

***City of Poulsbo
2012
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 19 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	9245
Elevation	0-400 feet
Land Area	2954 acres
Average Temperature (min/max)	44°/61°F
Average Annual Precipitation	36"
Miles of City Streets	45
Acres of Parks	66.5
Assessed Value	\$1,244,257,146
City Retail Sales Tax	8.6%
Fire District Rating Class	4
Full Time Equivalent (FTE) Employees.....	80.19

THE BUDGET PROCESS

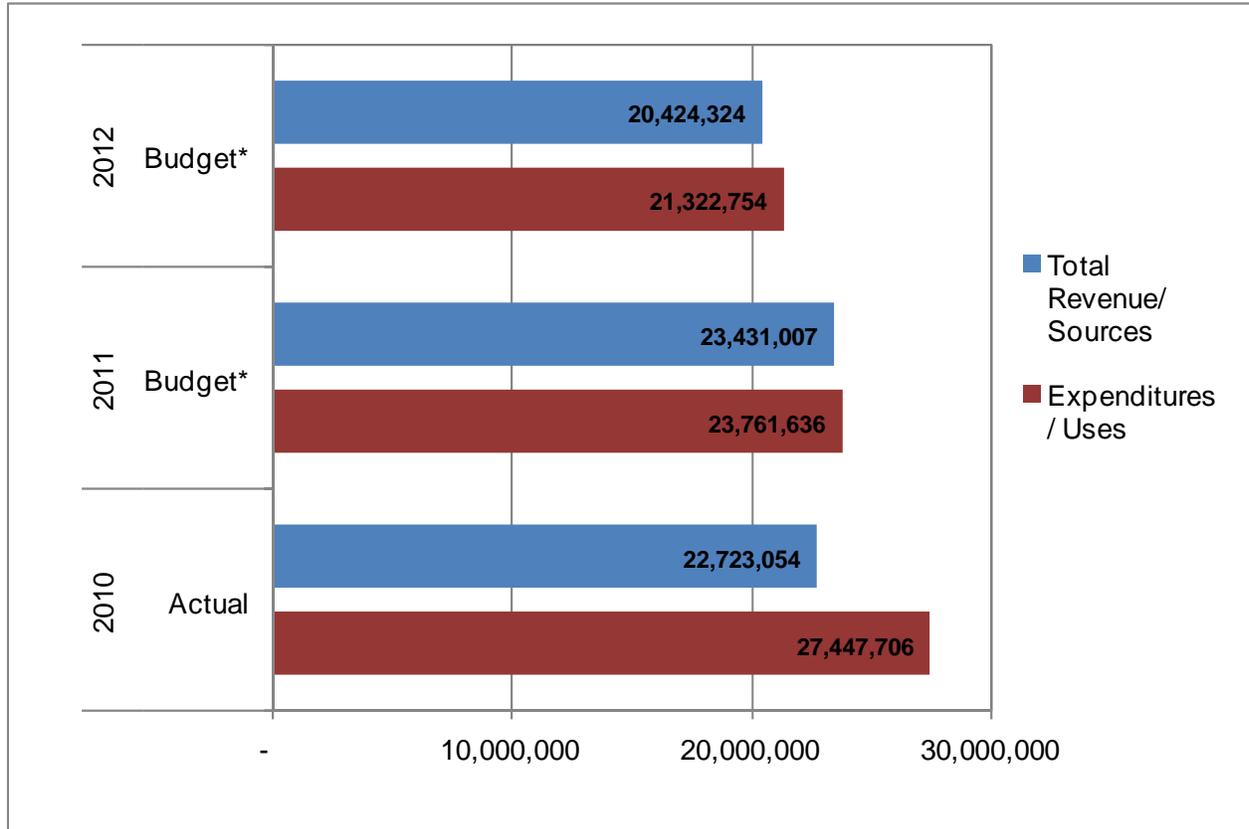
Budget development is a yearlong process. The City is constantly looking for ways to streamline operations, to be more efficient, and make adjustments to improve service delivery. Many of Council's actions throughout the year have budgetary implications for the coming year. In addition, citizen input 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 the 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 and 2012, decreases in fund balance is primarily due to projects using reserves as a funding source.

