



2011
"Budget-In-Brief"

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.

The City's Goals

#1 - Growth

Manage growth and change consistent with the Poulsbo Comprehensive Plan and adopted Smart Growth goals, the Kitsap Regional Coordinating Council and the State Growth Management Act

#2 - Economic Development

Encourage a variety of job and housing opportunities through economic development including telecommunications

#3 - Public Safety

Ensure the protection of persons and property

#4 - 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

#5 - Parks & Recreation

Address an enriched quality of life through support of parks, recreation, open space, cultural and natural resources

#6 - Public Works

Provide and maintain basic services of water, wastewater, solid waste, surface water and streets

#7 - Customer Service

Continuously provide courteous, professional and responsive customer service

#8 - Enhanced Communication and Participation

Promote understanding of city government through education and public participation

#9 - Environment

Enhance the community's quality of life through responsible development of land and stewardship of the natural environment

Note: Numbering of goals is for referencing purposes only

ABOUT POULSBO

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. 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.

Poulsbo operates under a Mayor-Council form of government. The Mayor, elected by the people to a four-year term, is the executive officer of the city, coordinating the day-to-day activities. The council is the policy-making branch and consists of seven members elected at large to staggered four-year terms.

The city government provides a full range of municipal services through its 18 operating departments. The city boasts 15 parks, including four waterfront parks, as well as a community recreation department that provides educational, recreational, and physical fitness services. The broad range of recreational facilities provides year-round services for citizens of all ages.

Poulsbo at a Glance

Post Office Chartered	1886
Incorporated	1908
Population	8,920
Elevation	0-400 feet
Land Area	2949 acres
Average Temperature (min/max)	44°/61°F
Average Annual Precipitation	36"
Miles of City Streets	48
Acres of Parks	66.5
Assessed Value	\$1,280,709,298
City Retail Sales Tax	8.6%
Fire District Rating Class	4
Full Time Equivalent (FTE) Employees.....	80.69

THE BUDGET PROCESS

Budget development is a year long process. The City is constantly looking for ways to streamline operations, to be more efficient, and make adjustments to improve service delivery. Many of Council's actions throughout the year have budgetary implications for the coming year. In addition, citizen input and ideas received during the year are reflected in the budget proposals prepared by the City staff. Some of the significant events that contribute to the annual budget preparation are:

