation
Location: 4th Ave North **Project Manager:** Andrzej Kasiniak, P.E.
Description: This Project will construct approximately 800 lf of missing sidewalks along the Westside of 4th Ave.
Justification: The project will improve pedestrian safety.

Start Date: 2015 **Completion Date:** 2016

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan					Total
			2014	2015	2016	2017	2018	
1	Federal Grants							-
2	State Grants				200,000			200,000
3	County							-
4	PWTF							-
8	City Impact Fees			50,000	50,000			100,000
	Total	-	-	50,000	250,000	-	-	300,000

Capital Costs

	Prior Years	Six-Year Plan					Total Costs	
		2014	2015	2016	2017	2018		2019
	Planning & Design		50,000					50,000
	Land/ Right of Way							-
	Construction			230,000				230,000
	Management			20,000				20,000
	Total	-	-	50,000	250,000	-	-	300,000

Estimated Impact on Future Operating Budgets

Notes: There will be no additional impact on future operating budget.

	Prior Years	Six-Year Plan					Total Costs	
		2014	2015	2016	2017	2018		2019
	Operating							-
	Debt							-
	Total	-	-	-	-	-	-	-



CITY OF POULSBO

2014-2019 CITY IMPROVEMENT PLAN

ENTERPRISE PROGRAM

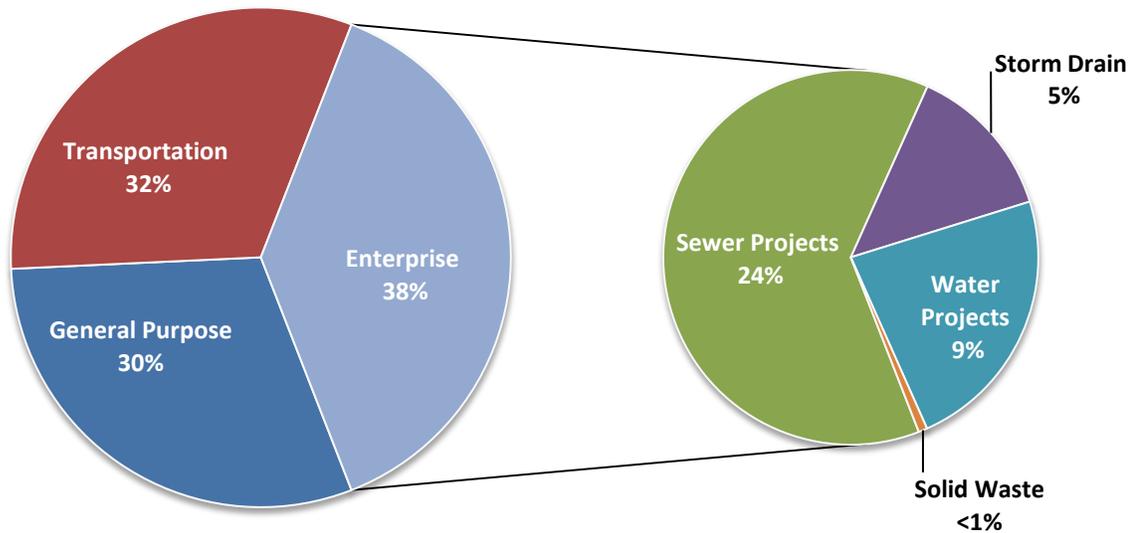


CITY OF POULSBO
2014 - 2019 City Improvement Plan

ENTERPRISE PROGRAM

The Enterprise Program element of the City Improvement Plan comprises Water, Wastewater, Solid Waste and Storm Water Utility Programs. Combined, they represent \$17,970,971 or 38% of the \$47,071,880 City Improvement Plan. Funding for the Enterprise projects will come from the individual utility’s reserve funds or by issuing debt supported by the rate payers of the utility.

Enterprise Expenditures



CITY IMPROVEMENT PLAN PROGRAM	AMOUNT
General Purpose	\$ 14,204,860
Transportation	\$ 14,896,048
Enterprise	\$ 17,970,971
TOTAL CAPITAL PROGRAM	\$ 47,071.880

2014 - 2019 ENTERPRISE CAPITAL IMPROVEMENTS

Page #	Project Name	Prior 2013 Years Costs	2014 Project Cost	2015 Project Cost	2016 Project Cost	2017 Project Cost	2018 Project Cost	2019 Project Cost	Total Project Cost
Sewer									
20	Annual Inflow Reduction Program	60,000	20,000	20,000					100,000
21	6th & 9th Avenue Pump Station	1,255,513	900,000						2,155,513
22	Lincoln Road Sewer Improvements		90,000						90,000
23	Poulsbo Village Pump Station Upgrade			90,000					90,000
24	Harrison Foremain Replacement	40,000	340,000						380,000
25	I&J Effectiveness & Downstream Capacity Study		110,000						110,000
26	Capital Facilities Charge for CK Plant	4,981,530	133,000	133,000	487,000	487,000	487,000	354,000	7,062,530
27	Replace County Pump Station 16				316,400	316,400	316,400	316,400	1,265,600
Total Sewer Capital Projects		6,337,043	1,593,000	243,000	803,400	803,400	803,400	670,400	11,253,643
Total Sewer Capital Projects									
		Prior 2013	2014	2015	2016	2017	2018	2019	Total
1-Federal Grants									-
7-Sewer Reserves		6,337,043	1,593,000	243,000	803,400	803,400	803,400	670,400	11,253,643
Funding for Sewer Projects		6,337,043	1,593,000	243,000	803,400	803,400	803,400	670,400	11,253,643
Water									
28	Raab Park Tank Repair	25,000	250,000						275,000
29	Westside Well - Treatment for Manganese				25,000	300,000			325,000
30	Pugh Well/Lincoln #2-Treatment for Manganese		25,000	300,000					325,000
31	Hostmark Transmission Main					700,000			700,000
32	Wilderness Park Booster Station Replacement						620,000		620,000
33	Wilderness Park Transmission Main				474,000				474,000
34	Old Town - Distribution Main Replacement	530,000		370,000					900,000
35	Lincoln Road Water Improvements	15,000	330,000						345,000
36	Replace Lindvig/Bond Road Water Line	5,000	190,000						195,000
Total Water Capital Projects		575,000	795,000	670,000	499,000	1,000,000	620,000	-	4,159,000
Funding Source									
		Prior 2013	2014	2015	2016	2017	2018	2019	Total
7-Water Reserves		575,000	795,000	670,000	499,000	1,000,000	620,000	-	4,159,000
Funding for Water Projects		575,000	795,000	670,000	499,000	1,000,000	620,000	-	4,159,000

2014 - 2019 ENTERPRISE CAPITAL IMPROVEMENTS (continued)

Page #	Project Name	Prior 2013 Years Costs	2014 Project Cost	2015 Project Cost	2016 Project Cost	2017 Project Cost	2018 Project Cost	2019 Project Cost	Total Project Cost
	Storm Drain								
37	Dogfish Creek Restoration	5,000	50,000	300,000	350,000				705,000
38	Noll Rd Culvert Replacement/Bjorgen Cr Culvert	70,000	20,000	500,000					590,000
39	Replace Storm Drains in Ridgewood/Kevo's Pond	45,000	60,000	120,000	140,000				365,000
40	Norrland Drainage Ditch Replacement		20,000			57,000			77,000
41	Replace Storm Drain West of 10th Ave.						32,000		32,000
42	Repair American Legion Park Outfall							94,000	94,000
43	3rd Ave Central Business District		560,000						560,000
	Total Storm Drain Projects	120,000	710,000	920,000	490,000	57,000	32,000	94,000	2,423,000

Funding Source	Prior 2013	2014	2015	2016	2017	2018	2019	Total
2-State Grants		440,000	600,000	200,000				1,240,000
7-Storm Drain Reserves	120,000	270,000	320,000	290,000	57,000	32,000	94,000	1,183,000
Funding for Storm Drain Projects	120,000	710,000	920,000	490,000	57,000	32,000	94,000	2,423,000

Page #	Project Name	Prior 2013 Years Costs	2014 Project Cost	2015 Project Cost	2016 Project Cost	2017 Project Cost	2018 Project Cost	2019 Project Cost	Total Project Cost
	Solid Waste								
44	Solid Waste Transfer Station	135,328							135,328
	Total Solid Waste Projects	135,328							135,328

Funding Source	Prior 2013	2014	2015	2016	2017	2018	2019	Total
7-Solid Waste Reserves	135,328	-						135,328
Funding for Solid Waste Projects	135,328							135,328

Total Enterprise Projects	7,167,371	3,098,000	1,833,000	1,792,400	1,860,400	1,455,400	764,400	17,970,971
Total Funding Enterprise Projects	7,167,371	3,098,000	1,833,000	1,792,400	1,860,400	1,455,400	764,400	17,970,971

GRAND TOTAL CIP PROJECTS	14,756,117	7,773,462	4,063,000	3,547,400	12,440,600	1,576,900	2,914,400	47,071,879
GRAND TOTAL CIP FUNDING SOURCES	14,756,117	7,773,462	4,063,000	3,547,400	12,440,600	1,576,900	2,914,400	47,071,879

Project Name: Lincoln Road Sewer Extension

Project Description

Budget: \$90,000.00 **Purpose:** Sewer
Location: Lincoln Rd. **Project Manager:** Andrzej Kasiniak, P.E.
Description: This project will extend two sanitary sewer lines across Lincoln Rd.
Justification: In 2014 the city will overlay Lincoln Road. Two sewer lines must be extended to provide services to customers.
Start Date: 2014 **Completion Date:** 2014

Capital Funding

Sources of Funding

	Prior Years	Six-Year Plan						Total
		2014	2015	2016	2017	2018	2019	
1	Federal Grants							-
2	State Grants							-
3	County							-
4	PWTF							-
5	Voted Bonds							-
7	City/Utility Reserves	90,000						90,000
	Total	-	90,000	-	-	-	-	90,000

Capital Costs

	Prior Years	Six-Year Plan						Total Costs
		2014	2015	2016	2017	2018	2019	
	Planning & Design	10,000						10,000
	Land/ Right of Way							-
	Construction	70,000						70,000
	Management	10,000						10,000
	Total	-	90,000	-	-	-	-	90,000

Estimated Impact on Future Operating Budgets

Notes: The lines are not being added to increase flow but to target and help existing flow, creating no additional operating expenses.

	Prior Years	Six-Year Plan						Total Costs
		2014	2015	2016	2017	2018	2019	
	Operating							-
	Debt							-
	Total	-	-	-	-	-	-	-

Project Name: Noll Road Culvert Replacement/Bjorgen Creek Culvert

Project Description

Budget: \$590,000 **Purpose:** Storm Drain
Location: South of Noll Road **Project Manager:** Andrzej Kasiniak, P.E.
Description: This project will replace the existing 36-in culvert with a 8/10 foot wide culvert.
Justification: The existing culvert under the city owned right of way south of Noll Road is undersized and 1) Creates a fish passage barrier and 2) Creates flooding problem.
Start Date: 2009 **Completion Date:** 2015

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan						Total
			2014	2015	2016	2017	2018	2019	
1	Federal Grants								-
2	State Grants			400,000					400,000
3	County								-
4	PWTF								-
5	Voted Bonds								-
7	City/Utility Reserves	70,000	20,000	100,000					190,000
	Total	70,000	20,000	500,000	-	-	-	-	590,000

Capital Costs

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Planning & Design	70,000	20,000						90,000
	Land/ Right of Way								-
	Construction			480,000					480,000
	Management			20,000					20,000
	Total	70,000	20,000	500,000	-	-	-	-	590,000

Estimated Impact on Future Operating Budgets

Notes: Beginning in 2013, this project is projected to increase operating expenses by \$2,000 per year until 2016.

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Operating	2,000	2,000	2,000	2,000				8,000
	Debt								-
	Total	2,000	2,000	2,000	2,000	-	-	-	8,000

Project Name: West Side Well Treatment for Manganese

Project Description

Budget: \$325,000 **Purpose:** Water
Location: Westside Well **Project Manager:** Andrzej Kasiniak, P.E.
Description: This project will install a treatment facility at existing Westside Well site. Water quality reports have indicated a high manganese content in the raw water (.085 mg/L manganese).
Justification: A treatment facility would reduce or eliminate the manganese in the finished water. Department of Health guidelines call for a maximum content of .05 mg/L.
Start Date: 2016 **Completion Date:** 2017

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan					Total	
			2014	2015	2016	2017	2018		2019
1	Federal Grants								-
2	State Grants								-
3	County								-
4	PWTF								-
5	Voted Bonds								-
7	City/Utility Reserves			25,000	300,000				325,000
	Total	-	-	25,000	300,000	-	-		325,000

Capital Costs

		Prior Years	Six-Year Plan					Total Costs	
			2014	2015	2016	2017	2018		2019
	Planning & Design				25,000				25,000
	Land/ Right of Way								-
	Construction					300,000			300,000
	Management								-
	Total	-	-	25,000	300,000	-	-		325,000

Estimated Impact on Future Operating Budgets

Notes: Beginning in 2017, this project is projected to increase operating budgets by \$5,000 annually through 2018.

		Prior Years	Six-Year Plan					Total Costs	
			2014	2015	2016	2017	2018		2019
	Operating					5,000	5,000		10,000
	Debt								-
	Total	-	-	-	-	5,000	5,000	-	10,000

Project Name: Pugh Well/Lincoln #2 Treatment for Manganese

Project Description

Budget: \$325,000 **Purpose:** Water
Location: Pugh/Lincoln Well #2 **Project Manager:** Andrzej Kasiniak, P.E.
Description: This project will install a treatment facility at the new well (Pugh/Lincoln #2). Water quality reports have indicated higher than "normal" manganese content in the raw water (0.109mg/l).
Justification: A treatment facility would reduce or eliminate the manganese in the finished water (<0.05 mg/l).
Start Date: 2014 **Completion Date:** 2015

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan						Total
			2014	2015	2016	2017	2018	2019	
1	Federal Grants								-
2	State Grants								-
3	County								-
4	PWTF								-
5	Voted Bonds								-
7	City/Utility Reserves		25,000	300,000					325,000
	Total	-	25,000	300,000	-	-	-	-	325,000

Capital Costs

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Planning & Design		25,000						25,000
	Land/ Right of Way								-
	Construction			300,000					300,000
	Management								-
	Total	-	25,000	300,000	-	-	-	-	325,000

Estimated Impact on Future Operating Budgets

Notes: Beginning in 2016, this project is projected to increase operating budgets by \$5,000 annually through 2018.

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Operating				5,000	5,000	5,000		15,000
	Debt								-
	Total	-	-	-	5,000	5,000	5,000	-	15,000

Project Name: Wilderness Park Booster Station Replacement

Project Description

Budget: \$620,000 **Purpose:** Water
Location: Wilderness Park **Project Manager:** Andrzej Kasiniak, P.E.
Description: This project will construct a new booster station at the Wilderness Park reservoir site. The new booster station will transfer supply from the Low Zone to the East High Zone to eliminate the storage deficiency in the East High Zone and provide redundancy to the Pugh and Lincoln Wells. The booster station will consist of three 750 gpm pumps, integrated control systems, standby generator, and an automatic transfer switch.
Justification: The new booster station will transfer supply from the low zone to the east high zone to eliminate the storage deficiency in the East High zone and provide redundancy to the Pugh and Lincoln wells.
Start Date: 2018 **Completion Date:** 2018

Capital Funding

Sources of Funding

		Prior Years	Six-Year Plan						Total
			2014	2015	2016	2017	2018	2019	
1	Federal Grants								-
2	State Grants								-
3	County								-
4	PWTF								-
5	Voted Bonds								-
7	City/Utility Reserves					620,000			620,000
	Total	-	-	-	-	-	620,000	-	620,000

Capital Costs

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Planning & Design						60,000		60,000
	Land/ Right of Way								-
	Construction						540,000		540,000
	Management						20,000		20,000
	Total	-	-	-	-	-	620,000	-	620,000

Estimated Impact on Future Operating Budgets

Notes: This is an existing line so there will not be any additional operating expenditures related to this project.

		Prior Years	Six-Year Plan						Total Costs
			2014	2015	2016	2017	2018	2019	
	Operating								-
	Debt								-
	Total	-				-	-	-	-

CITY OF POULSBO

2014 – 2019 CITY IMPROVEMENT PLAN

APPENDIX





City of Poulsbo

Legislative Policy

Title: Capital Improvement Policy	Page Number: 1 of 2
Department: Finance Department	Effective Date: July 21, 1999
Revised Date: New	Revised by: Finance/Admin Committee

PURPOSE

Poulsbo's city government is accountable for a considerable investment in buildings, parks, roads, sewers, equipment and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future.

POLICY

A capital project is defined as a project of a nonrecurring nature with a cost of \$15,000 or more and estimated service life of 10 years or more.

GUIDELINES

- A. Annually, a six-year capital improvements program will be developed analyzing all anticipated capital projects by year and identifying associated funding sources. The plan will contain projections of how the city will perform over the six-year period in relation to policy targets.
- B. The first year of the six-year capital improvements program will be used as the basis for formal fiscal year appropriations during the annual budget process. The capital improvement program will incorporate in its projections of expenditures and funding sources any amounts relating to previous year's appropriations but which have yet to be expended.
- C. The city will maintain a capital projects approval and monitoring committee composed of the City Engineer, Planning Director, Park and Recreation Director, Finance Director and the Committee Chairs from the Public Works, Community Services and the Finance/Admin Council Committees to meet quarterly and review the progress on all outstanding projects as well as to revise spending projections.

