



City of Poulsbo, Washington

Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2021



CITY OF POULSBO

WASHINGTON

ANNUAL COMPREHENSIVE FINANCIAL

REPORT

For the fiscal year ended

December 31, 2021

Finance Director
Deborah Booher

PREPARED BY

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CITY OF POULSBO
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021

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City of Poulsbo



June 30, 2022

Mayor Erickson,
The Poulsbo City Council, and
Citizens of the City of Poulsbo, Washington:

I am pleased to provide the Annual Comprehensive Financial Report (ACFR) of the City of Poulsbo for the fiscal year ended December 31, 2021. This report is published yearly as the official annual financial report and complies with state law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the State Auditor's Office in a timely fashion.

As management for the City, we are responsible for both the accuracy of the data and the comprehensiveness and fairness of the presentation, including all related disclosures. The City operates under a system of accounting internal controls that are concerned with the safeguarding of assets and the reliability of financial records. The definition of accounting control assumes reasonable, but not absolute, assurance the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes the cost of internal control should not exceed the benefits expected to be derived.

Cities and counties of the State of Washington use the Budgeting, Accounting and Reporting System (BARS) developed and prescribed by the Office of the State Auditor. State law provides for an annual independent audit to be conducted by the Office of the State Auditor.

As a recipient of federal, state, and county financial assistance, the City is required to undergo an annual federal mandated "Single Audit" designed to meet the special needs of federal grantor agencies, if the proceeds exceed \$750,000 per annum. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City met this dollar threshold in fiscal year 2021, and the single audit report will be issued as an addendum to this report.

Generally Accepted Accounting Principles (GAAP) requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Poulsbo's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

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 legacy 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. The City of Poulsbo 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 this provision. The independently elected mayor is the executive officer of the City and is responsible for all administrative transactions of the City, for overseeing the day-to-day operations of the City, and for the appointment of department heads. The City Council is the policy-making branch and is responsible for, among other things, passing ordinances, exercising legislative and quasi-judicial functions, and adopting the budget. The seven members of the City Council and Mayor serve four-year staggered terms, with four council positions up for election one year and then two years later, the Mayor and the remaining three council positions appear on the ballot.

To provide a full range of services to its citizens, the City of Poulsbo is divided into departments, financial management, and control systems. Services provided include police protection, maintenance of water and sewer services, garbage disposal and recycling, street maintenance, construction and repair of facilities and assets, municipal court, land use administration, and general administration. The City designs and maintains many parks and green spaces, coordinates recreation activities, fosters neighborhood livability, and works to preserve the City’s environmental quality and historic legacy. Additional information may be found in the Notes to the Financial Statements; thus, readers are encouraged to review this Annual Comprehensive Financial Report in its entirety.

Local Economy

Poulsbo has evolved from a small town with fishing and farming as its chief industries into a city that has marketed itself as a very attractive place for people to live, work, and visit.

Poulsbo’s economy is largely influenced by the presence of significant Naval bases, its geographic location for a workforce commuting to Seattle and other large cities, as well as an entrance point for access to the Olympic Peninsula. Serving as North Kitsap’s commercial and employment center, Poulsbo has been able to maintain a conservative growth of economy. Economic development continues to diversify consistent with the City’s long-range plan. The City encompasses over 2,989 acres and for economic analysis and contrasting purposes is divided into four geographical areas:

- Central Downtown Poulsbo – the Historic area and waterfront
- West Side Junction Area – Viking Avenue Corridor
- East Side State Highway 305 and Lincoln Hill
- Northwest Corner College Market Place

Centrally located in the heart of Poulsbo the downtown area has preserved its history, which includes the restoration of many of the original buildings. Graced with a photogenic waterfront parkway and boardwalk, the area invites tourists to shop and spend an afternoon or weekend. Poulsbo's waterfront is active year-round and a favorite destination for day excursions and vacationing boaters. Poulsbo continues to be known as a destination dining locale, with various options for City residents and visiting tourists to enjoy. A growing number of breweries and tasting rooms are also located in Poulsbo. They are split in location between downtown and the Viking Avenue Corridor. In 2021, the newly renovated Hotel Scandi opened, affording visitors the opportunity to stay on Front Street with pedestrian access to downtown amenities. Along with commerce, City Hall is also located in the heart of the historic downtown. All City Departments are housed within the building, with the exceptions of Public Works and Parks and Recreation. The centralized location provides a one-stop

shop for City residents. Construction on a new mixed-use building with apartments and flexible commercial space is presently underway directly across from City Hall.

On the west side of the City, the Viking Avenue Corridor is a five-lane highway including a turn-lane spanning the length of the City limits. The avenue contains sidewalks on both sides designed to maximize pedestrian and bicycle safety. The corridor hosts various businesses and restaurants and provides access to two bustling City parks. A new undeveloped parcel of land was purchased on the waterfront. Planning for future development including storm drain services and a park is underway. The City, with hundreds of volunteers have worked on the development of the 40-acre Fish Park that boasts trails, boardwalks, viewing platforms, interpretive signs, a small natural amphitheater, and numerous forms of wildlife.

Fishline, a local food bank, built a \$3.9 million facility along Viking Avenue in 2018. The sole purpose of the facility is to provide for those in need of food and other social services in the north end of the county. In 2021, the City purchased a building on the north end of Viking Avenue adjacent to the City's decant site to serve as the new Public Works Facility. A Kitsap Transit station is located at the north end of the corridor providing options for citizens to utilize public transportation. Several multi-family (apartments/condominiums) and a single-family development have been completed along the corridor within the last 5 years. These developments are a welcome response to the lack of available housing within the City. The improvements and continued development support the economic growth of the Viking Avenue Corridor. The Mayor and City Council continue to work actively with current business owners to support growth and encourage economic stability.

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 a peak hour high occupancy vehicle (HOV) lane and is the primary roadway for residents to travel on during their morning and afternoon commutes to work and school.

Commercial growth occupies both sides of State Highway 305 enjoying a healthy, growing customer base. A business park campus located on Lincoln Hill, east of State Highway 305 continues to expand and attract new businesses and professional services to our area. These companies can provide family wage earning jobs for professionals who prefer not to commute to the Seattle area. Central Market, which has been deemed a destination market, boasts local produce, in-store dining, grocery products, extensive wine and beer selections and many quick gourmet meal options, and is also located along the corridor. The Centennial building opened for business in 2018. The building contains Vibe Coworks - a community workplace for citizens to operate and telecommute, allowing residents to work closer to home and reducing the need to commit to long-term leases. The building is also home to a café for quick dining, and a high-end restaurant providing additional options to have an intimate meal or host a large group.

In 2015, due to Albertson's purchasing Safeway, the Albertson's that had been located on the west side of the highway in a shopping complex for more than 30 years closed their doors to focus their customer base at the newer, larger Safeway store located on the other side of the state highway. The old Albertson's site remains vacant. The Mayor and Council continue to reach out to tenants who could support the local economic plan.

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

The newest and fastest growing area of the City is located in the northwest corner, called College Market Place. This is a 215-acre development, which is anticipated to take more than 10 years to fully complete. The master plan includes commercial buildings, business parks, single and multi-family housing units, as well as a satellite campus of Olympic Community College. The college continues to enhance their program and partners with Western Washington University offering several 4-year baccalaureate programs. As of today, several anchor stores including Wal-Mart, Home Depot, Petco, Big 5, and Office Max are located within the development.

There are several adjacent strip malls. The growing retail development has significantly helped diversify Poulsbo's resources, and the newly built Fairfield Inn and Suites opened in 2021.

Poulsbo's development was temporarily halted in 2020 due to the COVID-19 pandemic. Since resumption, development has picked up strongly and is expected to continue in 2022. Several housing developments and multifamily homes remain under construction on the east side of the City, with others working through the planning and permitting process. At present, there continues to be a shortage of available housing inventory for both purchase and rental, but the problem is decreasing as new apartment complexes and housing developments are completed.

The City of Poulsbo continues to promote smart growth with new businesses coming into the area and providing local employment, while still maintaining a "small but sophisticated" atmosphere. Poulsbo is a very fortunate community where leaders have been conservative in spending. Excess funds have been banked in reserves to help stabilize revenues and support one-time specific expenses. Government, citizens, and developers working together can successfully accomplish the goal of keeping Poulsbo the premier place to live, work, and play on the Kitsap Peninsula.

Cash Management

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 sufficient revenues are available to meet the current expenditures.

The City continues to operate under their Financial Management Policy, requiring the fund balance be in excess of twelve percent of the operating revenues and cash and investment balances to be in excess of two months of operating expenses. This is consistent with the Government Finance Officers Association's (GFOA) recommended practices. These items are reviewed quarterly with Council Members to assure compliance or bring focus to an area, which may not be meeting the minimum levels. All cash and investment balances were compliant with the City's Cash Management Policy in 2021.

Once steps are taken to ensure the City maintains a protected cash position in its daily operations, it is an advantage to the City to prudently invest idle funds. The City contracts with an investment advisor to support managing the City's portfolio and provide recommendations to provide the City with investment recommendations with the following guidelines:

- The City's idle cash will be invested on a continuous basis in accordance with the City's adopted investment policies.
- The City has and will maintain a formal investment policy that is reviewed and endorsed by professional financial organizations.
- The City will invest funds based upon the following order of priority: 1) Legality, 2) Safety, 3) Liquidity and Yield.
- Investments with City funds will not be made for purposes of speculation.
- The City is prohibited from investing in any financial instruments that are not approved for legal investments for municipalities in the State of Washington.
- Proper security measures will be taken to safeguard investments. The City's designated banking institution will provide adequate collateral to insure City funds.

Investment balances continued to grow in 2021 due to revenue growth and an increase in the amount of funds invested. All investments in 2021 were made in accordance with the City's investment policy.

Long-term Financial Planning and Major Initiatives

The City continues to not only look at current financial conditions but improve and incorporate long-range planning. A model with several years of actual data using information to project five years ahead was developed to assist City Staff and elected officials with planning operating and capital budgets. As with all statistical and trending information, it is used with caution, as there can be conditions and impacts which do not follow the trend. The City updates the Capital Improvement Plan to be consistent with the City's long-range comprehensive and functional plans; reviewing priorities and assuring funding for projects set in future years. Due to conservatism and knowledge the plan is a tool and not an exact science, the City has an adequate reserve balance to support fluctuations from the plan. Budgets have been developed to utilize funds for one-time purchases, providing and maintaining services for the City of Poulsbo citizens, while retaining a fund balance compliant with the Financial Management Policy.

The City closed its first year of the 2021-2022 biennial budget. It was anticipated to use General Fund reserves in both 2021 and 2022. Revenue projections were prepared conservatively, and expenditure reductions were made in anticipation of economic impacts resulting from COVID-19. Actual revenues received were higher than projected, and federal grant revenues supported City expenditures, which resulted in not using any reserves to support expenditures. The General Fund balance in 2021 increased 40% over 2020 and the unassigned balance increased more than 26% . The 2022 amended budget was built with planned strategic use of the fund balance. This allows the City to maintain services and remain in compliance with the Financial Management Policy.

Awards

The City of Poulsbo has committed itself to financial excellence for many years as experienced by the receipt of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting as well as the Distinguished Budget Presentation Award. Commitment to the residents of the City of Poulsbo has always been full disclosure of the financial position of the City. The City has received the Distinguished Budget Presentation award for several years, including the 2021-2022 Biennial Budget.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Poulsbo, Washington for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020.

To be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the requirements and standards of the Certificate of Achievement Program, and we are submitting the 2021 Annual Comprehensive Financial Report to the GFOA for review. The Certificate of Achievement is the highest form of recognition in Governmental Financial Reporting, and its award represents a significant accomplishment by a government and its management.

Acknowledgements

The preparation of this Annual Comprehensive Financial Report represents the culmination of months of collaborative teamwork by the entire Finance Department staff. The preparation of this report could not have

been accomplished without the professional, efficient, and dedicated staff of the Finance team, and to each member I extend my sincere appreciation.

Further appreciation is also offered to the City's management team, the Mayor, and the City Council for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner. In addition, I would express thanks to the efficient assistance of our local auditor from the Washington State Auditor's Office.

Respectfully submitted,

A handwritten signature in dark ink, reading "Deborah L. Booher". The signature is fluid and cursive, with the first name "Deborah" being more prominent than the last name "Booher".

Deborah L. Booher
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Poulsbo
Washington**

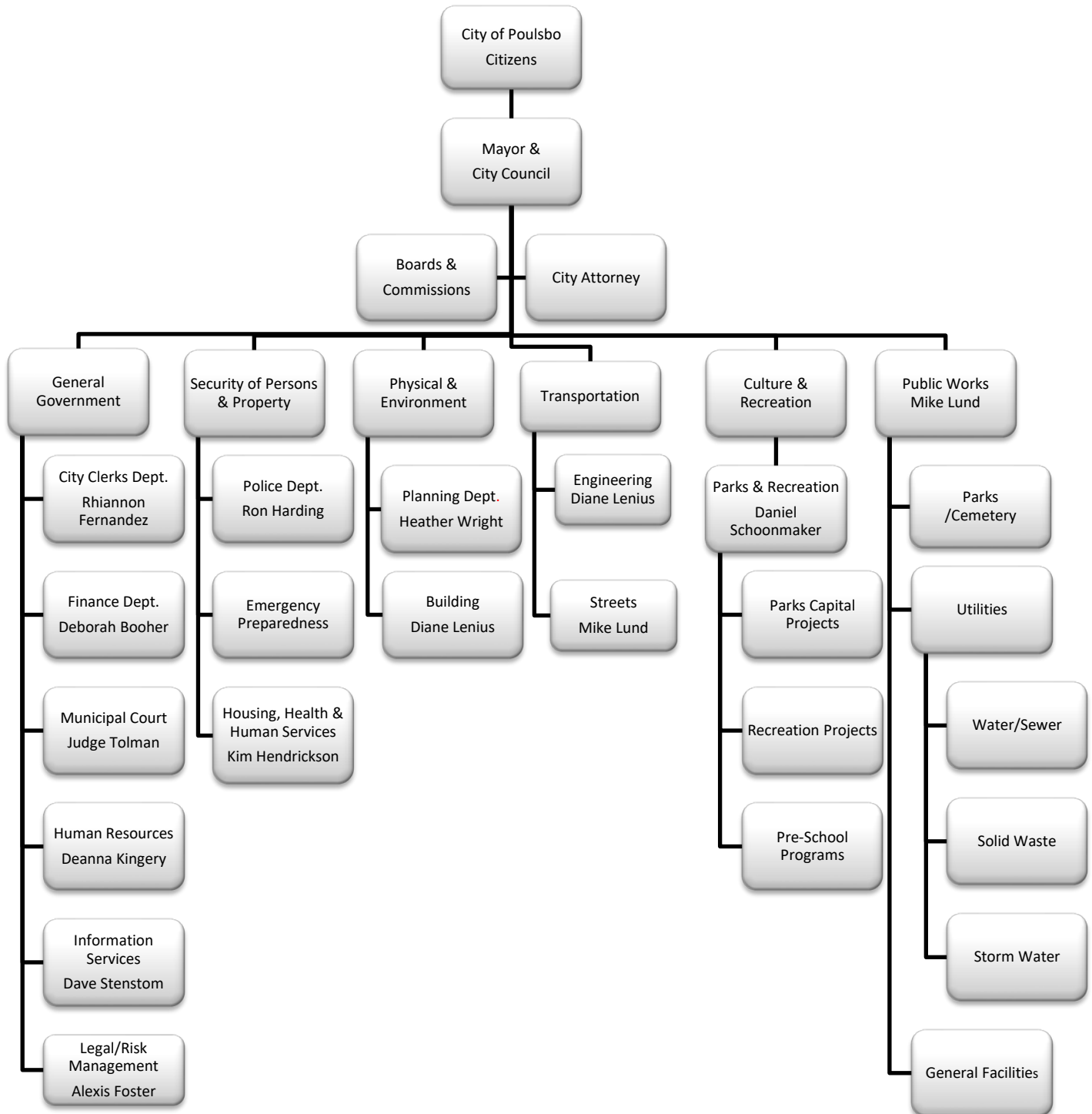
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

City of Poulsbo Organizational Chart



City of Poulsbo
List of Elected and Appointed Officials
 As of December 31, 2021

Elected Officials

Becky Erickson, Mayor	December 31, 2025
David Musgrove, City Council Member	December 31, 2025
Ed Stern, City Council Member	December 31, 2025
Gary McVey, City Council Member	December 31, 2025
Andrew Phillips, City Council Member	December 31, 2023
Britt Livdahl, City Council Member	December 31, 2023
Connie Lord, City Council Member	December 31, 2023
Jeff McGinty, City Council Member	December 31, 2023

Appointed Officials

Police Chief	Ron Harding
Finance Director	Deborah Booher
Planning Director	Heather Wright
Parks & Recreation Director	Daniel Schoonmaker
Director of Engineering	Diane Lenius
Public Works Superintendent	Mike Lund
City Clerk	Rhiannon Fernandez
Municipal Judge	Jeffrey Tolman
Prosecutor	Alexis Foster
City Attorney	Jim Haney, Ogden Murphy Wallace
Bond Attorney	Foster Garvey PC



**Office of the Washington State Auditor
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Mayor and City Council
City of Poulsbo
Poulsbo, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poulsbo as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poulsbo, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

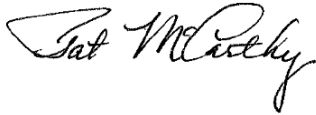
The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the City of Poulsbo's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to review and accurately present the City's financial performance.

The Management's Discussion and Analysis (MD&A) combined with the Transmittal Letter, the Financial Statements, and the Notes to the Financial Statements represent the complete 2021 financial activities for the City of Poulsbo.

These materials are intended to:

- Assist the reader in focusing on significant financial issues
- Provide an overview of the City's financial activity
- Identify changes in the City's financial position
- Identify any material deviations from the financial plan and adopted biennial budget
- Identify individual fund issues or concerns

FINANCIAL INFORMATION

The City's government-wide financial statements have been prepared on the full-accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The City's Fund Financial Statements for governmental funds have been prepared on the modified accrual basis in conformity with GAAP. The City's proprietary funds are accounted for on the accrual basis.

The City of Poulsbo's financial system integrates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. These controls are designed to provide:

- Reasonable assurance that transactions are executed in accordance with management's understanding and approval
- Reasonable assurance that transactions are executed in accordance with GAAP principles
- Accountability for control of assets and obligations
- Assurance that sufficient reporting and review exists to provide adequate information for analysis and comparability of data

Internal control is a high priority for the City. The Washington State Auditor's Office (SAO) reviews the City's internal controls, and the City receives and acts on all recommendations made by SAO.

FINANCIAL HIGHLIGHTS

- The City of Poulsbo's assets plus deferred outflows exceeded its liabilities plus deferred inflows at the close of the 2021 fiscal year by \$182.5 million (net position). Of this amount, \$27.5 million (unrestricted net position) may be used to meet the city's ongoing obligations to its citizens and creditors.
- Reported net position increased \$13.1 million. Net position of governmental activities increased \$8.5 million, or 10.2%, during 2021. Net position of business-type activities increased \$4.7 million, or 5.4%, during 2021. The variations are spread over several areas and can be attributed to many factors:
 - Increase in the current assets for Business Type funds is a result of capital improvements in the utility funds including payment to Kitsap County for the City's amount of ownership of capacity in the sewage treatment plant, improvements to Westside well, and purchase of a parcel of land for relocation of Public Works operations and administration.

- An increase in long term debt due to new debt issued for; land purchased for the Public Works Facility and the Noll Road transportation project not funded by grants or impact fees.
- An increase in Capital Assets in the Governmental Funds, which can be primarily attributed to the Noll Road transportation project.
- Increase in Current Assets resulting from increases in the amount of sales tax collected as well as grant proceeds to support the COVID-19 Pandemic.
- The City's Pension Liability is calculated and updated per GASB 68 standards and provided by the Washington State Department of Retirement resulting in variance to deferred inflows, outflows, and pension liabilities. The proportionate share is adjusted annually and provided by the Washington State Department of Retirement.
- Net investment in capital assets, increased \$8.1 million with \$3 million in governmental activities.
 - Continued improvements for park and transportation projects contribute to the increase. Phase one of improvements at the Rotary Morrow Manor Park were completed in 2021. Additionally, the largest transportation project the City has undertaken continued in 2021. The project is a collaborative effort of the City, County, and State. The project will be constructed over the next couple years including a double level roundabout with a pedestrian tunnel. A portion of the project exists on a state highway, with the City managing the project on their behalf; and grants passing through the City as transportation operational activity. The portion of this large project attributed to the City's infrastructure has been booked as capital, which is a large contributor to the increased investment in capital net position.
 - Capital improvements to utility infrastructure were either completed or in progress during 2021 including: utility improvements in conjunction with the Noll Road project, improvements to the Westside Well, and the Olhava watermain relocation.
- Total liabilities increased by \$4.4 million. A major portion of the increase is due to a new debt issue in 2021 for the purpose of purchasing a parcel of land, which included a building and tenant improvements, and City funding for the Noll Road improvements not supported by grants, impact fees, or Real Estate Excise Tax. Another contributing factor is a reduction in Pension Liability as calculated with data provided by the Washington State Department of Retirement.
- The book value of capital assets has increased \$11 million over 2020. Total capital assets from governmental activities increased \$4.1 million or 5.1%. The increase in governmental capital assets is primarily attributed to the purchase of a parcel of land and building acquired for the new Public Works Facility, and the transportation project on Noll Road/Johnson Parkway. Capital assets of business-type activities increased \$6.9 million or 9.8%. There were several contributors to the increase; utility improvements associated with Noll Road, water tank improvements, the Olhava watermain relocation, and contributed capital from developers.
- City governmental fund tax revenue has increased an average of 7.2% over the past five years. In 2021, the City saw an increase of \$1.8 million or 18.36% over the prior year. Local sales tax is the largest revenue source for Poulsbo and the increase in 2021, exclusive of criminal justice sales tax, was 18.9% or \$812 thousand. The increase in 2021 was substantially higher than anticipated. Due to the continuation of the COVID-19 pandemic, on-line shopping was highly utilized, and sales tax being based on destination generated more tax revenue for the City. The sales revenue shows diversification over many categories reducing the emphasis of shopping at specific locations. The recovery of the dining, entertainment, and lodging categories contributed to the increase over the prior year.

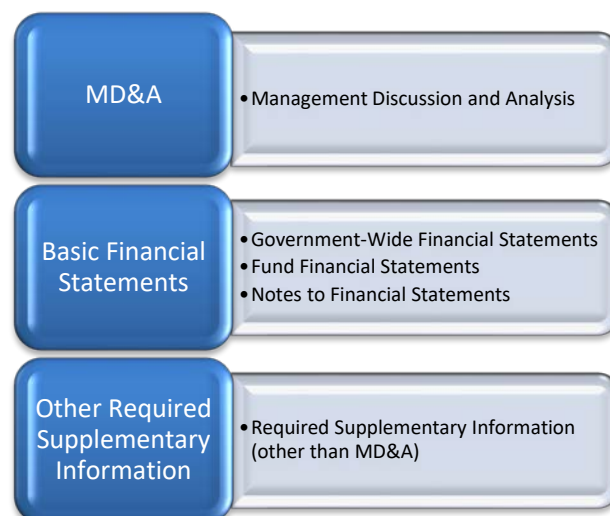
- Utility taxes have increased in 2021 in the amount of \$447 thousand. Utility tax rates for water, sewer, and storm drain increased in October of 2020, which results in the ability to not measure for a full year of comparative data with the increased rate. The Council increased the tax rate to offset the anticipated governmental revenue reductions for charges for services due to the pandemic. This allowed the City to offer programs and operate essential governmental functions without supporting revenues. City utilities generated \$418 thousand more taxes than the prior year due to increased rates and a growing customer base. Electric and gas utility taxes both saw an increase, which we assume is due to more people working and staying home during the COVID-19 pandemic. Telephone utility tax continues to see declines as more people eliminate phone lines and utilize telephone services over the internet.
- Admissions and lodging taxes in 2021 saw increases as the recovery from the pandemic began, measured against 2020, which saw significant declines.
- The financial statements represent fund balances as required by GASB. Balance Sheets display fund balances in the following manner:
 - Unassigned – Residual net resources without any other fund balance limitations. The only fund which has an unassigned fund balance is the General Fund unless a deficit occurs in any other fund.
 - Assigned – Amounts assigned for specific purposes to reflect a government's intended use of resources.
 - Committed – Self-imposed limitations at the highest level of decision makers that requires formal action at the same level. The City of Poulsbo does not have any committed fund balances for 2021.
 - Restricted – Fund balances which have externally enforceable limitations on use by grantors, creditors, or legal restrictions.
 - Nonspendable – This is comprised of assets, which will never convert to cash such as inventory or portion of proceeds which cannot be expended because they must be intact, such as imprest funds.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15.7 million. Approximately 29.2% of this total amount, or \$4.6 million, is available for spending at the government's discretion, and 47.1% or \$7.4 million is non-spendable or restricted per debt or legal requirements.
- The ending unassigned fund balance for the General Fund was \$4,590,207. The net change in the General Fund, which is inclusive of transfers to capital reserve and debt service funds ended with an increase of \$1,645,438. The City utilized federal funds to support programs and expenditures directly related to COVID-19. Sales tax revenues for the City saw a significant increase due to the result of many shopping via the internet and not spending their dollars at locations outside the City. The City was conservative in their spending, anticipating declining revenue. Both factors allowed the fund to operate at an increase to the fund balance. The total General Fund balance amounts to \$5.8 million which equates 33% of General Fund expenditures. This is higher than expected as the budget was built in anticipation decreased revenues, conservative spending, and unanticipated federal funds provided to the City. The fund balance remains healthy and exceeds the minimum requirements of the City's Financial Management Policy.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the City of Poulsbo's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report contains other supplementary information in addition to the basic financial statements, including combining statements for non-major funds, budget to actual comparisons, and statistical tables.



Financial statements focus on both the City as a whole (government-wide) and on major individual funds. Both perspectives allow the user to address relevant questions, broaden a basis for annual comparisons, and enhance the City's accountability. A graphic is provided to illustrate the composition of the reports.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Poulsbo's finances in a manner similar to a private-sector business. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities are primarily supported by taxes, charges for services, and grants. Business-type activities are primarily self-supporting through user fees and charges.

The statements are presented in a full accrual basis of accounting including all assets, deferred outflows, deferred inflows, and liabilities. Revenues are recognized when they are earned, and expenses when they are incurred, regardless of when the cash transaction occurred.