	2010 Actual	2011 Budget*	2012 Budget*
Governmental Revenues	\$ 15,428,615	\$ 16,001,439	\$ 13,204,525
Proprietary Revenues	7,294,439	7,429,568	7,219,799
Total Revenue/ Sources	22,723,054	23,431,007	20,424,324
Governmental Expenditures	21,398,568	16,878,908	14,443,555
Proprietary Expenses	6,049,138	6,882,728	6,879,199
Expenditures/ Uses	27,447,706	23,761,636	21,322,754
Net Increase (Decrease)	(4,724,652)	(330,629)	(898,430)
Fund Balance/Equity - Beginning	59,705,467	55,182,695	55,066,656
Increase in Contributed Capital	221,116	100,000	110,000
Prior Period Adjustments	8,398	-	-
Fund Balance/Equity - Ending	\$ 55,210,329	\$ 54,952,066	\$ 54,278,226



POULSBO'S 2012 GENERAL FUND RESOURCES
At A Glance
Total Resources - \$10,535,870

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?”

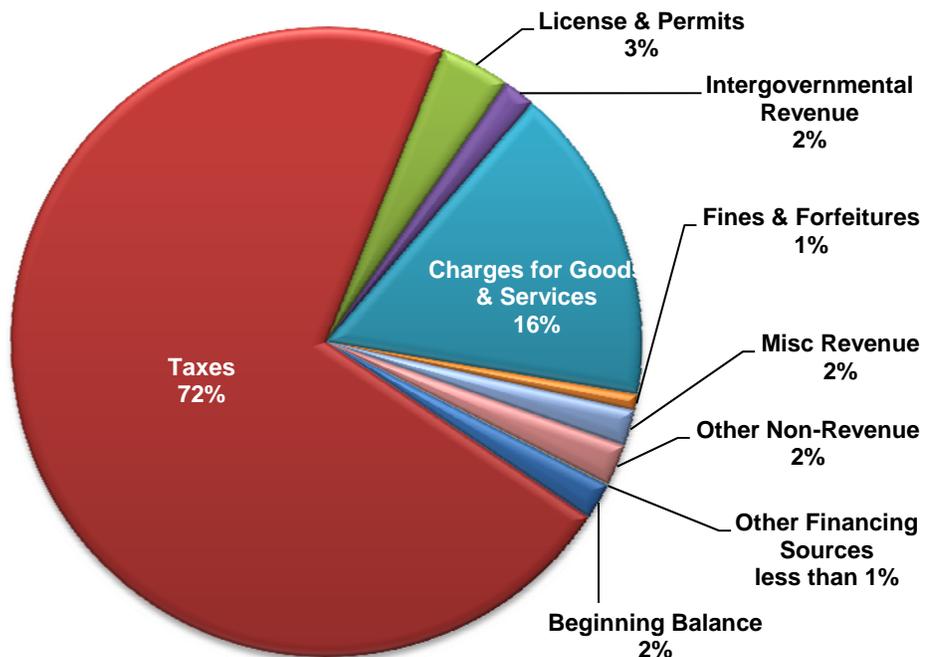
Revenues in the General Fund are typically general purpose and, with a few exceptions, available for any public purpose. Taxes represent the largest source of revenue, with sales tax being the City’s largest revenue source.

Resources in the General Fund come from eight areas:

- ***Beginning Balance - Undesignated***
- ***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

2012 General Fund Resources

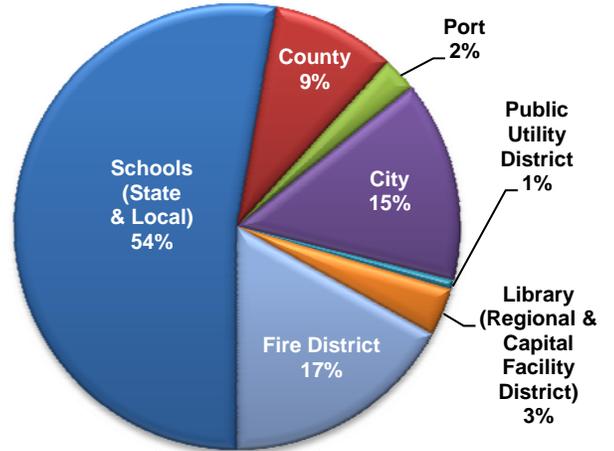
Less Designated Fund Balance
\$9,141,314