- D. The City Improvement Plan will be prepared and updated annually.
- E. The City Council will designate annual ongoing funding levels for each of the major project categories within the City Improvement Plan.
- F. Financial analysis of funding sources will be conducted for all proposed capital improvements.
- G. An annual Capital Budget will be developed and adopted by the City Council as part of the annual budget.
- H. The City Improvement Plan will be consistent with the Capital Facilities Element of the Comprehensive Plan.

REVISION CRITERIA

Each year during the Budget Process the Finance/Admin Committee will review Legislative Policies and recommend to Council any appropriate changes.

City of Poulsbo Debt Policy

SECTION I – INTRODUCTION & GUIDING PRINCIPLES

Purpose and Overview

The Debt Policy for the City of Poulsbo is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financings of the City Council. Adherence to the policy is essential to ensure that the Council maintains a sound debt position and protects the credit quality of its obligations.

Capital Planning:

The City shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects. Long term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the City shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

Legal Governing Principles

In the issuance and management of debt, the City shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

- State Statutes – The City may contract indebtedness as provided for by RCW 35A.40.090. General Obligation indebtedness is subject to the limitations on indebtedness provided for in RCW 39.36.020(2)(b) and Article VIII of the Washington State Constitution. Bonds evidencing such indebtedness shall be issued and sold in accordance with chapter 39.46.
- Federal Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.
- Local Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by local rules and regulations.

Roles & Responsibilities

The City Council shall:

- Approve indebtedness;
- Approve appointment of independent financial advisor and bond counsel;
- Approve the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and
- In consultation with the City's General Counsel, financial advisor, and bond counsel, shall determine the most appropriate instrument for a proposed bond sale.

The Finance Director in consultation with the Finance Committee, the Mayor and full Council shall:

- Assume primary responsibility for debt management
- Provide for the issuance of debt at the lowest possible cost and risk;
- Determine the available debt capacity;
- Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- Recommend to the City Council the manner of sale of debt;
- Monitor opportunities to refund debt and recommend such refunding as appropriate.
- Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
- Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
- Provide for and participate in the preparation and review of offering documents;
- Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
- Submit to the City Council all recommendations to issue debt;
- Distribute to appropriate repositories information regarding financial condition and affairs at such times and in the form required by law, regulation and general practice, including Rule 15c2-12 regarding continuing disclosure;
- Provide for the distribution of pertinent information to rating agencies; and
- Apply and promote prudent fiscal practices.

Ethical Standards Governing Conduct

The members of the City staff, the Mayor and the City Council will adhere to the standards of conduct as stipulated by the Public Disclosure Act, RCW 42.17 and Ethics in Public Service, RCW 42.52.

SECTION II – PROFESSIONAL SERVICES

Professional Services

The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt.

- Bond Counsel – With the exception of debt issued by the State, all debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.
- Financial Advisor – A Financial Advisor may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.

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- Underwriters – An Underwriter will be used for all debt issued in a negotiated sale method. The Underwriter is responsible for purchasing negotiated debt and reselling the debt to investors.
- Fiscal Agent – A fiscal agent will be used to provide accurate and timely securities processing and timely payment to bondholders. As provided under RCW 43.80, the City will use the Fiscal Agent that is determined by the State.
- Professional Service providers may be selected through a competitive selection process conducted by the Finance Director in consultation with the Finance Committee and Legal Counsel; the City Council shall approve the most qualified financial advisor/underwriter and bond counsel.
- These services shall be regularly monitored by the Finance Director.

SECTION III – DEBT STRUCTURE

Types of Debt Instruments:

The City may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of City Council, the City is authorized to sell:

- **Unlimited Tax General Obligation Bonds** – The City shall use Unlimited Tax General Obligation Bonds, also known as “Voted General Obligation Bonds” as permitted under RCW 35A.40.090 for the purpose of general purpose, open space and parks, and utility infrastructure. Voted issues are limited to capital purposes only. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose.
- **Limited Tax General Obligation Bonds** – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt”, requires the City to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The City shall use Limited Tax General Obligation (LTGO) Bonds as permitted under RCW 35A.40.090 for general capital purposes only. General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund reserves and taxes collected by the City. LTGO Bonds will only be issued if:
 - A project requires funding not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or,
 - Emergency conditions exist.
- **Revenue Bonds** – The City shall use Revenue Bonds as permitted under RCW 35A.40.090 for the purpose of financing construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Plan. No taxing power or general fund pledge is provided as security.
- **Special Assessment/Local Improvement District Bonds** – The City shall use Special Assessment Bonds as permitted under RCW 35A.40.090 for the purpose of assuring the greatest degree of public equity in place of general obligation bond where possible. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the City. LID’s are formed by the City Council

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after a majority of property owners agree to the assessment. No taxing power or general fund pledge is provided as security, and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the district and an LID Guaranty Fund, as required by State Law.

- **Short Term Debt** – The City shall use short term debt as permitted under RCW 39.50, for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The City may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All inter-fund loans will be subject to Council approval and will bear interest at prevailing rates.
- **Leases** – The City is authorized to enter into capital leases under 35A.40.090 RCW, subject to the approval of City Council.
- **Public Works Trust Fund Loans** – The City shall use Public Works Trust Fund Loans as provided under RCW 43.155 for the purpose of repairing, replacing or creating domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste/recycling facilities and bridges.
- **Local Option Capital Asset Lending (LOCAL) Program Debt** – The City is authorized to enter into a financing contract with the Office of the State Treasurer under RCW 39.94, for the purpose of financing equipment and capital needs through the State Treasurer's Office subject to existing debt limitations and financing considerations. The LOCAL Program is an expanded version of the state agency lease/purchase program that allows the pooling of funding into larger offerings of securities.

SECTION IV – TRANSACTION SPECIFIC POLICIES

Method of Sale - The City shall evaluate the best method of sale for each proposed bond issue.

1. **Competitive Bid Method** – Any competitive sale of the City's debt will require the approval of City Council. City debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the City.
2. **Negotiated Bid Method** – When a negotiated sale is deemed advisable (in consultation with the Mayor and City Council) the Finance Director shall negotiate the most competitive pricing on debt issues and broker commissions in order to ensure the best value to the City.
 - If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees and commissions.
 - The City, with the assistance of its Financial Advisor, shall evaluate the terms offered by the underwriting team. Evaluations of prices, interest rates, fees and commissions

shall include prevailing terms and conditions in the marketplace for comparable issuers.

- No debt issue will be sold on a negotiated basis without an independent financial advisor.
3. The City shall use refunding bonds in accordance with the Refunding Bond Act, RCW 39.53. Unless otherwise justified, the City will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. A target 5% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “advance refunding”, unless otherwise justified. The City, in consultation with its Financial Advisor, may approve a “current refunding” transaction of an existing debt issue if the refunding demonstrates a positive present value savings over the remaining life of the debt.
 4. With Council approval, interim financing of capital projects may be secured from the debt financing marketplace or from other funds through an inter-fund loan as appropriate in the circumstances.
 5. When issuing debt, the City shall strive to use special assessment, revenue or other self supporting bonds in lieu of general obligation bonds.

Limitations on Debt Issuance

1. The City shall remain in compliance with all debt limitations. As part of the annual budgeting process, a current summary of outstanding debt and compliance targets is prepared. The City shall observe the following limitations on debt issuance:
 - **General Obligation** – 2.5% of Assessed Value (RCW 39.36.020(2)(b))
 - **Non-Voted: 1.5%**
 - **Voted: 2.5%**
 - **Open Space and Park Facilities** – 2.5% of Assessed Value (RCW 39.36.020(4))
2. Debt payments shall not extend beyond the estimated useful life of the project being financed. The City shall keep the average maturity of general obligations bonds at or below 20 years, unless special circumstances arise warranting the need to extend the debt schedule.
3. Debt Limit Target: The City shall not exceed 90% of the legal debt limits from above.

Debt Structuring Practices

The following terms shall be applied to the City’s debt transactions, as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

- **Maturity** –The City shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years (RCW 39.46.110).
- **Debt Service Structure** – Unless otherwise justified, debt service should be structured on a level basis. Refunding bonds should be structured to produce equal savings by fiscal year. Unless otherwise justified, debt shall not have capitalized interest. If appropriate, debt service reserve funds may be used for revenue bonds.

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- **Price Structure** – The City’s long-term debt may include par, discount, and premium bonds. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures, given market conditions.
- **Call Provisions** – For each transaction, the City shall evaluate the costs and benefits of call provisions. In general, the City shall opt for the shortest possible optional call consistent with optimal pricing.
- **Bond Insurance** – For each transaction, the City shall evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively priced.
- **Tax-exemption** – Unless otherwise justified and deemed necessary, the City shall issue its debt on a tax-exempt basis.
- **Reimbursement resolution** – Must be adopted by City Council if the project hard costs are advanced prior to the bond sale.

SECTION V – COMMUNICATION

It is the policy of the City to remain as transparent as possible. The City shall manage relationships with the rating analysts assigned to the City’s credit, using both informal and formal methods to disseminate information.

- The City’s Comprehensive Financial Report (CAFR) shall be the primary vehicle for compliance with continuing disclosure requirements. The CAFR may be supplemented with additional documentation as required. Each year included in the CAFR, the City will report its compliance with debt targets and the goals of this Debt Management Policy.
- The City will issue a material event notice in accordance with provisions of SEC Rule 15c2-12. Prior to issuance of any material event, the Finance Director will discuss the materiality of any event with the Mayor, City Attorney and designated Council members, to ensure equal, timely and appropriate disclosure to the marketplace.
- The City shall seek to maintain and improve its current bond rating.

SECTION VI - COMPLIANCE

Investment of Proceeds

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Arbitrage Liability Management

Due to the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the City shall solicit the advice of bond counsel and other qualified experts about

Approved 9/1/2010

arbitrage rebate calculations. The City shall, when deemed necessary or required, contract with a third party for preparation of the arbitrage rebate calculation.

The City shall maintain an internal system for tracking expenditure of bond proceeds and investment earnings by opening a separate account in the state pool. The expenditure of bond proceeds shall be tracked in the financial system by issue. Investments may be pooled for financial accounting purposes and for investment purposes. When investment of bond proceeds are co-mingled with other investments, the City shall adhere to IRS rules on accounting allocations.

Bond Users Clearinghouse

The City shall ensure that the Bond Users Clearinghouse receives municipal bond information for all debt sold as provided by RCW 39.44.200 – 39.44.240 and WAC 365-130.

Legal Covenants

The City shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

Periodic Policy Review

At a minimum, the debt policy will be reviewed and updated every five years.



Section 10

Appendix



ORDINANCE NO. 2013-18

AN ORDINANCE OF THE CITY OF POULSBO, WASHINGTON, ADOPTING THE FINAL BUDGET OF THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2014 AND APPROVING AN ORDINANCE SUMMARY FOR PUBLICATION.

WHEREAS, on or before the first business day in the third month prior to the beginning of the fiscal year of 2014, the City Finance Director submitted to the Mayor the estimates of revenue and expenditures for the next fiscal year as required by law; and

WHEREAS, the Mayor reviewed the estimates and made such revisions and/or additions as deemed advisable, and prior to sixty days before January 1, 2014, filed the said revised preliminary budget with the City Clerk together with her budget message, as her recommendations for the final budget; and

WHEREAS, the City Clerk provided sufficient copies of such preliminary budget and budget message to meet the reasonable demands of taxpayers therefore and published and posted notice of filing and the availability of said preliminary budget together with the date of a public hearing for the purpose of fixing a final budget, all as required by law; and

WHEREAS, the City Council scheduled hearings on the preliminary budget for the purpose of providing information regarding estimates and programs; and

WHEREAS, the City Council held public hearings on November 6, 2013, November 13, 2013 and November 20, 2013, for the purpose of fixing a final budget, at which hearings all taxpayers were heard who appeared for or against any part of said budget; and,

WHEREAS, following the conclusion of said hearings, the City Council made adoptions and changes, as it deemed necessary and proper, now, therefore,

THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. The final budget for the fiscal year 2014, one copy of which has been and now is on file with the office of the City Clerk, by this reference is hereby incorporated herein as if set forth in full and said final budget shall be and the same is hereby adopted in full.

Section 2. Attached hereto and identified as Exhibit A, in summary form, are the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined, and by this reference said Exhibit A is incorporated herein as if set forth in full.

Section 3. A complete copy of the final budget for 2014, as adopted, together with a copy of this adopting ordinance, shall be transmitted by the City Clerk to the Division of Municipal Corporations of the office of the State Auditor and to the Association of Washington Cities.

Section 4. This ordinance shall take effect five (5) days after publication of the attached summary, which is hereby approved.

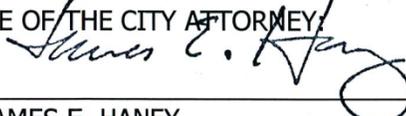
APPROVED:


MAYOR REBECCA ERICKSON

ATTEST/AUTHENTICATED:


INTERIM CITY CLERK, NICOLE STEPHENS, CMC

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY:

BY _____
JAMES E. HANEY

FILED WITH THE CITY CLERK: 12/13/2013
PASSED BY THE CITY COUNCIL: 12/18/2013
PUBLISHED: 12/27/2013
EFFECTIVE DATE: 01/03/2014
ORDINANCE NO. 2013-18

SUMMARY OF ORDINANCE NO. 2013-18

of the City of Poulsbo, Washington

On 18th day of December, 2013, the City Council of the City of Poulsbo, Washington, approved Ordinance No. 2013-18. A summary of the content of said ordinance, consisting of the title, provides as follows:

AN ORDINANCE OF THE CITY OF POULSBO, WASHINGTON, ADOPTING THE FINAL BUDGET OF THE CITY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2014 AND APPROVING AN ORDINANCE SUMMARY FOR PUBLICATION.

The full text of this ordinance will be mailed upon request.

APPROVED by the City Council at their meeting of December 18, 2013.

A handwritten signature in blue ink that reads "Nicole Stephens". The signature is written in a cursive style and is positioned above a horizontal line.

INTERIM CITY CLERK, NICOLE STEPHENS, CMC

CITY OF POULSBO

Fund Summary
2014 Budget

APPROPRIATED

FUND	#	BEGINNING BALANCE	TOTAL SOURCES	TOTAL USES	ENDING BALANCE
General Fund	001	\$ 2,077,089	9,465,813	10,283,020	1,259,882
Total General Fund		2,077,089	9,465,813	10,283,020	1,259,882
City Streets	101	285,296	845,290	1,120,421	10,165
Capital Improvement	121	210,437	300,100	350,000	160,537
Trans Development	123	127,222	191,000	306,785	11,437
Park Development	124	108,966	0	25,236	83,730
Historic Dwnth Poulsbo	131	77,879	52,335	46,100	84,114
Path and Trail Reserve	161	12,523	978	0	13,501
Drug Enforcement	171	13,150	50	4,750	8,450
Transient Occup Tax	181	36,448	90,000	101,000	25,448
Police Restrictd Funds	191	101,215	17,139	26,972	91,382
Total Special Revenue Funds		973,136	1,496,892	1,981,264	488,764
Misc Governmental Debt	201	3,214	89,985	89,985	3,214
Non-Voted Gen Oblig	204	5,313	978,518	979,515	4,316
Total Debt Service Funds		8,527	1,068,503	1,069,500	4,316
Equipment Acquisition	301	152,515	124,650	46,500	230,665
Park Reserve	302	146,584	160,059	214,000	92,643
Street Reserve	311	91,000	4,190,298	4,170,000	111,298
Cemetery Reserve	314	62,004	3,200	0	65,204
City Streets Equip Res.	321	116,490	0	75,500	40,990
Facilities Fund	331	141,853	0	0	141,853
Total Capital Project Funds		710,446	4,478,207	4,506,000	682,653
Water System	401	2,928,630	1,708,615	2,420,710	2,216,535
Sewer System	403	4,377,370	3,351,612	4,736,216	2,992,766
Solid Waste System	404	2,016,916	1,365,000	2,159,735	1,222,181
Storm Drain System	410	1,114,897	1,470,000	1,040,799	1,544,098
Total Enterprise Funds		10,437,813	7,895,227	10,357,460	7,975,580
Total Internal Service Funds		14,207,011	24,404,642	28,197,244	10,414,409

EXHIBIT A
ORDINANCE NO. 2013-18

CITY OF POULSBO

Fund Summary
2014 Budget

APPROPRIATED

FUND	#	BEGINNING BALANCE	TOTAL SOURCES	TOTAL USES	ENDING BALANCE
TOTALS		14,207,011	24,404,642	28,197,244	10,414,409

EMPLOYEE SALARY, WAGES & BENEFIT INFORMATION

The City sees their employees as one of their best assets. Full time employees are provided with a competitive, market-based salary and benefit package.