The Statement of Net Position presents information on all the City's assets, liabilities, and deferred inflows/outflows, with the difference reported as net position. The Statement of Net Position serves a purpose similar to that of the Balance Sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of improvement or deterioration in the City's overall financial health.

The Statement of Activities presents information showing how the government's revenues and expenses impacted net position during 2021. The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show the degree to which each function supports itself or relies on taxes and other general funding sources. This is intended to summarize and simplify the user's analysis of cost to various governmental services and/or subsidy to various business-type activities. By separating program revenue from general revenue, users of the financial statements can identify the extent to which each program relies on taxes for funding.

The Statement of Net Position and the Statement of Activities are divided into two categories:

- *Governmental Activities* - Most of the City's basic services are reported here, including police, facilities, parks, planning, engineering, and general administration. Taxes (property, sales, and utility) and intergovernmental revenues finance most of these activities.
- *Business-Type Activities* - The City charges a fee to customers to help cover most or all the costs of certain services provided. The City charges fees to recoup the cost of the operations of water, sewer, storm drain, and solid waste utilities as well as all capital and debt expenses associated with the individual utility.

Fund Financial Statements

The annual financial report includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City finances based on the type of activity, the fund financial statements are presented by fund type. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions, or limitations.

The focus is on Major Funds rather than types. A Major Fund has three elements:

- Total assets plus deferred outflows, liabilities plus deferred inflows, 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 plus deferred outflows, liabilities plus deferred inflows, 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

Governmental Funds: Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. These reports use a different "basis of accounting" than is used in the government-wide financial statements. The focus of governmental fund financial statements is on near-term inflows and outflows of available resources and on balances of resources available at the end of the fiscal year. Such information is useful in evaluating near-term financing requirements and immediate fiscal health.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This provides the reader with a better understanding of the long-term impact of the governments near-term financial decisions. To assist with the comparison, reconciliations between the governmental fund statements and the government-wide financial statements are included with the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

The City of Poulsbo maintains budgetary controls over the governmental funds to ensure compliance with state law and council adoption at a fund level.

Proprietary Funds: The City's Proprietary funds are the enterprise funds, which provide services to customers. The City uses enterprise funds to account for its water, sewer, solid waste, and storm drain activities. The services and necessary capital expenditures are supported by rate payers. Proprietary funds use the same basis of accounting as business-type activities.

Fiduciary Funds: Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. All the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and consist of Custodial Funds only.

These activities are excluded from the City's government-wide financial statements because the assets cannot be used to finance the City's operations.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the government-wide and fund financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning the City of Poulsbo's progress in funding its obligation to provide pension benefits, and lifetime medical benefits to uniformed personnel hired before October 1, 1977. Required supplementary information may be found immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position looks at the City as a whole and can serve as a useful indicator of the City's financial position. Table 1 provides a summary comparing the City's net position for 2021 and 2020. Governmental Activities net position had an increase of \$8.5 million. The increase can be attributed to several items:

- Current Assets increase is primarily due to federal funds deposited to the City to cover expenses related to COVID-19, and are required to be expended over the next 4 years
- Increase in tax revenues providing more cash
- Increase in long-term debt due to a new issue in 2021
- Decrease in pension liability re-calculated annually with updated actuarial figures provided by the state.
- Increase in capital projects completed by the City
- Contributed capital turned over to the City by developers

The Business-Type Activities had an increase of \$4.7 million in Net Position. Most of the increase is due to capital projects and capital contributions in the form of connections fees assessed for utility connections and developers turning their infrastructure improvements over to the City.

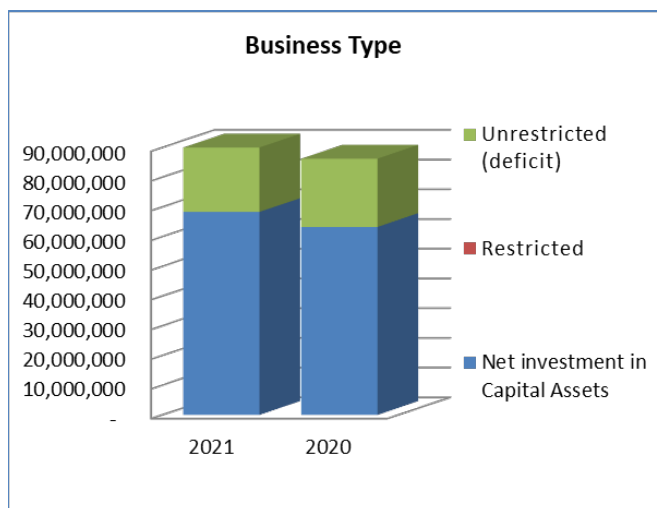
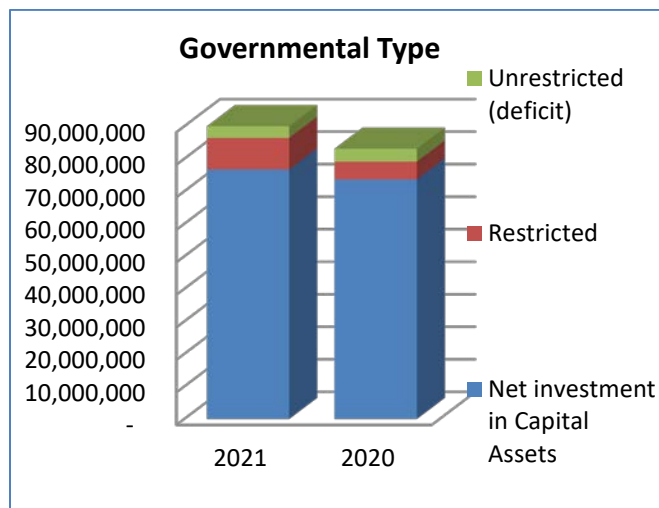
The overall financial position for the City of Poulsbo has improved over the prior year. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$182.5 million, an increase of \$13.1 million or 7.8% as of fiscal year 2021. The largest portion of the City's net position, \$145 million or 79.5% reflects its investment in capital assets (land, buildings, machinery and equipment, infrastructure, and intangible); less any related outstanding debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending.

City of Poulsbo's Condensed Statement of Net Position**Table 1**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 19,526,461	\$ 13,505,953	\$ 23,760,874	\$ 24,092,745	\$ 43,287,335	\$ 37,598,697
Capital Assets Net	84,720,081	80,643,346	77,071,417	70,187,389	161,791,497	150,830,735
Pension Asset	6,914,687	1,138,531	1,160,846	-	8,075,533	1,138,531
TOTAL ASSETS	111,161,229	95,287,830	101,993,137	94,280,133	213,154,366	189,567,963
Deferred Outflows of Resources	1,194,582	1,289,548	161,198	191,022	1,355,780	1,480,570
Long-term Debt	9,471,594	7,510,156	8,582,313	6,844,123	18,053,907	14,354,279
Pension Liability	1,527,914	2,768,171	128,880	520,819	1,656,793	3,288,990
Other Liabilities	4,178,400	2,489,621	1,298,342	704,267	5,476,742	3,193,887
TOTAL LIABILITIES	15,177,908	12,767,948	10,009,535	8,069,209	25,187,443	20,837,157
Deferred Inflows of Resources	5,627,884	713,729	1,229,583	154,820	6,857,467	868,549
NET POSITION						
Net investment in Capital Assets	76,707,923	73,665,321	68,313,429	63,259,392	145,021,351	136,924,714
Restricted	9,734,617	5,463,498	235,679	-	9,970,296	5,463,498
Unrestricted (deficit)	5,107,479	3,966,882	22,366,111	22,987,735	27,473,590	26,954,616
TOTAL NET POSITION	91,550,019	83,095,701	90,915,218	86,247,127	182,465,236	169,342,828

The City's total restricted net position amounts to 5.5%. This represents resources which are subject to external restrictions on how they may be used. Much of the amount can be attributed to restrictions for debt purposes, Real Estate Excise Taxes restricted for capital per the Revised Code of Washington (RCW), and Impact Fees restricted for future development.

Table 2 illustrates changes in net position for the years 2021 and 2020. This is a condensed version of the Statement of Activities for the City. The revenues for 2021 show a significant increase in Capital Grants/Contributions attributed to a combination of grants for capital and operating programs including federal funds supporting the COVID-19 pandemic, development of road and park projects, utility connection fees, and infrastructure given to the City from development projects. Increase in tax revenue was also a large contributor.



City of Poulsbo's Changes in Net Position**Table 2**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 2,037,420	\$ 1,579,899	\$ 11,378,288	\$ 11,012,111	\$ 13,415,708	\$ 12,592,009
Operating Grants/Contributions	7,298,800	2,086,040	47,515	24,966	7,346,315	2,111,006
Capital Grants /Contributions	4,875,702	3,077,912	3,503,550	2,506,252	8,379,252	5,584,164
General Revenues						
Property Taxes	2,735,494	2,682,753	-	-	2,735,494	2,682,753
Retail Sales & Use Tax	5,581,499	4,626,093	-	-	5,581,499	4,626,093
Business Taxes	3,573,279	2,772,366	-	-	3,573,279	2,772,366
Investment Earnings	(14,645)	330,550	111,292	305,903	96,647	636,453
Other	694,400	12,620	-	-	694,400	12,620
Total Revenues	26,781,948	17,168,232	15,040,646	13,849,232	41,822,594	31,017,464
Program Expenses						
General government	2,325,866	3,138,251	-	-	2,325,866	3,138,251
Judicial	449,644	440,026	-	-	449,644	440,026
Security of Per & Prop	4,663,437	4,062,697	-	-	4,663,437	4,062,697
Utilities & Environment	83,108	(20,889)	-	-	83,108	(20,889)
Transportation	7,462,013	3,615,492	-	-	7,462,013	3,615,492
Economic Environment	1,149,898	1,168,146	-	-	1,149,898	1,168,146
Mental & Physical Health	474,789	482,409	-	-	474,789	482,409
Culture & Recreation	1,410,376	1,414,757	-	-	1,410,376	1,414,757
Interest Long-Term Debt	281,997	295,919	-	-	281,997	295,919
Water	-	-	2,064,473	2,113,274	2,064,473	2,113,274
Sewer	-	-	3,888,041	3,632,657	3,888,041	3,632,657
Solid Waste	-	-	2,669,074	2,495,220	2,669,074	2,495,220
Storm Drain	-	-	1,750,967	1,619,323	1,750,967	1,619,323
Total expenses	18,301,128	14,596,807	10,372,555	9,860,474	28,673,683	24,457,280
Excess (deficiency)	8,480,820	2,571,425	4,668,090	3,988,758	13,148,910	6,560,184
Changes in Net Position	8,480,820	2,571,425	4,668,090	3,988,758	13,148,910	6,560,184
Beginning Net Position	83,095,701	80,524,275	86,247,127	82,258,369	169,342,828	162,782,644
Change in Accounting Practice	-	-	-	-	-	-
Prior Year Adjustments	(26,502)	-	-	-	(26,502)	-
Ending Net Position	\$ 91,550,019	\$ 83,095,701	\$ 90,915,218	\$ 86,247,127	\$ 182,465,236	\$ 169,342,828

GOVERNMENTAL ACTIVITIES

Revenues

Taxes account for the largest revenue category in the governmental funds, generating 45.2% of the total revenue. Most tax revenue is received in the General Fund accounting for 88.4% of the tax revenue. This category tends to receive the most attention because of the percentage ratio. Included in this category are sales, property, utility, criminal justice, and gambling taxes. Governmental fund taxes total \$11,890,272.

Property tax receipts involve the very predictable effect of the 101% levy lid limitation, and a somewhat more variable consideration of new construction. The assessed valuation for property located within the City limits of Poulsbo for 2021 was \$2,174,433,432. The assessed value showed an increase from the prior year due to new construction of several housing developments, market increases, and some commercial development. In 2020 the City levied the full 1%. For 2021, the City's regular property levy tax rate was \$1.26 per \$1,000 of assessed value. The rate is less than the maximum \$1.60 allowed by state law but is limited due to the 1% cap and increased assessed valuation creating a lower rate.

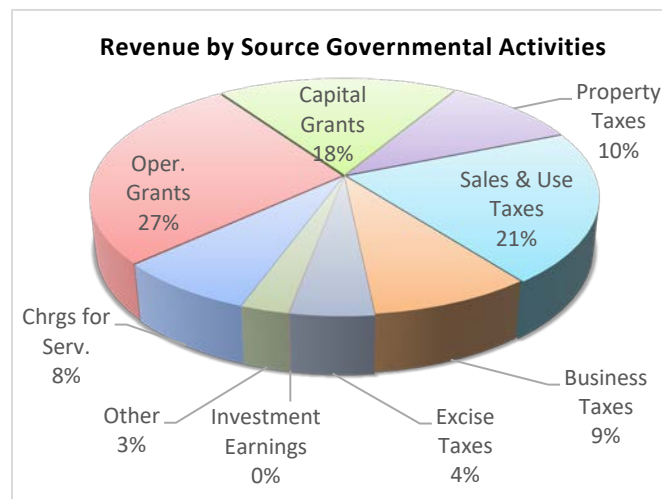
Sales and Use tax revenue, in contrast to property tax, can be a highly fluctuating tax source. The City saw a 18.9% increase in 2021, which is much higher than the five-year average increase of 8.1%. The sales tax revenue was greater than anticipated. When projecting sales tax revenue for 2021, statewide governments were expecting a significant decrease due to the reduction in outside activity. It became apparent in 2021 sales tax revenue was growing due to more people staying home and utilizing on-line shopping, which is taxed by destination. The taxes for on-line shopping enhanced the business in the City deemed essential. As safety precautions were implemented the comfort level of citizens increased and consumers utilized dining establishments as a way to stay safe and close to home.

In 2021, sales tax received in the City's General Fund totaled \$5,096,878. Sales Tax supports governmental operations.

Much of sales tax revenue (57%) comes from the retail trade category. The next largest sales tax categories are Construction (11%) and Accommodations and Food Services (10%). Retail development continues to be diversified with new businesses opening throughout the City and collecting funds from increasing internet sales. This allows the revenue to not be dependent on certain categories.

Business Taxes are taxes applied to utilities providing services in the City, including City-owned and privately-owned utilities. Overall, these taxes tend to be stable reflecting some growth from year to year and make up 9% of governmental revenues and 30% of tax revenue. The utility tax rate for City operated utilities of water, sewer and storm drain were raised in October of 2020 to 12%. The tax was increased to support an anticipated decline in revenues, but with a strategic reduction plan over the next several years to 6%, which is consistent with the rate for all other utilities.

Excise Taxes are admissions tax, leasehold, and real estate excise tax (REET). Most of these taxes are due to REET. Revenues fluctuate due to changes in the economy and home sales. REET taxes saw a significant increase in 2021. Low interest rates, bidding wars, and new development created a booming home sales environment, which in turn created the largest REET revenue the City has ever experienced. The City uses the revenue generated by REET to fund debt payments related to the City Hall and to fund large transportation capital projects as designated on the City's Capital Improvement Plan (CIP). Excess funds are reserved in a restricted fund balance intended for long range capital plan and uses consistent with legal allowances as defined in the CIP for transportation improvements. Two large projects to utilize the funds are Noll Road and Finn Hill.



Expenses

General Government services encompass a variety of services including legislative, executive, financial, legal, judicial, personnel, building maintenance, and audit/risk management.

Judicial services provide support of the City's Municipal Court system.

Security of Persons and Property services are provided by the City's Police Department, who work to provide professional law enforcement services to keep our citizens and their property safe. Special emphasis is placed on community-oriented programs that will prevent crime and forge a partnership between the officers and the citizens they serve.

Utility and Environment services create a satisfactory living environment for the City's residents. Inspection of private construction projects and coordinating the design of City projects are two examples of physical environment activities.

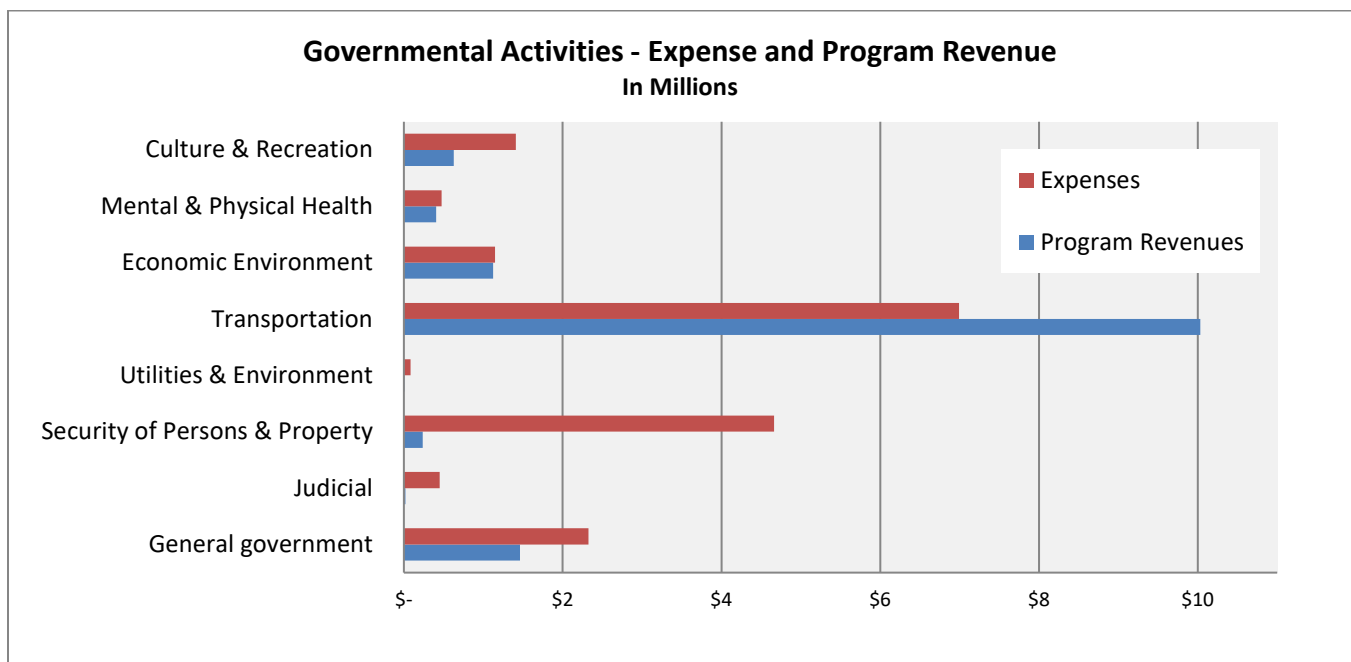
Transportation services provide maintenance of the City's streets, sidewalks, paths, and traffic control signs/signals. Revenues exceeded expenses due to a large number of impact fees collected.

Economic Environment services include land use planning, zoning, and community development.

Mental and Physical Health. The City is required by State law to commit 2% of our revenues from liquor profits and liquor tax to this program. Also reported under this program are expenditures related to Mental Health Grants, which assist the police and court systems in providing citizens with direction to resources. The City started receiving an additional revenue allocated to supporting affordable housing. Funds are restricted in a special revenue fund and will be expended by an approved Council plan to support citizens with affordable housing options.

Culture and Recreation services include expenditures for participant recreation programs, and maintenance of the park facilities.

The chart below illustrates the surplus or net subsidy required for different, key City governmental-type programs. As illustrated, very few if any governmental activities are supported by direct revenue, which would mean they are largely supported by tax revenue.

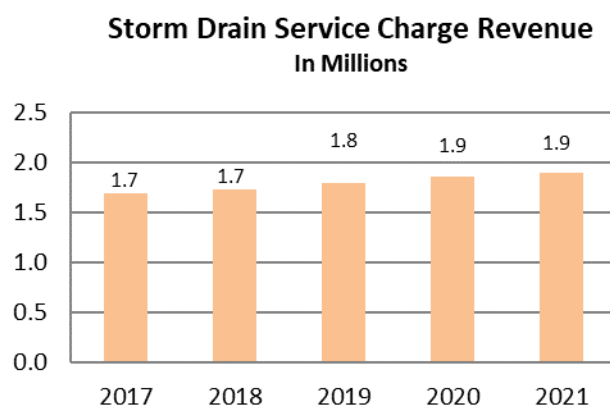
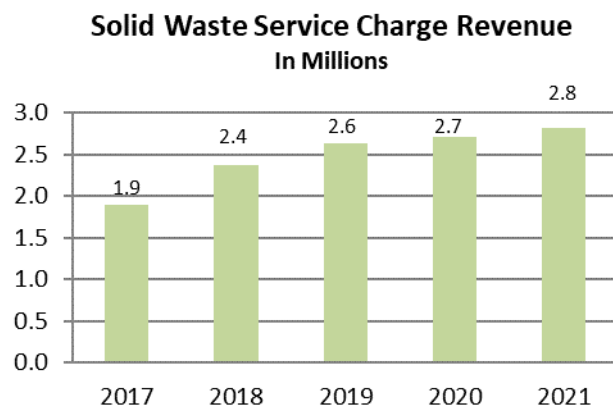
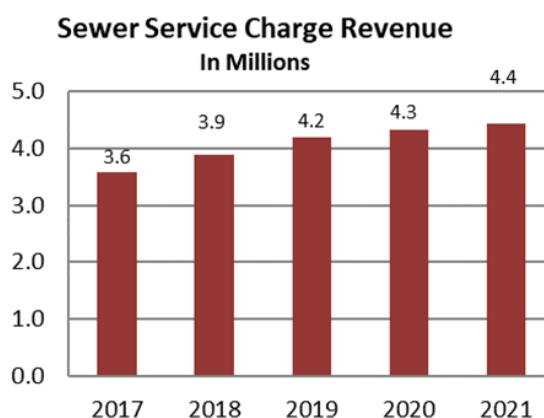
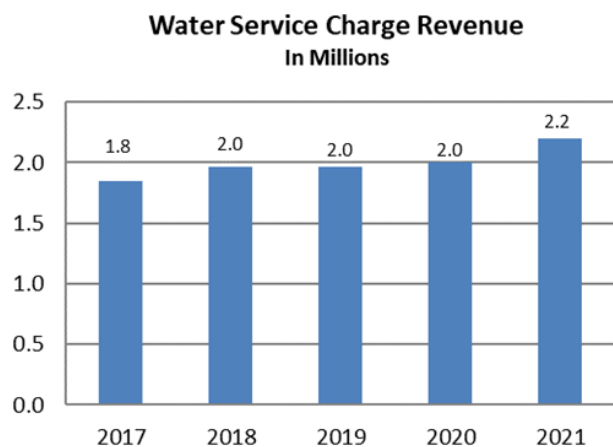


BUSINESS-TYPE ACTIVITY

Enterprise Funds: The City of Poulsbo owns and fully operates four utilities: water, sewer, storm drain, and solid waste/recycling. These utilities are accounted for in four enterprise funds as part of the City's fund structure and operations: 1) water utility fund; 2) sewer utility fund; 3) solid waste utility fund; and 4) storm drain utility fund. These services are supported by user fees, which include generating funds for future capital projects to maintain and provide services for planned growth.

Key elements of the increases are as follows:

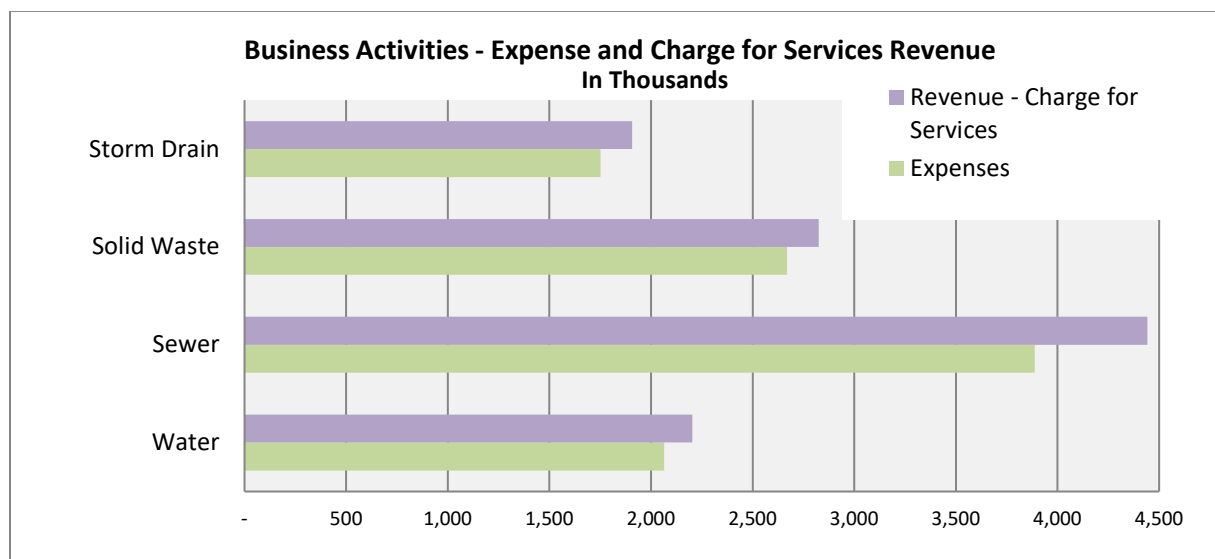
- There was a cost-of-living adjustment (COLA) for 2021, which resulted in an increase to utility rates creating an increase of revenue in 2021.
- New water meters installed over the past several years allow for more accurate reads resulting in more revenue due to capturing all usage.
- Growing number of developments, connections and customers provides more operating revenue.
- Solid Waste updates allowed for to better tracking and correct billing for additional garbage.



The City seeks to supplement business activities, as well as governmental activities, through the prudent application of third-party funding sources in the form of grants wherever possible. During 2021, business activity program revenues exceeded expenditures because rates were set to accommodate future capital improvements for a fully functioning system. All utilities

have implemented updated functional plans with rates to fund operating expenses and future improvements. Functional plans exist for all city utility services, and rates are evaluated every three years to adjust for correct revenue and expenditure projections. The City is updating the functional plans over the next several years to evaluate the City's ability to provide services based on future population and development projections, and to set rates in support of operations and capital improvements necessary for the continued operation of the systems.

The chart below illustrates the surplus or net subsidy required for the City's business-type programs.



Major Fund Analysis

The City's Funds: Information about the City's major governmental funds can be found on the governmental funds balance sheet. The City, in accordance with GASB 34, performed the major fund calculation and determined the General and Street Reserve Funds met the requirements to qualify as major funds. These funds are accounted for using the modified accrual basis of accounting. As reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, governmental funds have total revenues of \$25.5 million and expenditures of \$26.3 million.