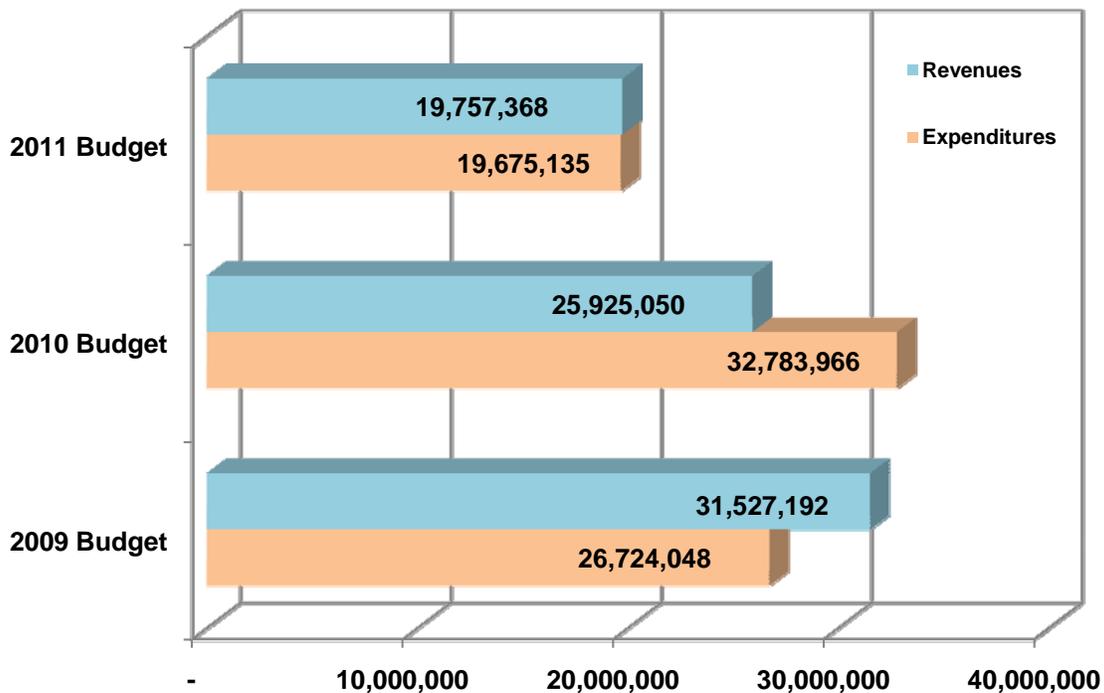
- Jan*** *City Council holds retreat to discuss goals and priorities for upcoming year*
- May*** *Capital Improvement Team meets to begin CIP process*
- July*** *Budget kickoff. Council provides direction to staff for preparation of next year's budget. Electronic budget information is available to Department Heads, Mayor, and Council.*
- July-Aug*** *Each City department prepares a "basic budget" for all existing services. Additional Funding and New Programs requests are submitted separately. Departments review budgets with their Council Committees.*
- Sept*** *Budget staff prepares the Preliminary Budget for review by the Mayor.*
- Oct*** *Proposed Preliminary Budget presented to Council. Budget staff reviews current revenue sources with Council. A public hearing on revenue sources is held. The property tax rate is set.*
- Nov***
 - The Preliminary Budget is presented to Council and made available to the public.*
 - The City Council holds a series of budget work sessions to review the preliminary budget. Each department presents their proposed budget. The capital improvement plan is also presented.*
 - A public hearing is held to gather citizen input on the Preliminary Budget and any modifications that were made by the Council during their review.*
- Dec*** *The City Council completes their review of the budget and approves an ordinance adopting the budget for the coming year.*
- Jan-Mar*** *The City publishes the final budget document during the first quarter of the budget year.*
- Jan-Dec*** *The adopted budget is monitored and amended, if necessary, throughout the budget year.*

ABOUT POULSBO'S BUDGET

The City of Poulsbo's budget is made up of 24 funds. Each fund is balanced so revenues equal expenditures. In 2011 the large decrease to the fund balance is primarily due to projects using reserves as a funding source.

	2009 Actual	2010 Budget*	2011 Budget*
Governmental Revenues	\$ 24,306,949	\$ 18,682,804	\$ 12,648,050
Proprietary Revenues	7,220,243	7,241,246	7,109,318
Total Revenue/ Sources	31,527,192	25,924,050	19,757,368
Governmental Expenditures	20,766,908	26,230,722	13,061,585
Proprietary Expenses	5,957,140	6,553,244	6,613,551
Expenditures/ Uses	26,724,048	32,783,966	19,675,135
Net Increase (Decrease)	4,803,144	(6,859,916)	82,233

Total All Funds



POULSBO'S 2011 GENERAL FUND RESOURCES

At A Glance

Total Resources - \$10,217,459

One of the largest operating funds is the General Fund, which includes police, financial, planning, engineering services and parks and recreation. Most of the tax revenue collected by the City goes into the General Fund. This makes the General Fund the primary focus for the City Council during the budget review process. The charts on the following pages provide an overview of the revenue and expenditures included in the City's General Fund.

"Where does the City's money come from?"