Regular City employees fall into one of four labor groups:

- Management
- Poulso Police Officer's Association
- Public Works/Administration Teamster employees
- Non-represented hourly employees

The majority of non-management City employees are represented by one of two bargaining units:

<i>Police Officers</i>	<i>Poulso Police Officer's Association</i>
<i>Public Works/Admin</i>	<i>Teamsters Local 589</i>

The City strives to negotiate labor agreements in a timely manner, consistent with all applicable federal and state laws, and promote labor relation policies mutually beneficial to the City's administration and employees. The Human Resources Manager, Finance Director, Police Chief (for Police Association), Public Works Director (for PW/Administration), and an attorney specializing in personnel law comprise the City's management negotiation team.

In the fall of 2012 new contracts for both the Poulso Police Officer's Association and Teamsters Local 589 were negotiated and were effective January 1, 2013.

LONGEVITY:

Longevity is paid to regular employees after completion of 5` years of continuous employment. The increments are equal to 1% of gross wages for each 5 years of continuous service completed.

LONGEVITY RATES	
years of service	rate
6 – 10	1%
11 – 15	2%
16 – 20	3%
21 – 25	4%
26 +	5%

RETIREMENT:

Most City employees participate in one of the State's retirement plans. The plans are administered by the Washington State Department of Retirement Systems. Police officers participate in the Law Enforcement Officers' & Firefighters' (LEOFF) plan, while the remaining employees participate in the Public Employees' Retirement System (PERS). Each plan requires contributions from both the employee and employer. The contribution is calculated on the employee's gross wages.

RETIREMENT PLANS CONTRIBUTION RATE			
PLAN	CITY**	EMPLOYEE	TOTAL
LEOFF 1*	NA	NA	NA
LEOFF 2	.0523	.0841	0.1364
PERS 1*	NA	NA	NA
PERS 2	.0921	.0492	.1413
PERS 3	.0921	Varies based on employee's selection	

*Note: At this time, the City does not employ any active LEOFF I or PERS 1 employees.

**Rates are updated effective January 1, 2014.

FICA TAXES (Social Security):

All City employees participate in the Federal Social Security program. The program requires contributions from both the employee and employer.

SOCIAL SECURITY TAXES RATE OF CONTRIBUTION		
CITY	EMPLOYEE	TOTAL
.062	.062	0.124

FICA TAXES (Medicare):

All City employees participate in the Federal Medicare program. The program requires contributions from both the employee and employer.

MEDICARE RATE OF CONTRIBUTION		
CITY	EMPLOYEE	TOTAL
.0145	.0145	.029

LABOR & INDUSTRIES:

The City participates in Washington State's Labor & Industries program. The program provides medical coverage and time loss benefits should an employee be injured on the job. The rate is based on the type of work performed and the City's experience rating. The rate is calculated on the number of hours worked. The employee pays a small portion of the premium.

L&I RATES			
CLASS	CITY	EMPLOYEE	TOTAL
Public Works & Engineering	1.1481	.3027	1.4508
Administration	.1598	.0778	.2376
Police	1.14035	.27945	1.4198

MEDICAL, DENTAL & LIFE INSURANCE:

All employees regularly scheduled to work full time, are eligible for medical, dental and life insurance for themselves and their dependents. Eligible employees are offered medical, dental, and life insurance coverage through the Washington Teamsters Welfare Trust ("The Trust") which is administered by Northwest Administrators in Seattle.

The Trust has a composite rate; the premiums are the same no matter how many dependents are covered under the plan. Medical insurance premiums, including vision and dental coverage, are \$1,355.55 per employee, per month. In 2014, all covered employees will contribute 5% of the monthly premium for medical coverage.

The monthly life insurance premium is included with the medical premium. The Police association members have an additional life insurance premium of \$4.40 per employee, per month.

UNEMPLOYMENT:

All regular City employees are eligible for the State's unemployment program through the Employment Security Department. The rate for 2014 is .9% and is calculated on the employee's gross earnings. The employee does not contribute to this program.

DEFERRED COMPENSATION:

Eligible employees can contribute to the State's and ICMA deferred compensation plans with tax-deferred dollars. This is an employee participation plan only. The City does not contribute to this plan.

VEBA:

Eligible members of a defined group contribute to their HRA-VEBA account (Health Reimbursement Arrangement - Voluntary Employees Beneficiary Association). The employee deduction is tax exempt.

In 2014, Teamsters Bargaining unit and exempt employees will receive a \$70 per month HRA-VEBA contribution from the City.

In 2014, The Poulsbo Police Officers Association's will receive a \$256.25 per month HRA-VEBA contribution from the City.

BUDGETING:

The City funds positions at their full cost for budgetary purposes even if vacancies occur during the year.

COST OF LIVING ADJUSTMENT (COLA):

Wages for Public Works/Administration employees, Non-Represented, and Management employees have been adjusted by 2.0% for the 2014 Budget.

The Police Officer's, represented by the Poulsbo Police Officer's Association (PPOA) wages have been adjusted by 2.5% for the 2014 Budget.

RESOLUTION NO. 2013-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, AMENDING THE SALARY AND WAGE SCHEDULE FOR ALL CITY EMPLOYEES ADOPTED BY ORDINANCE 84-57, AS LAST AMENDED BY RESOLUTION 2012-17.

WHEREAS, Ordinance No. 84-57 of the City of Poulsbo, passed by the City Council on December 12, 1984, established a salary and wage schedule for all City employees and provided for revisions to such schedule by resolution of the City Council; and

WHEREAS, the City Council desires to amend the Salary and Wage Schedule to reflect revisions to salaries of certain City employees, now therefore,

THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Salary and Wage Schedule Amended. The City of Poulsbo Salary and Wage Schedule for all City employees, adopted by Ordinance No. 84-57 and last amended by Resolution No. 2012-17, is hereby further amended to read as set forth on the attached Exhibit and incorporated herein by this reference as if fully set forth herein. The said schedule shall be the official City of Poulsbo Salary and Wage Schedule for all City employees. All compensation of City employees shall be in accordance with this schedule and any future amendments thereto.

Section 2. Effective Date. All salaries and wages set forth on Exhibit A shall be effective as of January 1, 2014, unless another date is specified on the Exhibit.

RESOLVED this 4th day of December, 2013.

APPROVED:



MAYOR, REBECCA ERICKSON

ATTEST/AUTHENTICATED:



NICOLE STEPHENS, CMC, INTERIM CITY CLERK

FILED WITH THE CITY CLERK: 11/21/2013
PASSED BY THE CITY COUNCIL: 12/04/2013
RESOLUTION NO. 2013-13

LONGEVITY

- A. All regular employees shall receive an additional pay increment beginning after completion of five (5) years of continuous employment. This increment shall be equal to one percent (1%) of earnings for each five (5) years of continuous service completed:

<u>Total Years Service</u>	<u>Additional Increment</u>
6-10 years	1%
11-15 years	2%
16-20 years	3%
21-25 years	4%
26-30 years	5%

Longevity calculation equals current year salary plus overtime from November 1st of the preceding year to October 31st of the current year multiplied by the eligible percentage. Longevity will not be calculated on vacation or sick leave cash-outs.

CITY OF POULSBO

2014 MANAGEMENT SALARY SCHEDULE							
Effective January 1, 2014, 2013 salary ranges increase by 2%							
Classification		A	B	C	D	E	F
Police Chief	1	103,802	106,916	110,123	113,427	116,830	120,335
Finance Director	2	95,133	97,987	100,927	103,955	107,074	110,286
Planning Director	3	94,130	96,954	99,863	102,859	105,945	109,124
Deputy Chief	4	91,517	94,262	97,090	100,003	103,003	106,093
Park and Recreation Director	5	91,132	93,866	96,682	99,582	102,569	105,647
City Engineer	6	89,378	92,059	94,821	97,666	100,596	103,614
Assistant City Engineer	7	78,636	80,995	83,425	85,928	88,506	91,161
IT Manager	8	76,035	78,316	80,665	83,085	85,578	88,145
PW Superintendent	9	72,870	75,056	77,308	79,627	82,016	84,476
City Clerk	10	72,737	74,919	77,167	79,482	81,866	84,322
Human Resources Manager	11	72,693	74,874	77,120	79,434	81,817	84,271
Court Administrator	12	71,281	73,419	75,622	77,891	80,228	82,635
Accounting Manager	13	63,829	65,744	67,716	69,747	71,839	73,994
Information Technology Sr Technician	14	58,329	60,079	61,881	63,737	65,649	67,619
Office Manager	15	52,732	54,314	55,943	57,621	59,350	61,131

2014 NON-REPRESENTED HOURLY EMPLOYEES							
Effective January 1, 2014, 2013 wage rates increase by 2%							
Classification		A	B	C	D	E	F
Preschool Assistant	1	11.28	11.77	12.20	12.70	13.21	13.73
Receptionist	2	12.16	12.54	12.87	13.27	13.69	14.09
	3	14.30	14.90	15.45	16.10	16.75	17.41
Preschool Coordinator	4	14.54	15.12	15.72	16.34	17.01	17.70
Custodian	5	18.77	19.31	19.92	20.51	21.13	21.73
Office Clerk II	6	20.37	20.98	21.62	22.27	22.92	23.58
Administrative Assistant	7	22.04	22.72	23.38	24.07	24.81	25.56
Community Service Officer	8	22.38	23.05	23.78	24.49	25.20	26.00
Recreation Programmer	9	24.17	24.92	25.66	26.43	27.20	28.04
	10	27.86	28.69	29.55	30.44	31.37	32.29

2014 ELECTED/APPOINTED OFFICIALS		
*Effective January 1, 2014, 2013 wage rates increase by 2%		
City Council - Position 1-7	\$	6,000 Annual
Mayor	\$	70,371 Annual*
Judge	\$	54,523 Annual*

2014 CASUAL LABOR WAGE SCALE							
	A	B	C	D	E	F	
	1	9.32	9.40	9.45	9.50	9.75	10.00
	2	10.25	10.50	10.75	11.00	11.25	11.50
	3	11.75	12.00	12.25	12.50	12.75	13.00
	4	13.50	14.00	14.50	15.00	15.50	16.00
	5	16.50	17.00	17.50	18.00	18.50	19.00
	6	19.50	20.00	20.50	21.00	21.50	22.00
	7	22.50	23.00	23.50	24.00	24.50	25.00
	8	25.50	26.00	26.50	27.00	27.50	28.00
	9	29.00	30.00	31.00	32.00	33.00	34.00
	10	35.00	36.00	37.00	38.00	39.00	40.00
	11	41.00	42.00	43.00	44.00	45.00	46.00
	12	46.50	47.00	48.00	49.00	50.00	51.00
	13	55.00	60.00	65.00	70.00	75.00	80.00
	14	85.00	90.00	95.00	100.00	115.00	125.00

CITY OF POULSBO

2014 TEAMSTERS LOCAL #589 (Admin/Public Works) SALARY SCHEDULE							
Effective January 1, 2014, 2013 wage rates increase by 2%							
Classification		A	B	C	D	E	F
Receptionist	1	13.42	13.83	14.26	14.69	15.10	15.57
	2	13.71	14.11	14.50	14.98	15.42	15.91
	3	13.99	14.37	14.80	15.27	15.72	16.20
	4	14.26	14.69	15.10	15.58	16.03	16.53
	5	14.50	14.98	15.42	15.91	16.33	16.88
	6	14.83	15.28	15.74	16.21	16.68	17.21
	7	15.10	15.58	16.03	16.53	17.01	17.53
	8	15.42	15.91	16.33	16.88	17.34	17.89
	9	15.74	16.21	16.69	17.21	17.72	18.23
	10	16.03	16.55	17.03	17.53	18.07	18.60
	11	16.39	16.88	17.35	17.89	18.44	19.00
	12	16.69	17.21	17.72	18.23	18.80	19.36
	13	17.03	17.54	18.07	18.62	19.19	19.75
	14	17.35	17.89	18.45	19.01	19.58	20.15
	15	17.73	18.23	18.80	19.36	19.95	20.54
	16	18.07	18.62	19.19	19.75	20.35	20.98
	17	18.45	19.01	19.58	20.15	20.75	21.37
	18	18.81	19.36	19.95	20.55	21.17	21.78
Custodian, Grounds Maintenance Tech I	19	19.21	19.75	20.37	20.98	21.61	22.26
Accounting Clerk, Office Clerk I	20	19.58	20.15	20.75	21.37	22.04	22.71
	21	19.95	20.55	21.19	21.79	22.46	23.14
Office Clerk II	22	20.37	20.98	21.62	22.27	22.92	23.58
Police Clerk	23	20.78	21.38	22.04	22.71	23.37	24.07
Building Permit Specialist	24	21.19	21.79	22.48	23.15	23.82	24.56
Grounds Maintenance Tech II	25	21.62	22.26	22.91	23.59	24.33	25.03
Maintenance Technician I, Administrative Ass't	26	22.04	22.72	23.38	24.07	24.81	25.56
Judicial Specialist	27	22.48	23.15	23.82	24.56	25.30	26.08
Accounting Technician, Contract Admin/Acct	28	22.91	23.59	24.33	25.03	25.79	26.60
Deputy City Clerk	29	23.38	24.08	24.81	25.56	26.31	27.12
	30	23.85	24.57	25.30	26.08	26.85	27.63
Support Services Manager, Recreation Programmer	31	24.33	25.03	25.80	26.60	27.40	28.19
Engineering Technician, Maintenance Tech Senior	32	24.82	25.58	26.32	27.12	27.92	28.77
	33	25.31	26.08	26.86	27.64	28.50	29.33
Mechanic, Maintenance Mechanic	34	25.80	26.61	27.41	28.19	29.06	29.93
Field Inspector	35	26.32	27.13	27.93	28.78	29.64	30.48
Sr Field Inspector	36	26.87	27.64	28.52	29.33	30.24	31.14
Engineering Senior Technician, Utility Planner	37	27.41	28.19	29.05	29.93	30.83	31.75
Building Inspector	38	27.93	28.78	29.65	30.52	31.46	32.39
Associate Planner	39	28.50	29.36	30.24	31.14	32.10	33.03
Public Works Foreman	40	29.07	29.96	30.83	31.75	32.72	33.68

2014 POULSBO POLICE OFFICERS ASSOCIATION (PPOA) SALARY SCHEDULE							
Effective January 1, 2014, 2013 wage rates increase by 2 ½% per union contract.							
Classification		A	B	C	D	E	F
Police Officer	1	30.66	31.53	32.49	33.49	34.47	35.48
Police Sergeant	2	36.07	37.12	38.24	39.40	40.59	41.82

Probationary entry-level Police Officers shall be paid 85% of step "A". After satisfactory completion of the Police Academy or six months of employment, whichever occurs first, the employee shall be paid one hundred percent (100%) of step "A". The 85% rate shall apply towards the twelve months of step "A".

ORDINANCE NO. 2013-14

AN ORDINANCE OF THE CITY OF POULSBO, WASHINGTON, LEVYING THE GENERAL TAXES FOR THE CITY OF POULSBO FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2014, ON ALL PROPERTY, BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PROVIDING SUFFICIENT REVENUE TO CARRY ON THE SEVERAL DEPARTMENTS OF SAID CITY FOR THE ENSUING YEAR AS REQUIRED BY LAW, AND APPROVING AN ORDINANCE SUMMARY FOR PUBLICATION.

WHEREAS, the City Council of the City of Poulsbo, Washington, has met and considered the City's anticipated financial requirements for the calendar year 2014; and

WHEREAS, the City's actual levy amount from the previous year was \$2,069,703; and,

WHEREAS, the population of the City is less than 10,000; now, therefore,

THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, DO ORDAIN AS FOLLOWS:

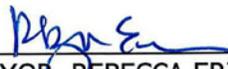
Section 1. An increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2014 tax year.

The dollar amount of the increase over the actual levy amount from the previous year shall be \$20,697 which is a percentage increase of approximately 1% from said previous year.

This increase is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

Section 2. This ordinance shall take effect and be in full force five (5) days after publication of the attached summary which is hereby approved.

APPROVED:


MAYOR, REBECCA ERICKSON

ATTEST/AUTHENTICATED:


CITY CLERK, JILLA BOLTZ

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

BY James E. Henry

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL: 11/06/2013
PUBLISHED: 11/15/2013
EFFECTIVE DATE: 11/20/2013
ORDINANCE NO. 2013-14

SUMMARY OF ORDINANCE NO. 2013-14
of the City of Poulsbo, Washington

On November 6, 2013 the City Council of the City of Poulsbo, Washington, approved Ordinance No. 2013-14, the main point of which may be summarized by its title as follows:

AN ORDINANCE OF THE CITY OF POULSBO, WASHINGTON, LEVYING THE GENERAL TAXES FOR THE CITY OF POULSBO FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2014, ON ALL PROPERTY, BOTH REAL AND PERSONAL, IN SAID CITY WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PROVIDING SUFFICIENT REVENUE TO CARRY ON THE SEVERAL DEPARTMENTS OF SAID CITY FOR THE ENSUING YEAR AS REQUIRED BY LAW, AND APPROVING AN ORDINANCE SUMMARY FOR PUBLICATION.

The full text of this ordinance will be mailed upon request.

DATED this 6th day of November, 2013.