- General Fund:** The General Fund accounts for the main operating revenues and expenditures of the City's governmental functions. Revenues and expenditures related to Administrative Services, Executive, Legislative, Finance, Police, Engineering, Planning, and Park Maintenance are some of the primary functions of the government accounted for in General Fund. Most tax revenues are receipted in the General Fund supporting governmental functions of the City.

The Fund Balance for the General Fund has increased 40%. The fund balance increased significantly due to Treasury Funds supporting COVID-19 and an increase in tax revenues. Decreased expenses also were a factor for increasing the balance. Less opportunities to provide some of our services and travel expenditures due to restrictions in place for COVID-19. A portion of the Treasury funds are being utilized to correct some of the staffing decreases experienced at the beginning of the pandemic. As it took time to refill the positions there were several months of vacancies resulting in lessened expenditures. The City's operating revenues were greater than operating expenditures in 2021. As 2020 saw several revenue reductions, showing an increase in 2021 was anticipated, however some revenues such as sales tax saw an increase over the average prior year collections. Increase in the City utility tax rates also reflected an increase in utility taxes over what was collected in prior years. Recreation programs began to recover at the end of 2021 as the pandemic restrictions slightly loosened allowing limited activities to resume. The City was also the recipient for several grant awards

supporting a comprehensive plan update and a feasibility study for a new regional recreation center. The General Fund reserves maintain a healthy fund balance and exceed the criteria of the Financial Management Policy.

Due to increased revenues and grant proceeds, planned use of reserves was not necessary. Revenues have shown growth in almost every category. Some of contributing factors are:

- Tax revenue increases
- Federal ARPA dollars supporting the COVID-19 pandemic
- User fees for programs again able to operate in 2021

Expenditures show a significant increase related to transportation. This was due to two large transportation projects; one on Finn Hill with a portion being completed on behalf of the County, and another on Noll Road with portions owned by the State being administered by the City. Since a portion of the improvements are not located in the City limits and are not owned by the City the expenditure and related revenue from the County are recorded in the General Fund.

Restricted Fund Balance in the General Fund is made up of:

- Public Education Government (PEG) fees with resources restricted by the City's cable franchise agreement
- Substance abuse funds restricted by state law
- Federal Funds to be expended over the next several years

The City maintains the bulk of general reserves in Unassigned Fund Balance but requires a super majority of City Council to approve allocation from the fund balance.

- **Street Reserve Fund:** The fund records revenue and expenditures for capital transportation. There were several transportation projects in transition either with construction or design. Most of the projects are funded by grants or traffic impact fees. A major transportation project on Finn Hill for improved traffic flow and pedestrian safety was substantially completed in 2021. A portion of the project is owned by the County, which the City managed.

Noll Road was heavily under construction in 2021 with large funds being expended during the year. The project is largely grant funded and matched with City Impact fees, REET funds, and a debt issue in 2021. Work on Noll Road will continue with the second phase slated for completion in 2022.

- **Enterprise Funds:** The City's utilities are accounted for in four enterprise funds: 1) water utility fund; 2) sewer utility fund; 3) solid waste utility fund; and 4) storm drain utility fund. The funds are reported on a full-accrual basis, accounting for all assets and liabilities. Revenue is primarily derived from charges for services by rate payers. Rates are developed to support ongoing operation as well as to build reserves to support future capital needs. Fund balances remained consistent with the prior year, but slightly increased, due to several factors:
 - In 2021, there were large Capital Contributions in all funds with the exception of Solid Waste. A large part of the revenue was from contributed capital from developers, as well as connection fees collected when building permits are issued. These were significantly higher than the past due to the increase in construction occurring in Poulsbo.
 - All utility funds saw increases in charges for services as they have cost of living inflators built into their rates, and a growing number of customers due to several housing developments completed in 2021.
 - Operating expenses were consistent with prior years.

BUDGETARY HIGHLIGHTS

General Fund Budget Analysis: The following is a brief review of the budgeting changes from the adopted to the amended final budget for the General Fund. Please note, budget to actual comparisons start on page 44 for the major General Fund. Budget to Actuals for all other funds begin on page 110. The significant budgetary changes in the General Fund include:

- The final General Fund revenue inclusive of other financing sources budget increased 77.6%, or \$8,853,896 of the original adopted budget.
 - The significant increase can primarily be due to two large transportation projects which were administered by the City on behalf of the County and Washington State. The portion being accounted for in the General Fund is for the asset not owned by the City.
 - Federal funds granted to the City to support revenue replenishment and costs associated with the COVID-19 pandemic.
- The final General Fund expenditure budget inclusive of other financing uses increased by 75.7%, or \$8,883,530. The increase is a net effect of several adjustments:
 - Expenditures related to grants for the above-mentioned transportation projects and federal funds for COVID-19.
 - New GIS software
 - Professional services for surveys of a City property
- The General Fund amended budget anticipated the ending Fund Balance to increase \$844,179 over the original projected ending Fund Balance. Since most of the adjustments were backed by increased grant revenue to support expenditures the primary increase is due to the actual beginning balance being higher than the original projection.

All Funds: Per Council direction, Budget versus Actual is monitored regularly and any variations of more than 15% are highlighted. Some areas of highlighted variance were:

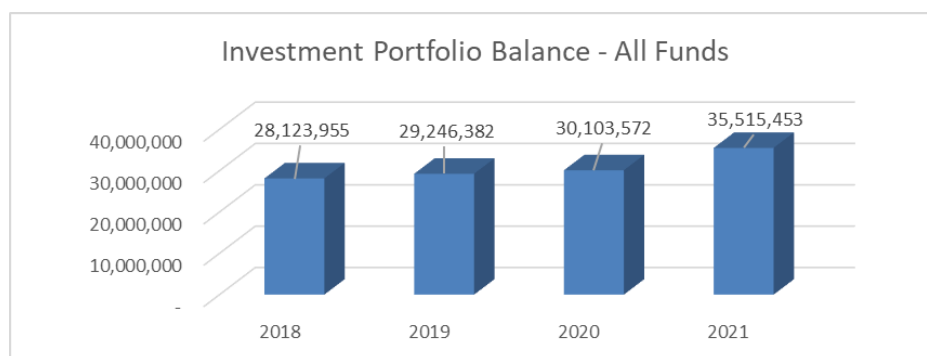
- Tax revenues were greater than anticipated, with the bulk of the variance in sales tax and real estate excise tax
- Development revenues being higher than anticipated
- Recovery of recreation program fees
- Legal expenditures were more than anticipated
- Capital projects, related transfers and grants were not completed as projected, and most will carry over into 2022

Copies of the City's Budget and Budget-in-Brief are available on our website www.cityofpoulsbo.com. The complete budget provides details of the City's plans for using its resources during the biennial cycle and may also be obtained by contacting the City Finance Director at 360-394-9720 or dboohar@cityofpoulsbo.com.

CASH MANAGEMENT

Aggressive efforts to maximize interest earnings of temporary cash reserves have been as successful as the economy allows. The City contracts with an investment broker for professional recommendations to maintain security and liquidity of the City's cash in accordance with the City's certified Investment Policy. The City manages cash accounts by the pooled cash management concept and plans investment maturities to coincide with cash needs. The pool concept provides for investing greater amounts of money at more favorable interest rates, while still maintaining liquidity.

The chart reflects the investment balances as of December 31, 2021. The growth in 2021 is due to a couple factors: the amount of cash has increased due to revenue growth, and more funds were invested leaving less funds in the City's checking account. Funds still maintain adequate liquidity but provide higher investment earnings as the rates allow.



DEBT ADMINISTRATION

The City participates in various forms of debt, which is summarized as follows: \$11 million of a General Obligation (GO) bond type. There are two types of GO debt; those that are retired by tax levies (Voted GO/Levy) and those that, while secured by the tax base, are being retired by revenue from the various sources and funds.

Revenue bonds are retired by means of revenue in the proprietary funds. There is no general tax liability for these obligations. Revenue bond debt in utilities is controlled by bond covenants. A revenue bond for sewer improvements was issued in 2018. The balance at the end of 2021 is \$6.2 million.

The City's 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 (\$2,393,713,298), or \$35,905,699;
2. The second statutory limit is the amount of general obligation debt a city may incur for general governmental purposes with a vote of the people. This limit is 2.5% of the assessed value (\$2,393,713,298). For 2021, the City's limit is \$59,842,832 less any amount issued as non-voted debt. At this time, the City does not have any voted debt.
3. The third limit is also calculated as a percentage of assessed value. This statutory 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.

The following chart shows the debt limits for 2021:

This Debt is controlled by assessed Valuation Debt Limits						
			2021 Assessed Valuation		\$ 2,393,713,298	
X	0.025	=	\$ 59,842,832	Limited for Combined Debt	Balance Available	\$ 48,891,901
X	0.015	=	\$ 35,905,699	Limited for Non-Voted Debt	Balance Available	\$ 24,954,768

Additional information on the City's debt is provided in Note 8, "Long-Term Debt" and may be found on page 79 of these statements.

CAPITAL EQUIPMENT AND UPGRADING CAPITAL FACILITIES

The City has a capital threshold of \$5,000. Equipment for governmental services are funded from reserves built in the Capital Acquisition Fund. Fund resources consist of transfers from the General Fund to the Capital Acquisition Fund. The transfer amounts are established by City Council through the budget process. Capital purchases are prioritized and items not falling within the funding levels were delayed or reserves were allocated to purchase necessary capital items.

The City's budget continues to primarily focus on operation and maintenance costs. Annually, the City updates the City Improvement Plan (CIP) to prioritize and establish funding sources for capital outlay costs to maintain and upgrade existing infrastructure. With revenue streams continually being challenged, the City has worked to secure grants for many of the capital transportation, park, and storm drain projects.

The increase in capital assets in 2021 is in both governmental and business-type type activities. The Noll Road Project is the largest transportation in the City's history to occur combining City, County, and State roads to provide additional traffic options, pedestrian enhancements, and utility infrastructure through the City. Most of the project is grant funded and addresses necessary traffic enhancements for planned continued residential development. Also included in the project are infrastructure improvements to utilities located within the project. The multiphase project spanning over several years continued in 2021 with the current construction phase to be completed in 2022. The next phase of the project will span the next several years.

The Finn Hill project was completed in conjunction with the County in 2021. The improvements were funded by grants and traffic impact fees. Improvements included road and sidewalk improvements, which enhanced safety for both drivers and pedestrians. Finn Hill is a major road in Poulsbo providing access to a local elementary school and vehicle access to State Highway 3.

The City continues to allocate funds for pavement restoration in the neighborhood streets. The neighborhood streets do not qualify for grant funding. The City Council established a funding source and process to maintain infrastructure. The City will continue with the process of chip sealing neighborhood streets that qualify for the interim improvement.

A large parcel of land with an existing building was purchased in 2021 with bond proceeds. The property is located adjacent to the current property owned by the City, which currently houses the solid waste transfer station. Long range plans were to move the remaining functions of Public Works to the location when funding was delegated for the improvements, however for full buildout there were property limitations. The new parcel with the existing building will eliminate the space issue. It is intended the tenant improvements and re-location of the administrative functions will occur in 2022 with the final improvements and relocation of the remaining Public Works functions to occur over the next few years.

The City continually struggles to direct more efforts to building maintenance programs, and plans for future renovation and replacement while addressing the requirement during the Capital Improvement Plan process by highlighting the necessary ongoing maintenance costs. An annual transfer of \$25,000 is made to the capital facilities fund to build a reserve balance for some of the large ticket items which will need to be replaced in the future at the end of their life. The City continues to look for energy-saving measures and revenue streams to support the ongoing maintenance of City facilities.

Improvements to the 1.21-acre Rotary Morrow Manor Community Park were substantially completed in 2021. The goal for this project was to provide walkable trails that serve the adjacent housing, and new developments in the area. Construction of this project has been phased, and the improvements for phase one consisted of the clearing of trees, minor grading, and the installation of 500 feet of gravel trails throughout the park.

Improvements to the Westside Well to treat manganese and rehabilitate the pumps occurred in 2021. The Westside Well provides much of the west side of Poulsbo with water.

Per the agreement with Kitsap County to provide sewage processing, the City is required to share in a portion of the improvements made to the treatment plant and pump stations that serve Poulsbo and guarantees the portion of flow the City owns. Payments for the County's improvements for solids dewatering and UV upgrades were made in 2021.

Another benefactor to capital assets is contributed capital from new commercial and residential developments for utility infrastructure and parks within new housing developments. There are many Capital projects planned in 2022 with much of the continued focus on the Noll Road corridor project, funded with a combination of grants, traffic mitigation fees, and contributions from the County and State for their portion of the project. Additional information on the City's capital assets is provided in Note 5, beginning on page 67.

City of Poulsbo's Capital Assets at Year End, Net of Depreciation/Amortization

Table 3

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	2021	2020	2021	2020	2021	2020
Land/Intangibles	\$ 34,473,394	\$ 33,977,734	\$ 5,258,685	\$ 4,198,322	\$ 39,732,079	\$ 38,176,057
Buildings	11,780,643	11,766,477	3,044,686	2,481,863	14,825,328	14,248,340
Other Improvements	1,134,088	1,167,455	383,864	451,755	1,517,952	1,619,209
Infrastructure	28,305,529	27,690,404	46,175,631	45,891,122	74,481,160	73,581,527
Intangibles (Depreciable)	2,315	26,685	14,760,763	13,881,912	14,763,078	13,908,596
Machinery & Equipment	838,116	913,548	2,292,112	2,570,885	3,130,228	3,484,433
Work in Progress	8,185,996	5,101,044	5,155,676	711,529	13,341,672	5,812,573
Totals	\$ 84,720,081	\$ 80,643,346	\$ 77,071,417	\$ 70,187,389	\$ 161,791,497	\$ 150,830,735

ECONOMIC FACTORS AND POULSBO IN THE FUTURE

The State of Washington does not have a state personal income tax and therefore operates primarily using property, sales, business and occupation, utility, and gas taxes. The City relies on sales, property, and utility taxes and a limited array of other permitted taxes, fees, and state and federal grants to support governmental activities.

For the business-type and certain governmental activities (permitting, recreation programs, etc.) the user pays a related fee or associated charge. These revenues were severely impacted during the pandemic but began recovery in 2021. The City's recreation program worked hard to offer opportunities through webinars as well as social distancing programs. As the state continues to lessen its restrictions in 2022 the department is working hard to expand the programs and offer opportunities

to the public. The revenue projections reflect the reductions, with growth taking some time to fully recover. Treasury funds are being used to increase the number of full time programmers who are building classes and activities available to the public and support the recreation program. The City is also working hard with local citizens and leaders to develop a new Event/Recreation Center with attached ball fields. The City owns the land for the ball fields and will contribute these to the program for development. Future development will be dependent on voter approval and determination of whether this should be operated as a separate park district or fall under the City of Poulsbo's programs.

Sales tax represents a major revenue source for governmental funds and provides an economic measurement of the local economy. The City has continued to see an increase of more than 8% in sales tax since 2015, with the largest increase in 2021 of 19% over the prior year. Due to the global pandemic of COVID-19, it had been predicted sales tax would be negatively impacted due to many industries being shut down, but 2021 produced the largest sales tax revenue in the City's history. As many more citizens are utilizing on-line shopping and with tax being destination based, sales tax revenue has reflected the increase. Budget projections were built in the 2021 and 2022 biennial budget reflecting a conservative decrease, but were adjusted midyear reflecting the increase. The City continues to report and monitor the revenue stream monthly. The City was strategic and lucky to have diversified revenue, which supports the City to maintain stability as certain industries are impacted more heavily than others.

Residential development continued in 2021 with several new developments being completed or initiated in 2021. Record amounts of Real Estate Excise Tax were collected in 2021. At present there continues to be an inventory shortage of housing both to rent and own. Low interest rates and limited inventory have forced increased housing prices with many sales entering into bidding wars. Helping to alleviate some of the demand, there have been several multifamily developments completed with more currently under planning and/or construction in 2021.

Commercial construction continues, but at a slower pace than residential. The City continues to grow and maintain strong revenues because of diversification, promotion of economic development, and sound financial policies. Two City properties were sold and are expected to be developed into mixed-use multifamily and retail spaces in 2022. Additional commercial properties located in the College Market area are in the final planning stages and anticipated to begin construction in 2022. A couple of the intended businesses are national restaurant chains, which will ultimately produce additional sales tax revenue for the City.

A new hotel was completed in 2021 increasing lodging tax revenue. These funds will support ongoing promotion of Poulsbo for visitors, and a growing number of visitor events with a regulatory Lodging Tax Advisory developing and recommending grant recipients and usage of the funds.

Utility functional plans are slated for updates over the next several years. The sewer plan is intended to be completed in 2022 with projected rates and connection fees to support the system for current and future populations. The plan will be updated to account for the growing population and the amount of capacity owned by the City for the County's treatment plant. This is prioritized to be consistent with the County's plan as all sewage is processed through the County treatment plant, and their improvements will affect the City's financial and service plan. The City's population and development has grown at a rate higher than originally projected. The plan will evaluate the needs and costs necessary to support the updated planned growth. To be included in the study is an evaluation of the level of flow the City owns and if it is sufficient to support Poulsbo's projected growth. The City must participate with the County for sewer plant upgrades and other capital improvements supporting the treatment of Poulsbo's sewage. The City contributed their share of the capital improvements to the regional treatment plant pump stations necessary to process Poulsbo's sewage flow by issuing revenue debt in 2018. There are several improvements the County has completed that the City will reimburse the County for, as per the Interlocal Agreement. A multi-million-dollar project by the County is planned to occur in 2021, which will require substantial City support for their share of the County project. The projected costs have been accounted for on the City's CIP and are

anticipated to be due in 2023. The intent is to use reserves to fund these costs, but a future revenue debt issue may be necessary for an additional improvement set to begin in 2024. There are some very large improvements that must be completed over the next six years, which address the single point of transmission to the County's treatment plant. Improvement to the aging infrastructure will be made. The City will use connections fees, reserves, and debt proceeds to fund this project.

Following the completion of the sewer plan, the other plans will begin for water, solid waste, and storm drain to address the utility section of the 20-year Comprehensive Plan. The park and transportation functional plans will be completed in 2022 and then incorporated into the comprehensive plan.

The Noll Road corridor is much of the City's focus, which includes connectivity of State Route 305, pedestrian and bicycle safety, and a future location of Kitsap Transit Transfer Station. Several rights-of-way were obtained to complete the project. Much of the project is grant, impact fee, and real estate excise tax funded, but a debt issue in 2021 will fund the additional expenditures and support the new art highlighted on the roundabout. The City worked closely with the local Suquamish Tribe to develop art emphasizing the collaboration of the City and Tribe. Construction was heavy in 2021 with completion of this phase expected in 2022. The next phase is set to begin in 2023. The City is still actively pursuing grants to support the additional funding requirements.

Some large improvements to some of the City's water system are set to occur over the next couple years. A large new water tank will be constructed at RAAB Park requiring relocation of existing restrooms and parking. The improvement will support the additional need for the growing residential developments on the east side of the City.

Daytime population is much higher as the City continues to grow and Poulsbo becomes a destination for many county residents to shop, obtain medical treatments, and send students to school for all grade levels-including College. This continues to be a challenge for utilities to provide services in peak hours. The City has an agreement with Kitsap Public Utility District (KPUD) allowing the ability to purchase water and provide water services in new development areas in the west end of the City. At this point it has not been necessary for the City to purchase additional water, but new developments on the west side of the City are serviced by the KPUD for water services. This will continue to allow for development while not taxing the City's water system for fire protection at peak hours. The City also provides sewer, garbage, and storm drain service and receives utility taxes for these services.

The City is the lead agency in the County administering a grant for a mental health program to support the court, law enforcement, and fire department systems. The program provides options to support persons who may benefit from help with mental health and chemical dependencies. A new grant was awarded to the City in conjunction with the Fire District in 2021 to support the expanding program and share local resources. The City was also the recipient of a grant to fund a part-time navigator, which combined with City funds was able to maintain a full-time Navigator for the City. The City will continue to look for grant opportunities and sharing services with other agencies.

The City will receive an additional .1% sales tax to be utilized for affordable housing. Plans are being explored and developed to support affordable housing opportunities in the City. As 2022 will be the first year of the tax, a small portion will be utilized to conceptualize future projects and establish funding for the developments.

The Mayor and City Council continue to be proactive with other agencies to monitor and lobby for regulations to minimize impacts to the City and provide more funds for City services. The City works with a lobbyist to achieve legislative support and action on items which may impact the City.

The City Council established a Transportation Benefit District (TBD) with car tab fees of \$20 per car tab in 2022. Funds will be used to complete capital street maintenance and repair projects located in neighborhoods, which are not eligible for grant funds.

A large change for the State of Washington several years ago, contradictory to federal laws, passed by voters is the legalization of marijuana, not only for medicinal but recreational use. State excise tax and license fees are imposed on retailers. The majority of funds will remain at the state level. Allocation of shared revenues is distributed to local jurisdictions, but only to localities who allow the retail establishments for sale of legal recreational marijuana. Sales are 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 located in the City of Poulsbo, and formal council action was passed to not allow any of these establishments to operate within the City limits. The City Council will continue to review and evaluate zoning and policy allowance to determine if these establishments will be allowed in Poulsbo in the future. This would increase both sales tax and state shared revenues.

Two City properties sold to developers will begin construction in 2022. The developers have spent several years working through the planning process with many changes and now have final plans for multi-family housing with the option of utilizing some for retail space.

The level of taxes, fees, and charges for services (including development related mitigation fees) will have a bearing on the City's competitive ability to encourage retail, office, residential, and industrial development to operate in their jurisdiction. The City places significant emphasis on encouraging economic development to attract family wage paying jobs and as an incentive does not assess a business and occupation tax. The City continues to review and update their Comprehensive Plan and all related functional plans.

Bargaining unit agreements for the two different labor associations ended in 2021, with new agreements taking effect in 2022.

A very large incident with global impact has taken place after the end of fiscal year 2019. COVID-19 a pandemic virus, surfaced in the beginning of 2020. Much of the world went into quarantine beginning in March closing all but essential services. This impacted the travel industry, small businesses, and closed schools for the remainder of the 2019-2020 school year continuing into 2021-2022. On-line internet sales have significantly increased supporting sales tax being paid at the point of destination; however, many businesses were forced to close their doors. Small businesses had the opportunity to obtain federal assistance, but several were not able to resume operations. The City was a recipient of federal funds passed through the state, which allowed the City to continue to offer many of their services and pass on grants to local businesses and nonprofit agencies to support their operations through the pandemic and demonstrated a loss in revenue as the criteria allowed. Additional dollars are anticipated to be funded in 2022 with funds allowed to be used until 2024. These funds are supplementing the loss of revenues, infrastructure improvements, and support of local business and citizens within the ongoing economic environment. The City replaced staff affected by the reductions which occurred in 2020 through a voluntary separation agreement, attrition, and elimination of existing programs. The City also allocated funds to assist citizens with utility and rental fees.

When restrictions were lifted by the governor regarding utility late fees and shut offs for lack of payment, the City implemented payment plans to support citizens maintaining service, while guaranteeing the City would not be impacted by loss of revenue or bad debt expenditures. The accounts should be paid in full by the end of 2022.

This pandemic has also defined and adjusted how business and governments operate in the future. Many have developed telecommuting options, including accessing server applications while working from home and learning how to conduct public and staff meetings via the internet. Local dining establishments set up tables utilizing parking spaces and outside venues to continue to operate in a safe manner. Through the federal funds the City provided heaters, tables, and chairs to support these functions. This allowance was instrumental in the recovery of this industry. The success of the program encouraged a future plan to continue to expand their space and ability to provide a safe and friendly environment as we continue to recover throughout the pandemic.

The City purchased a large parcel of land with an existing structure adjacent to our public works property on Viking Avenue which is being developed in phases with the intention of having all Public Works operations centralized within this location. The purchase was approved by City Council and completed in March 2021. A debt issue for the price of the land and tenant improvements, as well as a small portion to fund the Noll Road improvements and refunding the 2012 issue with a lower interest rate was completed in March. Improvements to the building are being completed in 2022 for the administrative staff to move to the site. Future plans and timelines are being established for the last phase of the project to move the remainder of the Public Works operations to the new site. The current Public Works site is located adjacent to the City's Centennial Park, which sits on a stream limiting future development. It is intended to link the portion of the site which cannot be developed to the City Park and make improvements so the fish passage stream will be environmentally friendly.

Request for Financial Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the monies it receives. Any questions about this report or requests for additional financial information should be addressed to the Finance Department, City of Poulsbo, 200 NE Moe Street, Poulsbo, Washington, 98370. Personal inquiries may be directed to Deborah Booher, Finance Director at (360) 394-9720, dbooher@cityofpoulsbo.com.