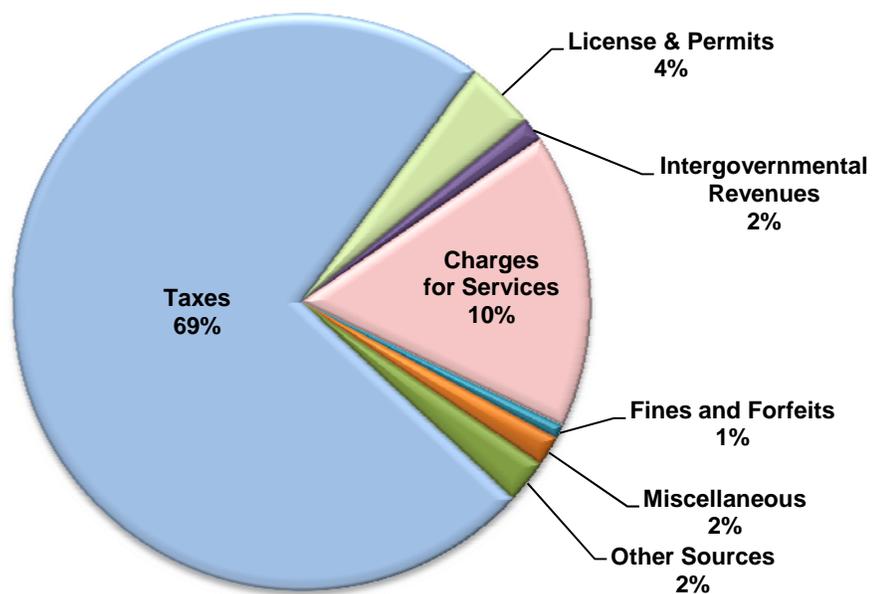
Revenues in the General Fund are typically general purpose and, with a few exceptions, available for any public purpose. Taxes represent the largest source of revenue, with sales tax being the City's largest revenue source.

Resources in the General Fund come from eight areas:

- ***Beginning Balance***
- ***Taxes*** - property, sales, and utility
- ***Licenses & Permits*** - building and business
- ***Intergovernmental*** - liquor profits tax, grants, and reimbursement for school officer
- ***Charges for Goods & Services*** - charges for services provided
- ***Fines & Forfeitures*** - fines from law enforcement related activities
- ***Miscellaneous Revenue*** - interest income, copy charges, etc
- ***Operating Transfers*** - transfers from other funds for General Fund expenditures

2011 General Fund Revenues

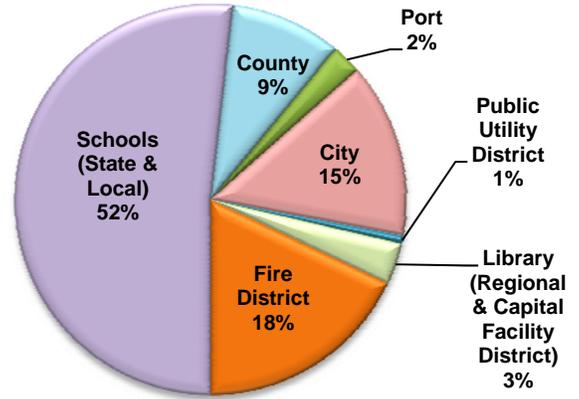
\$8,764,154



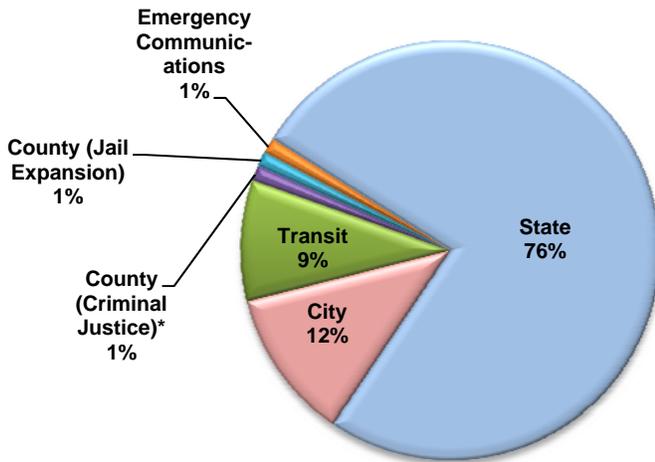
PROPERTY TAX

For 2011, the estimated assessed value of properties located within the City is \$1.28 billion. This includes approximately \$14.2 million in new construction. This assessed value is expected to generate approximately \$2,067,897 in property tax revenue for the City. The City was able to levy 1% over its highest allowable levy. Although property taxes represent a large portion of funding for City services, the portion of each property owner's total bill that goes to the City is relatively small. In 2011, the total property tax rate for Poulsbo properties is \$11.15 per \$1,000 of assessed valuation. Of that total, 15%, or 1.61 per \$1,000, of assessed valuation, will go to the City. The graph to the left outlines how the total property tax paid by a City property owner in 2011 will be distributed amongst taxing jurisdictions.