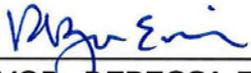

CITY CLERK, JILL A. BOLTZ

LEVY CERTIFICATION

As of November 6, 2013

In accordance with RCW 84.52.020, I Rebecca Erickson, Mayor for the City of Poulsbo do hereby certify to the Kitsap County legislative authority that the Poulsbo City Council of said city requests that the following levy amounts be collected in 2014 as provided in Ordinance 2013-14, which was adopted on November 6, 2013:

Estimated Regular Levy	\$2,185,133
Refund Levy	\$ 15,411

Signature:  Date: 11/8/13
MAYOR, REBECCA ERICKSON



CITY OF POULSBO
Legislative Policy/Procedure

Title: Financial Management Policies	Page Number: 1 of 5
Department: Finance Department	Effective Date: January 1, 2008
Revised Date: December 15, 2010	Revised By: Finance/Admin Committee

PURPOSE

Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength.

RESERVE FUND POLICIES

1. It will be the policy of the city to maintain a General Fund Reserve at a level of at least equal to twelve percent (12%) of the total General Fund budgeted operating revenue, excluding the beginning fund balance and identified one-time revenue. These operating reserves are maintained to address temporary revenue shortfalls; payment of approved expenditures due to cash flow shortage; reserves for expenditures deemed necessary by the Mayor and City Council; and temporary short-term interfund loans. Annual contribution will be budgeted from General Fund resources as available to maintain the target reserve level.
 - a. This shall be in addition to the maintenance of two months operating cash within the General Fund itself.
2. Capital Reserve Funds
 - a. The city shall maintain capital reserve funds to provide funding for the six years Capital Improvement Plan, less proprietary fund projects. The use of any funds within the Capital Improvement Funds shall be approved by the City Council.
 - b. Contributions to the capital reserve funds will be made as per the budget recommendations set by the City Council.
3. All expenditures drawn from reserve accounts shall require prior Council super majority approval unless previously specifically authorized by the City Council for expenditure in the annual budget.

Revenue Policies

1. To the extent possible, a diversified and stable revenue system will be maintained to shelter public services from short-run fluctuations in any one revenue source. Trends analyzing the dependence on distinct revenue sources shall be included in the budget documents for consideration by the City Council.
2. Revenue forecasts for major revenues (those which represent at least 10% of the General Fund) will present "conservative", "optimistic" and "best estimates" forecasts and the rationale for each. The forecasts shall be based on the best information available at the time and references to the sources of information used in the estimates will be made available.

3. Revenue forecasts will assess the full spectrum of resources that can be allocated for public services. Each year the Council shall review potential sources of revenue as part of the annual budget process.
4. Short-term (anticipated less than one year) economic downturns and temporary gaps in cash flow: Expenditure reductions or restrictions may be imposed. Council may approve by a super majority a contribution from the Revenue Stabilization General Fund Reserves or interfund loans to address temporary downturns in City revenues. Interfund loans may be utilized to cover temporary gaps in cash flow.
5. Long-term (greater than one year) revenue downturns: Deficit financing and borrowing to support on-going operations is not the policy of the City as a response to long-term revenue shortfalls. Revenue forecasts will be revised. Expenses will be reduced to conform to the revised long-term revenue forecast or revenue increases will be considered.
6. All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted.
7. The City shall develop and maintain a comprehensive list of various fees and charges. Fees may be set at levels sufficient to cover the entire cost of service delivery (such as in "Enterprise Funds"), or the service may be subsidized as Council deems appropriate. The City will systematically review user fees and rates and consider adjustments as necessary to take into account the effects of additional service costs and inflation. Rate studies shall be conducted to ensure that the rates will continue to support direct and indirect cost of operations, administration, plant maintenance, debt service, depreciation of capital assets, and moderate system extensions. Based on a market analysis, fees for similar services in other communities may also be considered. The criteria used to evaluate recommended target rates (equity, cost recovery policy, market demand, etc.) shall be included in the staff report during the review. Such reviews, at a minimum will be in unison with Comprehensive Plan Updates and incorporated into the annual budget process for possible action by the City Council.
8. The City will review contracts and leases which result in revenues to the City on a timely basis in order to provide for careful evaluation by the City Council.

Expenditure Policies

1. The City will only propose operating expenditures which can be supported from on-going operating revenues. Before the City undertakes any agreements that would create fixed on-going expenses, the cost implications of such agreements will be fully determined for current and future years with the aid of strategic financial planning models. Capital expenditures may be funded from one-time revenues, but the operating budget expenditure impacts of capital expenditures will be reviewed for compliance with this policy provision.
2. Department heads are responsible for managing their budgets within the total appropriation for their department.
3. The City will maintain expenditure categories according to state statute and administrative regulation.
4. The City will assess funds for services provided internally by other funds. The estimated direct and indirect costs of service will be budgeted and charged to the fund performing the service. Interfund service fees charged to recover these costs will be recognized as revenue to the providing fund. A review of the method of determining the amount of the interfund assessment will be reviewed at least every 3 years.
5. Emphasis is placed on improving individual and work group productivity rather than adding to the work force. The City will invest in technology and other efficiency tools to maximize productivity. The City will hire additional staff only after the need of such positions has been demonstrated and documented.
6. All compensation planning and collective bargaining will focus on the total cost of compensation which includes direct salary, health care benefits, pension contributions, and other benefits of non-salary nature which are a cost to the City.

Debt Management Policies

The City shall adopt policies to guide the issuance and management of debt. Refer to the City's Debt Policy.

1. All professional service providers (underwriters, financial advisors, bond insurers, etc.) selected in connection with the City's debt issues will be selected in accordance with the City's procurement policies.
2. The term of long-term debt issued will not exceed the life of the projects financed. Current operations will not be financed with long-term debt.
3. The city shall strive to maintain current credit ratings in the future.

4. The City will comply with all statutory debt limitations imposed by the Revised Code of Washington (RCW). The City of Poulsbo's debt will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City. Compliance with state law and this policy shall be documented each year in the city's Comprehensive Annual Financial Report.

The following individual percentage (as defined in state law) shall not be exceeded in any specific debt category:

General Debt	2.5% of assessed valuation
Utility Debt	2.5% of assessed valuation
Open Space and Park Facilities	2.5% of assessed valuation

5. No debt shall be issued for which the City is not confident a sufficient, specifically identified revenue source is available for repayment. The Finance Director shall prepare an analytical review for this purpose prior to the issuance of any debt.
6. Credit enhancements shall be considered with a cost/benefits analysis for each long term bond issued.
7. Reserve accounts shall be maintained as required by bond ordinances and where deemed advisable by the City Council. The City shall structure such debt service reserves so they do not violate IRS arbitrage regulations.

Financial Management/Strategic Forecasting Policies

1. All decisions shall be within the context of long-range plans (Capital Facilities Plan/City Improvement Plan). Staff shall provide a review of the implications of budgetary proposals on long-range plans.
2. The annual budget shall be developed consistent with state law and in a manner which encourages early involvement with the public and City Council. A calendar of events related to budget development shall be presented to the City Council in the 2nd quarter of each year.
3. The annual budget will integrate into City Improvement Plan (CIP). The annual budget shall be consistent with the current year of the CIP. Budget planning activities shall be based on the next year of the CIP.
4. Assumptions used in the CIP will be noted and defined.
5. Basis of long-range planning will be results oriented. In accordance with City Ordinance, the City shall strive to illustrate the output from CIP expenditures.

Capital Asset Acquisition, Maintenance, Replacement and Retirement

1. The City shall develop a City Improvement Plan (CIP) as defined and required by RCW 36.70A.070 which is consistent with the City's Comprehensive Plan annually at a time established by the City Council.
2. Such plan shall include all projects to maintain public capital facilities required to maintain service levels at standards established by the City Council. Projects to be included in the CIP will be in excess of \$15,000 and have a minimum 10 year useful life.
3. The proposed CIP may include for consideration such other projects as requested by the City Council or Mayor.
4. Funding for capital projects shall be classified as to source (general purpose, transportation or enterprise) within the plan. The extent to which funds exist for each project shall be described in the plan.
5. The plan shall be for a period of six years.
6. With the exception of "on-going projects", each project shall be described such that development phases are delineated as separate stages of the project. Examples include land acquisition, design and construction. "On-going projects" represent annual capital programs such as pavement restoration and pedestrian/bicycle improvements.
7. An estimate for the operating budget impact of each proposed project shall be identified and incorporated into the City Improvement Plan.
8. The City Improvement Plan shall be approved annually and incorporated into the annual budget document.

Investment Policy

Refer to City of Poulsbo's Investment Policy.

REVISION CRITERIA

Each year during the Budget Process the Finance/Administration Committee will review Legislative Policies and recommend to Council any appropriate changes.



CITY OF POULSBO
Legislative Policy/Procedure

Title: Accounting, Financial Reporting and Auditing	Page Number: 1 of 1
Department: Finance Department	Effective Date: August 1, 1997
Revised Date: August 4, 1999	Revised By: Finance Committee

PURPOSE

The City of Poulsbo will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles (GAAP), the State of Washington Budgeting Accounting Reporting System (BARS) and local regulations.

POLICY

- A. A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
- B. The City will meet the financial reporting standards set by the Governmental Accounting Standards Board (GASB).
- C. Full disclosure will be provided in all City financial reports and bond representations.
- D. An annual audit will be performed by the State Auditor's Office and include issuance of a financial opinion. A Finance/Admin Committee member will attend the exit conference of each audit. Audit reports will be distributed to each Councilmember.
- E. Internal audits of departments will be performed routinely to assure Internal Control Policies and Procedures are being met.

REVISION CRITERIA

Each year during the Budget Process the Finance/Admin Committee will review Legislative Policies and recommend to Council any appropriate changes.



City of Poulsbo

Legislative Policy / Procedure

Title: Cash Management and Investment Policies	Page Number: 1 of 1
Department: Finance Department	Effective Date: August 1, 1997
Revised Date: New	Revised By: Finance Committee

PURPOSE

Careful financial control of the City's daily operations is an important part of Poulsbo's overall fiscal management program. Achieving adequate cash management and investment control requires sound financial planning to ensure that sufficient revenues are available to meet the current expenditures of anyone operating period.

Once steps are taken to ensure that the City maintains a protected cash position in its daily operations, it is to the municipality's advantage to prudently invest idle funds until such time as they are required to make expenditures.

POLICY

- A. The City's idle cash will be invested on a continuous basis in accordance with the City's adopted investment policies.
- B. The City will create and maintain a formal investment policy which is reviewed and endorsed by state and national professional organizations.
- C. The city will invest all funds (in excess of current requirements) based upon the following order of priority; 1) legality; 2) safety; 3) liquidity and yield.
- D. Investments with City funds will not be made for purposes of speculation.
- E. The City is prohibited from investing in derivative financial instruments for the City's managed investment portfolio.
- F. Proper security measures will be taken to safeguard investments. The City's designated banking institution will provide adequate collateral to insure City funds.
- G. An analysis of City's cash position will be prepared at regular intervals throughout the fiscal year.

REVISION CRITERIA

Each year during the Budget Process the Finance/Admin Committee will review Legislative Policies and recommend to Council any appropriate changes.



CITY OF POULSBO

Legislative Policy/Procedure

Title: Enterprise Funds	Page Number: 1 of 1
Department: Finance Department	Effective Date: August 1, 1997
Revised Date: New	Revised By: Finance Committee

PURPOSE

The City will establish enterprise funds for City services when 1) the intent of the City is that all costs of providing the service should be financed primarily through user charges; and/or 2) the City Council determines that it is appropriate to conduct a periodic review of net income to capital maintenance, accountability, or other public policy purposes.

POLICY

- A. Enterprise funds will be established for City-operated utility services.
- B. Enterprise fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital development.
- C. Each enterprise fund will maintain an adequate rate structure to cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves (as established by fiscal policy or bond covenant), and any other cost deemed necessary.
- D. Rates may be offset from available fund cash after requirements are met for cash flow and scheduled reserve contributions.
- E. Enterprise fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- F. Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
- G. The City will ensure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.
- H. The City will limit the maturities of all utility revenue bond issues to 20 years or less.

REVISION CRITERIA

Each year during the Budget Process the Finance Committee will review Legislative policies and recommend to Council any appropriate changes.



CITY OF POULSBO

Legislative Policy/Procedure

Title: Operating Budgets	Page Number: 1 of 2
Department: Finance Department	Effective Date: August 1, 1997
Revised Date: New	Revised By: Finance Committee

PURPOSE

The Municipal Budget is the central financial planning document which embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the confines of anticipated municipal revenues.

POLICY

- A. At the beginning of the budget process, Finance Committee will review and recommend any changes to the budget policies.
- B. The City Council will establish municipal service levels and priorities for the ensuing year prior to and during the development of the preliminary budget.
- C. The Mayor shall incorporate the Council's priorities in the formulation of the preliminary and final budget proposal.
- D. Adequate maintenance and replacement of the City's capital plant and equipment will be provided for in the annual budget.
- E. The current revenue will be sufficient to support current expenditures.

Annual revenues are conservatively estimated as a basis for preparation of the annual budget and City service programs.

Expenditures approved by the City Council in the annual budget define the City's spending limits for the upcoming fiscal year. Beyond the requirements of law, the City will maintain an operating philosophy of cost control and responsible financial management.

The City will maintain revenue and expenditure categories according to state statute and administrative regulations.

- F. The City of Poulsbo will establish and maintain Special Revenue Funds which will be used to account for proceeds from specific revenue sources to finance designated activities which are required by statute, ordinance, resolution, or executive order.
- G. Annual expenditures should be maintained within the limitations of annual revenues. The City will not use short-term borrowing to finance current operating needs without full financial analysis and prior approval of the City Council.
- H. In order to ensure the continuity of services, the City will budget no more sales tax revenue than was received in the prior year as a hedge against possible future economic events.
- I. All fees for services shall be reviewed and adjusted (where necessary) at least every five years to ensure that rates are equitable and cover the total cost of service or that percentage of total service cost deemed appropriate by the City.
- J. Grant applications to fund new service programs with state or federal funds will be reviewed by the City, as they become available, with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.
- K. All authorized positions will be budgeted for a full year and with the maximum allowable benefit rate unless specifically designated by the City Council as a partial-year position.

REVISION CRITERIA

Each year during the Budget Process the Finance Committee will review Legislative Policies and recommend to Council any appropriate changes.



CITY OF POULSBO

Legislative Policy/Procedure

Title: Performance Measures	Page Number: 1 of 2
Department: Finance Department	Effective Date: August 4, 1999
Revised Date: New	Revised By: Finance Director Bjorkman

PURPOSE

A key responsibility of the City of Poulsbo is to develop and manage services, programs and resources as efficiently and effectively as possible and to communicate the results of these efforts to the tax-paying public. Meaningful performance measurements assist government officials and citizens in identifying financial and program results, evaluating past resource decisions, facilitating qualitative improvements in future decisions regarding resource allocation and service delivery options, and communicating service and program results to the community.

POLICY

The City has established the policy that financial, service and program performance measures be developed and used as an important component of decision making and incorporated into governmental budgeting. Performance measures should:

- be based on program objectives that tie to the City Council's goals and program mission or purpose;
- measure program results or accomplishments;
- provide for comparisons over time;
- measure efficiency and effectiveness;
- be reliable, verifiable and understandable;
- be reported internally and externally;
- be monitored and used in decision-making processes; and
- be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs.

GUIDELINES

The City encourages all departments to utilize performance measures. At a minimum, performance measures should be used to report on the outputs of each program and should be related to the objectives of each department. Departments in the early stages of incorporating performance measures into their budget process should strive to:

- identify meaningful and relevant objectives for each department and its service delivery units;
- identify and track output measures that are useful and relevant to the goals and objectives of key services;

- identify and track performance measures for a manageable number of meaningful financial objectives that are used in evaluation; and
- develop and refine additional performance indicators to make them more meaningful and identify mechanisms to improve their interpretation and use in decision-making and accountability.

As departments gain experience with these measures, they are encouraged to use a variety of performance measures to report on the achievements, impacts and outcomes of key programs. These measures should be linked to the objectives of the programs and the missions and priorities of the organization. Departments should:

- develop multi-year services of input, output, efficiency (output/input) and effectiveness (or quality) measures in major governmental areas;
- develop a database of statistics of common measures;
- analyze the implications of using particular measures for decision making and accountability;
- use customer and resident satisfaction measures;
- develop common definitions of key performance measures to allow intergovernmental comparisons;
- develop common or improved approaches to utilization of financial and service performance measures in making and evaluating decisions; and
- use community condition measures to assess resident needs that may not be addressed by current programs.

REVISION CRITERIA

A change in this policy may be initiated in the form of a memorandum to the Finance Director or may also be initiated by the Mayor. Each year during the Budget process the Finance/Administration Committee will review this policy and make recommendations to the Council regarding changes.

Approval of revisions, additions and/or deletions to this policy will be made by the Council.



City of Poulsbo

Legislative Policy

Title: Investment Policy	Number of Pages: 14
Department: Finance Department	Effective Date: July 1, 2008
Revised Date: July 1, 2008	Revised by: Finance Director

PURPOSE

This policy is intended to outline the requirements for maximizing the efficiency of the City's Cash Management System and for prudent investment of the City's Funds, and to provide guidelines for suitable investments. The ultimate goal is to enhance the economic status of the City while protecting its funds. The City's Cash Management System is designed to monitor and forecast expenditures and revenues accurately, thus enabling the Finance Director to invest funds to the fullest extent possible. The Finance Director shall attempt to obtain the highest yield, provided that all investments meet the criteria established for safety and liquidity.