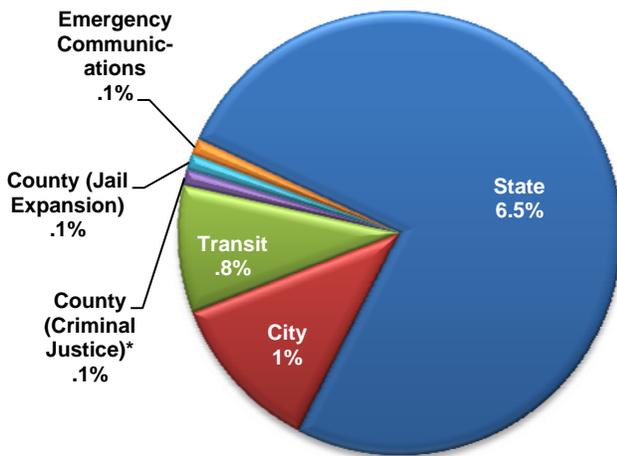
PROPERTY TAX

For 2012, the estimated assessed value of properties located within the City is \$1.24 billion. This includes approximately \$25.4 million in new construction. This assessed value is expected to generate approximately \$2,070,788 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 2012, the total property tax rate for Poulsbo properties is \$11.85 per \$1,000 of assessed valuation. Of that total, 15%, or 1.72 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 2012 will be distributed amongst taxing jurisdictions.

**Poulsbo Property Tax Owners
2012 Property Tax Distribution**



2012 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

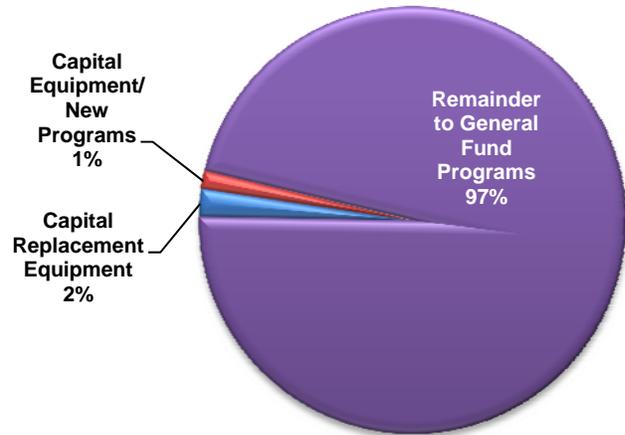
At a Glance

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

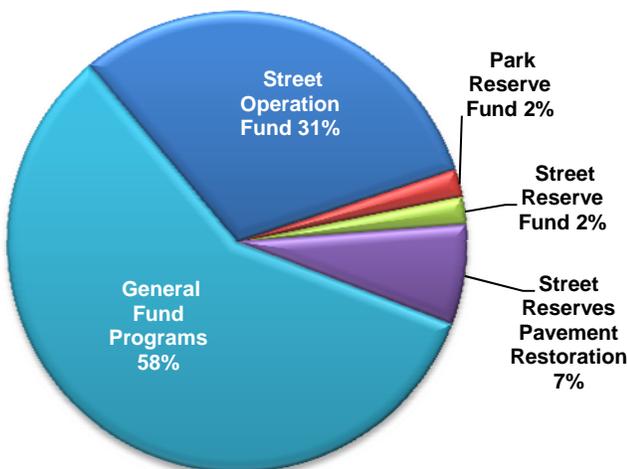
SALES TAX

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 2012, the City Council decreased planned expenditures in this fund and decreased the transfer. 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 2011 projections.

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



**How is Poulsbo's Property Tax Spent?
\$2,070,788**



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:

- 1% to the Street Fund to support operations and maintenance of the City’s streets
- 4.3% to Park Reserves for capital projects was reduced for 2012 to 1.94%.
- 4.3% to Street Reserves for capital projects was reduced for 2012 to 1.94%.
- 14% to Street Reserves to fund capital pavement restoration projects was reduced for 2012 to 7%.

The reduction to transfers will leave more dollars available in the General Fund for operations.

GENERAL FUND USES

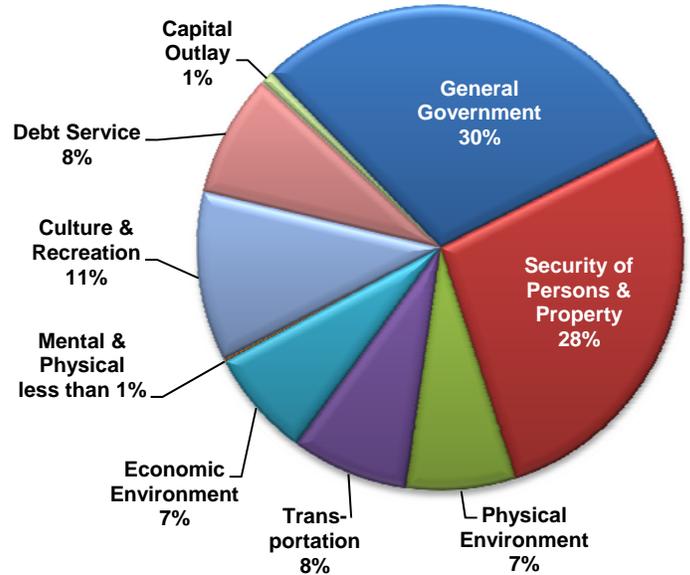
At a Glance

“Where does the City’s money go?”