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and Cash Equivalents	\$ 2,287,850	\$ 745,615	\$ 3,033,465
Investments	12,720,102	21,764,999	34,485,101
Restricted Assets			
Investments	1,029,990	363	1,030,352
Receivables (net of allowance for uncollectibles)			
Taxes	1,476,642	-	1,476,642
Customer Accounts	217,206	1,067,396	1,284,602
Intergovernmental Receivable	1,662,603	125,610	1,788,214
Note Receivable	125,602	-	125,602
Inventories	6,467	55,391	61,858
Prepays	-	1,500	1,500
Capital Asset not being depreciated:			
Land & Right of Ways	34,473,394	5,258,685	39,732,079
Construction in Progress	8,185,996	5,155,676	13,341,672
Capital Assets (net of accumulated depreciation/amortization):			
Buildings and Structures	11,780,643	3,044,686	14,825,328
Other Improvements	29,439,617	46,559,495	75,999,112
Machinery and Equipment	838,116	2,292,112	3,130,228
Intangibles	2,315	14,760,763	14,763,078
Net Pension Asset	6,914,687	1,160,846	8,075,533
Total Assets	111,161,229	101,993,137	213,154,366
Deferred Outflows of Resources			
Pension related	779,781	161,198	940,979
OPEB related	10,848	-	10,848
Deferred Charge on Refunding	403,953	-	403,953
Total Deferred Outflows of Resources	1,194,582	161,198	1,355,780
Liabilities			
Accounts Payable and Other Accrued Liabilities	1,457,238	671,031	2,128,269
Employee Wages	503,595	109,482	613,077
Contracts and Retainage Payable	11,559	-	11,559
Accrued Interest Payable	21,561	24,093	45,654
Deposits Payable	539,937	90,253	630,190
Unearned Revenues	712,341	-	712,341
Noncurrent Liabilities:			
Due within one year: bonds, notes, leases, claims, compensated absences	932,170	403,484	1,335,654
Total OPEB Liability due within one year	42,456	-	42,456
Due in more than one year:			
Net pension Liability - actuarially funded	349,881	128,880	478,760
Total OPEB Liability	1,135,577	-	1,135,577
Bonds, notes, leases, claims, compensated absences	9,471,594	8,582,313	18,053,907
Total Liabilities	15,177,908	10,009,535	25,187,443
Deferred Inflows of Resources			
Pension related	5,627,884	1,229,583	6,857,467
Total Deferred Inflows of Resources	5,627,884	1,229,583	6,857,467
Net Position			
Net Investment in Capital Assets	76,707,923	68,313,429	145,021,351
Restricted for:			
Capital Projects	6,003,338	-	6,003,338
Debt Service	12,361	-	12,361
Drug Enforcement	45,962	-	45,962
Federal Funds	664,656	-	664,656
Criminal Justice	147,420	-	147,420
Substance Abuse Program	15,540	-	15,540
Public, Educational, Governmental Cable	104,466	-	104,466
Promoting Downtown Businesses	98,583	-	98,583
Promoting Tourism	208,678	-	208,678
City Beautification - Expendable	4,920	-	4,920
City Beautification - Nonexpendable	91,016	-	91,016
Net Pension Asset	2,337,677	235,679	2,573,355
Unrestricted (deficit)	5,107,479	22,366,111	27,473,590
Total Net Position	\$ 91,550,019	\$ 90,915,218	\$ 182,465,236

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Page 1 of 2

Primary Government		Program Revenues			
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:					
Governmental activities:					
General Government	\$	2,325,866	\$ 342,511	\$ 1,010,975	\$ 108,133
Judicial		449,644	16,834	960	-
Security of Persons & Property		4,663,437	151,796	85,042	-
Utilities & Environment		83,108	8,600	-	-
Transportation		7,462,013	202,779	5,557,173	4,572,454
Economic Environment		1,149,898	987,356	136,040	-
Mental & Physical Health		474,789	-	404,827	-
Culture & Recreation		1,410,376	327,543	103,784	195,115
Interest on Long-Term Debt		281,997	-	-	-
Total Governmental Activities		18,301,128	2,037,420	7,298,800	4,875,702
Business-type Activities:					
Water		2,064,473	2,203,889	-	942,823
Sewer		3,888,041	4,442,162	-	776,664
Solid Waste		2,669,074	2,825,592	-	-
Storm Drain		1,750,967	1,906,644	47,515	1,784,063
Total Business-Type Activities		10,372,555	11,378,288	47,515	3,503,550
Total Primary Government	\$	28,673,683	\$ 13,415,708	\$ 7,346,315	\$ 8,379,252

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

STATEMENT OF ACTIVITIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

Page 2 of 2

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General Government	\$ (864,246)	\$ -	\$ (864,246)
Judicial	(431,850)	-	(431,850)
Security of Persons & Property	(4,426,599)	-	(4,426,599)
Utilities & Environment	(74,508)	-	(74,508)
Transportation	2,870,393	-	2,870,393
Economic Environment	(26,502)	-	(26,502)
Mental & Physical Health	(69,963)	-	(69,963)
Culture & Recreation	(783,935)	-	(783,935)
Interest on Long-Term Debt	(281,997)	-	(281,997)
Total Governmental Activities	(4,089,207)	-	(4,089,207)
Business-Type Activities:			
Water	-	1,082,239	1,082,239
Sewer	-	1,330,785	1,330,785
Solid Waste	-	156,519	156,519
Storm Drain	-	1,987,256	1,987,256
Total Business-Type Activities	-	4,556,798	4,556,798
Total Primary Government	(4,089,207)	4,556,798	467,592
General Revenues:			
Property Taxes	2,735,494	-	2,735,494
Retail Sales & Use Taxes	5,581,499	-	5,581,499
Business and Occupation Taxes	2,354,992	-	2,354,992
Excise Taxes	1,218,287	-	1,218,287
Unrestricted Interest & Investment Earnings (Loss)	(14,645)	111,292	96,647
Gain on disposal of capital assets	694,400	-	694,400
Total General Revenues	12,570,026	111,292	12,681,319
Change in Net Position	8,480,820	4,668,090	13,148,910
Net Position - Beginning of Year	83,095,701	86,247,127	169,342,828
Prior Period Adjustments	(26,502)	-	(26,502)
Net Position - End of Year	\$ 91,550,019	\$ 90,915,218	\$ 182,465,236

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General Fund	Street Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,173,463	\$ 2,769	\$ 1,111,618	\$ 2,287,850
Investments	4,995,419	304,213	7,420,471	12,720,102
Cash and Investments - Restricted	16,436	920,371	93,183	1,029,990
Receivables <i>(net of allowance for uncollectibles)</i>				
Taxes	1,282,601	-	194,041	1,476,642
Accounts	57,486	-	34,693	92,179
Intergovernmental Receivable	945,770	698,706	18,128	1,662,603
Inventories	6,467	-	-	6,467
Total Assets	8,477,640	1,926,057	8,872,134	19,275,832
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	8,477,640	1,926,057	8,872,134	19,275,832
Liabilities				
Accounts Payable	717,794	627,842	111,601	1,457,238
Custodial Accounts	-	5,550	10,982	16,532
Payroll Payable	455,429	11,629	36,537	503,595
Deposits and Other Payables	534,964	-	-	534,964
Unearned Revenues	712,341	-	-	712,341
Total Liabilities	2,420,527	645,021	159,120	3,224,669
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	40,660	-	-	40,660
Unavailable Revenue - Grants	258,084	188	42,573	300,844
Total Deferred Inflows of Resources	298,744	188	42,573	341,505
Fund Balances (Deficits)				
Nonspendable Fund Balance	8,500	-	91,016	99,516
Restricted Fund Balance	784,662	920,371	5,600,892	7,305,924
Assigned Fund Balance	375,000	360,478	2,978,532	3,714,010
Unassigned Fund Balance (Deficits)	4,590,207	-	-	4,590,207
Total Fund Balances (Deficits)	5,758,369	1,280,848	8,670,440	15,709,658
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 8,477,640	\$ 1,926,057	\$ 8,872,134	\$ 19,275,832

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

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Governmental Fund Balances: \$ 15,709,658
Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 84,720,081

These assets consist of:

Land	34,473,394
Buildings and structures	15,613,777
Improvements	52,423,732
Machinery and Equipment	4,175,883
Construction in Progress	8,185,996
Intangibles	753,024

Less: Accumulated Depreciation	(30,905,727)
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Other Assets that are not available to pay for current-period expenditures and therefore are not reported in governmental funds.

Accounts Receivable	1,002,818
Allowance for Uncollectible	(877,790)
Note Receivable	125,602
Pension Asset	6,914,687
Deferred Outflow - Loss on Refunding	403,953
Deferred Outflow - Pension	790,629

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Interest Payable	21,561
Long-term Liabilities	17,218,057 (17,239,618)

Net Position of governmental activities	<u>\$ 91,550,019</u>
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The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Street Reserve Fund	Non-Major Governmental Funds	Total
Revenues				
Property Taxes	\$ 2,807,739	\$ -	\$ -	\$ 2,807,739
Sales Taxes	5,348,300	-	1,395,679	6,743,979
Franchise Taxes	2,354,992	-	-	2,354,992
Licenses and Permits	837,617	-	22,600	860,217
Intergovernmental	6,649,298	3,801,234	378,941	10,829,472
Charges for Services	1,037,936	-	625,495	1,663,431
Fines and Forfeitures	38,497	-	5,381	43,878
Interest and Other Earnings	(7,550)	2,411	(3,571)	(8,709)
Miscellaneous	58,194	-	103,929	162,123
Total Revenues	19,125,023	3,803,645	2,528,454	25,457,122
Expenditures				
Current				
General Government	3,532,906	-	-	3,532,906
Security of Persons & Property	3,614,293	-	18,386	3,632,679
Utilities & Environment	34,783	-	-	34,783
Transportation	6,051,280	-	1,040,154	7,091,434
Economic Environment	1,160,478	-	76,056	1,236,534
Mental & Physical Health	546,309	-	-	546,309
Culture & Recreation	1,107,020	-	59,335	1,166,355
Debt Service:				
Principal	-	-	2,119,946	2,119,946
Interest & Other Charges	-	-	289,092	289,092
Issuance Costs	-	8,596	-	8,596
Capital Outlay	-	5,088,261	1,514,441	6,602,702
Total Expenditures	16,047,068	5,096,857	5,117,409	26,261,334
Excess (deficiency) of Revenues Over Expenditures	3,077,955	(1,293,213)	(2,588,955)	(804,213)
Other Financing Sources (Uses)				
Transfers In	175,000	59,000	1,996,918	2,230,918
Transfers Out	(1,655,918)	(25,000)	(550,000)	(2,230,918)
Notes Issued	-	1,506,480	2,605,221	4,111,701
Sale of General Capital Assets	8,677	-	821,180	829,856
Insurance Recoveries	1,000	-	-	1,000
Total Other Financing Sources and Uses	(1,471,241)	1,540,480	4,873,318	4,942,557
Net Change in Fund Balances	1,606,713	247,267	2,284,363	4,138,344
Fund Balances - Beginning of Year	4,112,931	1,098,808	6,386,077	11,597,816
Prior Year Adjustment	38,725	(65,227)	-	(26,502)
Fund Balances (deficit) - End of Year	\$ 5,758,369	\$ 1,280,848	\$ 8,670,440	\$ 15,709,658

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Net change in Fund balance--total governmental funds	\$	4,138,344
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Amounts reported for Governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenditure.

This is the amount of capital outlays		6,602,702
This is the amount of depreciation		(2,232,868)
This is the amount of Gain (Loss) on Capital Assets		(610,070)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government funds.		317,252
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Developers construct and then contributed capital infrastructure assets to the City. These assets are reported on the statement of activities but not reported in the fund statements.		316,971
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.		(4,111,701)
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Principal payments		2,119,946
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Some expenses reported in the statement of activities do not require the use of the governmental funds.		1,940,245
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Change in net position of governmental activities	\$	<u>8,480,820</u>
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The notes to the financial statements are an integral part of this statement.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts			Variance with Final
	Original Budget	Final Budget	Actual	Budget Positive (Negative)
Revenues				
Taxes				
Property Taxes	\$ 2,730,500	\$ 2,730,500	\$ 2,751,932	\$ 21,432
Sales Taxes	3,900,000	4,200,000	5,098,048	898,048
Utility Taxes	2,266,639	2,266,639	2,352,274	85,635
Criminal Justice Taxes	175,000	175,000	250,252	75,252
Other Taxes	56,000	46,000	58,525	12,525
Licenses and Permits	641,398	641,398	837,617	196,219
Intergovernmental	634,930	8,974,526	6,649,298	(2,325,228)
Charges for Services	682,680	682,680	1,037,936	355,256
Fines and Forfeitures	69,100	50,100	38,497	(11,603)
Interest and Other Earnings	246,310	218,610	50,644	(167,966)
Total Revenues	11,402,557	19,985,453	19,125,023	(860,430)
Expenditures				
Current:				
General Government	3,257,264	3,843,775	3,532,906	310,869
Security of Persons & Property	3,974,488	4,117,012	3,614,293	502,719
Utilities & Environment	177,805	18,002	34,783	(16,781)
Transportation	94,021	7,902,214	6,051,280	1,850,934
Economic Environment	991,241	1,302,158	1,160,478	141,680
Mental & Physical Health	557,466	559,763	546,309	13,454
Culture & Recreation	982,178	1,126,682	1,107,020	19,662
Total Expenditures	10,034,463	18,869,606	16,047,068	2,822,538
Excess (deficiency) of Revenues over Expenditures	1,368,094	1,115,847	3,077,955	1,962,108
Other Financing Sources (Uses)				
Transfers In	-	271,000	175,000	(96,000)
Transfers Out	(1,695,531)	(1,743,918)	(1,655,918)	88,000
Sale of General Capital Assets	3,500	3,500	8,677	5,177
Insurance Recoveries	-	-	1,000	1,000
Total Other Financing Sources (Uses)	(1,692,031)	(1,469,418)	(1,471,241)	(1,823)
Net Change in Fund Balance	(323,937)	(353,571)	1,606,713	1,960,284
Fund Balance - Beginning of Year	3,229,321	4,103,134	4,112,931	9,797
Prior Year Adjustment	\$ -	\$ -	\$ 38,725	\$ 38,725
Fund Balance - End of Year	\$ 2,905,384	\$ 3,749,563	\$ 5,758,369	\$ 2,008,806

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 132,353	\$ 443,598	\$ 168,379	\$ 1,286	\$ 745,615
Investments	5,902,542	11,496,968	2,104,125	2,261,364	21,764,999
Restricted Investments	82	82	129	70	363
Accounts Receivable, net	189,509	420,201	285,565	172,121	1,067,396
Intergovernmental Receivable	-	-	-	125,610	125,610
Inventories	50,454	4,937	-	-	55,391
Prepaid Items	500	500	250	250	1,500
Total Current Assets	6,275,440	12,366,286	2,558,447	2,560,702	23,760,874
Noncurrent Assets:					
Capital Assets Not Being Depreciated:					
Land & Right of Ways	754,917	780,407	558,313	3,165,048	5,258,685
Construction in Progress	2,159,421	325,476	58,671	2,612,108	5,155,676
Capital Assets:					
Buildings and Structures	653,996	397,229	1,104,574	1,441,056	3,596,856
Intangibles	113,501	17,947,386	5,898	234,806	18,301,591
Other Improvements	22,946,684	29,644,704	12,403	17,696,486	70,300,277
Machinery and Equipment	1,294,564	1,826,894	1,468,005	438,491	5,027,954
Less: Accumulated Depreciation	(8,529,943)	(14,990,462)	(1,092,511)	(5,956,705)	(30,569,621)
Net Pension Asset	325,000	223,988	255,506	356,353	1,160,846
Total Noncurrent Assets	19,718,140	36,155,622	2,370,858	19,987,643	78,232,263
Total Assets	25,993,579	48,521,908	4,929,305	22,548,345	101,993,137
Deferred Outflows of Resources					
Pension related	44,954	30,474	36,440	49,331	161,198
Total Deferred Outflows of Resources	44,954	30,474	36,440	49,331	161,198
Liabilities					
Current Liabilities					
Accounts Payable	356,624	145,896	134,020	143,973	780,513
Compensated Absences	4,709	5,200	5,371	7,500	22,781
Custodial Accounts	6,000	84,253	-	-	90,253
Accrued Interest Payable	672	21,789	1,056	576	24,093
Bond Anticipation Note Payable	21,886	305,664	34,393	18,760	380,703
Total Current Liabilities	389,892	562,802	174,840	170,809	1,298,342
Noncurrent Liabilities:					
Compensated Absences	42,384	46,797	48,343	67,504	205,027
Bonds Payable	453,158	6,823,599	712,106	388,421	8,377,285
Net Pension Liability	34,080	22,422	33,219	39,158	128,880
Total Noncurrent Liabilities	529,622	6,892,819	793,668	495,083	8,711,192
Total Liabilities	919,515	7,455,620	968,508	665,892	10,009,535
Deferred Inflows of Resources					
Pension related	342,039	234,492	276,062	376,990	1,229,583
Total Deferred Inflows of Resources	342,039	234,492	276,062	376,990	1,229,583
Net Position					
Net Investment in Capital Assets	18,918,095	28,802,371	1,368,854	19,224,109	68,313,429
Restricted	62,322	41,003	60,747	71,607	235,679
Unrestricted	5,796,563	12,018,896	2,291,574	2,259,078	22,366,111
Total Net Position	\$ 24,776,980	\$ 40,862,270	\$ 3,721,175	\$ 21,554,793	\$ 90,915,218

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Operating Revenues:					
Charges for Services	\$ 2,200,069	4,439,004	\$ 2,818,027	\$ 1,899,541	\$ 11,356,641
Other Operating Revenues	3,780	3,060	7,035	6,894	20,769
Total Operating Revenues	2,203,849	4,442,064	2,825,062	1,906,435	11,377,410
Operating Expenses:					
Salaries and Wages	571,685	450,745	644,400	620,517	2,287,347
Personnel Benefits	139,277	108,867	218,560	126,592	593,296
Materials and Supplies	111,766	32,205	181,001	34,280	359,252
Services	312,313	477,300	627,175	178,713	1,595,501
Depreciation	521,243	1,208,761	132,949	477,398	2,340,351
Intergovernmental Services and Payments	369,975	1,364,567	849,906	305,320	2,889,769
Total Operating Expenses	2,026,260	3,642,444	2,653,991	1,742,820	10,065,515
Operating Income (Loss)	177,589	799,620	171,071	163,615	1,311,895
Nonoperating Revenues (Expenses):					
Intergovernmental	-	-	-	47,515	47,515
Interest and Other Earnings	107,708	1,492	893	1,199	111,292
Gain/Loss from Sale of Capital Assets	(28,913)	(87)	-	-	(28,999)
Interest Expense	(9,261)	(245,412)	(14,552)	(7,938)	(277,163)
Special Assessments	9,580	-	-	-	9,580
Insurance Recoveries	400	-	-	-	400
Total Nonoperating Revenues (Expenses)	79,515	(244,007)	(13,660)	40,777	(137,374)
Income (loss) Before Capital Contributions and Transfers	257,104	555,613	157,411	204,392	1,174,521
Capital Contributions	932,842	776,664	-	1,784,063	3,493,570
Change in Net Position	1,189,947	1,332,278	157,411	1,988,455	4,668,090
Total Net Position - Beginning of Year	23,587,033	39,529,992	3,563,763	19,566,339	86,247,127
Total Net Position - End of Year	\$ 24,776,980	40,862,270	\$ 3,721,175	\$ 21,554,793	\$ 90,915,218

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

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Page 1 of 2

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 2,285,823	\$ 4,478,324	\$ 2,801,579	\$ 1,851,599	\$ 11,417,326
Payments to suppliers and service providers	(719,613)	(1,809,797)	(1,545,493)	(449,569)	(4,524,472)
Payments to employees for salaries and benefits	(596,046)	(401,907)	(531,697)	(644,694)	(2,174,344)
Payments to other funds for services provided	(307,097)	(311,555)	(521,052)	(294,269)	(1,433,973)
Net cash provided by (used for) operating activities	663,067	1,955,065	203,337	463,067	3,284,536
Cash Flows From Noncapital Financing Activities					
Operating Grants	-	-	-	47,515	47,515
Proceeds from Insurance Claims	400	-	-	-	400
Net cash provided (used) by noncapital financing activities	400	-	-	47,515	47,915
Cash Flows from Capital and Related Financing Activities					
Connection Fees	683,580	585,663	-	157,356	1,426,599
Capital Grants	-	-	-	309,224	309,224
Acquisition and Construction of Capital Assets	(2,051,740)	(1,893,118)	-	(2,131,360)	(6,076,218)
Purchase of Capital Assets	-	(9,952)	(654,543)	(328,129)	(992,624)
Principal paid on Capital Debt	(17,072)	(262,072)	(26,828)	(14,057)	(320,029)
Interest paid on Capital Debt	(8,589)	(274,539)	(13,496)	(7,938)	(304,561)
Proceeds from the Sale of Assets	27	-	-	-	27
Proceeds from Capital Debt	492,117	492,117	773,326	421,814	2,179,374
Net cash provided by (used for) capital and related financing activities	(901,677)	(1,361,901)	78,459	(1,593,089)	(3,778,208)
Cash Flows from Investing Activities					
Purchase of investments	(1,358,465)	(3,666,480)	(1,185,012)	(945,043)	(7,155,000)
Proceeds from sales and maturities of investments	1,054,330	3,232,566	698,572	1,504,771	6,490,239
Interest on Investments	(1,088)	(8,479)	(2,395)	(3,209)	(15,172)
Net cash provided by investing activities	(305,223)	(442,394)	(488,835)	556,518	(679,933)
Net increase (decrease) in Cash and Cash Equivalents	(543,433)	150,771	(207,038)	(525,989)	(1,125,689)
Cash and Cash Equivalents - Beginning of Year	675,785	292,827	375,417	527,275	1,871,305
Cash and Cash Equivalents - End of Year	\$ 132,353	\$ 443,598	\$ 168,379	\$ 1,286	\$ 745,615

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

Page 2 of 2

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating Income (Loss)	\$ 177,589	\$ 799,620	\$ 171,071	\$ 163,615	\$ 1,311,895
Depreciation Expense	521,243	1,208,761	132,949	477,398	2,340,351
(Increase) decrease in Accounts Receivable	(25,622)	(13,454)	(26,771)	(5,673)	(71,519)
(Increase) in Intergovernmental Receivables	-	-	-	(53,573)	(53,573)
(Increase) decrease in Inventories	(5,655)	132	-	-	(5,523)
(Increase) decrease in Custodial Funds	(1,200)	39,743	-	-	38,543
(Increase) decrease in Interest and Other Earnings	108,796	9,971	3,288	4,409	126,464
Decrease in pension related deferred outflows of resources	9,081	6,166	5,426	9,151	29,825
(Decrease) increase in Accounts Payable	16,762	(5,337)	11,322	6,546	29,293
(Decrease) increase in Compensated Absences	1,142	6,079	1,227	8,356	16,804
(Decrease) in Net Pension Liability	(437,526)	(301,450)	(337,075)	(476,735)	(1,552,786)
(Decrease) in pension related deferred inflows of resources	298,456	204,834	241,900	329,573	1,074,763
Total Adjustments	485,478	1,155,445	32,266	299,452	1,972,641
Net Cash provided by (used for) Operating Activities	\$ 663,067	\$ 1,955,065	\$ 203,337	\$ 463,067	\$ 3,284,536
Schedule of non-cash Capital and related financing activities:					
Investment Earnings Unrealized	(47,992)	(101,247)	(13,256)	(16,476)	(178,971)
Capital Contributions by Developers	\$ 258,843	\$ 191,001	\$ -	\$ 1,085,834	\$ 1,535,678

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

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021**

Custodial Funds	
Assets	
Cash and Cash Equivalents	\$ 11,575
Total Assets	11,575
Net Position	
Restricted For:	
Individuals, Organizations and Other Governments	11,575
Total Net Position	\$ 11,575

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Custodial Funds	
Additions	
Collections of Funds for Other Governments:	
Bail Funds and Restitution	\$ 54,382
Total Additions	54,382
Deductions	
Distribution of Funds to Other Governments:	
Bail Funds and Restitution	70,532
Total Deductions	70,532
Net Increase (Decrease) in Fiduciary Net Position	(16,150)
Net Position - Beginning of Year	27,725
Net Position - End of Year	\$ 11,575

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



NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Poulsbo have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

REPORTING ENTITY

The City of Poulsbo, located in Kitsap County, Washington, was incorporated in 1908. It operates under the laws of the State of Washington applicable to code cities with a Mayor-Council form of government. A full-time mayor and seven council members, all elected at large for four-year terms, administer the City. The City provides what are considered general government services including public safety, streets, parks and recreation, planning and zoning, permits and inspection, general administrative, water, sanitary sewer collection, solid waste collection, and storm drainage services.

The City's Annual Comprehensive Financial Report includes all funds, agencies and boards controlled by, or dependent on, the City. Control by or dependence on the City was determined on the basis of financial accountability, budget adoption, taxing authority, outstanding debt service secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

BASIS OF PRESENTATION - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The City's basic financial statements consist of government-wide statements including a statement of net position and a statement of activities; and fund financial statements, which provide a more detailed level of financial information.

The government-wide financial statements report information on all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The **Statement of Activities** presents changes in the government-wide net position by function or program. It focuses on expenses rather than expenditures and shows to what extent direct program revenues offset expenses for a given function. Our policy is to allocate indirect costs to a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from a program; and 2) grants and contributions that are restricted for the purpose of operational or capital use for a particular program. Taxes and other items such as investment interest, not restricted for specific programs, are reported on the statement as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the City.

The **Statement of Net Position** presents the financial condition of the City's governmental and business-type activities at year-end. It reports all financial and capital assets including infrastructure and all liabilities, including current and long-term.

During the year, the City segregates transactions related to certain City functions or activities into separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level and include statements for governmental, proprietary, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. In the basic financial statements, the governmental and enterprise fund financial statements focus on major funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The City of Poulsbo reports the following major governmental funds:

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

The **Street Reserve Fund**, under the administration of the Engineering Department, provides for planning, design, and construction improvements associated with the City's transportation system. This includes construction of roads, traffic control devices, curbs, gutters, and sidewalks as well as roadway drainage improvements and pavement restoration. Most revenue sources are from state, federal and local transportation grants. Additional funding may come from operating transfers from the general government funds.

The City of Poulsbo reports the following major proprietary funds:

The **Water Fund** accounts for providing water services. Its revenues are mostly received from service charges and system connection charges. Expenses are for maintenance and operations of a water supply, storage, and distribution system. This fund also reflects the operation of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve, and construction funds.

The **Sewer Fund** accounts for providing sewer services. Its revenues are mostly received from service charges and system connection charges. Expenses are for maintenance and extensions of drainage, sewer service facilities, maintaining sewer collection and transmission systems. This fund also reflects the operation of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve, and construction funds.

The **Solid Waste Fund** accounts for operations of the collection and transportation of solid waste. Its revenues are received from service charges. Expenses are made up of the cost of collection and disposal of solid waste.

The **Storm Drain Fund** accounts for the operation, construction, and maintenance of the storm water management system. Its revenue is received from service charges and system connection charges.

Additionally, the City reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources to finance specific activities as required by law or administration regulation. Their revenues are earmarked to finance certain activities or functions.

Debt Service Funds account for resources accumulated and payment made for principal and interest on the general government debt except those required to be accounted for in another fund.

Capital Project Funds account for the acquisition or development of capital facilities for governmental activities. The major sources of revenue are from proceeds from general obligation bonds, grants, and contributions from other funds.

Custodial Funds account for assets held by the City as an agent for private individuals or other governments. Custodial funds are fiduciary in nature and are prepared using the economic resources measurement focus and full accrual basis of accounting. The resources in custodial funds, upon receipt, are normally expected to be held for three months or less. These funds are excluded from the government-wide financial statements.

Permanent Funds account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for specific purposes that support the City's programs and benefit the City

and its citizens. The City has one *Permanent fund*, the Bernice Borgen Beautification Fund. The fund accounts for a trust established from Ms. Borgen's estate of an original donation of \$91,016 for beautification of the City. The City Council has the authority to determine what these expenditures will be.

As of year-end, funds available for expenditure are \$4,920. This amount also represents the designated unrealized investment earnings.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are the charges for goods and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash and Investments

It is the City's policy to invest all temporary cash surpluses. At December 31, 2021, the City was holding \$3,033,465 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City reports its deposit and investment risk disclosures in accordance with GASB 40 (see note 3).