POLICY

The investment policies and procedures of the Finance Director for the City of Poulsbo are based upon Federal, State and Local law and prudent money management. The primary goals of these policies are:

1. To assure compliance with all Federal, State and local laws governing the investment of monies under the control of the Finance Director.
2. To protect the principal monies entrusted to this office.
3. To generate the maximum amount of investment income within the parameters of this Investment Policy and the guidelines for suitable investments.

All participants in the City's investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The implementation of this policy is subject to the following guidelines.

GUIDELINES

1.0 SCOPE:

This investment policy applies to the investment of available assets of all City funds under the direct management of the Finance Director and are listed below:

- The General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Trust and Agency Funds
- Any new fund created unless specifically exempted

The policy for the Washington State Public Employee Retirement System (PERS) and the Washington State Law Enforcement Officers and the Fire Fighters Retirement System (LEOFF) funds will be as determined by the appropriate boards of Administration and not covered by this Policy.

Funds set aside to defease City debt in conjunction with an advance refunding agreement will be invested in accordance with appropriate bond documents and not necessarily in compliance with this policy. Should bond covenants be more restrictive than this policy, funds will be invested in full compliance with those restrictions.

Funds held by the County Treasurer during tax collection periods shall be governed by the County's investment policies to the extent that they do not conflict with this policy and should be invested by the County Treasurer for the benefit of the City of Poulsbo as stipulated by the City in accordance with RCW 36.29.020.

All investments of the City of Poulsbo must be made in compliance with Federal and State law and in accordance with applicable legal interpretations. Investment of any tax-exempt borrowing proceeds and of any debt service funds must comply with the 1986 Tax Reform Act if the Act applies to the debt issued.

2.0 PRUDENCE:

Investments shall be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investments officials shall be the prudent person standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3.0 OBJECTIVE:

The primary objectives, in order of priority, of the City of Poulsbo investment activities are as follows:

- 3.1 **Legality:** Funds of the City will be invested in accordance with the Revised Code of Washington (RCW), the BARS manual, these policies and written administrative procedures.
- 3.2 **Safety:** Investments of the City will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from other investments.
- 3.3 **Liquidity:** The City's investments will remain sufficiently liquid to enable the city to meet all operating requirements that might be reasonably anticipated.
- 3.4 **Return on Investment:** The City's investments will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics.

4.0 DELEGATION OF AUTHORITY

The Finance Director is the investment officer of the City of Poulsbo. This authority is derived from PMC 3.58.010 as established by ordinance 86-05. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Subject to required procurement procedures, the City may engage the support services of outside professionals in regard to its financial program, so long as it can be demonstrated or anticipated that these services produce a net financial advantage or necessary financial protection of the City's resources. External service providers shall be subject to Revised Codes of Washington and the provisions of this Investment Policy.

5.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales.

6.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Finance Director will maintain a list of financial institutions authorized to provide investment services. The selection process for inclusion on this list will be detailed in the written procedures for investments.

In addition, a list will also be maintained of approved security **broker/dealers** selected by credit worthiness who are authorized to provide investment services in the State of Washington. These may include **primary dealers** or regional dealers that qualify under **Securities & Exchange Commission Rule 15C3-1**. Employees of any firm or financial institutions offering securities or investments to the City are expected to be trained in the precautions appropriate to public-sector investments and are expected to familiarize themselves with the City's investment objectives, policies and constraints. These firms and financial institutions are expected to make reasonable efforts to preclude imprudent transactions involving City Funds.

No public deposit shall be made except in a **qualified public depository** as provided in Chapter 39.58 RCW.

All broker/dealers and financial institutions that desire to do business with the City of Poulsbo must supply the Finance Director their most recent financial statements or Consolidated Report of Condition (call report) for review. A current audited financial statement is required to be on file for each financial institution and broker/dealer with whom the City invests.

If an investment advisor is authorized to transact buys and sells on behalf of the City, the advisor's approved dealer list will be provided to the City. Buys and sells may be transacted with any dealers on the advisor's approved list.

7.0 AUTHORIZED INVESTMENTS

The City of Poulsbo is empowered to invest in certain types of securities as detailed in RCW 35A.40050 and RCW 43.84.080. Among the authorized investments are:

- 7.1 U.S. Treasury Obligations (Bills, Notes, Bonds)
- 7.2 Government Sponsored Enterprises (GSEs) – Federal Instrumentality Securities which include the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB). Additional obligations of the U.S. Government, its agencies and instrumentalities, provided that the payment of the principal and interest is either guaranteed by the Federal Government, carries an outright government backing or carries an implicit guarantee.
- 7.3 Nonnegotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories.
- 7.4 Prime Bankers acceptances purchased on the secondary market with ratings of A1/P1.

- 7.5 Mutual funds and money market funds are inappropriate investments except as authorized in chapter 39.59 RCW and are intended to provide a safe harbor from the Internal Revenue Service's (IRS) arbitrage rules and tax. The money market and mutual fund options in RCW 39.59.030 are allowable investments only for monies subject to the IRS's arbitrage rules. No other monies, unless specifically authorized elsewhere, may be invested in a money market or mutual fund.
- 7.6 State of Washington Local Government Investment Pool
- 7.7 Bonds of the State of Washington and any local government in the State of Washington, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- 7.8 Any investments authorized by law for the Treasurer of the State of Washington or any local government of the State of Washington other than a metropolitan municipal corporation but except as provided in RCW 39.58, such investments shall not include certificates of deposits of banks or bank branches not located in the State of Washington.

8.0 COLLATERALIZATION

Collateralization is required on repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest. The City chooses to limit collateral to the following:

- Treasury Obligations (Bills, Notes, Bonds)
- Government Sponsored Enterprises (GSEs) – Federal Instrumentality Securities which include the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB). Additional obligations of the U.S. Government, its agencies and instrumentalities, provided that the payment of the principal and interest is either guaranteed by the Federal Government, carries an outright government backing or carries an implicit guarantee.

9.0 SAFEKEEPING AND CUSTODY

To protect against potential fraud, embezzlement, or losses caused by collapse of individual securities dealers. Securities purchased by the City shall be held in a segregated account for the City's benefit at a third party trustee as safekeeping agent. The approved investment advisor, investment dealer or bank in which the security is purchased shall issue a confirmation ticket to the City listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information.

The investment advisor, investment dealer or bank which executes the transaction on the City's behalf shall deliver all securities on a delivery versus payment (DVP) method to the designated third party trustee at the direction of the Investment Officer.

Investment officials shall be bonded to protect the City against loss due to possible embezzlement and malfeasance.

10.0 DIVERSIFICATION

The City will diversify its investments by security type and institution and maturity in accordance with the table below.

Diversification by security type:

U.S. Treasury bills, notes & bonds	100%
U.S. Government Sponsored Enterprises	100%
FNMA	50%
FHLMC	50%
FHLB	50%
FFCB	50%
Other GSEs	10%
Certificates of Deposit & Public Deposits	20%
Bankers Acceptance	10%
WA State LGIP	100%
WA State and Local Bonds	10%
Repurchase Agreement	10%
Other Legal Investments	10%

11.0 MATURITIES

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

Maximum Maturity Guidelines:

Maximum maturity at time of investment	5 years
Maximum weighted average maturity of total portfolio	2 years

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practical with the expected use of the funds.

12.0 COMPETITIVE TRANSACTIONS

The Investment Officer will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Investment Officer will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Investment Officer will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

If the City hires an investment advisor to provide investment management services, the advisor must provide documentation of competitive pricing execution on each transaction the investment advisor will retain documentation and provide upon request.

13.0 INTERNAL CONTROLS

Day-to-day procedures concerning investment management and accounting are outside the scope of this policy. The City is subject to annual independent review of its internal controls by the Office of State Auditor. This review will provide internal control by assuring that policies and procedures are being complied with. Such review may also result in recommendations to change operating procedures to improve internal control. The controls shall be designed to prevent loss of public funds due to fraud, error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees or officers of the City. The specific internal controls maintained by the City are contained in normal operating procedures of the Treasury.

13.1 EXTERNAL CONTROLS

The City may enter into contracts with third-party investment advisory firms when their services are deemed to be beneficial to the City. The advisor must comply with the investment policy and may have authority to transact investments on behalf of the City. The advisor may only act on a non-discretionary basis. Therefore, the advisor must present investment recommendations and receive approval to execute the recommendation from the Finance Director, or whom the Finance Director designates prior making purchases or sells on behalf of the City.

14.0 PERFORMANCE STANDARDS

The City's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs.

The liquidity weighted average yield of the total portfolio will be compared quarterly to the LGIP average yield.

15.0 REPORTING

The Finance Director shall submit a monthly report of investment holdings to the Mayor and will quarterly submit an investment report to the Finance Committee that summarizes recent market conditions, economic developments and anticipated investment conditions.

For reporting purposes the investment portfolio shall be divided into two portfolios - a liquidity portfolio and a core portfolio.

Minimum Reporting Requirements for Total Portfolio Quarterly:

- Book Yield
- Marked to Market Report
- Holdings Report
- Transactions Report
- Weighted Average Maturity or Duration

16.0 INVESTMENT POLICY ADOPTION AND REVISION CRITERIA

The City's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually during the budget process. The Finance Committee will review the policy with the Finance Director and recommend to Council any appropriate changes.

17.0 GLOSSARY

ACCRUED INTEREST: Interest earned but not yet paid on a security since the latest of the security's issue date or last record date.

ADJUSTABLE-RATE MORTGAGE (ARM): A mortgage which features predetermined adjustments of the interest rate at regular intervals. An ARM's interest rate is tied to an index outside the control of the lender.

AGENCIES: Federal Agency securities.

AMORTIZATION: The reduction of principal (of debt) at regular intervals.

ASKED: The price at which securities are offered.

BANKERS ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT: A measurement of changes in prices or yields for fixed income securities. One basis point equals 1/100 of 1 percent.

BEARER SECURITY: A security the owner of which is not registered on their books of the issuer. A bearer security is payable to the holder.

BID: The price at which a buyer is willing to buy a security.

BOND: A long-term debt security, (IOU) issued by a government or corporation. Generally pays a stated rate of interest, and returns the face value at maturity.

BOND ANTICIPATION NOTE: Short-term interest bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue to which they are related.

BOND EQUIVALENT YIELD (BEY): A yield that equates monthly pay mortgage-backed securities to semi-annual payments bonds.

BOOK-ENTRY TRANSFER: A method of transferring securities through computerized entries, which may eliminate the need for physical certificates.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in inter-dealer markets.

CALL OPTION: The right to purchase a security at a predetermined price on or before a specified future date.

CASH FLOW BUDGET: A projection of the cash receipts and disbursements anticipated during a given time period. Typically, this projection covers a year and is broken down into separate projections for each month, week and/or day during the year.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Corporate promissory notes issued to provide short-term financing, sold at a discount and redeemed at face value. A principal component of money market funds portfolios, because of the high yields.

CONFIRMATION: A document used to state and supplement in writing the terms of a transaction, which have previously been agreed to verbally.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

CURRENT FACE: Also known as the outstanding loan balance. The current monthly remaining principal of a certificate computed by multiplying the original face of the certificate by the current principal balance factor.

CUSIP NUMBER (Committee on Uniform Securities Identification Procedures): An identifying number assigned to a publicly traded security. A nine-digit code is permanently assigned to each issue and is generally printed on the face of the security if it is in physical form.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DEPOSITORY: An entity, which accepts securities for deposit. A depository facilitates delivery and transfer between dealers by making account entries reflecting ownership instead of physically moving securities.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at a lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FACE VALUE: The par value of a security. Face value is not an indication of market value.

FACTOR: The proportion of the outstanding principal balance of a security to its original principal balance expressed as a decimal. The *Bond Buyer* publishes the Monthly Factor Report that contains a list of factors for GNMA, FNMA and FHLMN securities.

FARM CREDIT DISCOUNT NOTES AND BONDS: Secured joint obligations of Farm Credit Banks that are issued with a minimum face value of \$50,000 with maturities ranging from 5 to 360 days.

FED BOOK-ENTRY: An electronic registration, transfer and settlement system for securities on the Federal Reserve System.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEF: (1) Commitment fee: a payment to investors or prospective investors, which may or may not be refundable, for the purpose of obtaining a commitment to purchase securities;
(2) Standby fee: a non-refundable amount

FIXED-RATE MORTGAGE: A mortgage which features level monthly payments that is determined at the outset of the mortgage and remains constant throughout the life of the mortgage.

FLAT: A security trades flat when it is traded with no accrued interest.

FORWARD TRADE: A transaction where the settlement will occur on a specified date in the future at a price agreed upon on the trade date.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.

GNMA Is: Pass-through mortgage-backed securities on which registered holders receive separate principal and interest payments on each of their certificates. GNMA I securities are single-issuer pools. Investors may expect to receive principal and interest payments on the 15th day of each month.

GNMA IIs: Pass-through mortgage-backed securities on which registered holders receive an aggregate principal and interest payment from a central paying agent on all of their GNMA II certificates. Principal and interest payments are disbursed on the 20th day of each month. GNMA II securities are collateralized by multiple-issuer pools or custom pools (one issuer but different interest rates that may vary within one percentage point). Multiple-issuer pools are known as Jumbos. Jumbo pools are generally larger and often contain mortgages that are more geographically diverse than single-issuer pools. Jumbo pool mortgages have interest rates that may vary within one percentage.

GRADUATED PAYMENT MORTGAGE (GPM): A mortgage that features negative amortization in which early payments are insufficient to pay the interest due on the outstanding principal. As a result, the unpaid interest is added to the principal thereby increasing the borrower's balance owed. The payments must graduate or increase over time until they can completely amortize the loan's remaining principal balance by its maturity. The number, frequency and rate of increases are specified in the original contract.

INTEREST: Compensation paid or to be paid for the use of money. Interest is generally expressed as an annual percentage rate.

INTEREST ONLY (I/O): The interest only portion of a stripped mortgage-backed security. For I/O securities, all of the interest distribution is due to the registered holder based on the current face of the underlying mortgage-backed security.

INTEREST RATE: The face coupon rate of a security.

ISSUER: An entity, which issues and is obligated to pay amounts due on securities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY DATE: The date on which the principal amount of the security is due and payable to the registered owner of the security.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

MORTGAGE: A legal instrument that creates a lien upon real estate securing the payment of a specified debt, such as a mortgage note.

MORTGAGE-BACKED BOND: A mortgage-backed bond is a general obligation of the issuer, secured by mortgage collateral, where the issuer retains ownership of the mortgages. The bond is secured by the market value of the underlying mortgages. Since the value of the mortgages will decrease over time as a result of principal amortization and prepayments, the market value of the collateral must exceed the value of the bonds issued. Unlike pass-through securities, the cash flow in a mortgage-backed bond is not directly related to the cash flow of the underlying mortgage collateral. Interest on the bond is paid semiannually at a predetermined rate and principal is paid at maturity.

MORTGAGE-BACKED SECURITIES: The term mortgage backed securities is a generic term that refers to securities backed by mortgages, including pass-through securities, mortgage-backed bonds, mortgage pay-through securities and CMOs.

MORTGAGE BANKER: An entity that originates mortgage loans, sells them to other investors and service the loans.

MORTGAGE PAY-THROUGH BONDS: These bonds combine features of pass-through securities and mortgage-backed bonds. A pay-through bond, like a mortgage-backed bond, is a debt obligation of the issuer, secured by mortgage collateral that is owned by the issuer. However, like a pass-through security, the cash flow on a pay-through bond is related to the cash flow in the mortgage collateral. Therefore, the cash flow generated by the mortgage collateral must be sufficient to cover principal and interest payments on the bonds. Prepayments on the mortgage collateral will be passed on to the bondholders thereby causing fluctuations in the principal payment of the bonds.

ODD LOT: A quantity of securities, which is less than the accepted unit of trading.

OFFER: The price at which a seller will sell a security.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

ORIGINAL FACE: The face value (original principal amount) of a security as of its issue date.

PAR: The face amount of a security.

PAYMENT DATE: Also known as the payable date. The date that actual principal and interest payments are made to the registered holder of a security. For GNMA Is, the payment date is the 15th day of the second month following the record date. For GNMA II's, the payment date is the 20th day of the month following the record date. For FHLMC PCs, the payment date is the 15th day of the second month following the record date. For FNMA MBSs, the payment date is the 25th day of the month following the record date.

P&I (PRINCIPAL AND INTEREST): In the case of mortgage-backed securities and other asset-backed securities, P&I includes regularly scheduled payments as well as prepayments, if any.

POOL: A collection of mortgages assembled by an originator or master servicer as the basis for a security. Pools are identified by a number.

PORTFOLIO: Collection of securities held by an investor.

PREPAYMENT: The unscheduled partial or complete payment of the principal amount outstanding on a debt obligation before it is due.

PRICE: The dollar amount to be paid for a security expressed as a percentage of its current face value.

PRIMARY DEALER: A group of government securities dealers that daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

PRINCIPAL: The face amount of a bond, exclusive of accrued interest and payable at maturity.

PRINCIPAL ONLY (P/O): The principal only portion of a stripped mortgage-backed security. For P/O securities, all of the principal distribution is due to the registered holder based on the current face of the underlying mortgage-backed security.