Poulsbo Property Tax Owners 2011 Property Tax Distribution



2011 Sales Tax Distribution



SALES TAX

The sales tax rate paid on transactions within the City limits of Poulsbo is 8.6%. Similar to property taxes, however, the majority of this tax does not go to the City. The chart to the right indicates how the total 8.6% sales tax is distributed.

GENERAL FUND SALES & PROPERTY TAX REVENUE

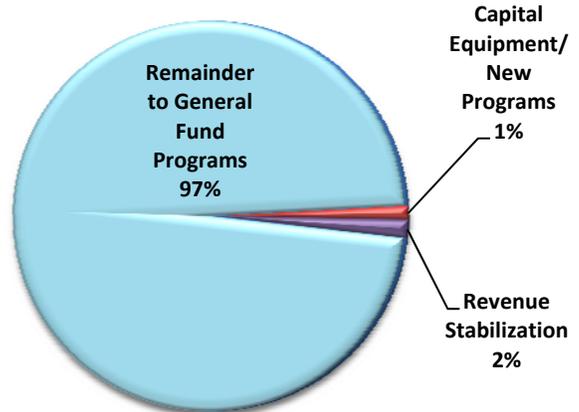
At a Glance

“How does the City spend the Sales Tax and Property Tax it receives?”

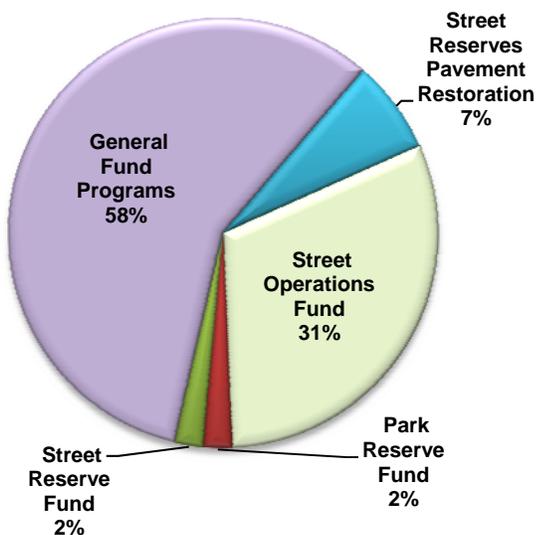
SALES TAX

The State of Washington collects the 8.6% sales tax paid to vendors doing business within Poulsbo city limits and distributes the City's portion (1%) back to the City on a monthly basis. The sales tax is recorded in the City's General Fund. A separate fund is used for replacement and purchase of new capital equipment with a value of \$5,000 or greater. In 2011 the City Council decreased planned expenditures in this fund and decreased the transfer. In 2011 the City Council will use 1.5% of sales tax to build the reserves in the General Fund Reserves. The City Council has a stringent practice of monitoring revenues and expenditures. They will be evaluating budget to actuals consistently under this policy to proactively react to any non-anticipated changes in the City's revenue and expenditures. The policy of the City Council is to not project revenue's higher than actual dollars received the prior year. Due to the slowed recovery of the economy sales tax projections will remain unchanged from the 2010 projections.

**How is Poulsbo's Sales Tax Spent?
\$2.8 Million**



**How is Poulsbo's Property Tax Spent?
\$2,042,887**



PROPERTY TAX

The Kitsap County Treasurer collects the property tax levied by the City of Poulsbo and remits it to the City on a monthly basis. The property tax is recorded in the City's General Fund. City Council's practice is to allocate amounts of property tax as below:

- 31% to the Street Fund to support operations and maintenance of the City's streets
- 4.3% to Park Reserves for capital projects
- 4.3% to Street Reserves for capital projects
- 14% to Street Reserves to fund capital pavement restoration projects.

In 2011 the transfers, with the exception of the transfer for street operations, have been reduced by 50% to leave operational dollars in the General Fund.