Receivables

The City of Poulsbo recognizes receivables in its various funds using the accounting basis required for that fund. These receivables are as follows:

Property Taxes

The City's annual property tax levy is billed and collected by Kitsap County. Taxes collected by the County, but not remitted to the City by year-end, are reported as receivables. Taxes are levied and become a lien on the first day of the calendar year. When property taxes become three years' delinquent, the County is required by State statute to foreclose on the property.

Accounts Receivable

Customer Accounts Receivable consist of amounts owed by private individuals or organizations for goods and services provided. Uncollectable amounts are considered immaterial and the direct write-off method is used.

Special Assessments

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. Deferred assessments consist of unbilled special assessments that are liens against the property benefited.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between City funds. Interfund transactions such as buying goods and services are recorded as revenues and expenditures. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between funds are included as "other financing sources or uses." Interfund loans, when applicable, are recorded as receivables in the lending fund and payables in the borrowing fund. The City had no interfund loans in 2021.

The City levies a utility tax on the revenues of its own enterprise funds (Water, Sewer, Solid Waste, and Storm Drain). On the fund statements, these taxes are recorded as an expense in enterprise funds, and as revenue in the General Fund.

Other interfund transfers as of December 31, 2021 were as follows:

Transfers Out:				
Transfers In:	General Fund	Street Reserve Fund	Non-Major Gov'l	Total
General Fund		\$ 25,000	\$ 150,000	\$ 175,000
City Street Reserve Fund	59,000			59,000
Non-Major Gov'l Funds	1,596,918		400,000	1,996,918
Total Transfers	\$ 1,655,918	\$ 25,000	\$ 550,000	\$ 2,230,918

Amounts Due to and from Other Governmental Units

These receivables reflect measurable and available intergovernmental charges for services rendered by, or to, the City for, or by, another government unit.

Inventories

Inventories are defined as assets which may be held for internal consumption or for resale. On the government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as expenditures when consumed rather than when purchased. On the fund financial statements, the City uses the following policies in valuing and recording inventory items that are used:

- a. Inventories are valued at cost using the average cost method. The costs of inventories in the

governmental fund types are recorded as expenditures when consumed rather than when purchased.

- b. In proprietary funds, a perpetual inventory is maintained in which the cost is capitalized when inventory items are purchased and expensed when the item is consumed. The average cost method of valuation which approximates market is used to value the inventory. A physical inventory is taken at year-end.

Restricted Assets

Restricted Assets include resources reserved for capital purchases from debt service funds and the amount of our permanent trust fund.

Note Receivable

Note Receivable consists of the amount owed to the City from the Poulsbo Historical Society for a portion of real estate sold to house the Poulsbo Historical Museum.

Capital Assets

Capital assets are generally considered property and equipment owned by the City costing \$5,000 or more and having an estimated useful life of 3 years or more. Additionally, new infrastructure construction (e.g. roads, bridges, sidewalks, etc.) of \$100,000 or more is also reported as capital. Assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if the actual cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are recorded in Construction in Progress as they are constructed and capitalized upon completion.

Assets are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life in Years
Bridges	100
Roads and Street Lighting	30-40
Sidewalks	10-40
Water, Sewer, and Storm Drain Mains	40
Hydrants and Wells	50
Buildings	10-50
Playfields and Other Recreational Facilities	20
Other Improvements	5-25
Vehicles, Boats, and Construction Equipment	5-10
Machinery/Shop Equipment	5-40
Office/Communication Equipment	5-20
Furniture	10
Intangibles	5-10
Law Enforcement Equipment	5
Computer Software/Hardware	4-5

Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation leave up to a maximum of 240 hours. Vacation pay is payable to the maximum upon resignation, retirement, or the death of an employee. Compensatory time may be accrued up to a maximum of 80 hours for uniformed officers and up to 40 hours for all other employees.

Sick leave accumulation is unlimited, but the annual accrual could be elected to be cashed out for 50% for employees hired before December 31, 2012 or 25% for employees hired after January 1, 2013, once a 1,000-hour balance is reached. All sick leave is payable upon resignation, retirement, or the death of an employee for 50% for employees hired before December 31, 2012 or 25% for employees hired after January 1, 2013, up to a maximum balance of 1,200 hours.

In accordance with GASB Statement No. 16, the City accrues vacation pay and no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of the accumulating sick leave benefits that it is estimated to be taken as termination leave prior to resignation. This provides for the termination pay for eligible employee's vacation and the applicable percentage of their sick leave to a maximum of 1,200 hours accrued.

The entire compensated absence liability is reported on the government-wide financial statements. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Pensions and OPEB

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the City of Poulsbo includes the net pension asset and the related deferred outflows and deferred inflows/net pension asset and related deferred inflows.

Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. The City has two retirees who qualify for this benefit. An OPEB liability using the alternative measurement method has been recognized.

Custodial Accounts

These accounts reflect the liability for net monetary assets being held by the City in its trustee or agency capacity.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Also, all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities, those once incurred, are paid in a timely manner and in-full from current financial resources, are reported as obligations of the funds. When due, bonds and long-term loans are recognized as a liability on the governmental fund financial statements.

Unearned Revenues

Unearned revenues consist of receivables for charges for services to be recognized in the following year or funds paid in advance by customers for services to be recognized in the following year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

Fund Balance Classification

In the fund financial statements, governmental funds report fund balances based on the extent to which the City is bound to observe constraints on the use of the governmental funds' resources. Fund balances are classified in the following manner:

Nonspendable - includes amounts that are either 1) not in spendable form, or 2) legally or contractually required to be maintained intact. Inventories, prepaid items, and permanent trusts are classified as nonspendable fund balances.

Restricted - includes amounts which are constrained for specific purposes that are 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through enabling legislation.

Committed - includes amounts that can be used for specific purposes with constraints imposed by formal action of the highest level of decision-making authority. The authorization specifying the purposes for which committed funds can be used should have the consent of both the legislative and executive branches of government. The City operates under a Mayor-Council form of government. As Executive Officer, the Mayor supervises the administrative process of the City and works with the City Council. The City Council enacts ordinances and resolutions that may impose, modify, or rescind fund balance commitments. (The City does not have any committed balances.)

Assigned - includes amounts that are intended to be used for specific purposes but are neither restricted nor committed. The authority for assignment of funds is not required to be the government's highest level of decision-making authority. Furthermore, the constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on committed fund balances. The City Council may authorize executive officers to assign fund balances for specific purposes through Council files, ordinances, and resolutions.

Unassigned - includes amounts that are not assigned to other funds and do not meet the criteria for being classified as restricted, committed, or assigned. The General Fund is the only fund that may show a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The primary flow assumption utilized by the City is: 1) Restricted, 2) Committed, 3) Assigned, 4) Unassigned. However, prior to the commencement of any project, the flow assumption is reviewed to ensure that the proper resources are being used. The following is the breakdown:

	<u>Nonspendable Purposes</u>	<u>Restricted Purposes</u>	<u>Assigned Purposes</u>	<u>Unassigned Purposes</u>	<u>Totals</u>
<u>General Fund</u>					
General Government	\$ 8,500	\$ -	\$ -	\$ 4,590,207	\$ 4,598,707
Public, Education, Government					
Cable	-	104,466	-	-	104,466
Substance Abuse Program	-	15,540	-	-	15,540
Federal Funds	-	664,656	-	-	664,656
Compensated Absences Liability	-	-	150,000	-	150,000
Legal Reserves	-	-	225,000	-	225,000
Subtotals, General Fund	8,500	784,662	375,000	4,590,207	5,758,369
<u>Street Reserve Fund</u>					
Transportation Improvements	-	920,371	360,478	-	1,280,848
Subtotals, City Street Fund	-	920,371	360,478	-	1,280,848
<u>Other Governmental Funds</u>					
Transportation Maintenance & Operation	-	-	123,528	-	123,528
Transportation Improvements	-	1,439,299	-	-	1,439,299
Parks Improvements	-	295,311	318,799	-	614,110
Cemetery Improvements	-	-	41,558	-	41,558
Capital Equipment	-	-	466,351	-	466,351
Capital Improvements	-	3,280,670	2,006,092	-	5,286,761
Affordable Housing	-	67,688	-	-	67,688
Drug Enforcement	-	45,962	-	-	45,962
Criminal Justice	-	147,420	22,205	-	169,625
Promote Downtown Businesses	-	98,583	-	-	98,583
Promoting Tourism	-	208,678	-	-	208,678
City Beautification	91,016	4,920	-	-	95,936
Debt Service	-	12,361	-	-	12,361
Subtotals, Other Governmental Funds	91,016	5,600,892	2,978,532	-	8,670,440
Totals	\$ 99,516	\$ 7,305,924	\$ 3,714,010	\$ 4,590,207	\$15,709,658

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City of Poulsbo budgets its funds in accordance with the Revised Code of Washington (RCW) 35A.34 that is on a basis consistent with accounting principles generally accepted in the United States of America. In compliance with the code, budgets for all funds are established with the exception of the Permanent and Fiduciary funds.

The biennial budget is proposed by the Mayor and adopted by the City Council with legal budgetary control at the fund level for all funds. Expenditures and other financing used may not exceed budgeted appropriations at these levels. The Mayor is authorized to approve intra-fund budget transfers from one department to another or between line items of the same department. Only the City Council has the authority to increase a given fund's budget. This is executed by City ordinance.

In addition to authorizing the budget, the City Council approves the Capital Improvement Plan (CIP). The CIP is the document that communicates the City's plan for capital construction and purchases for a six-year period as required by the Growth Management Act of 1990 (GMA). The GMA requires the City to develop a comprehensive plan that contains land use, housing, capital facilities, utilities, public facilities and transportation elements. By City policy, a capital project is defined as a project of a non-recurring nature with a cost not less than \$15,000 and an estimated life not less than 10 years.

The CIP is updated as an initial step in the budget process. Projects are prioritized by the department and working Council committees. The CIP, as a whole is then reviewed by the City Council with funding options established.

The calendar below outlines the process for preparing, reviewing, and adopting the biennial budget:

YEAR 1

APRIL – JUNE

- Council Retreat/Goal Setting
- Capital Improvement team begins process to update Capital Improvement Plan (CIP)

JULY

- Budget Recommendations & Directions to Staff for Development

AUGUST – OCTOBER

- Department Budget Presentations to Council committees
- Develop Proposed Preliminary & Preliminary Budget

NOVEMBER

- Public Participation at City Council Meetings
- Public Hearings held
- Budget Workshop
- Property tax levy set

DECEMBER

- Final Budget Approval and Adoption

YEAR 2

APRIL – JUNE

- Council Retreat/Goal Status Review
- Capital Project Review

SEPTEMBER – OCTOBER

- Department Formalized Review of Budget Status

- Department Budget Update Presentation to Committees
- Develop Proposed Mid-Biennium Budget Amendment

NOVEMBER

- Public Participation at City Council Meetings
- Public Hearings held
- Property tax levy set

DECEMBER

- Mid-Biennium Budget Amendment Approval and Adoption

The final budget, as adopted, is published within the first three months of the new budget year, and distributed to various governmental agencies as well as to the local library to be available to the citizens and all interested members of the public and is published on the City's website; www.cityofpoulsbo.com.

BUDGETARY COMPLIANCE

In 2021, there were no City funds that reported actual expenditures above budgeted appropriations. Though specific line items may be exceeded, no fund's appropriations can be legally exceeded. It should be noted, however, that the "Statement of Revenues, Expenditures and Changes in Fund Balances" including the comparisons of "Budget and Actual," could be misinterpreted due to its format and, by so doing, lead one to believe that budgeted expenditures have been exceeded. The City budgets not only expenditures but also "Beginning Fund Balances" so as to maintain a budget in balance with receipts and disbursements. By increasing expenditure appropriations by the budget values for these items, it can be seen that no City fund has exceeded its legally established appropriation. All budgets lapse at year-end.

Encumbrance accounting is used in all City funds for budgetary control only. Encumbrances (e.g., purchase orders) lapse at year end and, if necessary, are re-appropriated in the following year.

MINIMUM FUND BALANCES

The City has formally adopted a minimum fund balance policy because it is the belief that 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.

General Fund

It is 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. This shall be in addition to the maintenance of two months operating cash within the General Fund itself.

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.

Capital Reserve Funds

The City shall maintain capital reserve funds to provide funding for the six-year Capital Improvement Plan, less proprietary fund projects. The use of any funds within the Capital Improvement Funds shall be approved by the City Council.

Contributions to the capital reserve funds will be made as per the budget recommendations set by the City Council. 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.

NOTE 3: DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The City's bank deposits, and certificates of deposit are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the State of Washington Public Deposit Protection Commission (WPDPC). The FDIC insures the first \$250,000 of the City's deposits. The deposit balances over \$250,000 are collateralized by the WPDPC.

As of December 31, 2021, the carrying amount of the City's change funds, petty cash, and bank demand deposit accounts with financial institutions was the following:

Cash	
FDIC or PDPC insured bank deposits	\$ 3,389,672
In-transit items	(346,282)
Custodial funds	(11,575)
Petty Cash on hand	1,650
Total Cash	\$ 3,033,465

INVESTMENTS

The City's investments are maintained in accordance with a Council-approved policy, which has also been certified by WPTA. The City pools cash from all sources and all funds and invests its pooled idle cash according to the State of Washington's law and the City's Investment Policy approved by City Council. The basic principles underlying the City's investment philosophy are to ensure the safety of public funds, ensure sufficient funds are available to meet current expenditures, and achieve a reasonable rate of return on investments. Qualifying investments include obligations of the United States government, Treasury and Agency securities, bankers' acceptances, certificates of deposit and repurchase agreements.

Investments in Local Government Investment Pool (LGIP)

The City's participation in the Local Government Investment Pool (LGIP) was authorized by Chapter 294, Washington Laws of 1986, and is managed and operated by the Washington State Treasurer. The Washington State Finance Committee is the administrator of the statute that created the pool and adopts rules. The Washington State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP Advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by the GASB Statement 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the Washington State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Washington Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov/www.tre.wa.gov>.

As of December 31, 2021, the City held the following investments at amortized Cost:

Washington State Local Government Inv. Pool	<u>\$ 13,057,563</u>
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Investments measured at Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All the investments are measured using level 1 inputs.

The following is a summary of the fair value investments of the City as of December 31, 2021:

Investments	Valuation Measurement Method	Fair Value 12/31/21	Maturities		
			Less Than One Year	One to Three Years	Total
US agency securities					
US Treasury Bills, Notes & Bonds	Level 1	\$ 11,704,819	\$ 5,034,968	\$ 6,669,851	\$ 11,704,819
Federal Home Loan Bank	Level 1	3,508,513	1,760,735	1,747,778	3,508,513
Federal Home Loan Mortgage Corp	Level 1	3,732,228	-	3,732,228	3,732,228
Federal National Mortgage Association	Level 1	3,495,895	2,006,410	1,489,485	3,495,895
Total Investments		<u>\$ 22,441,454</u>	<u>\$ 8,802,113</u>	<u>\$ 13,639,341</u>	<u>\$ 22,441,454</u>

Custodial Credit Risk

For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City limits its exposure by only purchasing insured or registered investments, and by the control of a third-party custodian to hold the securities for safekeeping.

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk

State law and City policy limit investment to those authorized by the State Statute including commercial paper, bankers' acceptances, and corporate bonds. It is the City's policy to limit its credit risk by only investing in commercial paper or bankers' acceptances with a superior credit rating of A1 or P1.

Concentration of Credit Risk

In accordance with its investment policy, the City will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than twenty-five percent of the City's total investment portfolios will be invested in a single security type or with a single financial institution. Below is a table outlining the City's portfolio distribution:

Investment Type	Fair Value or Amortized Cost	Modified Duration	% of Portfolio	S&P Rating
Investments				
US agency securities				
US Treasury Bills, Notes & Bonds	\$ 11,704,819	1.60	33%	AA+
Federal Home Loan Bank	3,508,513	1.25	10%	AA+
Federal Home Loan Mortgage Corp	3,732,228	1.49	11%	AA+
Federal National Mortgage Association	3,495,895	0.93	10%	AA+
Washington State Local Government Inv. Pool	13,057,563		37%	
Trust/Passbook Accounts	16,436			
Total Investments	\$ 35,515,453	1.32	100%	

NOTE 4: PROPERTY TAXES

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, however, that amount is reduced by the Kitsap County Library and Kitsap County Fire District 18 annexations. The Library District may levy up to a maximum of \$.50 and Fire District 18 may levy up to a maximum of \$1.50 per \$1,000 of assessed valuation.

This amount may also be reduced subject to the following limitations:

- Washington State RCW 84.55.010 limits the growth of regular property taxes to one percent per year or Implicit Price Deflator (IPD), whichever is less, after adjustments for new construction and annexations, unless an increase greater than this limit is approved by the voters. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.
- The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation, or \$10 per \$1,000 of the market value of a property. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

For property taxes collected in 2021, the City's levy for general governmental services was \$1.26 per \$1,000 on the assessed valuation of \$2,174,433,432 for a total of \$2,743,092.

The Kitsap County Treasurer acts as agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar

Jan 1	Taxes are levied and become an enforceable lien against properties
Feb 14	Tax statements are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property is established at 100% of market value for next year's levy
Oct 31	Second installment is due

During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections to be distributed by the Kitsap County Treasurer and received within 60 days. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is summarized below:

GENERAL GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 10,365,624	\$ 635,912	\$ (140,252)	\$ 10,861,284
Intangible - Right of Way/Easements	23,612,111	-	-	23,612,111
Construction Work in Progress	5,101,044	5,345,918	(2,260,966)	8,185,996
Total capital assets not being depreciated	39,078,778	5,981,831	(2,401,218)	42,659,390
Capital assets, being depreciated:				
Buildings	15,432,611	396,632	(215,465)	15,613,777
Other Improvements	3,756,096	118,783	-	3,874,879
Machinery and Equipment	3,963,733	212,150	-	4,175,883
Intangible	753,024	-	-	753,024
Infrastructure	46,739,600	2,646,752	(837,499)	48,548,853
Total capital assets being depreciated	70,645,064	3,374,317	(1,052,964)	72,966,417
Less accumulated depreciation for:				
Buildings	(3,666,134)	(382,466)	215,465	(3,833,135)
Other Improvements	(2,588,641)	(152,151)	-	(2,740,792)
Machinery and Equipment	(3,050,185)	(287,582)	-	(3,337,767)
Intangible	(726,340)	(24,370)	-	(750,709)
Infrastructure	(19,049,195)	(1,569,521)	375,393	(20,243,324)
Total accumulated depreciation	(29,080,496)	(2,416,089)	590,858	(30,905,727)
Total capital assets, being depreciated, net	41,564,569	958,228	(462,106)	42,060,691
Governmental activity capital assets, net	\$ 80,643,346	\$ 6,940,059	\$ (2,863,324)	\$ 84,720,081

- The City acquired \$1,030,624 of land/building on Viking Avenue to serve as the new Public Works facility, as well as \$303,631 of infrastructure as contributed capital for the new Crystal View residential development.
- The decrease shown in land and buildings is attributed to the City's sale of the old Police Station located on Hostmark Street.
- The decrease in infrastructure is due to the retirement of assets that were partially replaced as part of the Finn Hill project.
- \$5,354,515 was spent on construction work in progress for various capital projects throughout the year. Improvements on Finn Hill and phase one of the Rotary Morrow Manor Park were completed in 2021. Improvements at the Liberty Bay Waterfront Trail, Noll Road/Johnson Parkway are still in progress.
- \$108,133 was expended to acquire updated audio-visual equipment for the City Council Chambers, and \$88,159 was expended for new MCT's for the Police Department, and \$7,190 for a new boat trailer.

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

	Depreciation Expense
Governmental activities:	
General Government	\$ 405,095
Security of Persons and Property	115,143
Utilities and Environment	-
Transportation	1,630,378
Economic Environment	-
Culture and Recreation	265,473
Total depreciation expense - governmental activities	\$ 2,416,089

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 3,619,496	\$ 1,060,362	\$ -	\$ 4,679,858
Intangible - Right of Way/Easements	578,827	-	-	578,827
Construction Work in Progress	711,529	4,520,699	(76,552)	5,155,676
Total capital assets not being depreciated	4,909,852	5,581,061	(76,552)	10,414,361
Capital assets, being depreciated:				
Buildings	2,950,694	646,162	-	3,596,856
Other Improvements	1,194,104	-	-	1,194,104
Machinery and Equipment	5,015,173	12,781	-	5,027,954
Intangible	17,029,711	1,271,880	-	18,301,591
Infrastructure	67,333,916	3,569,966	(1,797,708)	69,106,173
Total capital assets being depreciated	93,523,597	5,500,788	(1,797,708)	97,226,677
Less accumulated depreciation for:				
Buildings	(468,831)	(83,339)	-	(552,170)
Other Improvements	(742,349)	(67,890)	-	(810,240)
Machinery and Equipment	(2,444,288)	(291,554)	-	(2,735,842)
Intangible	(3,147,799)	(393,028)	-	(3,540,828)
Infrastructure	(21,442,793)	(2,095,607)	607,858	(22,930,542)
Total accumulated depreciation	(28,246,060)	(2,931,419)	607,858	(30,569,621)
Total capital assets, being depreciated, net	65,277,537	2,569,369	(1,189,850)	66,657,056
Business-type activity capital assets, net	\$ 70,187,389	\$ 8,150,430	\$ (1,266,402)	\$ 77,071,417

- The City acquired \$1,680,718 of land/building on Viking Avenue to serve as the new Public Works facility.
- The City's share of County-operated assets is reflected in the intangible row, totaling \$788,708 of for the Kitsap County Solids Dewatering improvement, and \$483,172 for the Kitsap County Ultraviolet Disinfection.
- \$76,552 of infrastructure added this year included new watermain as part of the Olhava Watermain relocation project. Additions to infrastructure also include \$1,336,191 of contributed capital for the new Crystal View residential development.
- The City incurred \$4,520,699 in costs for construction in progress for the West Poulsbo Waterfront, Westside Well treatment, Noll Road, Olhava Watermain relocation, Pump Station, SR305 Storage Facility, Public Works Facility, and Dogfish Creek Retrofit projects. All projects except for the Olhava Watermain are still in progress.

Depreciation expense was charged to Business-Type Activities of the primary government as follows:

	Depreciation Expense
Business-type activities:	
Water	\$ 1,104,550
Sewer	1,216,522
Solid Waste	132,949
Storm Drain	477,398
Public Works Administration	
Total depreciation expense - business-type activities	<u>\$ 2,931,419</u>

NOTE 6: EMPLOYEE RETIREMENT AND PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the *GASB Statement 68, Accounting and Financial Reporting for Pensions* for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (478,760)
Pension assets	8,075,533
Deferred outflows of resources	940,978
Deferred inflows of resources	(6,857,472)
Pension expense/expenditures	\$ (1,660,637)

State Sponsored Pension Plans

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

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

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS ACFR (Annual Comprehensive Financial Report) may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January - June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July - December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

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

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January - June 2021:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.41%
July - December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	7.90%

* For employees participating in JBM, the contribution rate was 15.90%

The City's actual PERS plan contributions were \$258,233 to PERS Plan 1 and \$429,186 to PERS Plan 2/3 for the year ended December 31, 2021.

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

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

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

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

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

were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January - June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.75%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
Total	8.77%	8.59%
July - December 2021		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	8.71%	8.53%

The City of Poulsbo's actual contributions to the plan were \$ 101,429 for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to

supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$2,997,606.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020, Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future

benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability/(Asset)

The table below presents the City of Poulsbo's proportionate share* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City of Poulsbo's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Discount 7.40%	1% Increase 8.40%
PERS 1	\$ 815,595	\$ 478,760	\$ 185,006
PERS 2/3	(1,429,662)	(5,018,459)	(7,973,836)
LEOFF 1	(53,537)	(59,468)	(64,599)
LEOFF 2	\$ (1,890,293)	\$ (2,997,606)	\$ (3,904,275)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2021, the City of Poulsbo reported a total pension liability of \$478,760 and total pension asset of \$8,075,533 for its proportionate share of the net pension liabilities as follows:

	Liability or (Asset)
PERS 1	\$ 478,760
PERS 2/3	(5,018,459)
LEOFF 1	(59,468)
LEOFF 2	\$ (2,997,606)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City of Poulsbo. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF I Asset	LEOFF II Asset
Employer's proportionate share	\$ (59,468)	\$ (2,997,606)
State's proportionate share of the net pension asset associated with the employer	(402,238)	(1,933,783)
TOTAL	\$ (461,706)	\$ (4,931,390)

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.041138%	0.039203%	-0.001935%
PERS 2/3	0.053582%	0.050378%	-0.003204%
LEOFF 1	0.001694%	0.001736%	0.000042%
LEOFF 2	0.054246%	0.051608%	-0.002638%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2021, the City of Poulsbo recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (158,440)
PERS 2/3	(1,127,120)
LEOFF 1	(9,640)
LEOFF 2	(365,437)
TOTAL	\$ (1,660,637)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City of Poulsbo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	-	(531,264)
Contributions subsequent to the measurement date	116,948	-
TOTAL	\$ 116,948	\$ (531,264)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 243,739	\$ (61,521)
Net difference between projected and actual investment earnings on pension plan investments	-	(4,194,255)
Changes of assumptions	7,334	(356,394)
Changes in proportion and differences between contributions and proportionate share of contributions	99,654	(80,937)
Contributions subsequent to the measurement date	199,417	-
TOTAL	\$ 550,144	\$ (4,693,107)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	-	(18,171)
TOTAL	\$ -	\$ (18,171)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,960	\$ (15,842)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,429,280)
Changes of assumptions	1,296	(142,566)
Changes in proportion and differences between contributions and proportionate share of contributions	87,036	(27,241)
Contributions subsequent to the measurement date	49,594	-
TOTAL	\$ 273,886	\$ (1,614,930)

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 379,699	\$ (77,364)
Net difference between projected and actual investment earnings on pension plan investments	-	(6,172,970)
Changes of assumptions	8,629	(498,960)
Changes in proportion and differences between contributions and proportionate share of contributions	186,690	(108,178)
Contributions subsequent to the measurement date	365,959	-
TOTAL	\$ 940,978	\$ (6,857,472)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1
2022	\$ (140,732)
2023	(128,962)
2024	(121,938)
2025	(139,632)
TOTAL	\$ (531,264)

Year ended December 31	PERS 2/3
2022	\$ (1,136,050)
2023	(1,060,693)
2024	(1,011,875)
2025	(1,103,676)
2026	(25,295)
Thereafter	(4,792)
TOTAL	\$ (4,342,381)

Year ended December 31	LEOFF 1
2022	\$ (4,827)
2023	(4,415)
2024	(4,166)
2025	(4,763)
TOTAL	\$ (18,171)

Year ended December 31	LEOFF 2
2022	\$ (376,290)
2023	(350,293)
2024	(330,651)
2025	(372,950)
2026	(226)
Thereafter	39,773
TOTAL	\$ (1,390,637)

NOTE 7: RISK MANAGEMENT

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

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

In the past four years, there have been no settlements that exceeded coverage.