PRUDENT PERSON RULE: An investment

standard. In some states the law required that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state—the so-called legal list. In other states the trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PUT OPTION: The right to sell a security at a predetermined price on or before a specified future date.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security buyer in effect lends the seller money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

RATINGS: Designations used by investor's services to give relative indications of credit quality.

RECORD DATE: The date for determining who is entitled to payment of principal and interest (and prepayment) on a security. The record date for most mortgage-backed securities is the last calendar day of the month (however, the last day on which they can be presented for transfer is the last business day of the month.) The record date for CMOs and ABSs varies with each issue.

REGISTERED HOLDER: The name in which a security is registered as stated on the certificate itself or on the books of the paying agent. All principal and interest payments are made to the registered holder regardless of beneficial ownership on the record date.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified later date.

SAFEKEEPING: The storage and protection of customers' securities (i.e., held in the vault) provided as a service by a bank or institution acting as agent for the customer.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SEC RULE 15C3-1: See uniform net capital rule.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SERVICING FEE: The amount withheld from the monthly interest payments made by a mortgagor and retained by the mortgage servicer.

SERVICING: The duties of the servicer for which a fee is received. Servicing consists of collecting and pooling principal, interest and escrow payments as well as certain operational procedures covering accounting, bookkeeping, insurance, tax records, loan payment follow-up, delinquency loan follow-up, and loan analysis.

SETTLEMENT DATE: The date agreed upon by the parties to a transaction for the payment of funds and the delivery of securities.

TAIL: The portion of a GNMA pool that is not divisible by \$5,000. For physical GNMA the tail must remain intact. For example, on a GNMA with an original face of \$6,038,921.65 the tail equals \$3,921.65. For book-entry FNMA and FHLMC securities, tails may be split into multiples of one dollar (\$1).

TRANSFER AGENT: A transfer agent is appointed to maintain records of securities owners, to cancel and issue certificates and to address issues arising from lost, destroyed or stolen certificates.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

WEIGHTED AVERAGE COUPON (WAC): An arithmetic mean of the coupon rate of the underlying mortgages that collateralize a security.

WEIGHTED AVERAGE MATURITY (WAM): An arithmetic mean of the remaining term of the underlying mortgages that collateralize a security.

WHOLE LOAN: An unsecuritized residential or commercial mortgage.

YIELD: The annual percentage returns, as computed in accordance with standard industry practices that is earned on a security.

Z-BOND: See accrual Bond.

RESOLUTION 2010-16

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, ADOPTING A DEBT POLICY GOVERNING THE ISSUANCE AND ADMINISTRATION OF ALL DEBT ISSUED BY THE CITY.

WHEREAS, the City Council of the City of Poulsbo deems to have its debt issued and administered in compliance with all applicable Federal and RCW requirements, and

WHEREAS, the City Council of the City of Poulsbo desires to maintain a debt policy to guide the issuance and administration of its debt, and

WHEREAS, the City's Finance Director has conducted a thorough review of its current debt practices in effort to develop this policy for the issuance and administration of City debt, and

WHEREAS, the City of Poulsbo's debt policy has been written in accordance with the Washington Municipal Treasurer's Association Model Debt Policy,

THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON RESOLVES AS FOLLOWS:

Section 1. Debt Policy Adopted. The policy for investment of City funds set forth in document entitled "City of Poulsbo Debt Policy" dated August 1, 2010 which is attached hereto as Exhibit "A" and incorporated herein by reference as if set forth in full is hereby adopted as official policy for issuance and administration of City debt.

RESOLVED this 1st day of September, 2010.

APPROVED:



MAYOR, REBECCA ERICKSON

ATTEST/AUTHENTICATED



CITY CLERK, JILL A. BOLTZ

FILED WITH THE CITY CLERK: 08/25/2010
PASSED BY THE CITY COUNCIL: 09/01/2010
RESOLUTION NO. 2010-16

City of Poulsbo Debt Policy

SECTION I – INTRODUCTION & GUIDING PRINCIPLES

Purpose and Overview

The Debt Policy for the City of Poulsbo is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financings of the City Council. Adherence to the policy is essential to ensure that the Council maintains a sound debt position and protects the credit quality of its obligations.

Capital Planning:

The City shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects. Long term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. For all capital projects under consideration, the City shall set aside sufficient revenue from operations to fund ongoing normal maintenance needs and to provide reserves for periodic replacement and renewal. The issuance of debt to fund operating deficits is not permitted.

Legal Governing Principles

In the issuance and management of debt, the City shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

- State Statutes – The City may contract indebtedness as provided for by RCW 35A.40.090. General Obligation indebtedness is subject to the limitations on indebtedness provided for in RCW 39.36.020(2)(b) and Article VIII of the Washington State Constitution. Bonds evidencing such indebtedness shall be issued and sold in accordance with chapter 39.46.
- Federal Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.
- Local Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by local rules and regulations.

Roles & Responsibilities

The City Council shall:

- Approve indebtedness;
- Approve appointment of independent financial advisor and bond counsel;
- Approve the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and

Approved 9/1/2010

- In consultation with the City's General Counsel, financial advisor, and bond counsel, shall determine the most appropriate instrument for a proposed bond sale.

The Finance Director in consultation with the Finance Committee, the Mayor and full Council shall:

- Assume primary responsibility for debt management
- Provide for the issuance of debt at the lowest possible cost and risk;
- Determine the available debt capacity;
- Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- Recommend to the City Council the manner of sale of debt;
- Monitor opportunities to refund debt and recommend such refunding as appropriate.
- Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
- Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
- Provide for and participate in the preparation and review of offering documents;
- Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
- Submit to the City Council all recommendations to issue debt;
- Distribute to appropriate repositories information regarding financial condition and affairs at such times and in the form required by law, regulation and general practice, including Rule 15c2-12 regarding continuing disclosure;
- Provide for the distribution of pertinent information to rating agencies; and
- Apply and promote prudent fiscal practices.

Ethical Standards Governing Conduct

The members of the City staff, the Mayor and the City Council will adhere to the standards of conduct as stipulated by the Public Disclosure Act, RCW 42.17 and Ethics in Public Service, RCW 42.52.

SECTION II – PROFESSIONAL SERVICES

Professional Services

The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt.

- Bond Counsel – With the exception of debt issued by the State, all debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status and any other components necessary for the proposed debt.
- Financial Advisor – A Financial Advisor may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice

- and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring and pricing of debt, and preparing official statements of disclosure.
- Underwriters – An Underwriter will be used for all debt issued in a negotiated sale method. The Underwriter is responsible for purchasing negotiated debt and reselling the debt to investors.
 - Fiscal Agent – A fiscal agent will be used to provide accurate and timely securities processing and timely payment to bondholders. As provided under RCW 43.80, the City will use the Fiscal Agent that is determined by the State.
 - Professional Service providers may be selected through a competitive selection process conducted by the Finance Director in consultation with the Finance Committee and Legal Counsel; the City Council shall approve the most qualified financial advisor/underwriter and bond counsel.
 - These services shall be regularly monitored by the Finance Director.

SECTION III – DEBT STRUCTURE

Types of Debt Instruments:

The City may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of City Council, the City is authorized to sell:

- **Unlimited Tax General Obligation Bonds** – The City shall use Unlimited Tax General Obligation Bonds, also known as “Voted General Obligation Bonds” as permitted under RCW 35A.40.090 for the purpose of general purpose, open space and parks, and utility infrastructure. Voted issues are limited to capital purposes only. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose.
- **Limited Tax General Obligation Bonds** – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt”, requires the City to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The City shall use Limited Tax General Obligation (LTGO) Bonds as permitted under RCW 35A.40.090 for general capital purposes only. General Obligation debt is backed by the full faith and credit of the City and is payable from General Fund reserves and taxes collected by the City. LTGO Bonds will only be issued if:
 - A project requires funding not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or,
 - Emergency conditions exist.
- **Revenue Bonds** – The City shall use Revenue Bonds as permitted under RCW 35A.40.090 for the purpose of financing construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Plan. No taxing power or general fund pledge is provided as security.
- **Special Assessment/Local Improvement District Bonds** – The City shall use Special Assessment Bonds as permitted under RCW 35A.40.090 for the purpose of

- assuring the greatest degree of public equity in place of general obligation bond where possible. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the City. LID's are formed by the City Council after a majority of property owners agree to the assessment. No taxing power or general fund pledge is provided as security, and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the district and an LID Guaranty Fund, as required by State Law.
- **Short Term Debt** – The City shall use short term debt as permitted under RCW 39.50, for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The City may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Inter-fund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund's current operations. All inter-fund loans will be subject to Council approval and will bear interest at prevailing rates.
 - **Leases** – The City is authorized to enter into capital leases under 35A.40.090 RCW, subject to the approval of City Council.
 - **Public Works Trust Fund Loans** – The City shall use Public Works Trust Fund Loans as provided under RCW 43.155 for the purpose of repairing, replacing or creating domestic water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste/recycling facilities and bridges.
 - **Local Option Capital Asset Lending (LOCAL) Program Debt** – The City is authorized to enter into a financing contract with the Office of the State Treasurer under RCW 39.94, for the purpose of financing equipment and capital needs through the State Treasurer's Office subject to existing debt limitations and financing considerations. The LOCAL Program is an expanded version of the state agency lease/purchase program that allows the pooling of funding into larger offerings of securities.

SECTION IV – TRANSACTION SPECIFIC POLICIES

Method of Sale - The City shall evaluate the best method of sale for each proposed bond issue.

1. **Competitive Bid Method** – Any competitive sale of the City's debt will require the approval of City Council. City debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the City.
2. **Negotiated Bid Method** – When a negotiated sale is deemed advisable (in consultation with the Mayor and City Council) the Finance Director shall negotiate the most competitive pricing on debt issues and broker commissions in order to ensure the best value to the City.
 - If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees and commissions.
 - The City, with the assistance of its Financial Advisor, shall evaluate the terms offered by the underwriting team. Evaluations of prices, interest rates, fees and commissions

- shall include prevailing terms and conditions in the marketplace for comparable issuers.
- No debt issue will be sold on a negotiated basis without an independent financial advisor.
3. The City shall use refunding bonds in accordance with the Refunding Bond Act, RCW 39.53. Unless otherwise justified, the City will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. A target 5% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “advance refunding”, unless otherwise justified. The City, in consultation with its Financial Advisor, may approve a “current refunding” transaction of an existing debt issue if the refunding demonstrates a positive present value savings over the remaining life of the debt.
 4. With Council approval, interim financing of capital projects may be secured from the debt financing marketplace or from other funds through an inter-fund loan as appropriate in the circumstances.
 5. When issuing debt, the City shall strive to use special assessment, revenue or other self supporting bonds in lieu of general obligation bonds.

Limitations on Debt Issuance

1. The City shall remain in compliance with all debt limitations. As part of the annual budgeting process, a current summary of outstanding debt and compliance targets is prepared. The City shall observe the following limitations on debt issuance:
 - **General Obligation** – 2.5% of Assessed Value (RCW 39.36.020(2)(b))
 - **Non-Voted: 1.5%**
 - **Voted: 2.5%**
 - **Open Space and Park Facilities** – 2.5% of Assessed Value (RCW 39.36.020(4))
2. Debt payments shall not extend beyond the estimated useful life of the project being financed. The City shall keep the average maturity of general obligations bonds at or below 20 years, unless special circumstances arise warranting the need to extend the debt schedule.
3. Debt Limit Target: The City shall not exceed 90% of the legal debt limits from above.

Debt Structuring Practices

The following terms shall be applied to the City’s debt transactions, as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

- **Maturity** –The City shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years (RCW 39.46.110).
- **Debt Service Structure** – Unless otherwise justified, debt service should be structured on a level basis. Refunding bonds should be structured to produce equal savings by fiscal year. Unless otherwise justified, debt shall not have capitalized interest. If appropriate, debt service reserve funds may be used for revenue bonds.

- **Price Structure** – The City’s long-term debt may include par, discount, and premium bonds. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures, given market conditions.
- **Call Provisions** – For each transaction, the City shall evaluate the costs and benefits of call provisions. In general, the City shall opt for the shortest possible optional call consistent with optimal pricing.
- **Bond Insurance** – For each transaction, the City shall evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively priced.
- **Tax-exemption** – Unless otherwise justified and deemed necessary, the City shall issue its debt on a tax-exempt basis.
- **Reimbursement resolution** – Must be adopted by City Council if the project hard costs are advanced prior to the bond sale.

SECTION V – COMMUNICATION

It is the policy of the City to remain as transparent as possible. The City shall manage relationships with the rating analysts assigned to the City’s credit, using both informal and formal methods to disseminate information.

- The City’s Comprehensive Financial Report (CAFR) shall be the primary vehicle for compliance with continuing disclosure requirements. The CAFR may be supplemented with additional documentation as required. Each year included in the CAFR, the City will report its compliance with debt targets and the goals of this Debt Management Policy.
- The City will issue a material event notice in accordance with provisions of SEC Rule 15c2-12. Prior to issuance of any material event, the Finance Director will discuss the materiality of any event with the Mayor, City Attorney and designated Council members, to ensure equal, timely and appropriate disclosure to the marketplace.
- The City shall seek to maintain and improve its current bond rating.

SECTION VI - COMPLIANCE

Investment of Proceeds

The City shall comply with all applicable Federal, State and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Arbitrage Liability Management

Due to the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the City shall solicit the advice of bond counsel and other qualified experts about arbitrage rebate calculations. The City shall, when deemed necessary or required, contract with a third party for preparation of the arbitrage rebate calculation.

The City shall maintain an internal system for tracking expenditure of bond proceeds and investment earnings by opening a separate account in the state pool. The expenditure of bond proceeds shall be tracked in the financial system by issue. Investments may be pooled for financial accounting purposes and for investment purposes. When investment of bond proceeds are co-mingled with other investments, the City shall adhere to IRS rules on accounting allocations.

Bond Users Clearinghouse

The City shall ensure that the Bond Users Clearinghouse receives municipal bond information for all debt sold as provided by RCW 39.44.200 – 39.44.240 and WAC 365-130.

Legal Covenants

The City shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

Periodic Policy Review

At a minimum, the debt policy will be reviewed and updated every five years.



City of Poulsbo

Legislative Policy

Title: Capital Improvement Policy	Page Number: 1 of 2
Department: Finance Department	Effective Date: July 21, 1999
Revised Date: New	Revised by: Finance/Admin Committee

PURPOSE

Poulsbo's city government is accountable for a considerable investment in buildings, parks, roads, sewers, equipment and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future.

POLICY

A capital project is defined as a project of a nonrecurring nature with a cost of \$15,000 or more and estimated service life of 10 years or more.

GUIDELINES

- A. Annually, a six-year capital improvements program will be developed analyzing all anticipated capital projects by year and identifying associated funding sources. The plan will contain projections of how the city will perform over the six-year period in relation to policy targets.
- B. The first year of the six-year capital improvements program will be used as the basis for formal fiscal year appropriations during the annual budget process. The capital improvement program will incorporate in its projections of expenditures and funding sources any amounts relating to previous year's appropriations but which have yet to be expended.
- C. The city will maintain a capital projects approval and monitoring committee composed of the City Engineer, Planning Director, Park and Recreation Director, Finance Director and the Committee Chairs from the Public Works, Community Services and the Finance/Admin Council Committees to meet quarterly and review the progress on all outstanding projects as well as to revise spending projections.

- D. The City Improvement Plan will be prepared and updated annually.
- E. The City Council will designate annual ongoing funding levels for each of the major project categories within the City Improvement Plan.
- F. Financial analysis of funding sources will be conducted for all proposed capital improvements.
- G. An annual Capital Budget will be developed and adopted by the City Council as part of the annual budget.
- H. The City Improvement Plan will be consistent with the Capital Facilities Element of the Comprehensive Plan.

REVISION CRITERIA

Each year during the Budget Process the Finance/Admin Committee will review Legislative Policies and recommend to Council any appropriate changes.