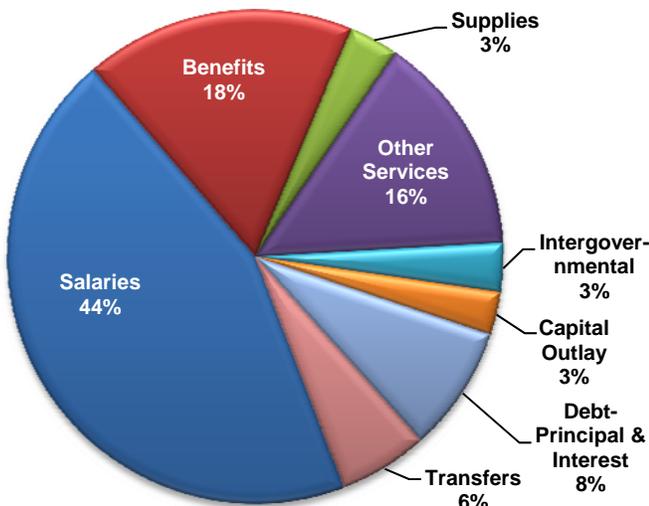
EXPENDITURES BY PROGRAM

The General Fund accounts for most of the City’s general operating expenditures (about 43% 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)
\$9,358,995



General Fund Expenditures
(by type)
\$9,358,995



EXPENDITURES BY TYPE

“Salaries” and “Benefits” categories combined make up the largest expense. This is to be expected from a government agency, since their primary function is public service. Of these expenditures, 20% 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, insurance, utilities, and repair and maintenance.

BUDGET CHANGE HIGHLIGHTS

- Departments were directed to submit budgets maintaining the same base budget as 2011, with the exception of wages and benefits, but then later were variously reduced from 5% to 10%. Requests for additional funds were submitted with either a Baseline Adjustment Request or New Program Request.
- Transfers to support capital equipment, street and park projects will be reduced for 2012. 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.
- Staying within a conservative Council Policy, revenues were estimated fairly flat, not recognizing any anticipated growth, but consistent with what was received the prior year.

CAPITAL PROJECT HIGHLIGHTS

The following general, transportation, park and enterprise projects are included in the 2012 budget.

- Poulsbo Fish Park Restoration: Additional land was donated and another parcel purchased with grant funds have increased the size and accessibility of Fish Park. Continued improvements to these parcels will begin in 2012. The improvement will stay within the master plan providing walking trails and wildlife viewing areas in a natural setting.
- Liberty Bay Waterfront Trail: A trail designed to link City parks and a boardwalk around Liberty Bay. This will provide pedestrian waterfront access around Liberty Bay.
- Noll Road: The project will address safety concerns for local school traffic and a growing traffic overflow from State Highway 305. Improvements will include pedestrian, non-motorized and vehicle traffic improvements. Phase 1 included construction of pedestrian and bicycle improvements between Poulsbo Middle School and Poulsbo Elementary School. This was completed in 2011. Phase 2 is set to be constructed in 2012. This includes a roundabout at the intersections of Noll and Lincoln. The project is funded with a combination of grants and City reserves.
- Lindvig Bridge Beautification: Permanent decorative statues representing Poulsbo's heritage and decorative lights will be installed in 2012 creating a welcoming gateway into Poulsbo.
- 6th Avenue Traffic Improvements: Design was completed in 2011. The construction of updating the 5-way intersection and installing traffic calming devices along 6th Avenue will be completed in 2012.
- Anderson Parkway LID Retrofit: This project will make improvements to the largest impervious parking area in Historic Downtown Poulsbo. The pavement will be repaired, new rain gardens installed and pedestrian walkways with pervious pavement will be installed. These changes should help reduce storm water infiltration into Liberty Bay.

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

Linda Berry-Maraist...697-3963	Gary Nystul.....697-2453
Jim Henry981-3252	David Musgrove.....908-6888
Connie Lord779-6142	Ed Stern.....779-6678
Jeff McGinty779-9538	

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) ...	394-9724
Accounts Payable	394-9725
Budget Information	394-9722
Payroll	394-9725
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
- Business Call.....

Public Works Department

- Curbside Recycling
- Garbage
- Park Maintenance
- Sewer
- Storm Drain
- Streets
- Water

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