GENERAL FUND USES

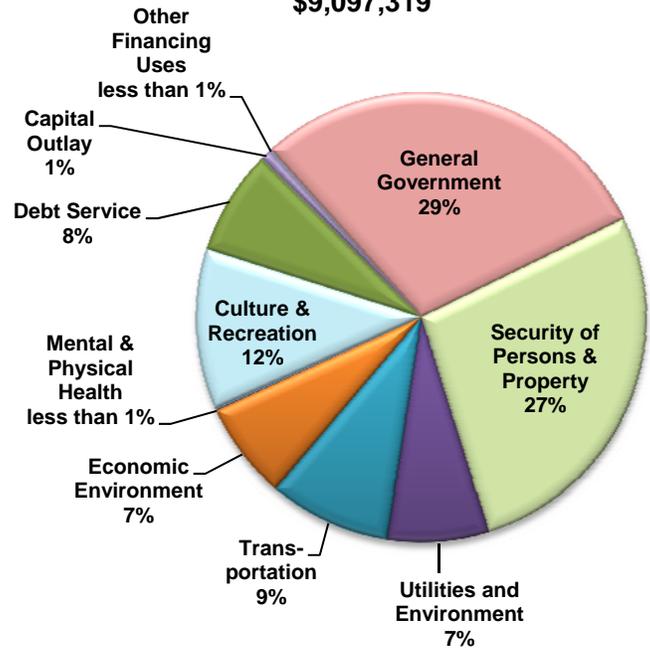
At a Glance

“Where does the City’s money go?”

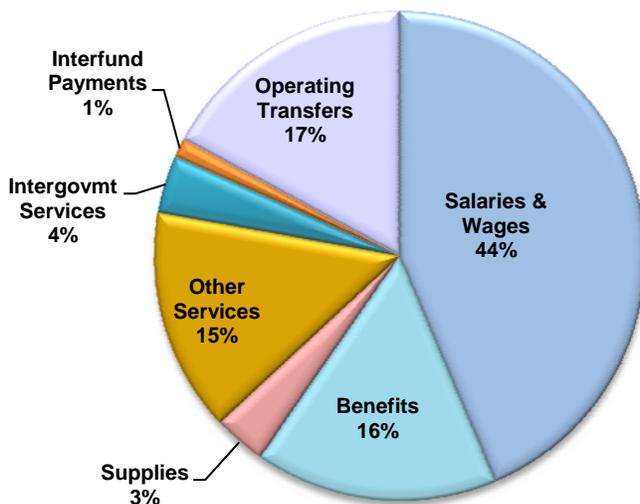
EXPENDITURES BY PROGRAM

The General Fund accounts for most of the City’s general operating expenditures (about 37% of the total operating budget). The services are broken down in ten categories, which include services provided by the following Departments: Council, Finance, Human Resources, Information Services, Municipal Court, Planning, City Clerk, Police, Fire Inspection, Engineering, Parks, Cemetery, and Planning.

**General Fund Expenditures
(by type of government being supported)
\$9,097,319**



**General Fund Expenditures
(by type)
\$9,097,319**



EXPENDITURES BY TYPE

The “Salaries & Wages” and “Benefits” categories combined make up the largest expense category. 37% of these expenditures can be directly related to Police Service. ”Operating Transfers” are transfers made to other funds for Capital Outlay, Debt Service, and other amounts to reserve for future use. “Other Services” is composed of contracted services, travel, rentals and leases, insurance, utilities, and repair and maintenance.

BUDGET CHANGE HIGHLIGHTS

- A Voluntary Separation in Lieu of Layoff Program was offered to employees. This allowed employees who were anticipating life and career changes the opportunity to leave with monetary incentives for making the choice sooner rather than later. The program was very successful, receiving thirteen applications and accepting nine. With this program the City reduced their workforce about 10% and provided a stronger position when developing the 2011 budget.
- Departments were directed to submit budgets maintaining the same base budget as 2010, with the exception of wages and benefits. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- Transfer to support capital equipment, street and park projects was reduced for 2011. The projects and equipment were either delayed or used reserves for funding. This allowed funds to remain in the General Fund to support ongoing operations.
- The presentation and number of funds has changed from previous years. Due to new reporting requirements issued by Governmental Accounting Standards Board (GASB) some Special Revenue funds were eliminated and now accounted for in the General Fund. Fund balance presentation was expended to provide more detail as required by legal and council requirements. The City also utilized the opportunity to reduce funds with minimal balances and the intent of the fund had been met in the past.