Section 11

Glossary



GLOSSARY OF BUDGET RELATED TERMS

ACCOUNT: A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues and expenses

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

ACCOUNTS PAYABLE: A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government

ACCOUNTS RECEIVABLE: An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government, but not including amounts due from other funds or other governments

ACCRUAL BASIS ACCOUNTING: Refers to the method accounting of revenues and expenditures on the basis of when they are incurred or committed, rather than when they are made or received. All funds except the governmental funds are accounted on this basis and the governmental funds are accounted on a modified accrual basis

ACCRUED INTEREST: Interest earned but not yet paid on a security since the latest of the security's issue date or last record date

ACCUMULATED DEPRECIATION: A contra-asset account used to report the accumulation or periodic credits to reflect the expiration of the estimated service life of fixed assets

AD VALOREM TAXES: A tax levied on the assessed value of real property

ADJUSTABLE-RATE MORTGAGE (ARM): A mortgage which features predetermined adjustments of the interest rate at regular intervals. An ARM's interest rate is tied to an index outside the control of the lender

ADMINISTRATIVE SERVICE DEPARTMENTS: Refers to organizational units or departments who primarily provide service to other departments or divisions. These include: Legislative: City Council and its functions; Financial Services: The accounting, financial reporting, customer service and treasury functions; Personnel Services: Provides centralized personnel services to all City operations; Administrative Services: Provides supervision of Financial Services and Personnel

Services as well as budget, fiscal planning, tax and license, data processing, risk management and other general administrative services; Civil Service: The independent panel of persons who work with personnel/hiring issues for the public safety departments

AGENCIES: Federal Agency securities

AGENCY FUND: A governmental accounting classification used to describe those situations where one jurisdiction is acting on behalf of another

ALEA: Aquatic Lands Enhancement Account

ALLOCATION: A component of an appropriation earmarking expenditures for a specific purpose and/or level of organization

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

ANNUAL FINANCIAL REPORT: The official annual report of a government. It includes (a) the five combined financial statements in the combined statements, overview and their related notes and (b) combined statements by fund type and individual fund and account group financial statements prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, required supplemental information, extensive introductory material and a detailed statistical section

APPROPRIATION: The legal spending level authorized by an ordinance of the city council. Spending should not exceed this level without prior approval of the council

APPROPRIATION ORDINANCES: The official enactment by the city council establishing the legal authority for city officials to obligate and expend resources

ASKED: The price at which securities are offered

GLOSSARY OF BUDGET RELATED TERMS

ASSESSED VALUATION: The value assigned to properties within the city, which is used in computing the property taxes to be paid by property owners

ASSETS: Property owned by a government, which has monetary value

AUDIT: A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- ascertain whether financial statements fairly present financial position and result of operations;
- test whether transactions have been legally performed;
- identify areas for possible improvements in accounting practices and procedures;
- ascertain whether transactions have been recorded accurately and consistently; and
- ascertain the stewardship of officials responsible for governmental resources

AUDITOR'S REPORT: In the context of a financial audit, a statement by the auditor describing the scope of the audit and the audit standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with generally accepted accounting practices or some other comprehensive basis system of accounting

AWC (Association of Washington Cities): An official organization of cities and towns of Washington established to aid local governments in the solution of common problems. Each city paying the annual service fee is a member and has an equal voice in the determination of the Association's policy

BALANCE SHEET: A statement presenting the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date

BALANCED BUDGET: Total resources equal total uses (Beginning Balance + Revenues = Total Expenditures + Fund Balance)

B&O: Business and Occupation

BAR: Baseline Adjustment Request

BARS: (The Budgeting, Accounting and Reporting System): The accounting system's manual prescribed by the Washington State Auditor's Office

BASE BUDGET: Ongoing expense for personnel and contractual services, and the replacement of supplies and equipment required to maintain service levels previously authorized by the council.

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

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

BASIS POINT: A measurement of changes in prices or yields for fixed income securities. One basis point equals 1/100 of 1 percent

BEARER SECURITY: A security the owner of which is not registered on their books of the issuer. A bearer security is payable to the holder

BIAA (Business Improvement Area Association): An association formed by downtown businesses which assess themselves quarterly dues to be used to enhance and promote the downtown area. City of Poulsbo's is now the Historic Downtown Business Association (HDBA)

BID: The price at which a buyer is willing to buy a security

GLOSSARY OF BUDGET RELATED TERMS

BOND (Debt Instrument): A written promise to pay a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures

BOND ANTICIPATION NOTE: Short-term interest bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue to which they are related

BOND EQUIVALENT YIELD (BEY): A yield that equates monthly pay mortgage-backed securities to semi-annual payments bonds

BOND REGISTRAR: The fiscal agency of the State of Washington in either Seattle, Washington or New York, New York, for the purposes of registering and authenticating the bonds, maintaining the bonds, maintaining the bond register, effecting transfer of ownership of the bonds and paying interest on the principal of (and any premium pursuant to call on) the bonds

BOOK ENTRY TRANSFER: A method of transferring securities through computerized entries, which may eliminate the need for physical certificates

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

BUDGET: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. The term is also sometimes used to denote the officially approved expenditure ceilings under which the city and its departments operate

BUDGET AMENDMENT: An appropriation approved by the city council after the initial budget appropriation

BUDGET CALENDAR: The schedule of key dates or milestones, which the city follows in the preparation and adoption of the budget

BUDGETARY CONTROL: The control or management of a government in accordance with an approved budget for the purpose of keeping expenditures within the limitation of available appropriations and available revenues

BUDGET DOCUMENT: The official written statement prepared by the Finance Department and supporting staff for the mayor which presents the proposed budget to the city council

CAFR: Comprehensive Annual Financial Report

CALL OPTION: The right to purchase a security at a predetermined price on or before a specified future date

CAPITAL ASSETS: Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets

CAPITAL BUDGET: A plan of proposed capital expenditures and the means of financing them. The capital budget may be enacted as part of the complete annual budget including both operating and capital outlays. The capital budget is based on the Capital Improvement Plan (CIP).

CAPITAL OUTLAY: Expenditures, which result in the acquisition of or addition to Fixed Assets. The City of Poulsbo's capital threshold is \$1,000

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

CASH BASIS: The method of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid

CASH FLOW BUDGET (Cash Budget): A projection of the cash receipts and disbursements anticipated during a given time period. Typically, this projection covers a year and is broken down into separate projections for each month, week and/or day during the year.

CDBG (Community Development Block Grants): Grant funds administered through Department of Community Development of the State of Washington

GLOSSARY OF BUDGET RELATED TERMS

CENCOM: 911 Police, fire, medical emergency central communication system operated by Kitsap County

CERTIFICATE OF DEPOSIT (CD): A negotiable or non-negotiable receipt for monies deposited in a bank or other financial institution for a specified period for a specified rate of interest

CIP: Capital Improvement Plan

CKWWTP: Central Kitsap Wastewater Treatment Plant

CMC (Certified Municipal Clerk): A certification program offered through the International Institute of Municipal Clerks awarded for a combination of education and experience

CMFA (Certified Municipal Finance Administrator): Certification program for finance officers offered through the Municipal Treasurers' Association

CPM (Certified Purchasing Manager): A certification program offered through the National Association of Purchasing Managers

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies

COMMERCIAL PAPER: Corporate promissory notes issued to provide short-term financing, sold at a discount and redeemed at face value. A principal component of money market funds portfolios, because of the high yields

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

CONFIRMATION: A document used to state and supplement in writing the terms of a transaction, which have previously been agreed to verbally

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

COST ALLOCATION: The assignment of applicable costs incurred by a central services department (like Administrative Services) to a fund based on the benefit to the fund being assessed.

COUNCILMANIC BONDS: Non-voted bonds, which can be authorized by the Council in an amount up to 1.5 percent of the assessed valuation of the city

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date

CPI (The Consumer Price Index): is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The CPI reflects spending patterns for each of two population groups: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers (CPI-W).

CPI-U: represents about 87 percent of the total U.S. population. It is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed and retired persons as well as urban wage earners and clerical workers. Not included in the CPI are the spending patterns of persons living in rural non-metropolitan areas, farm families, persons in the Armed Forces, and those in institutions, such as prisons and mental hospitals.

CPI-W: The CPI-W is based on the expenditures of households that are included in the CPI-U definition that also meet two requirements: More than one-half of the household's income must come from clerical or wage occupations and at least one of the household's earners must have been employed for at least 37 weeks during the previous 12 months. The CPI-W's population represents about 32 percent of the total U.S. population and is a subset, or part, of the CPI-U's population.

GLOSSARY OF BUDGET RELATED TERMS

CURRENT EXPENSE FUNDS: See "General Fund"

CURRENT FACE: Also known as the outstanding loan balance. The current monthly remaining principal of a certificate computed by multiplying the original face of the certificate by the current principal balance factor.

CUSIP NUMBER (Committee on Uniform Securities Identification Procedures): An identifying number assigned to a publicly traded security. A nine-digit code is permanently assigned to each issue and is generally printed on the face of the security if it is in physical form.

CWP (Community Work Program): Where applicable, a program allowing defendants of the court to provide community service in lieu of a monetary fine or jail time.

DARE (Drug Awareness Resistance Education): A drug education program offered through the Police Department

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account

DEBENTURE: A bond secured only by the general credit of the issuer.

DEBT: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of government include bonds, leases, sales, contracts, and notes

DEBT LIMITS: The maximum amount of debt, which is legally permitted

DEBT SERVICE: Interest and principal payments on debt

DEBT SERVICE FUNDS (200 series funds): The type of funds, which account for the payment of the city's debt service

DEFICIT: The excess of liabilities of a fund over its assets

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is

delivery of securities with an exchange of a signed receipt for the securities.

DEPARTMENT: Refers to an organizational unit. In Poulsbo it refers to eight such units; Clerk, Engineering/Building, Finance, Parks & Recreation, Planning, Police, and Public Works

DEPARTMENT HEAD: One of the directors of a department

DEPOSITORY: An entity, which accepts securities for deposit. A depository facilitates delivery and transfer between dealers by making account entries reflecting ownership instead of physically moving securities.

DEPRECIATION: (1) Expiration in the service life of capital assets attributed to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset, which is charged as an expense during a particular period

DESIGNATED FUND BALANCE: A portion of fund balance which has been designated by past council action as reserved for a specific purpose

DEVELOPMENT ACTIVITY: Any construction or expansion of a building or structure. Any change in use of a building, structure, or land that creates additional demand and need for public facilities

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at a lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DNR: Department of Natural Resources

DOT: Department of Transportation

DRV: Design Review Board

GLOSSARY OF BUDGET RELATED TERMS

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

EHD (Electric Home Detention): Where applicable, a program allowing defendants of the court to serve their "jail sentence" at home and/or at work

EIS: Environmental Impact Statement

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

ENDING FUND BALANCE: The cash balance remaining at the end of the fiscal year available for appropriation in future years

ENTERPRISE FUNDS (400 series funds): A type of proprietary fund, which contains the activities of funds where the intent is for the direct beneficiaries to pay for all cost of the funds through fees

ERU's: Equivalent Residential Units

ESA (Endangered Species Act): In 1973 the United States Congress found and declared that various species of fish, wildlife, and plants in the United States have been rendered extinct as a consequence of economic growth and development untempered by adequate concern and conservation.

EOC (Emergency Operation Center): The central administration operating facility of the city in the event of an emergency, located at the Poulso Fire Department

EPC: Executive Planning Committee

EXPENDITURES: Where accounts are kept on the accrual or modified accrual basis of accounting. The cost of goods received or services rendered whether cash payments have been made or not

FACE VALUE: The par value of a security. Face value is not an indication of market value.

FACTOR: The proportion of the outstanding principal balance of a security to its original principal balance expressed as a decimal. The *Bond Buyer* publishes the "Monthly Factor Report" that contains a list of factors for GNMA, FNMA and FHLMN securities.

FARM CREDIT DISCOUNT NOTES AND BONDS: Secured joint obligations of Farm Credit Banks that are issued with a minimum face value of \$50,000 with maturities ranging from 5 to 360 days.

FED BOOK-ENTRY: An electronic registration, transfer and settlement system for securities on the Federal Reserve System.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulates and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATIONS (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed/rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

GLOSSARY OF BUDGET RELATED TERMS

FEDERAL OPEN MARKET COMMITTEE

(FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

FEE: (1) Commitment fee: a payment to investors or prospective investors, which may or may not be refundable, for the purpose of obtaining a commitment to purchase securities; (2) Standby fee: a non-refundable amount

FIDUCIARY FUNDS: A group of funds, which account for funds by the city as a trustee

FISCAL YEAR: A twelve-month period designated as the operating year by an entity; The City of Poulsbo's fiscal year is the same as the calendar year.

FIXED ASSETS: Long lived tangible assets obtained or controlled as a result of past transactions, events or circumstances; fixed assets include buildings, equipment, improvements other than buildings, and land

FIXED RATE MORTGAGE: A mortgage which features level monthly payments that is determined at the outset of the mortgage and remains constant throughout the life of the mortgage.

FLAT: A security trades flat when it is traded with no accrued interest.

FLOAT: The amount of money represented by checks outstanding and in the process of collection

FORWARD TRADE: A transaction where the settlement will occur on a specified date in the future at a price agreed upon on the trade date.

FULL FAITH AND CREDIT: A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds)

FTE: Full-time equivalent employee

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

FUND BALANCE: The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit

GAAP - (Generally Accepted Accounting Principles) GAAP for governments are mostly determined by the GASB

GASB (Government Accounting Standards Board): Established in 1985, to regulate the rules and standards to be used in accounting for governmental activities

GENERAL FIXED ASSETS: Capital assets that are not part of any funds, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of the governmental funds

GENERAL FUND (Fund 001): The fund of the City that accounts for all activity not specifically accounted for in other funds. Includes such operations as police, fire, engineering, planning, parks, library, municipal court, recreation, and administration

GENERAL OBLIGATIONS BONDS (Debt): Bonds or other indebtedness of the City for which the pledge made for repayment is the full faith and credit of the city

GMA: Growth Management Act

GLOSSARY OF BUDGET RELATED TERMS

GNMA Is: Pass-through mortgage-backed securities on which registered holders receive separate principal and interest payments on each of their certificates. GNMA I securities are single-issuer pools. Investors may expect to receive principal and interest payment on the 15th day of each month.

GNMA IIs: Pass-through mortgage-backed securities on which registered holders receive an aggregate principal and interest payment from a central paying agent on all of their GNMA II certificates. Principal and interest payment are disbursed on the 20th day of each month. GNMA II securities are collateralized by multiple-issuer pools or custom pools (one issuer but different interest rates that may vary within one percentage point). Multiple-issuer pools are known as Jumbos. Jumbo pools are generally larger and often contain mortgages that are more geographically diverse than single-issuer pools. Jumbo pool mortgages have interest rates that may vary within one percentage.

GOALS: The objective of specific tasks and endeavors

GOVERNMENTAL FUND TYPES: Funds, which provide general government services. These include the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE): Securities guaranteed by GNMA and issued by mortgage banks, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-through is often used to describe Ginnie Maes.

GPM: Gallons per minute

GRADUATED PAYMENT MORTGAGE (GPM): A mortgage that features negative amortization in which early payments are insufficient to pay the interest due on the outstanding principal. As a result, the unpaid interest is added to the principal thereby increasing the borrower's balance owed. The payments must graduate or

increase over time until they can completely amortize the loan's remaining principal balance by its maturity. The number, frequency and rate of increases are specified in the original contract.

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

GUARANTY FUND: A fund established by a bond issuer, which is pledged, as security for the payment of one or more bond issues. Normally used for LIDs.

HDBA: Historic Downtown Poulsbo Association, previously the Business Improvement Area Association (BIAA).

HDPE: High density polyethylene

IAC: Interagency Committee for Outdoor Recreation

IDP (Implicit Price Deflator): Is a nation-wide indicator of the average increase in prices for all domestic personal consumption. It is indexed to a base of 100 in 1992. It is derived from the national income and product accounts' best known summary measure, "gross domestic product"(GDP). The GDP is comprised of four major categories: (1) *personal consumption expenditures*; (2) gross private domestic investment; (3) net exports of goods and services; and (4) government purchases.

IMPACT FEES: A fee assessed on new development that creates additional demand and need for public facilities

I&I: Inflow and infiltration

INFRASTRUCTURE: The underlying foundation, the basic installations and facilities, on which the continuance and growth of a jurisdiction depends, i.e., streets, roads, sewer, and water systems

INTEREST: Compensation paid or to be paid for the use of money. Interest is generally expressed as an annual percentage rate.

GLOSSARY OF BUDGET RELATED TERMS

INTEREST ONLY (I/O): The interest only portion of a stripped mortgage-backed security. For I/O securities, all of the interest distribution is due to the registered holder based on the current face of the underlying mortgage-backed security.

INTEREST RATE: The face coupon rate of a security.

INTERFUND PAYMENTS: Expenditures made to other funds for services rendered. This category includes interfund repairs and maintenance as well as professional services

INTERGOVERNMENTAL REVENUE: Interfund charges to pay for quasi-external transactions of the fund

INTERGOVERNMENTAL SERVICES: Inter-governmental purchases of those specialized services typically performed by local governments

INTERFUND TRANSACTIONS: Transactions between funds of the same government

INTERNAL CONTROLS: A system of controls established by the city designed to safe guard the assets of the city and provide reasonable assurances as to the accuracy of financial data

INTERNAL SERVICE FUNDS (500 series funds): A type of proprietary fund which accounts for the goods and services which are provided to other units of the city and payment by the benefiting unit is intended to fund the costs of providing such services

INVESTMENT: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals and base payments

ISSUE DATE: The date on which a security is issued or originated.

ISU: Impervious Surface Units

ISSUER: An entity, which issues and is obligated to pay amounts due on securities.

LATECOMER FEES: Fees paid by developers or future service users for their share of past improvements financed by others

LEASING: A financial technique whereby ownership of the project or equipment remains with the financing entity, and where title may or may not transfer to the city at the end of the lease

LEOFF (Law Enforcement Officers and Firefighters): A retirement system of the State, which provides for law enforcement and firefighter personnel of the city

LEVY: The total amount of taxes, special assessments, or service charges imposed by a government

LEVY LID: A statutory restriction on the annual increase in the amount of property tax a given public jurisdiction can assess on regular or excess levies

LEVY RATE: The property tax rate used in computing the property tax amount to be paid

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

LICENSES AND PERMITS: A revenue category of the city derived from business licenses, building and development permits

LID (Local Improvement District): A financial mechanism, which permits the building of public infrastructure improvements, which benefit a confined area and where the costs for those improvements are to be paid for by the benefiting area landowners

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LONG TERM DEBT: Debt with a maturity of more than one year after the date of issuance

LOS (Level of Service Request for Additional Funding): A request for additional funding to continue to provide the current level of service

GLOSSARY OF BUDGET RELATED TERMS

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase

MATURITIES: The dates on which the principal or stated value of investments or debt obligations mature and may be reclaimed

MATURITY DATE: The date on which the principal amount of the security is due and payable to the registered owner of the security.