NOTE 8: LONG-TERM DEBT

The City issues general obligation and revenue bonds to finance the purchase of capital assets and the construction of infrastructure. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund several general obligation and revenue bonds. General obligation bonds have been issued for general government and are being repaid from the applicable resources. The revenue bonds are being repaid by proprietary fund revenues. The City is also liable for state loans that were entered into for the construction of street infrastructure. These loans are considered obligations of the general government and are being repaid with general governmental revenue sources. The City currently has zero lines of credit utilized or available for use, and there are no assets pledged as collateral for any issued debt.

BONDS

General Obligation Bonds are a direct obligation of the City for which its full faith and credit are pledged. Debt service is paid from the Debt Service Funds and Proprietary funds as appropriate. Debt service for voter-approved issues is funded by special property tax levies. Debt service for non-voted issues is funded from the regular property taxes.

A direct borrowing, ten-year bank loan was issued in February 2021. This debt issue refunded the 2012 City Hall non-voted general obligation bond with the remaining new debt to be used for the Noll Road Capital Project and the purchase of land for the Public Works Building to include tenant/building improvements.

As of December 31, 2021 the governmental long-term debt of the City consisted of the following:

Issuance Date	Purpose	Original Issue	Interest Rates	Maturity Date	Debt Outstanding
2015	2015 GO Debt: Refunded 2005 GO Bond and callable portion of the 2009 GO Bond	7,320,000	2-4%	2033	4,905,000
2020	Network Switches Capital Lease	69,477	0.00%	2024	41,686
2021	2021 GO Debt: Refunded 2012 GO Bond, Issued to provide funds for Noll Road and the Public Works Property	4,111,701	1-2.2%	2040	3,900,476
				Total	\$ 8,847,162

Revenue Bonds are payable from revenues generated by the Water/Sewer Enterprise Fund. A reserve of cash to meet obligations is a requirement of the issued debt. The 2018 Revenue Bond does have a 10-year call provision that is not anticipated to be exercised.

As of December 31, 2021, the long-term debt payable from proprietary fund resources consisted of the following:

Issuance Date	Purpose	Original Issue	Interest Rates	Maturity Date	Debt Outstanding
2018	City's share of Kitsap County wastewater treatment facilities improvements	\$ 6,970,000	3-5%	2038	\$ 6,165,000
2021	2021 GO Debt: Refunded 2012 GO Bond, Issued to provide funds for Noll Road and the Public Works Property	2,179,374	1-2.2%	2040	2,103,769
Total					\$ 8,268,769

PUBLIC WORKS TRUST FUND LOANS

State of Washington Public Works Trust Fund Loans (PWTF) are an intergovernmental loan from the Public Works Board to undertake local public works projects. These loans are a direct responsibility of the City. As of fiscal year 2021, the City of Poulsbo does not have any PWTF loans.

LEASES

The City of Poulsbo has entered into lease agreements for financing machinery and equipment. The gross amount of assets acquired under capital leases are recorded by major asset class. The minimum future lease payments in total and for each of the next five years, and, at a minimum, are minimum future lease payments for subsequent years reported in five-year increments.

The City of Poulsbo has entered into a capital lease agreement for financing of an upgrade of network switches with a payment in year one of \$13,895.

This lease agreement qualifies as a capital lease for accounting purposes, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

DEBT SERVICE REQUIREMENTS TO MATURITY FOR PRIMARY GOVERNMENT

Year Ended Dec 31	General Obligation Bonds Governmental Activities			Public Works Trust Fund Loans Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 784,665	\$ 258,732	\$ 1,043,397	\$ 351,925	\$ 289,111	\$ 641,036
2023	814,071	234,928	1,048,999	367,915	275,372	643,287
2024	833,439	210,006	1,043,445	378,941	266,244	645,185
2025	853,815	184,123	1,037,938	390,050	253,936	643,986
2026	533,144	156,821	689,965	401,241	241,145	642,386
2027-2031	2,889,336	550,002	3,439,338	2,233,534	983,044	3,216,578
2032-2036	1,481,741	157,344	1,639,085	2,681,424	537,757	3,219,180
2037-2040	656,951	34,955	691,906	1,463,739	84,803	1,548,542
Total	\$ 8,847,162	\$1,786,911	\$ 10,634,073	\$8,268,769	\$2,931,411	\$ 11,200,181

ARBITRAGE REBATE

Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. The City of Poulsbo monitors its investments to restrict earnings to a yield less than the bond issue, and therefore limit any arbitrage liability. As of December 31, 2021, the City has no arbitrage rebate liability.

LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning			Ending		Due Within
	Balance	Additions	Reductions	Balance		One Year
Governmental Activities						
Bonds payable:						
General obligation bonds	\$ 6,799,825	\$ 4,111,701	\$ 2,106,050	\$ 8,805,476	\$ 770,770	
Less Unamortized Bond Discount	(7,639)	-	(7,639)	-	-	
Plus Unamortized Bond Premium	567,872	-	78,553	489,319	40,777	
Net Pension Liability	1,526,858	349,881	1,526,858	349,881	-	
Total OPEB Liability	1,151,313	25,008	(1,712)	1,178,033	42,456	
Compensated Absences	995,200	679,392	607,309	1,067,283	106,728	
Capital Lease	55,582	-	13,895	41,686	13,895	
Total Governmental activity long-term liabilities	11,089,011	5,165,981	4,323,315	11,931,678	974,626	
Business-type Activities						
Bonds payable:						
Revenue Bonds	6,410,000	-	245,000	6,165,000	255,000	
General obligation bonds	-	2,179,374	75,605	2,103,769	96,925	
Less Unamortized Bond Discount	(24,847)	-	(1,380)	(23,467)	(1,380)	
Plus Unamortized Bond Premium	542,844	-	30,158	512,686	30,158	
Net Pension Liability	520,819	128,880	520,819	128,880	-	
Compensated Absences	211,005	165,859	149,055	227,808	22,781	
Total Business-type activity long-term liabilities	\$ 7,659,820	\$ 2,474,113	\$ 1,019,257	\$ 9,114,676	\$ 403,484	

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included in the totals for governmental activities. For the governmental funds, long-term liabilities other than debt (i.e., compensated absences and other postemployment benefits) are generally liquidated in the general and other governmental funds.

NOTE 9: CONTINGENCIES AND LITIGATIONS

GRANTS

The City participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The audits of these programs for the year ended December 31, 2021 are planned but have not yet been conducted. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

LITIGATION

In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims, suits and other actions in which payment is considered probable (see Note No. 7 – Risk Management). Currently, there are no judgments against the City, and the City has no material contingent liabilities for which it does not also have insurance coverage. As a result, the City has no recorded contingent liabilities because management believes it is not probable payment will be required.

There are presently two outstanding lawsuits from developers that have been filed against the City. The City Attorney is working with the City for a resolution. There is no anticipated adverse outcome or expected impact to the financial statements due to this pending litigation.

CONTRACTUAL COMMITMENTS

As of December 31, 2021, the City had 21 significant contractual obligations with the following balances:

<u>Project</u>	<u>Vendor</u>	<u>Amount</u>
Johnson Parkway/SR 305 Roundabout	Active Construction	\$ 3,788,123
Noll/Johnson Pkwy Project (all elements)	Parametrix	714,312
Westide Well Treatment Facility Construction	McClure & Sons	247,954
Pavement Preservation - Liquid Roads Ultra Project	Sierra Santa Fe Corporation	193,480
SR305 Storage Facility Design Services	Parametrix	184,133
W. Poulsbo StrmWtr Park - Eng Svcs	Perteet Engineering	86,664
2021 Sewer Comprehensive Plan Update - Phase 2	BHC Consultants	69,987
Johnson Parkway/SR305 Roundabout Art	Elijah James Burnett	54,136
Stormwater Testing Services	Kitsap Public Health District	53,305
After Hours Success Coach MHFRT	Summer Anderson	32,720
MBR Feasibility Study (Swr Comp Plan)	Parametrix	29,121
PERC Feasibility/Proj Mgmt/Consulting	Perteet Engineering	24,936
Mesford & Swanson PRV Stations - Design	Gray & Osborne	21,873
PERC Market Analysis	Berk & Associates	17,954
Land Survey BLA	KPG	7,605
PERC Feasibility Site & Concept Planning	ARC Architects	6,575
Westside Well Treatment Facility Design	Gray & Osborne	5,545
Land Capacity Analysis	KC Dept of Community Developm	5,330
City Wide Safety Surveying & CADD	KPG	4,963
Westside Well Testing Services	MTC Inc	1,836
Liberty Bay Waterfront Trail	Parametrix	80
		<u>\$ 5,550,630</u>

NOTE 10: JOINT VENTURES

SEWER TREATMENT PLANT

The City has an agreement with Kitsap County for providing use of the sewer treatment plant. The plant was jointly built in 1977 to provide sufficient capacity for both the County and the City. The plant is owned and operated by the County. However, the agreement requires the City to pay for its share of the costs to operate the plant and any necessary capital improvements.

The financials for Kitsap County are available at www.kitsapgov.com or by contacting the Kitsap County Auditor's Office at 614 Division Street, Port Orchard, Washington 98366 (360) 337-7129.

FIRE C.A.R.E.S. PROGRAM (COMMUNITY ASSISTANCE, REFERRAL, AND EDUCATION SERVICES)

The City has an agreement with the Kitsap County Fire Protection District No. 18 (Poulsbo Fire Department) for the purpose of connecting members of the community who use the 911 system or emergency department for non-urgent or non-emergency purposes to primary care providers, other health care professionals, low-cost medication programs, and other social services. This is accomplished per RCW 35.21.930, which authorizes fire departments to utilize EMTs, paramedics, and other healthcare professionals to provide community outreach and assistance to residents to improve population health and advance illness and injury prevention.

The 2021 grant provides the City of Poulsbo with \$305,000 of mental health, chemical dependency, and therapeutic court tax funds (originating from 1/10 of 1% of retail sales tax) for the time period of January 1, 2021 – December 31, 2021. The goal of this program is to prevent and reduce the impacts of disabling chemical dependency and mental illness. This is accomplished by creating and investing in data-driven programs for recovery-oriented systems of care per RCW 82.14.460. The project provides a Kitsap County Fire CARES Program, which consists of one mobile unit based at the Poulsbo Fire Department. The CARES unit is staffed by a crisis intervention officer and a behavioral health professional who respond to behavioral health situations (including mental illness, substance abuse, overdose, and suicidality.) Services are focused in North Kitsap, but referrals are accepted throughout the County.

The financials for the Poulsbo Fire Department are available at <https://www.poulsbofire.org/> or by contacting the Poulsbo Fire Department at 911 NE Liberty Road, Poulsbo, Washington 98370 (360) 779-3997.

WASPC NAVIGATOR BEHAVIORAL HEALTH PROGRAM

The funding for this program is provided to the Washington Association of Sheriffs and Police Chiefs (WASPC) by the Washington State Health Care Authority with a funding period of January 1, 2021 through June 30, 2021. The City of Poulsbo has been awarded \$60,234 to support a mental health professional ("Navigator") on a part-time basis, employed within the Poulsbo Police Department. The remainder of this full-time position's funding comes from the City of Poulsbo.

The Navigator provides targeted, short-term outreach to individuals with behavioral health needs after receiving a police referral, both with officers (via co-response) and independently. Community access to the Navigator is intended to divert people from the criminal justice system who are struggling with mental illness, mental health, and substance abuse disorders.

The Poulsbo Police Department has successfully managed a four-department co-response/field response program since 2018. For two years, the program paired Police Navigators with police officers in Poulsbo, Bainbridge Island, Port Orchard, and Bremerton. In December of 2020, County grant funding for a four-city Navigator program expired, and all cities are responsible for their Navigator programs moving forward.

The financials for the Washington State Health Care Authority are available at www.hca.wa.gov/ or by contacting the Washington State Health Care Authority at 626 8th Avenue SE, Olympia, Washington 98501 (844) 461-4436.

POULSBO EVENT AND RECREATION CENTER (PERC)

The Poulsbo Event and Recreation Center (PERC) is a collaboration between the City of Poulsbo, the Kitsap Public Facilities District (KPFDD), and the community to create a new public facility in Poulsbo for indoor and outdoor recreation and events. The City presently has an agreement with KPFDD for \$243,900 for the purpose of conducting a preliminary feasibility study for this development project. The feasibility planning phase, which includes community engagement/survey, market studies, conceptual plans, financial planning, and determining operating requirements is expected to be completed by the end of 2021.

The financials for the Kitsap Public Facilities District (KPFDD) are available at <https://www.kitsap-pfd.org/> or by contacting the KPFDD office at 9230 Bay Shore Drive NW, Suite 101 Silverdale, WA 98383 (360) 698-1885.

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of the GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions for the year 2021:

Aggregate OPEB Amounts - All Plans		
OPEB Liabilities	\$	1,178,033
Deferred outflows of resources		10,848
OPEB expenses/expenditures	\$	48,413

Plan description

The City of Poulsbo administers a single-employer defined benefit healthcare plan. It is a closed plan that provides post-retirement health care benefits, in accordance with State statute to all LEOFF 1 retirees. As of December 31, 2021, there are 2 LEOFF 1 retirees covered by the benefit terms. There are no active employees or inactive employees not receiving benefits covered under this plan. This plan was closed to new entrants on October 1, 1977.

Benefits Provided

The City reimburses one hundred percent of the amount of validated claims for medical and hospitalization costs incurred by retirees. State statute provides that the City's responsibility for medical payments of LEOFF 1 retirees is secondary to any other coverage retirees receive or are eligible to receive. Therefore, upon reaching the eligible age for Medicare, the City requires the retirees to apply for and utilize Medicare Part B coverage.

Funding Policy

Employer contributions are financed on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. Expenditures for post-retirement health care benefits are recognized as retirees report claims. During the year, expenditures of \$21,671 were recognized for post-retirement health care.

Total OPEB Liability

The City has elected to calculate the total OPEB liability using the alternative measurement method permitted by GASB Statement 75 for employers with plans that have fewer than one hundred total plan members. The City's total OPEB liability of \$1,178,033 was measured as of June 30, 2021 and was determined using the entry age valuation method on that date.

Valuation assumptions and other inputs

The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions and other

inputs, applied to all periods included in the measurement, unless otherwise specified. Unless noted otherwise, assumptions and inputs are consistent with the 2020 LEOFF I Medical Benefits Actuarial Valuation Report published by the Washington State Actuary's Office:

Inflation : 2.21%
Discount Rate: 2.16%
Initial medical costs rate is approximately 5.3% and trends down
Healthcare cost trend rates: to about 5% in the 2020's. Long-term care is 4.5%. Medicare Part B premiums is approximately 5%, and varies by year.

A 5.5% general inflation rate was used based on the CPI for Urban Wage Earners and Clerical Workers, Seattle-Tacoma-Bremerton, WA - All Items

The discount rate is based on the Bond Buyer General Obligation 20-Bond Municipal Index

Mortality rates were based on the RP-2000 Mortality Table for males with adjustments for mortality improvements based on Scale BB.

Sensitivity of the Total OPEB Liability

Healthcare Cost Trend Rate. The following presents the total OPEB liability of the City of Poulsbo calculated using the current healthcare cost trend rate of 6 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 -percentage point lower (5%) or 1-percentage point higher (7%) than the current rate.

	1% Decrease (5%)	Current healthcare Cost Trend Rate (6%)	1% Increase (7%)
Total OPEB Liability	\$ 1,055,583	\$ 1,178,033	\$ 1,319,646

Discount Rate

The following presents the total OPEB liability of the City of Poulsbo calculated using the current discount rate of 2.16 percent, as well as what the OPEB Liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current rate.

	1% Decrease (1.16%)	Current healthcare Cost Trend Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$1,330,746	\$1,151,313	\$1,049,370

Change in the Total OPEB Liability		
Balance at 6/30/2020	\$	1,151,313
Changes for the year:		
Interest Cost		25,008
Changes in Experience Data and Assumptions		41,424
Estimated Benefit Payments		(39,712)
Net changes		26,720
Balance at 6/30/2021	\$	1,178,033

Changes in experience data and assumptions reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

Deferred outflows of resources of \$10,848 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

At December 31, 2021 the City of Poulsbo reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	\$ -	\$ -
Payments subsequent to the measurement date	\$ 10,848.00	\$ -
TOTAL*	\$ 10,848.00	\$ -

NOTE 12: PRIOR PERIOD ADJUSTMENTS

The following adjustments related to prior periods were the result of corrections made, considered to be material in value:

Fund #	Fund Description	Governmental Activities	Governmental Fund Statements	Reason
001	General	\$ (395,080)	\$ (395,080)	Adjustment to receivable with Kitsap County
001	General	356,355	356,355	Adjustment to receivable with Kitsap County
311	City Street Reserve	29,920	29,920	Recording of prior year expenditures
311	City Street Reserve	35,307	35,307	Recording of prior year expenditures
		<u>\$ 26,502</u>	<u>\$ 26,502</u>	

The adjustments were made to a receivable due from Kitsap County, which was originally booked in fiscal year 2020. The booked receivable did not account for expenses Kitsap County incurred on the City's behalf during a joint project. The County netted those expenses against the remittance sent to the City of Poulsbo, requiring an adjustment to the booked receivable.

NOTE 13: RECONCILIATION OF NET INVESTMENT IN CAPITAL ASSETS**Governmental Activities:**

Capital Assets, Net of Depreciation	\$ 84,720,081
General Obligation Bonds Payable	(7,926,791)
Unamortized premium on Bonds	(489,319)
Deferred Outflows - Loss on Refunding	403,953

Net Investment in Capital Assets**\$ 76,707,923****Business-Type Activities:**

Capital Assets, Net of Depreciation	\$ 77,071,417
Revenue Bonds Payable	(328,458)
Unamortized premium on Bonds	(7,916,844)
Unamortized discount on Bonds	(512,686)

Net Investment in Capital Assets**\$ 68,313,429****NOTE 14: ACCOUNTING AND REPORTING CHANGES**

In fiscal year 2021, the City of Poulsbo closed the Miscellaneous Governmental Debt Fund. The fund was being used for a Public Works Trust Fund debt that has ended. The balance of this fund totaled \$4,776 and was rolled into the City Street Fund.

NOTE 15: COVID-19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In response to the COVID-19 Pandemic the City of Poulsbo closed City Hall to the public as of March 23rd, 2020. Many employees worked remotely for several months in order to establish and maintain safety protocols and limit the number of people present in the building per the Governors order.

Utility penalties and turn off services for non-payment of utility bills were eliminated, then reinstated in November of 2021 for October's services. Payment plans for utility customers who owe back payments due to the COVID-19 Pandemic were offered when penalties and turn off services resumed, and continue to be available to customers.

Funding from the Federal government was received from the to address the impacts of COVID-19. A portion of the funds were granted to local businesses and agencies to offer economic support to combat the financial effects stemming from the pandemic. Additional funding was received as part of the American Rescue Plan Act (ARPA) in 2021 and will be received over the next year as a source of fiscal relief due to the ongoing impacts of the COVID-19 Pandemic.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact of the City is unknown at this time.

NOTE 16: SUBSEQUENT EVENTS

In December 2021, the City Council adopted ordinance #2021-15 establishing a Transportation Benefit District as allowed by RCW 36.73. The City Council's approval of this ordinance allows the board to impose a vehicle license fee of up to \$20. The vehicle license fee revenue will be restricted for the purpose of making transportation improvements that preserve, maintain, and improve the City's transportation infrastructure. The City intends to establish a special revenue fund to account for all financial transactions relating to the TBD, which will facilitate reporting and accountability for these restricted funds.



REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LEOFF 1
As of June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability - beginning	\$ 1,151,313	\$ 1,215,855	\$ 1,185,697	\$ 1,220,280
Interest	25,008	41,770	45,286	43,106
Changes in Experience Data and Assumptions	41,424	(61,081)	16,187	(45,011)
Estimated Benefit Payments	(39,712)	-	(31,315)	(32,678)
Benefit payments		(45,231)	-	-
Total OPEB liability - ending	<u>\$ 1,178,033</u>	<u>\$ 1,151,313</u>	<u>\$ 1,215,855</u>	<u>\$ 1,185,697</u>
Covered-employee payroll**	0	0	0	0
Total OPEB liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

** No active employees

Until a full 10-year trend is compiled, only information for those years available is presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS 1
As of June 30, 2021
Last 8 years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.039203%	0.041138%	0.042353%	0.040400%	0.038376%	0.038976%	0.037386%	0.036729%
Employer's proportionate share of the net pension liability	<u>\$ 478,760</u>	<u>\$ 1,452,394</u>	<u>\$ 1,628,623</u>	<u>\$ 1,804,278</u>	<u>\$ 1,820,971</u>	<u>\$ 2,093,195</u>	<u>\$ 1,955,635</u>	<u>\$ 1,850,241</u>
Total	<u><u>\$ 478,760</u></u>	<u><u>\$ 1,452,394</u></u>	<u><u>\$ 1,628,623</u></u>	<u><u>\$ 1,804,278</u></u>	<u><u>\$ 1,820,971</u></u>	<u><u>\$ 2,093,195</u></u>	<u><u>\$ 1,955,635</u></u>	<u><u>\$ 1,850,241</u></u>
Employer's covered payroll	\$ 6,025,440	\$ 6,244,760	\$ 5,943,262	\$ 5,379,587	\$ 4,839,503	\$ 4,671,276	\$ 4,285,003	\$ 4,045,587
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7.95%	23.26%	27.40%	33.54%	37.63%	44.81%	45.64%	45.73%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	61.24%	61.24%	57.03%	59.10%	61.19%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

See notes to Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PERS 2/3
 As of June 30, 2021
 Last 8 years*

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.050378%	0.053582%	0.054678%	0.051875%	0.049363%	0.049929%	0.048290%	4.728900%
Employer's proportionate share of the net pension liability	<u>\$ (5,018,459)</u>	<u>\$ 685,283</u>	<u>\$ 531,109</u>	<u>\$ 885,719</u>	<u>\$ 1,715,128</u>	<u>\$ 2,513,886</u>	<u>\$ 1,725,429</u>	<u>\$ 955,881</u>
Total	<u><u>\$ (5,018,459)</u></u>	<u><u>\$ 685,283</u></u>	<u><u>\$ 531,109</u></u>	<u><u>\$ 885,719</u></u>	<u><u>\$ 1,715,128</u></u>	<u><u>\$ 2,513,886</u></u>	<u><u>\$ 1,725,429</u></u>	<u><u>\$ 955,881</u></u>
Employer's covered payroll	\$ 6,025,440	\$ 6,244,760	\$ 5,943,262	\$ 5,379,587	\$ 4,839,503	\$ 4,671,276	\$ 4,285,003	\$ 4,045,587
Employer's proportionate share of the net pension liability as a percentage of covered payroll	-83.29%	10.97%	8.94%	16.46%	35.44%	53.82%	40.27%	23.63%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.
 See notes to Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LEOFF 1
As of June 30, 2021
Last 8 years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.001736%	0.001694%	0.001707%	0.002911%	0.002999%	0.003743%	0.005085%	0.504300%
Employer's proportionate share of the net pension liability	\$ (59,468)	\$ (31,991)	\$ (33,741)	\$ (52,849)	\$ (45,501)	\$ (38,564)	\$ (61,282)	\$ (61,161)
State's proportionate share of the net pension liability (asset) associated with the employer	<u>\$ (402,238)</u>	<u>\$ (216,389)</u>	<u>\$ (228,222)</u>	<u>\$ (357,471)</u>	<u>\$ (307,771)</u>	<u>\$ (260,843)</u>	<u>\$ (366,222)</u>	<u>*</u>
Total	<u>\$ (461,706)</u>	<u>\$ (248,380)</u>	<u>\$ (261,962)</u>	<u>\$ (410,320)</u>	<u>\$ (353,272)</u>	<u>\$ (299,407)</u>	<u>\$ (427,504)</u>	<u>\$ (61,161)</u>
Employer's covered payroll	0	0	0	0	0	0	0	0
Employer's proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%	126.91%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

*Information not available for 2014

See notes to Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LEOFF 2
As of June 30, 2021
Last 8 years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's proportion of the net pension liability (asset)	0.051608%	0.054246%	0.057162%	0.056707%	0.053352%	0.053380%	0.053889%	0.052340%
Employer's proportionate share of the net pension liability	\$ (2,997,606)	\$ (1,106,539)	\$ (1,324,268)	\$ (1,151,276)	\$ (740,353)	\$ (310,474)	\$ (553,871)	\$ (694,574)
State's proportionate share of the net pension liability (asset) associated with the employer	<u>(1,933,783)</u>	<u>(707,548)</u>	<u>(867,218)</u>	<u>(745,429)</u>	<u>(480,253)</u>	<u>(202,407)</u>	<u>(366,222)</u>	<u>(453,820)</u>
Total	<u>\$ (4,931,390)</u>	<u>\$ (1,814,087)</u>	<u>\$ (2,191,486)</u>	<u>\$ (1,896,705)</u>	<u>\$ (1,220,606)</u>	<u>\$ (512,881)</u>	<u>\$ (920,093)</u>	<u>\$ (1,148,394)</u>
Employer's covered payroll	\$ 1,991,498	\$ 2,040,369	\$ 1,988,602	\$ 1,858,381	\$ 1,668,942	\$ 1,617,108	\$ 1,564,053	\$ 1,456,576
Employer's proportionate share of the net pension liability as a percentage of covered payroll	150.52%	54.23%	66.59%	61.95%	44.36%	19.20%	35.41%	47.69%
Plan fiduciary net position as a percentage of the total pension liability	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.
See notes to Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS 1
For the year ended December 31, 2021
Last 8 years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 258,233	\$ 299,031	\$ 303,261	\$ 286,998	\$ 249,559	\$ 224,037	\$ 199,036	\$ 167,996
Contributions in relation to the statutorily or contractually required contributions	(258,233)	(299,031)	(303,261)	(286,998)	(249,559)	(224,037)	(199,036)	(167,996)
Covered payroll	\$ 5,975,580	\$ 6,239,868	\$ 6,119,710	\$ 5,670,880	\$ 5,098,268	\$ 4,696,806	\$ 4,510,640	\$ 4,152,711
Contributions as a percentage of covered payroll	4.32%	4.79%	4.96%	5.06%	4.89%	4.77%	4.41%	4.05%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.
See notes to Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS 2/3
For the year ended December 31, 2021
Last 8 years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 429,186	\$ 494,198	\$ 471,748	\$ 425,275	\$ 348,499	\$ 292,611	\$ 255,711	\$ 208,036
Contributions in relation to the statutorily or contractually required contributions	(429,186)	(494,198)	(471,748)	(425,275)	(348,499)	(292,611)	(255,711)	(208,036)
Covered payroll	\$ 5,975,580	\$ 6,239,868	\$ 6,119,710	\$ 5,670,880	\$ 5,098,268	\$ 4,696,806	\$ 4,510,640	\$ 4,152,711
Contributions as a percentage of covered payroll	7.18%	7.92%	7.71%	7.50%	6.84%	6.23%	5.67%	5.01%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.
See notes to Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LEOFF 2
For the year ended December 31, 2021
Last 8 years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily or contractually required contributions	\$ 101,429	\$ 107,243	\$ 104,711	\$ 102,989	\$ 91,334	\$ 80,293	\$ 80,712	\$ 78,406
Contributions in relation to the statutorily or contractually required contributions	(101,429)	(107,243)	(104,711)	(102,989)	(91,334)	(80,293)	(80,712)	(78,406)
Covered payroll	\$ 1,963,717	\$ 2,074,471	\$ 1,989,036	\$ 1,937,302	\$ 1,776,493	\$ 1,589,968	\$ 1,598,225	\$ 1,552,594
Contributions as a percentage of covered payroll	5.17%	5.17%	5.26%	5.32%	5.14%	5.05%	5.05%	5.05%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.
See notes to Required Supplementary Information

**Notes to Required Supplementary Information – Pensions
December 31, 2021**

Note 1 – Information provided

There are no City employees participating in the PERS 1 or LEOFF 1 plans in 2021; therefore, there is no covered payroll reported under LEOFF 1.