CAPITAL PROJECT HIGHLIGHTS

The following general, transportation, park and enterprise projects are included in the 2011 budget.

- Public Works Complex Relocation and Solid Waste Transfer Station: A large parcel of land was purchased on the west end of Poulsbo for the future site of a new Public Works facility. Planning and design is being incorporated with the immediate plans to locate a Solid Waste transfer station.
- Poulsbo Fish Park Restoration: This project will continue in 2011 including infrastructures, plantings, and trail development.
- American Legion Park Paths: Roots have grown under the paths in the park creating an uneven surface which could be a safety hazard. It is anticipated to start the improvements in 2011.
- Liberty Bay Waterfront Trail: A trail designed to link City parks and boardwalk around Liberty Bay. This will provide pedestrian waterfront access around Liberty Bay.
- Noll Road: The project is anticipated to be constructed in three phases over several years. The project will address safety concerns for local school traffic and a growing traffic overflow from the State Highway 305. Improvements will include pedestrian, non-motorized and vehicle traffic improvements including a roundabout at the Lincoln intersection. Grants have been secured for the construction of the road.
- 3rd Avenue Construction: Improvements for both vehicle and pedestrian safety will be made to 3rd Avenue.
- 6th Avenue Traffic Improvements: In 2011 the project will be completed in two phases. Phase I will update the 5-way intersection and Phase II will construct traffic calming devices along 6th Avenue.
- Emergency Fjord Drive Bank Repair: A recent landslide caused a portion of the road to be unstable and resulted in partial closure. The project will be combined with necessary utility improvements and stabilizing the bank to open the entire road again for two way access.
- Pump Station Upgrades: Improvements to the 6th & 9th Avenue pump station is planned for 2011.

Poulsbo City Government
 200 NE Moe Street, Poulsbo, WA 98370-7347
 City Hall Office: 360-779-3901
 www.cityofpoulsbo.com

Mayor Rebecca Erickson

Council Members

Jeff Bauman286-5513	Jeff McGinty779-9538
Linda Berry-Maraist...697-3963	David Musgrove.....908-6888
Jim Henry981-3252	Ed Stern.....779-6678
Connie Lord779-6142	

City Departments

Mayor’s Office	779-3901
City Clerk’s Department	394-9880
Jill Boltz, City Clerk	
Engineering Department	779-4078
Andrzej Kasiniak, Assistant Public Works Director	
Finance Department	394-9881
Deborah Booher, Finance Director	
Parks & Recreation	779-9898
Mary McCluskey, P&R Director	
Planning/Building Department	394-9882
Barry Berezowsky, Planning Director	
Police Department	779-3113
Dennis Swiney, Chief of Police	
Public Works Department	779-4078
Barry Loveless, Public Works Director	

Telephone Directory (360 Area Code)

Administration/Finance

Citizen Information 779-3901
 Business License 394-9880
 Accounts Receivable (billing) . 394-97274
 Accounts Payable 394-9725
 Budget Information 394-9722
 Payroll 394-9728
 Information Services 394-9707
 Utility Billing/New Accts..... 394-9724

Engineering/Building..... 779-4078

 Building Inspections
 Building Permits

Kitsap County Fire District #18

Fire Emergency Only 9-1-1
 Medical Emergency..... 9-1-1
 Business Call 779-3997

Library..... 779-2915

Municipal Court..... 779-9846

Parks & Recreation..... 779-9898

 Programs & Class Information
 Park Reservations

Planning Department..... 394-9882

Police Department

 Emergency Only 9-1-1
 Business Call..... 779-3113

Public Works Department 779-4078

 Curbside Recycling
 Garbage
 Park Maintenance
 Sewer
 Storm Drain
 Streets
 Water

City/County Recycle Center..... 779-1044