MILL: The property tax rate, which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of property valuation

MITIGATION FEES: Contributions made by developers toward future improvements of city facilities resulting from the additional demand on the city's facilities generated from the development

MODIFIED ACCRUAL BASIS: The basis of accounting under which expenditures, other than accrued interest on general long-term debt, are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

MORTGAGE: A legal instrument that creates a lien upon real estate securing the payment of a specified debt, such as a mortgage note.

MORTGAGE-BACKED BOND: A mortgage-backed bond is a general obligation of the issuer, secured by mortgage collateral, where the issuer retains ownership of the mortgages. The bond is secured by the market value of the underlying mortgages. Since the value of the mortgages will decrease over time as a result of principal amortization and prepayments, the market value of the collateral must exceed the value of the bonds issued. Unlike pass-through securities, the cash flow in a mortgage-backed bond is not directly related to the cash flow of

the underlying mortgage collateral. Interest on the bond is paid semiannually at a predetermined rate and principal is paid at maturity.

MORTGAGE BANKER: An entity that originates mortgage loans, sells them to other investors and services the loans.

MORTGAGE PAY-THROUGH BONDS: These bonds combine features of pass-through securities and mortgage-backed bonds. A pay-through bond, like a mortgage-backed bond, is a debt obligation of the issuer, secured by mortgage collateral that is owned by the issuer. However, like a pass-through security, the cash flow on a pay-through bond is related to the cash flow in the mortgage collateral. Therefore, the cash flow generated by the mortgage collateral must be sufficient to cover principal and interest payments on the bonds. Prepayments on the mortgage collateral will be passed on the bondholders thereby causing fluctuations in the principal payment of the bonds.

MTC (Mobile Computer Terminal): Computers installed in police vehicles

MVET: Motor Vehicle Excise Tax imposed by the State of Washington

NET REVENUE: The revenue of the system less the cost of maintenance and operation of the system

NEW PROGRAM REQUESTS (NPR): A type of budgetary action, which consists of new initiatives or substantial change to existing programs

NOTES ON THE FINANCIAL STATEMENTS: The summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements of an entity in conformity with GAAP which are not included on the face of the basic financial statements themselves. The notes to the financial statements are an integral part of the basic financial statements.

NPDES: National Pollutant Discharge Elimination System

NPR: new program request

GLOSSARY OF BUDGET RELATED TERMS

ODD LOT: A quantity of securities, which is less than the accepted unit of trading.

OFFER: The price at which a seller will sell a security.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

OPERATING BUDGET: The annual appropriation to maintain the provision of City services to the public. This document contains the operating budget of the City.

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

OPERATING TRANSFER: Interfund transfers not classified as quasi-external, reimbursements, or residual equity transfers

OPERATIONAL AUDIT: Examinations intended to assess (1) the economy and efficiency of the audited entity's operations and (2) program effectiveness, the extent to which program objectives are being obtained

ORDINANCE: A formal legislative enactment by the governing board of a municipality

ORIGINAL FACE: The face value (original principal amount) of a security as of its issue date.

OSHA: Federal Occupational Safety & Health Act

OTHER SERVICES AND CHARGES: A basic classification for services, other than personnel services, which are needed by the city. This item includes professional services, communication, travel, advertising, rentals and leases, insurance, public utility services, repairs and maintenance, and miscellaneous

PAR: The face amount of a security

PARITY BOND: Any and all water and sewer revenue bonds of the city the payment of which, both principal and interest, constitutes a lien and charges upon the revenue of the system and upon assessments equal in rank with the lien and charge on such revenue of the system and assessments for payments required to pay and secure the payment of the bonds

PAYMENT DATE: Also known as the payable date. The date that actual principal and interest payments are made to the registered holder of a security. For GNMA Is, the payment date is the 15th day of the second month following the record date. For GNMA II's, the payment date is the 20th day of the month following the record date. For FHLMC PCs, the payment date is the 15th day of the second month following the record date. For FNMA MBSs, the payment date is the 25th day of the month following the record date.

P&I (PRINCIPAL AND INTEREST): In the case of mortgage-backed securities and other asset-backed securities, P&I includes regularly scheduled payments as well as prepayments, if any.

PERS (Public Employee Retirement System): The State prescribed system for public employment retirement applicable to city employees except where LEOFF is applicable

PERSONNEL BENEFITS: City provided employee benefits such as social security insurance, retirement, worker's compensation, life insurance, medical insurance, and dental insurance

PFO: Professional Finance Officer

POOL: A collection of mortgages assembled by an originator or master servicer as the basis for a security. Pools are identified by a number.

PORTFOLIO: Collection of securities held by an investor.

PRELIMINARY BUDGET: That budget which is proposed by the mayor to the council and has not yet been adopted by the council

PREPAYMENT: The unscheduled partial or complete payment of the principal amount outstanding on a debt obligation before it is due.

GLOSSARY OF BUDGET RELATED TERMS

PRICE: The dollar amount to be paid for a security expressed as a percentage of its current face value.

PRIMARY DEALER: A group of government securities dealers that daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

PRINCIPAL: The face amount of a bond, exclusive of accrued interest and payable at maturity.

PRINCIPAL ONLY (P/O): The principal only portion of a stripped mortgage-backed security. For P/O securities, all of the principal distribution is due to the registered holder based on the current face of the underlying mortgage-backed security.

PROGRAM: A group of activities related to a single policy concern, goal, or dimension, which overrides organizational lines

PROGRAM REVENUE: These are revenues, which are produced as a result of an activity of a program and are subject to quantity of services provided to the public or governmental unit (i.e. permits, charges for fire services, recreation activities), or revenues dedicated to a specific use (i.e. grants, taxes, or debt funds)

PROPRIETARY FUNDS (400 & 500 series funds): A group of funds, which account for activities of the city which, are of a proprietary or "business" character. See Enterprise Fund.

PRUDENT PERSON RULE: An investment standard. In some states the law required that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state-the so-called legal list. In other states the trustee may invest in a security if it is one, which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PSRC (Puget Sound Regional Council): A council of local governments located in the Puget Sound Region that meets monthly to address issues in common.

PUT OPTION: The right to sell a security at a predetermined price on or before a specified future date.

PUBLIC FACILITIES: The capital owned or operated by the city or other government entities

PUBLIC SAFETY: A term used to define the combined budget of the Police and Fire Departments

(PWTF) PUBLIC WORKS TRUST FUND: A low interest revolving loan fund, which helps local governments finance critical public works needs

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

RATINGS: Designations used by investor's services to give relative indications of credit quality.

RCW: Revised Code of Washington

RECLASSIFICATION & COST ALLOCATIONS: Expenditures such as depreciation, amortization, bad debt expense, inventory write-off, and operating transfers

RECORD DATE: The date for determining who is entitled to payment of principal and interest (and prepayment) on a security. The record date for most mortgage-backed securities is the last calendar day of the month (however, the last day on which they can be presented for transfer is the last business day of the month.) The record date for CMOs and ABSs varies with each issue.

REET (Real Estate Excise Tax): A tax upon the sale of real property from one person or company to another

GLOSSARY OF BUDGET RELATED TERMS

REFUNDING BONDS: Bonds issued to retire bonds already outstanding

REGISTERED HOLDER: The name in which a security is registered as stated on the certificate itself or on the books of the paying agent. All principal and interest payments are made of the registered holder regardless of beneficial ownership on the record date.

REGULAR LEVY: The portion of the property tax, which supports the general funds

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed rate. The security buyer in effect lends the seller money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

RESERVE: An account used to segregate a portion of the fund balance to indicate that it is not available for expenditure; an account used to segregate a portion of fund equity as legally set aside for a specific future use

RESOLUTION: A special or temporary order of a legislative body. Less legal formality than an ordinance or statute

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

RETAINED EARNINGS: An equity account reflecting the accumulated earnings of an enterprise or internal service fund

REVENUES: (1) Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers

REVENUE BONDS: Bonds sold by the city which are secured only by the revenues of a particular system, usually the Water/Sewer Fund

REVENUE ESTIMATE: A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified later date.

SAFEKEEPING: The storage and protection of customers' securities (i.e., held in the vault) provided as a service by a bank or institution acting as agent for the customer.

SALARIES AND WAGES: Amounts paid for personnel services rendered by employees in accordance with rates, hours, terms, and conditions authorized by law or stated in employment contracts

SEC RULE 15C3-1: See uniform net capital rule.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEPA: State Environmental Protection Act

SERVICING FEE: The amount withheld from the monthly interest payments made by a mortgagor and retained by the mortgage servicer.

SERVICING: The duties of the servicer for which a fee is received. Servicing consists of collecting and pooling principal, interest and escrow payments as well as certain operational procedures covering accounting, bookkeeping, insurance, tax records, loan payment follow-up, delinquency loan follow-up, and loan analysis.

SETTLEMENT DATE: The date agreed upon by the parties to a transaction for the payment of funds and the delivery of securities.

GLOSSARY OF BUDGET RELATED TERMS

SIC (Standard Industrial Code): Code used for segregating various types of business when reporting excise tax information.

SINGLE AUDIT: An audit performed in accordance with the Single Audit Act of 1984 and Office of Management and Budget (OMB). It allows or requires governments, depending on the amount of federal assistance received, to have one audit performed to meet the needs of all federal grantor agencies

SOC's: Synthetic Organic Chemicals

SPECIAL ASSESSMENTS: An assessment similar to a tax, but legally distinct and is separately billed, applied to property participating in an LID to retire the LID debt

SPECIAL LEVY: Separate property tax levies authorized by the voters for specific purposes

SPECIAL REVENUE FUNDS (100 series funds): General government funds where the source of monies is dedicated to a specific purpose

SR: State Route

SUPPLIES: A basic classification of expenditure for articles and commodities purchased for consumption or resale. Examples include office and operating supplies.

SURETY BOND: Any letter of credit, insurance policy, surety bond, or other equivalent credit facility or any combination thereof, issued to the city to satisfy all or part of the amount required to be maintained in the reserve account to make such payments of principal and interest as the same become due at maturity or any mandatory redemption date

TAIL: The portion of a GNMA pool that is not divisible by \$5,000. For physical GNMA's the tail must remain intact. For example, on a GNMA with an original face of \$6,038,921.65 the tail equals \$3,921.65. For book-entry FNMA and FHLMC securities, tails may be split into multiples of one dollar (\$1).

TAX: Charge levied by a government to finance services performed for the common benefit

TAX BASE: The wealth of the community available to be taxed by various forms of city taxes. Commonly thought of as the assessed value of the community

TAX LEVY ORDINANCE: An ordinance through which taxes are levied

TAX RATE LIMIT: The maximum legal rate at which a municipality may levy a tax. The limit may apply to taxes raised for a particular purpose or for general purposes

TIP (Transportation Improvement Plan): A six-year plan prioritizing transportation projects

TRANSFER AGENT: A transfer agent is appointed to maintain records of securities owners, to cancel and issue certificates and to address issues arising from lost, destroyed or stolen certificates.

TREASURY NOTES: Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

TRUST and AGENCY FUNDS (series 600 funds): A type of fiduciary funds, which accounts for funds held by the city as a trustee

VOC: Volatile organic contaminants

UGA: Urban Growth Area

ULID (UTILITY LOCAL IMPROVEMENT DISTRICTS): Created only for improvement to sewer, water, and other utilities and differs from a LID in that all assessment revenues must be pledged for payment of debt service of bonds issued to finance the improvements

WAC: Washington Administrative Code

WEIGHTED AVERAGE COUPON (WAC): An arithmetic mean of the coupon rate of the underlying mortgages that collateralize a security.

WESTLAW: A legal research on-line service

WESTNET: West Sound Narcotic Enforcement Team

GLOSSARY OF BUDGET RELATED TERMS

WFOA: Washington Financial Officer's Association

WHOLE LOAN: An unsecuritized residential or commercial mortgage.

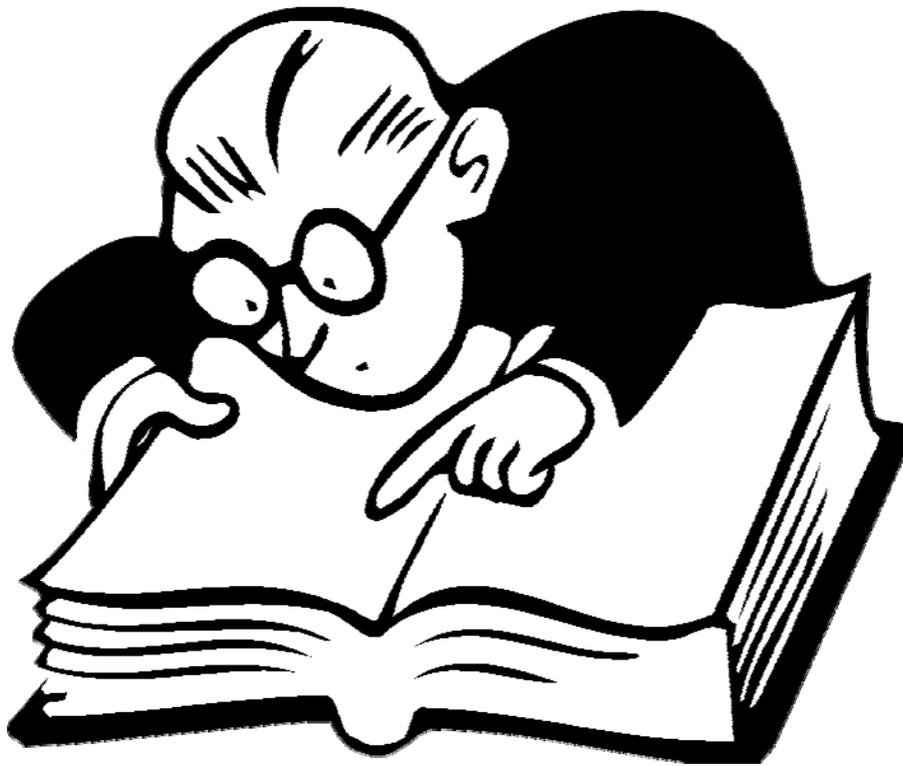
WIRS (Washington Incident Reporting System): A data system that records medic and fire incidents throughout the State for the purpose of providing compiled data

WISHA: Washington Industrial Safety and Health Act

WORKING CAPITAL: The year-end balance of current assets less current liabilities

YEILD: The annual percentage returns, as computed in accordance with standard industry practices that is earned on a security.

Z-BOND: See Accrual Bond







The 2014 budget process was a cooperative effort involving all City Departments and the budget staff. Even though the budget is heard by the Mayor and Council in November and December, its preparation begins several months prior,

with projections of City funding sources and expenditures. It continues through numerous phases and refinement until publication of the preliminary budget document at the end of October. We recognize that budgeting is an ongoing process of planning, monitoring, problem solving, and customer service throughout the year. Each year, every effort is made to improve both the budget process and the usefulness of this document.

City of Poulsbo
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Mayor Becky Erickson 779-3901

Council Members

Position #1	Linda Berry-Maraist	697-3963
Position #2	Connie Lord	779-6142
Position #3	Gary Nystul	697-2453
Position #4	Jeff McGinty	779-9538
Position #5	Ed Stern	779-6678
Position #6	David Musgrove	908-6888
Position #7	Jim Henry	981-3258

Department Heads

Finance	Debbie Booher, Finance Director	394-9881
Clerk	Kylie Purves, City Clerk	394-9880
Police	Alan Townsend, Chief	779-3113
Planning	Barry Berezowsky, Director	394-9882
Parks & Recreation	Mary McCluskey, Director	779-9898
Public Works	Dan Wilson, Superintendent	394-9757
Engineering/Building	Andzej Kasiniak, City Engineer	779-4078
Personnel	Deanna Kingery, Human Resources Mgr.	394-9888
Information Services	Tim Treacher, Information Svcs Mgr	394-9707
Municipal Court	Jeff Tolman, Municipal Court Judge	779-9846

Finance Department Staff

Admin Assistant	Dawn Hamrick, Admin Assistant	394-9722
LID Information	Jana McQuade, Accounting Manager	394-9721
Project/Grant Acct	Sonya Roberts, Acct Technician	394-9723
Accounts Receivable	Sandi Nannery, Acct Technician	394-9724
Accounts Payable/ Payroll	Kelly Ziemann, Acct Technician	394-9725
Cashiering	Trina Lee, Acct Clerk	394-9726

Contracts

Auditors	State Auditors Office	(360) 876-7069
City Attorney	Ogden, Murphy & Wallace	(206) 447-4700
Bond Counsel	Foster Pepper, PLLC	(206) 447-4400
Insurance	Washington Cities Insurance Authority	(206) 575-6046