PERS 1 employer contributions include the PERS 1 employer contributions of PERS 2 and PERS 3, which are required to fund the unfunded actuarially accrued liability pursuant to RCW 41.45.060.

LEOFF 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation.

Note 2 – Significant errors

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources that are internally or legally restricted to expenditures for specific purposes.

The **City Street Fund** accounts for special revenue funds received to provide general governmental services for the administration and operation of street-oriented maintenance and repair.

The **Capital Improvements Fund** accounts for the receipt and expenditure of the first ¼ of 1% real estate excise tax authorized by State RCW 82.46. These revenues are dedicated for capital purposes defined in RCW 35.43.040, including public buildings and facilities.

The **Transportation Development Fund** accounts for all traffic and sidewalk mitigation fees collected from developers.

The **Park Development Fund** was established to account for park mitigation and impact fees paid by developers.

The **Affordable Housing Fund** accounts for state shared sales and use tax assessed from prior year taxable retail sales within the city for the use of acquiring, rehabilitating, or constructing affordable or supportive housing, or may be used to provide rental assistance to tenants that are at or below 60% of the median income.

The **Historic Downtown Poulsbo Association** accounts for the assessments collected by the City for the use by the downtown business improvement area expenses to promote downtown business.

The **Paths & Trails Fund** receives its funding from the .5% of the State fuel taxes to be used specifically for paths and trails reserves.

The **Drug Enforcement Fund** accounts for monies and property seized during drug investigations per RCW 69.50.505. All monies paid into the funds are to be used by the police department for drug enforcement purposes.

The **Transient Occupancy Fund** accounts for the City's share of the hotel-motel taxes for the purpose of promoting tourism.

The **Police Restricted Fund** accounts for various revenues to be used specifically for criminal justice activities.

Debt Service Funds

Debt Service Funds account for the accumulation of resources for and the payment of general obligation and special assessment bonds.

The **Non-Voted General Obligation Debt** accounts for the debt service on Council approved general obligation debt. Currently this includes four bond issues.

Capital Projects Funds

Capital Projects Funds account for the acquisition or construction of capital facilities (except for those financed primarily by proprietary funds). These funds are financed primarily by general obligation bonds, special assessments, federal and state grants and contributions from other funds.

The **Equipment Acquisition Fund** was established to account for money used to purchase and replace existing capital equipment. Funding for the purchases is from a percentage of sales tax revenues.

The **Park Reserve Fund** was established to account for money used for improvements to the City parks and the urban forestry program. Funding is from a transfer from the General Fund.

The **Cemetery Reserve Fund** was established to account for money collected from gravesite sales used to make improvements to the City cemetery.

The **Facilities Fund** was established to fund capital improvements to the City facilities.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The **Bernice Borgen Beautification Fund** is used to account for principal trust amounts received from Bernice Borgen estate and related interest income. The interest portion of the trust can be used for the beautification of the City.

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**
Page 1 of 4

	City Street Fund	Capital Improvements Fund	Transportation Development Fund	Park Development Fund	Affordable Housing Fund	Historic Downtown Poulsbo Association Fund
Assets						
Cash and Cash Equivalents	\$ 117,114	\$ 159,678	\$ 112,258	\$ 119,629	\$ 44,952	\$ 63,182
Investments	106,040	3,000,746	1,327,041	153,663	20,023	33,339
Receivables <i>(net allowance for uncollectibles)</i>						
Taxes	17,044	120,245	-	-	3,638	-
Accounts	24,445	-	-	-	-	10,248
Intergovernmental	18,128	-	-	-	-	-
Cash and Investments - Restricted	-	-	-	-	-	-
Total Assets	282,771	3,280,670	1,439,299	273,292	68,612	106,769
Liabilities						
Accounts Payable	80,133	-	-	-	924	8,186
Payroll	36,537	-	-	-	-	-
Custodial Accounts	-	-	-	-	-	-
Total Liabilities	116,670	-	-	-	924	8,186
Unavailable Revenue - Grants	42,573	-	-	-	-	-
Deferred Inflows of Resources	42,573	-	-	-	-	-
Fund Balances						
Nonspendable Fund Balance	-	-	-	-	-	-
Restricted Fund Balance	-	3,280,670	1,439,299	273,292	67,688	98,583
Assigned Fund Balance	123,528	-	-	-	-	-
Total Fund Balance	123,528	3,280,670	1,439,299	273,292	67,688	98,583
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 282,771	\$ 3,280,670	\$ 1,439,299	\$ 273,292	\$ 68,612	\$ 106,769

COMBINING BALANCE SHEET (continued)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021
Page 2 of 4

Special Revenue Funds

	Paths and Trails Fund	Drug Enforcement Fund	Transient Occupancy Fund	Police Restricted Fund	Total Non-Major Special Revenue Funds
Assets					
Cash and Cash Equivalents	\$ 3,493	\$ 6,520	\$ 91,612	\$ 39,224	\$ 757,662
Investments	18,440	44,329	77,222	127,394	4,908,237
Receivables <i>(net allowance for uncollectibles)</i>					
Taxes	86	-	49,478	3,551	194,041
Accounts	-	-	-	-	34,693
Intergovernmental	-	-	-	-	18,128
Cash and Investments - Restricted	-	-	-	-	-
Total Assets	22,019	50,849	218,312	170,169	5,912,761
Liabilities					
Accounts Payable	-	63	9,634	395	99,334
Payroll	-	-	-	-	36,537
Custodial Accounts	-	4,824	-	149	4,973
Total Liabilities	-	4,887	9,634	544	140,844
Unavailable Revenue - Grants	-	-	-	-	42,573
Deferred Inflows of Resources	-	-	-	-	42,573
Fund Balances					
Nonspendable Fund Balance	-	-	-	-	-
Restricted Fund Balance	22,019	45,962	208,678	147,420	5,583,611
Assigned Fund Balance	-	-	-	22,205	145,733
Total Fund Balance	22,019	45,962	208,678	169,625	5,729,343
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,019	\$ 50,849	\$ 218,312	\$ 170,169	\$ 5,912,761

COMBINING BALANCE SHEET (continued)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

Page 3 of 4

Debt Service Funds				Capital Project Funds			
Non-Voted General Oblig Debt Fund	Total Non- Major Debt Service Funds	Equipment Acquisition Fund	Park Reserve Fund	Cemetery Reserve Fund	Facilities Fund	Total Non-Major Capital Project Funds	
\$ 1,551 10,810	\$ 1,551 10,810	\$ 86,799 379,552	\$ 5,731 330,461	\$ 16,624 24,934	\$ 240,276 1,766,477	\$ 349,429 2,501,424	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	222	222	-
12,361	12,361	466,351	336,192	41,558	2,006,975	2,851,076	
-	-	-	11,384	-	883	12,267	-
-	-	-	-	-	-	-	-
-	-	-	6,009	-	-	6,009	-
-	-	-	17,393	-	883	18,276	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,361	12,361	-	-	-	-	-	-
-	-	466,351	318,799	41,558	2,006,092	2,832,800	-
12,361	12,361	466,351	318,799	41,558	2,006,092	2,832,800	-
\$ 12,361	\$ 12,361	\$ 466,351	\$ 336,192	\$ 41,558	\$ 2,006,975	\$ 2,851,076	

COMBINING BALANCE SHEET (continued)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021
Page 4 of 4

Permanent Fund			
	Bernice Borgen Beautification Trust Fund	Total Non-Major Governmental Funds	
Assets			
Cash and Cash Equivalents	2,976	\$ 1,111,618	
Investments	-	7,420,471	
Receivables (<i>net allowance for uncollectibles</i>)			
Taxes	-	194,041	
Accounts	-	34,693	
Intergovernmental	-	18,128	
Cash and Investments - Restricted	92,960	93,183	
Total Assets	95,936	8,872,134	
Liabilities			
Accounts Payable	-	111,601	
Payroll	-	36,537	
Custodial Accounts	-	10,982	
Total Liabilities	-	159,120	
Unavailable Revenue - Grants	-	42,573	
Deferred Inflows of Resources	-	42,573	
Fund Balances			
Nonspendable Fund Balance	91,016	91,016	
Restricted Fund Balance	4,920	5,600,892	
Assigned Fund Balance	-	2,978,532	
Total Fund Balance	95,936	8,670,440	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 95,936	\$ 8,872,134	

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**
Page 1 of 4

	City Street Fund	Capital Improvements Fund	Transportation Development Fund	Park Development Fund	Affordable Housing Fund
Revenues					
Taxes	\$ -	\$ 1,162,479	\$ -	\$ -	\$ 39,062
Intergovernmental	239,066	-	-	-	-
Interest and Other Earnings	83	(2,436)	(163)	79	15
Licenses and Permits	22,600	-	-	-	-
Charges for Services	-	-	451,450	165,445	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	2,800	-	-	-	-
Total Revenues	264,548	1,160,044	451,286	165,524	39,076
Expenditures					
Current:					
Security of Persons & Property	-	-	-	-	-
Transportation	1,040,154	-	-	-	-
Economic Environment	-	-	-	-	8,174
Culture and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	1,040,154	-	-	-	8,174
Excess (deficiency) of Revenues over (under) expenditures	(775,606)	1,160,044	451,286	165,524	30,902
Other Financing Sources (Uses)					
Transfers In	714,000	-	-	-	-
Transfers Out	-	(400,000)	(150,000)	-	-
Issuance of Long Term Debt	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources and Uses	714,000	(400,000)	(150,000)	-	-
Net Change in Fund Balances	(61,606)	760,044	301,286	165,524	30,902
Fund Balances - Beginning of Year	185,133	2,520,626	1,138,013	107,768	36,786
Fund Balances - End of Year	\$ 123,528	\$ 3,280,670	\$ 1,439,299	\$ 273,292	\$ 67,688

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Special Revenue Funds						
	Historic Downtown Poulsbo Association Fund	Paths and Trails Fund	Drug Enforcement Fund	Transient Occupancy Fund	Police Restricted Fund	Total Non-Major Special Revenue Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 194,138	\$ -	\$ 1,395,679
Intergovernmental	-	1,123	-	-	30,618	270,807
Interest and Other Earnings	(38)	13	36	56	93	(2,263)
Licenses and Permits	-	-	-	-	-	22,600
Charges for Services	-	-	-	-	-	616,895
Fines and Forfeitures	-	-	-	-	5,381	5,381
Miscellaneous	100,502	-	627	-	-	103,929
Total Revenues	100,465	1,136	663	194,194	36,092	2,413,029
Expenditures						
Current:						
Security of Persons & Property	-	-	13,697	-	4,689	18,386
Transportation	-	-	-	-	-	1,040,154
Economic Environment	-	-	-	67,882	-	76,056
Culture and Recreation	59,335	-	-	-	-	59,335
Debt Service:						
Principal	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	7,190	7,190
Total Expenditures	59,335	-	13,697	67,882	11,879	1,201,121
Excess (deficiency) of Revenues over (under) expenditures	41,130	1,136	(13,035)	126,312	24,214	1,211,907
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	714,000
Transfers Out	-	-	-	-	-	(550,000)
Issuance of Long Term Debt	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	164,000
Net Change in Fund Balances	41,130	1,136	(13,035)	126,312	24,214	1,375,907
Fund Balances - Beginning of Year	57,454	20,883	58,997	82,367	145,411	4,353,436
Fund Balances - End of Year	\$ 98,583	\$ 22,019	\$ 45,962	\$ 208,678	\$ 169,625	\$ 5,729,343

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**
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	<u>Debt Service Funds</u>		<u>Capital Project Funds</u>				
	Non-Voted GO Debt Fund	Total Non-Major Debt Service Funds	Equipment Acquisition Fund	Park Reserve Fund	Cemetery Reserve Fund	Facilities Fund	Total Non-Major Capital Project Funds
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	108,133	-	-	-	108,133
Interest and Other Earnings	79	79	(616)	239	18	(776)	(1,135)
Licenses and Permits	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	8,600	-	8,600
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	79	79	107,518	239	8,618	(776)	115,598
Expenditures							
Current:							
Security of Persons & Property	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Debt Service:							
Principal	2,119,946	2,119,946	-	-	-	-	-
Interest & Fiscal Charges	285,462	285,462	-	-	-	3,629	3,629
Capital Outlay	-	-	197,882	177,358	-	1,132,012	1,507,251
Total Expenditures	2,405,408	2,405,408	197,882	177,358	-	1,135,641	1,510,880
Excess of Revenues over (under)							
Expenditures	(2,405,329)	(2,405,329)	(90,364)	(177,119)	8,618	(1,136,417)	(1,395,282)
Other Financing Sources (Uses)							
Transfers In	1,136,808	1,136,808	53,110	68,000	-	25,000	146,110
Transfers Out	-	-	-	-	-	-	-
Issuance of Long Term Debt	1,269,475	1,269,475	-	-	-	1,335,746	1,335,746
Sale of Capital Assets	-	-	-	-	-	821,180	821,180
Total Other Financing Sources and Uses	2,406,283	2,406,283	53,110	68,000	-	2,181,925	2,303,035
Net Change in Fund Balances	954	954	(37,254)	(109,119)	8,618	1,045,508	907,753
Fund Balances - Beginning of Year	11,407	11,407	503,605	427,918	32,940	960,584	1,925,047
Fund Balances - Ending of Year	\$ 12,361	\$ 12,361	\$ 466,351	\$ 318,799	\$ 41,558	\$ 2,006,092	\$ 2,832,800

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Page 4 of 4

	<u>Permanent Fund</u>	
	Bernice Borgen Beautification Trust Fund	Total Non-Major Governmental Funds
Revenues		
Taxes	\$ -	\$ 1,395,679
Intergovernmental	-	378,941
Interest and Other Earnings	(251)	(3,571)
Licenses and Permits	-	22,600
Charges for Services	-	625,495
Fines and Forfeitures	-	5,381
Miscellaneous	-	103,929
Total Revenues	(251)	2,528,454
Expenditures		
Current:		
Security of Persons & Property	-	18,386
Transportation	-	1,040,154
Economic Environment	-	76,056
Culture and Recreation	-	59,335
Debt Service:		
Principal	-	2,119,946
Interest & Fiscal Charges	-	289,092
Capital Outlay	-	1,514,441
Total Expenditures	-	5,117,409
Excess (deficiency) of Revenues over (under) expenditures	(251)	(2,588,955)
Other Financing Sources (Uses)		
Transfers In	-	1,996,918
Transfers Out	-	(550,000)
Issuance of Long Term Debt	-	2,605,221
Sale of Capital Assets	-	821,180
Total Other Financing Sources and Uses	-	4,873,318
Net Change in Fund Balances	(251)	2,284,363
Fund Balances - Beginning of Year	96,187	6,386,077
Fund Balances - End of Year	\$ 95,936	\$ 8,670,440

CITY STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
License and Permits	\$ 22,640	\$ 22,600	\$ (40)
Intergovernmental	391,126	239,066	(152,060)
Interest and Other Earnings	1,300	83	(1,217)
Miscellaneous	-	2,800	2,800
Total Revenues	415,066	264,548	(150,518)
Expenditures			
Transportation:			
Street Maintenance	1,167,709	1,040,154	127,555
Total Expenditures	1,167,709	1,040,154	127,555
Excess of Revenues Over (Under) Expenditures	(752,643)	(775,606)	(22,963)
Other Financing Sources (Uses)			
Transfers In	718,780	714,000	4,780
Total Other Financing Sources (Uses)	718,780	714,000	4,780
Net Change in Fund Balance	(33,863)	(61,606)	(27,743)
Fund Balance - Beginning of Year	180,357	185,133	4,776
Fund Balance - End of Year	\$ 146,494	\$ 123,528	\$ (22,967)

CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes:			
Excise Tax	\$ 750,000	\$ 1,162,479	\$ 412,479
Interest and Other Earnings	6,000	(2,436)	(8,436)
Total Revenues	756,000	1,160,044	404,044
Excess of Revenues Over (Under) Expenditures	756,000	1,160,044	404,044
Other Financing Sources (Uses)			
Transfers Out	(1,300,000)	(400,000)	(900,000)
Total Other Financing Sources (Uses)	(1,300,000)	(400,000)	(900,000)
Net Change in Fund Balance	(544,000)	760,044	1,304,044
Fund Balance - Beginning of Year	2,520,626	2,520,626	(0)
Fund Balance - End of Year	\$ 1,976,626	\$ 3,280,670	\$ 1,304,044

TRANSPORTATION DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Growth Mgmt Act Impact	\$ -	\$ 451,450	\$ 451,450
SEPA Mitigation	275,000	-	(275,000)
Interest and Other Earnings	500	(163)	(663)
Total Revenues	275,500	451,286	175,786
 Excess of Revenues Over (Under) Expenditures	 275,500	 451,286	 175,786
Other Financing Sources (Uses)			
Transfers Out	(1,331,000)	(150,000)	1,181,000
Total Other Financing Sources (Uses)	(1,331,000)	(150,000)	1,181,000
 Net Change in Fund Balance	 (1,055,500)	 301,286	 1,356,786
Fund Balance - Beginning of Year	1,138,013	1,138,013	-
Fund Balance - End of Year	\$ 82,513	\$ 1,439,299	\$ 1,356,786

PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Growth Mgmt Act Impact	\$ 140,000	\$ 165,945	\$ 25,945
SEPA Mitigation	-	(500)	(500)
Interest and Other Earnings	1,000	79	(921)
Total Revenues	141,000	165,524	24,524
 Excess of Revenues Over (Under) Expenditures	 141,000	 165,524	 24,524
Other Financing Sources (Uses)			
Transfers Out	(83,500)	-	83,500
Total Other Financing Sources (Uses)	(83,500)	-	83,500
 Net Change in Fund Balance	 57,500	 165,524	 108,024
Fund Balance - Beginning of Year	107,768	107,768	-
Fund Balance - End of Year	\$ 165,268	\$ 273,292	\$ 108,024

AFFORDABLE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Affordable House Sales & Use Tax	\$ 35,000	\$ 39,062	\$ 4,062
Interest and Other Earnings	-	15	15
Total Revenues	35,000	39,076	4,076
Expenditures			
Professional Services	30,000	8,174	21,826
Total Expenditures	30,000	8,174	21,826
Excess of Revenues Over (Under) Expenditures	5,000	30,902	25,902
Net Change in Fund Balance	5,000	30,902	25,902
Fund Balance - Beginning of Year	36,786	36,786	-
Fund Balance - End of Year	\$ 41,786	\$ 67,688	\$ 25,902

HISTORIC DOWNTOWN POULSBO ASSOCIATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Special Assessments	\$ 45,000	\$ 49,917	\$ 4,917
Gifts and Pledges	23,000	50,585	27,585
Interest and Other Earnings	350	(38)	(388)
Total Revenues	68,350	100,465	32,115
Expenditures			
Bad Debt Expense	500	538	(38)
Office & Operating Supplies	2,000	1,578	422
Small Tools & Minor Equipment	200	-	200
Professional Services	7,500	5,690	1,810
Advertising	43,000	18,745	24,255
Communication	1,000	-	1,000
Postage	250	93	157
Insurance	1,805	2,026	(221)
Repairs and Maintenance	27,500	25,504	1,996
Miscellaneous	10,000	5,160	4,840
Total Expenditures	93,755	59,335	34,420
Excess of Revenues Over (Under) Expenditures	(25,405)	41,130	66,535
Net Change in Fund Balance	(25,405)	41,130	66,535
Fund Balance - Beginning of Year	57,454	57,454	-
Fund Balance - End of Year	\$ 32,049	\$ 98,583	\$ 66,534

PATH AND TRAILS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ 1,159	\$ 1,123	\$ (36)
Interest and Other Earnings	-	13	13
Total Revenues	1,159	1,136	(23)
Excess of Revenues Over (Under) Expenditures	1,159	1,136	(23)
Net Change in Fund Balance	1,159	1,136	(23)
Fund Balance - Beginning of Year	20,883	20,883	-
Fund Balance - End of Year	\$ 22,042	\$ 22,019	\$ (23)

DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ 700	\$ 36	\$ (664)
Miscellaneous	-	627	627
Total Revenues	700	663	(37)
Expenditures			
Special Unit Program	11,000	13,697	(2,697)
K-9 Program	3,450	-	3,450
Total Expenditures	14,450	13,697	753
Excess of Revenues Over (Under) Expenditures	(13,750)	(13,035)	715
Net Change in Fund Balance	(13,750)	(13,035)	715
Fund Balance - Beginning of Year	58,997	58,997	-
Fund Balance - End of Year	\$ 45,247	\$ 45,962	\$ 715

TRANSIENT OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Hotel/Motel Tax	\$ 80,000	\$ 194,138	\$ 114,138
Interest and Other Earnings	1,000	56	(944)
Total Revenues	81,000	194,194	113,194
Expenditures			
Poulsbo Marketing Coalition	39,000		
Poulsbo Historic Society		15,000	
Poulsbo Chamber Visitor Center		14,937	
Viking Fest Corporation		-	9,063
Visit Kitsap	19,000	19,000	0
Historic Downtown Poulsbo Association	17,000	15,964	1,036
Sons of Norway	3,000	2,980	20
Poulsbo Community Orchestra	1,000	-	1,000
Bremerton Symphony	1,000	-	1,000
Total Expenditures	80,000	67,882	12,118
Excess of Revenues Over (Under) Expenditures	1,000	126,312	125,312
Net Change in Fund Balance	1,000	126,312	125,312
Fund Balance - Beginning of Year	82,367	82,367	-
Fund Balance - End of Year	\$ 83,367	\$ 208,678	\$ 125,311

POLICE RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Vessel Registration	\$ 7,300	\$ 16,374	\$ 9,074
Intergovernmental	22,514	14,245	(8,269)
Fines & Forfeitures	-	5,381	5,381
Interest and Other Earnings	1,200	93	(1,107)
Total Revenues	31,014	36,092	5,078
Expenditures			
Marine Safety	15,745	8,709	7,036
Criminal Justice	3,245	3,170	75
Miscellaneous	1,200	-	1,200
Total Expenditures	20,190	11,879	8,311
Excess of Revenues Over (Under) Expenditures	10,824	24,214	13,390
Net Change in Fund Balance	10,824	24,214	13,390
Fund Balance - Beginning of Year	145,412	145,411	(1)
Fund Balance - End of Year	\$ 156,236	\$ 169,625	\$ 13,389

NON-VOTED GENERAL OBLIGATION DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ 500	\$ 79	\$ (421)
Total Revenues	500	79	(421)
Expenditures			
Debt Service:			
General Obligation Bond-Principal	2,129,761	2,119,946	9,815
Interest and Other Costs	277,422	285,462	(8,040)
Total Expenditures	2,407,183	2,405,408	1,775
Excess of Revenues Over (Under) Expenditures	(2,406,683)	(2,405,329)	1,353
Other Financing Sources (Uses)			
Bond Proceeds	1,269,475	1,269,475	-
Transfers In	1,136,808	1,136,808	-
Total Other Financing Sources (Uses)	2,406,283	2,406,283	-
Net Change in Fund Balance	(400)	954	1,353
Fund Balance - Beginning of Year	11,407	11,407	-
Fund Balance - End of Year	\$ 11,007	\$ 12,361	\$ 1,354

EQUIPMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ -	\$ (616)	\$ (616)
Intergovernmental	108,200	108,133	(67)
Total Revenues	108,200	107,518	(682)
Expenditures			
Capital Outlay:			
Police Capital	110,000	88,159	21,841
Public Works Capital	2,331	1,589	742
Public Works Capital	5,830	-	5,830
General Government	114,000	108,133	5,867
Total Expenditures	232,161	197,882	34,279
Excess of Revenues Over (Under) Expenditures	(123,961)	(90,364)	33,597
Other Financing Sources (Uses)			
Transfers In	141,110	53,110	(88,000)
Total Other Financing Sources (Uses)	141,110	53,110	(88,000)
Net Change in Fund Balance	17,149	(37,254)	(54,403)
Fund Balance - Beginning of Year	503,605	503,605	-
Fund Balance - End of Year	\$ 520,754	\$ 466,351	\$ (54,403)

PARK RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental:			
State Grants	\$ 370,000	\$ -	\$ (370,000)
St-Department of Commerce	500,000	-	(500,000)
Gifts and Pledges	100,000	-	(100,000)
Interest and Other Earnings	1,200	239	(961)
Total Revenues	971,200	239	(970,961)
Expenditures			
Capital Outlay:			
Play for All	1,070,000	4,306	1,065,694
Rotary Morrow Community park	186,313	151,901	34,412
Urban Paths & Trails	50,000		50,000
P&R Building	125,000		125,000
Swings	7,500	7,078	422
Poulsbo Fish Park	40,296	12,749	27,547
Land Acquisition	-	1,323	(1,323)
Waterfront Boardwalk	50,000		50,000
Total Expenditures	1,529,109	177,358	1,351,751
Excess of Revenues Over (Under) Expenditures	(557,909)	(177,119)	380,790
Other Financing Sources (Uses)			
Transfers In	151,500	68,000	(83,500)
Total Other Financing Sources (Uses)	151,500	68,000	(83,500)
Net Change in Fund Balance	(406,409)	(109,119)	297,290
Fund Balance - Beginning of Year	427,918	427,918	-
Fund Balance - End of Year	\$ 21,509	\$ 318,799	\$ 297,290

STREET RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
Revenues				
Intergovernmental	\$ 4,115,000	\$ 4,668,060	\$ 3,801,234	\$ (866,826)
Interest and Other Earnings	-	-	2,411	2,411
Total Revenues	4,115,000	4,668,060	3,803,645	(864,415)
Expenditures				
Transportation:				
Street Maintenance	4,495,000	9,139,730	5,096,857	4,042,873
Total Expenditures	4,495,000	9,139,730	5,096,857	4,042,873
Excess of Revenues Over (Under) Expenditures	(380,000)	(4,471,670)	(1,293,213)	3,178,457
Other Financing Sources (Uses)				
Notes Issued	-	1,506,480	1,506,480	-
Transfers In	309,000	2,140,000	59,000	2,081,000
Transfers Out	-	(121,000)	(25,000)	(96,000)
Total Other Financing Sources (Uses)	309,000	3,525,480	1,540,480	1,985,000
Net Change in Fund Balance	(71,000)	(946,190)	247,267	1,193,457
Fund Balance Beginning of Year	390,308	1,098,808	1,098,808	-
Prior Year Adjustment	-	-	(65,227)	(65,227)
Fund Balance End of Year	\$ 319,308	\$ 152,618	\$ 1,280,848	\$ 1,128,230

CEMETERY RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Gravesites	\$ 3,000	\$ 8,600	\$ 5,600
Interest and Other Earnings	100	18	(82)
Total Revenues	3,100	8,618	5,518
 Excess of Revenues Over (Under) Expenditures	 3,100	 8,618	 5,518
 Net Change in Fund Balance	 3,100	 8,618	 5,518
Fund Balance - Beginning of Year	32,940	32,940	-
Fund Balance - End of Year	\$ 36,040	\$ 41,558	\$ 5,518

FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ -	\$ (776)	\$ (776)
Total Revenues	-	(776)	(776)
Expenditures			
Land and Land Improvements	1,330,000	1,030,728	299,272
Building & Structures	77,500	101,284	(23,784)
Total Expenditures	1,407,500	1,132,012	275,488
Excess of Revenues Over (Under) Expenditures	(1,407,500)	(1,132,788)	274,712
Other Financing Sources (Uses)			
Transfers In	25,000	25,000	-
Debt Service Costs	(5,745)	(3,629)	2,116
Sale of Capital Assets	825,000	821,180	(3,820)
Governmental Obligation Bond Proceeds	1,335,746	1,335,746	(0)
Total Other Financing Sources (Uses)	2,180,001	2,178,296	(1,705)
Net Change in Fund Balance	772,501	1,045,508	273,007
Fund Balance - Beginning of Year	960,584	960,584	-
Fund Balance - End of Year	\$ 1,733,085	\$ 2,006,092	\$ 273,007

STATISTICAL SECTION

This part of the City of Poulsbo's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about the government's overall financial health. This information is unaudited.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue sources, property tax and sales tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Data Sources:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

NET POSITION BY COMPONENT
Last Ten Fiscal Years

Page 1 of 2

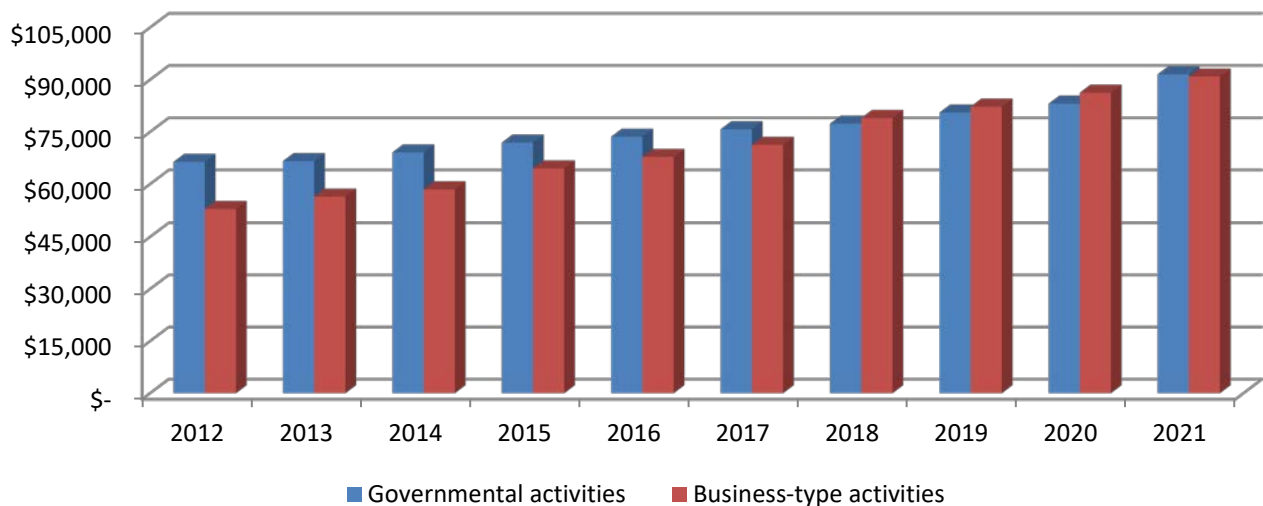
	2012	2013	2014	2015
Governmental Activities				
Net Investment in Capital Assets	\$ 61,173,480	\$ 61,384,364	\$ 63,759,780	\$ 67,037,545
Restricted	771,117	1,073,118	879,424	1,931,830
Unrestricted	4,427,348	4,134,707	4,455,115	2,935,244
Total Governmental Activities Net Position	66,371,945	66,592,189	69,094,319	71,904,619
Business-type Activities				
Net Investment in Capital Assets	37,440,865	41,152,937	42,142,755	50,368,250
Restricted	442,900	313,400	313,400	313,400
Unrestricted	14,956,989	14,912,634	16,020,323	13,818,164
Total Business-type Activities Net Position	52,840,754	56,378,971	58,476,477	64,499,813
Primary Government				
Net Investment in Capital Assets	98,614,345	102,537,302	105,902,534	117,405,795
Restricted	1,214,017	1,386,518	1,192,824	2,245,230
Unrestricted	19,384,337	19,047,341	20,475,438	16,753,408
Total Primary Government Net Position	\$ 119,212,698	\$ 122,971,160	\$ 127,570,796	\$ 136,404,432

NET POSITION BY COMPONENT *(continued)*
Last Ten Fiscal Years

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2016	2017	2018	2019	2020	2021
\$ 67,834,718	\$ 67,195,884	\$ 69,608,469	\$ 71,251,169	\$ 73,665,321	\$ 76,707,923
2,416,841	3,754,620	4,144,728	5,388,184	5,463,498	9,734,617
3,367,677	4,796,265	3,604,459	3,884,922	3,966,882	5,107,479
73,619,236	75,746,769	77,357,656	80,524,275	83,095,701	91,550,019
52,652,252	56,724,089	63,613,785	63,420,295	63,259,392	68,313,429
313,400	-	-	-	-	235,679
14,827,869	14,542,041	15,377,138	18,838,075	22,987,735	22,366,111
67,793,521	71,266,130	78,990,924	82,258,369	86,247,127	90,915,218
120,486,970	123,919,973	133,222,255	134,671,464	136,924,714	145,021,351
2,730,241	3,754,620	4,144,728	5,388,184	5,463,498	9,970,296
18,195,546	19,338,306	18,981,597	22,722,996	26,954,616	27,473,590
\$ 141,412,756	\$ 147,012,899	\$ 156,348,579	\$ 162,782,644	\$ 169,342,828	\$ 182,465,236

Total Net Position
(In thousands)



CHANGES IN NET POSITION

Last Ten Fiscal Years

Page 1 of 4

	2012	2013	2014	2015	2016
Expenses					
Governmental Activities:					
General Government	\$ 2,148,291	\$ 1,640,535	\$ 1,572,173	\$ 1,539,405	\$ 1,776,629
Judicial	374,672	355,656	357,993	370,046	383,968
Security of Persons & Property	2,651,809	2,826,033	3,009,996	3,146,848	3,327,528
Utilities & Environment	463,211	500,646	456,860	481,077	506,396
Transportation	1,852,794	2,716,499	2,820,286	2,703,349	2,922,462
Economic Environment	665,027	779,317	890,459	963,163	999,731
Mental & Physical Health	14,705	13,978	14,356	29,772	131,162
Culture & Recreation	1,427,910	1,336,339	1,338,814	1,422,703	1,469,255
Interest on Long-Term Debt	556,341	536,673	518,677	458,869	391,781
Total Governmental Activities Expenses	10,154,759	10,705,677	10,979,613	11,115,232	11,908,913
Business-Type Activities:					
Water	1,282,886	1,356,314	1,484,034	1,670,634	1,692,690
Sewer	2,109,868	2,240,098	2,236,003	2,531,582	2,686,558
Solid Waste	1,247,121	1,298,015	1,320,150	1,493,671	1,759,556
Storm Drain	1,011,619	972,205	1,088,006	1,433,190	1,676,166
Total Business-Type Activities	5,651,494	5,866,631	6,128,192	7,129,077	7,814,970
Total Primary Government Expenses	15,806,253	16,572,308	17,107,805	18,244,309	19,723,883
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	345,044	327,650	345,370	360,990	370,369
Judicial	112,308	108,500	112,624	117,154	279,232
Security of Persons & Property	168,580	148,342	120,687	143,892	133,347
Utilities & Environment	53,193	11,227	5,444	4,715	3,400
Transportation	12,100	67,595	112,095	93,439	82,592
Economic Environment	505,177	558,996	471,539	907,245	1,087,421
Culture & Recreation	538,424	530,637	525,946	525,247	535,811
Operating Grants and Contributions	468,960	479,485	496,338	605,198	710,043
Capital Grants and Contributions	1,758,099	1,493,376	3,673,904	5,027,389	1,633,211
Revenues	3,961,884	3,725,807	5,863,947	7,785,269	4,835,426
Business-Type Activities:					
Charges for Services:					
Water	1,461,638	1,528,732	1,590,972	1,831,511	1,857,036
Sewer	2,803,005	3,040,822	3,208,493	3,287,822	3,460,657
Solid Waste	1,382,449	1,456,824	1,501,028	1,614,036	1,793,421
Storm Drain	801,795	786,897	1,014,112	1,521,196	1,621,933
Operating Grants and Contributions	66,936	-	-	115,058	84,948
Capital Grants and Contributions	1,503,112	2,492,406	862,361	5,784,476	2,234,980
Revenues	8,018,935	9,305,682	8,176,966	14,154,100	11,052,975
Total Primary Government Program Revenues	\$ 11,980,819	\$ 13,031,489	\$ 14,040,913	\$ 21,939,368	\$ 15,888,401

CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
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	2017	2018	2019	2020	2021
Expenses					
Governmental Activities:					
General Government	\$ 1,386,987	\$ 2,810,801	\$ 2,768,497	\$ 3,138,251	\$ 2,325,866
Judicial	401,814	434,608	433,486	440,026	449,644
Security of Persons & Property	3,495,629	4,280,502	4,046,487	4,062,697	4,663,437
Utilities & Environment	524,341	210,947	102,289	(20,889)	83,108
Transportation	2,998,467	2,797,834	3,555,833	3,615,492	7,462,013
Economic Environment	1,031,024	1,189,609	1,115,517	1,168,146	1,149,898
Mental & Physical Health	245,572	344,875	458,461	482,409	474,789
Culture & Recreation	1,400,013	1,811,980	1,595,771	1,414,757	1,410,376
Interest on Long-Term Debt	378,391	251,599	437,737	295,919	281,997
Total Governmental Activities Expenses	11,862,238	14,132,756	14,514,078	14,596,807	18,301,128
Business-Type Activities:					
Water	1,625,472	1,982,786	1,791,832	2,091,673	2,064,473
Sewer	2,716,954	3,024,655	3,374,255	3,608,388	3,888,041
Solid Waste	2,096,082	2,331,314	2,342,826	2,495,220	2,669,074
Storm Drain	1,647,010	1,750,631	1,520,262	1,619,323	1,750,967
Total Business-Type Activities	8,085,518	9,089,387	9,029,175	9,814,604	10,372,555
Total Primary Government Expenses	19,947,756	23,222,143	23,543,253	24,411,411	28,673,683
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	415,833	357,834	392,318	318,684	342,511
Judicial	58,842	74,442	86,419	45,288	16,834
Security of Persons & Property	123,696	142,503	208,418	187,897	151,796
Utilities & Environment	4,800	6,400	5,600	8,552	8,600
Transportation	144,829	166,074	117,394	166,260	202,779
Economic Environment	949,198	773,100	775,932	596,895	987,356
Culture & Recreation	575,614	600,286	641,844	256,323	327,543
Operating Grants and Contributions	977,832	975,732	1,598,363	2,086,040	7,298,800
Capital Grants and Contributions	2,403,489	3,354,870	1,894,309	3,077,912	4,875,702
Revenues	5,654,133	6,451,242	5,720,597	6,743,850	14,211,922
Business-Type Activities:					
Charges for Services:					
Water	1,960,128	2,089,015	2,082,860	2,097,405	2,203,889
Sewer	3,626,637	3,947,885	4,242,423	4,343,457	4,442,162
Solid Waste	1,922,024	2,391,489	2,665,747	2,711,827	2,825,592
Storm Drain	1,706,057	1,744,877	1,811,029	1,859,422	1,906,644
Operating Grants and Contributions	8,195	-	-	24,966	47,515
Capital Grants and Contributions	2,291,492	6,398,378	1,052,865	2,506,252	3,503,550
Revenues	11,514,533	16,571,644	11,854,924	13,543,329	14,929,353
Total Primary Government Program	\$ 17,168,666	\$ 23,022,886	\$ 17,575,521	\$ 20,287,179	\$ 29,141,275

CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
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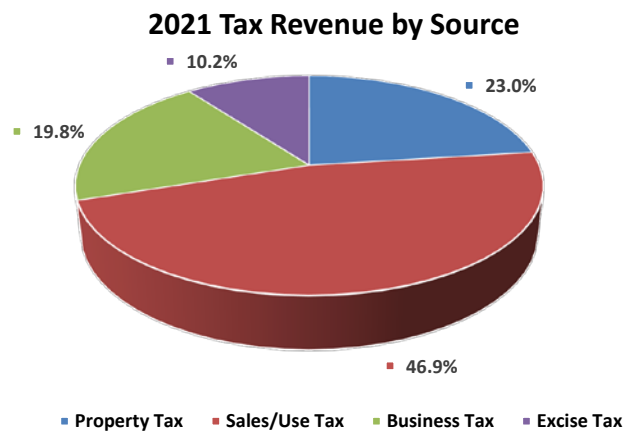
	2012	2013	2014	2015	2016
Net (Expense)/Revenue					
Governmental Activities	\$ (6,192,875)	\$ (6,979,869)	\$ (5,115,667)	\$ (3,329,963)	\$ (7,073,487)
Business-Type Activities	2,367,441	3,439,051	2,048,774	7,025,023	3,238,005
Total Primary Government Net Expense	<u>(3,825,434)</u>	<u>(3,540,819)</u>	<u>(3,066,892)</u>	<u>3,695,060</u>	<u>(3,835,482)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	2,119,770	1,967,770	2,085,784	2,191,189	2,264,194
Retail Sales & Use Taxes	2,700,885	2,967,756	3,227,329	3,393,849	3,742,485
Business Taxes	1,718,219	1,647,259	1,658,873	2,038,443	1,841,119
Excise Taxes	587,590	622,312	592,983	748,026	866,886
Investment Earnings	59,267	33,016	47,924	40,329	76,833
Gain (loss) on Disposal of Capital Assets	4,712	124,658	5,715	12,182	15,309
Insurance Recoveries	-	20,306	-	-	-
Total Governmental Activities	<u>7,190,443</u>	<u>7,383,077</u>	<u>7,618,608</u>	<u>8,424,018</u>	<u>8,806,826</u>
Business-Type Activities					
Investment Earnings	56,111	25,987	39,785	30,716	54,780
Gain (loss) on Disposal of Capital Assets	-	-	11,885	14,211	922
Total Business-Type Activities	<u>56,111</u>	<u>25,987</u>	<u>51,670</u>	<u>44,927</u>	<u>55,702</u>
Total Primary Government	<u>7,246,554</u>	<u>7,409,064</u>	<u>7,670,278</u>	<u>8,468,945</u>	<u>8,862,528</u>
Change in Net Position					
Governmental Activities	997,568	403,207	2,502,942	5,094,055	1,733,339
Business-Type Activities	2,423,552	3,465,038	2,100,444	7,069,950	3,293,707
Total Primary Government	<u>\$ 3,421,120</u>	<u>\$ 3,868,245</u>	<u>\$ 4,603,386</u>	<u>\$ 12,164,004</u>	<u>\$ 5,027,046</u>

CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
Page 4 of 4

	2017	2018	2019	2020	2021
Net (Expense)/Revenue					
Governmental Activities	\$ (6,208,105)	\$ (7,681,515)	\$ (8,793,481)	\$ (7,852,956)	\$ (4,089,207)
Business-Type Activities	3,429,015	7,482,257	2,825,749	3,728,725	4,556,798
Total Primary Government Net Expense	(2,779,090)	(199,257)	(5,967,732)	(4,124,231)	467,592
General Revenues and Other Changes in					
Governmental Activities:					
Taxes:					
Property Taxes	2,400,282	2,505,945	2,568,117	2,682,753	2,735,494
Retail Sales & Use Taxes	3,985,840	4,516,544	4,628,686	4,626,093	5,581,499
Business Taxes	1,827,400	1,782,092	1,788,092	1,906,282	2,354,992
Excise Taxes	916,383	956,626	1,022,463	866,083	1,218,287
Investment Earnings	107,482	274,289	482,508	330,550	(14,645)
Gain (loss) on Disposal of Capital Assets	(751,097)	(181,869)	5,624	12,620	694,400
Insurance Recoveries	-	-	-	-	-
Total Governmental Activities	8,486,289	9,853,627	10,495,490	10,424,382	12,570,026
Business-Type Activities					
Investment Earnings	61,650	195,444	361,686	305,903	111,292
Gain (loss) on Disposal of Capital Assets	(18,442)	(5,347)	5	(45,870)	-
Total Business-Type Activities	43,208	190,097	361,691	260,033	111,292
Total Primary Government	8,529,497	10,043,724	10,857,182	10,684,415	12,681,319
Change in Net Position					
Governmental Activities	2,278,185	2,172,112	1,702,009	2,571,425	8,480,820
Business-Type Activities	3,472,223	7,672,354	3,187,440	3,988,758	4,668,090
Total Primary Government	\$ 5,750,408	\$ 9,844,467	\$ 4,889,450	\$ 6,560,184	\$ 13,148,910

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales/Use Tax	Business Tax	Excise Tax	Total Taxes
2012	2,119,770	2,700,885	1,718,219	587,590	\$ 7,126,464
2013	1,967,770	2,967,756	1,647,259	622,312	7,205,098
2014	2,085,784	3,227,329	1,658,873	592,983	7,564,969
2015	2,191,189	3,393,849	2,038,443	748,026	8,371,508
2016	2,264,194	3,742,485	1,841,119	866,886	8,714,683
2017	2,400,282	3,985,840	1,827,400	916,383	9,129,905
2018	2,505,945	4,516,544	1,782,092	956,626	9,761,207
2019	2,568,117	4,628,686	1,788,092	1,022,463	10,007,359
2020	\$ 2,682,753	\$ 4,626,093	\$ 1,906,282	\$ 866,083	10,081,212
2021	\$ 2,735,494	\$ 5,581,499	\$ 2,354,992	\$ 1,218,287	\$ 11,890,272



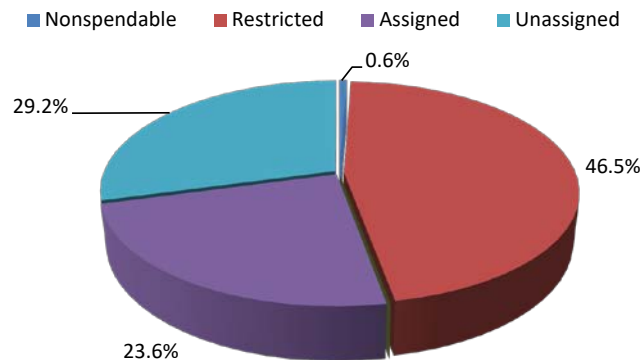
**FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years**

Fiscal Year	General Fund					All Other Governmental Funds			Total All Other Governmental Funds
	Non-spendable	Restricted*	Assigned	Unassigned	Total General Fund	Non-spendable	Restricted	Assigned	
2012	9,635	-	1,577,089	514,274	2,100,998	91,016	657,162	2,133,718	2,881,896
2013	8,719	-	1,501,759	536,548	2,047,026	91,016	958,933	1,933,664	2,983,613
2014	12,412	-	1,501,759	661,204	2,175,375	91,016	773,736	2,165,425	3,030,177
2015	12,692	-	1,518,604	1,643,946	3,175,241	91,016	1,819,915	2,036,907	3,947,838
2016	7,597	-	2,174,924	1,106,077	3,288,597	91,016	2,325,825	2,188,399	4,605,240
2017	7,533	42,756	2,348,381	2,627,341	5,026,011	91,016	3,620,848	2,752,819	6,464,684
2018	8,782	60,505	3,770,848	1,117,506	4,957,641	91,016	3,998,998	3,378,467	7,468,481
2019	8,782	60,505	3,770,848	1,020,412	4,860,547	91,016	4,397,539	2,744,846	7,233,401
2020	8,500	101,007	375,000	3,628,424	4,112,931	91,016	4,172,667	3,221,202	7,484,885
2021	\$ 8,500	\$ 784,662	\$ 375,000	\$ 4,590,207	\$ 5,758,369	\$ 91,016	\$ 6,521,263	\$ 3,339,010	\$ 9,951,289

Note: The City implemented GASB changes in 2011 and information prior to 2011 is not available.

*Note: General Fund did not have restricted prior to 2017

2021 Governmental Fund Balances



CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Page 1 of 2

	2012	2013	2014	2015
Revenues				
Taxes	\$ 7,194,171	\$ 7,155,680	\$ 7,509,669	\$ 8,345,893
Licenses and Permits	604,450	622,819	558,113	830,042
Intergovernmental Revenues	1,471,002	646,175	3,384,699	1,066,034
Charges for Services	1,656,123	2,190,358	2,228,941	3,590,226
Fines and Forfeitures	79,049	76,729	83,238	83,442
Interest & Other Earnings	63,285	37,631	52,355	45,143
Miscellaneous	202,158	203,606	156,557	227,560
Total Revenues	11,270,239	10,932,998	13,973,573	14,188,341
Expenditures				
General Government	2,765,463	2,701,167	2,704,029	2,850,202
Security of Persons and Property	2,557,190	2,764,164	2,847,128	2,924,101
Utilities and Environment	455,458	512,596	443,940	501,104
Transportation	744,424	1,533,295	1,559,694	1,409,078
Economic Environment	660,244	785,598	886,387	969,480
Mental and Physical Health	14,705	13,978	14,356	29,772
Culture and Recreation	1,173,379	1,080,951	1,097,577	1,193,366
Capital Outlay	1,522,990	856,046	3,196,591	1,395,507
Debt Service				
Principal	3,114,368	579,368	589,368	8,815,383
Interest & Other Charges	513,038	495,456	479,814	426,681
Issuance Costs	-	-	-	-
Total Expenditures	13,521,260	11,322,619	13,818,885	20,514,675
Excess of Revenues				
Over (Under) Expenditures	(2,251,020)	(389,620)	154,688	(6,326,334)
Other Financing Sources (Uses)				
Proceeds of Long Term Debt	2,455,000	-	-	7,320,000
Premium on Bonds Sold	69,630	-	-	774,756
Disposal of Capital Assets	4,712	272,103	5,715	19,461
Comp for Impairment of Cap Assets	-	20,306	7,528	-
Insurance Recoveries	-	-	613	7,461
Issuance Discount on Long-Term Debt	(34,561)	-	-	-
Total Other Financing Sources (Uses)	2,494,781	292,408	13,856	8,121,678
Net Change in Fund Balances	\$ 243,760	\$ (97,212)	\$ 168,544	\$ 1,795,343
Debt Service as a Percentage of				
Noncapital Expenditures	30.23%	10.27%	10.07%	48.34%

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (continued)
Last Ten Fiscal Years

Page 2 of 2

	2016		2017		2018		2019		2020		2021
\$	8,677,430	\$	9,082,043	\$	9,765,124	\$	10,012,103	\$	10,060,147	\$	11,906,709
	901,185		989,990		754,106		663,860		618,486		860,217
	1,050,282		970,537		1,580,658		2,730,122		3,877,521		10,829,472
	2,974,396		3,990,077		1,763,017		1,496,359		1,095,946		1,663,431
	70,774		58,820		68,691		77,783		48,600		43,878
	82,219		113,488		280,830		489,366		336,463		(8,709)
	186,840		207,430		166,732		250,265		129,665		162,123
	13,943,125		15,412,384		14,379,157		15,719,858		16,166,828		25,457,122
	3,108,256		3,220,759		2,717,964		3,017,865		3,468,268		3,532,906
	3,152,296		3,468,946		3,748,307		3,935,891		4,029,727		3,632,679
	532,379		547,718		153,233		146,715		36,143		34,783
	1,446,570		1,528,998		1,113,363		2,044,061		2,105,772		7,091,434
	1,010,489		1,055,026		1,095,645		1,166,843		1,235,471		1,236,534
	131,162		244,847		331,552		472,604		519,778		546,309
	1,223,569		1,197,913		1,429,228		1,390,180		1,223,592		1,166,355
	1,479,311		1,825,198		1,789,001		2,583,026		3,036,937		6,602,702
	709,368		729,368		728,777		973,053		797,383		2,119,946
	373,098		360,614		351,116		325,818		292,650		289,092
	-		-		-		-		-		8,596
	13,166,499		14,179,387		13,458,186		16,056,055		16,745,721		26,261,334
	776,626		1,232,998		920,971		(336,198)		(578,893)		(804,213)
	-		422,038		-		-		69,477		4,111,701
	-		39,280		-		-		-		-
	7,649		905,113		23,394		5,624		13,284		829,856
	-		-		-		-		-		-
	5,206		770		-		-		-		1,000
	-		-		-		-		-		-
	12,855		1,367,201		23,394		5,624		82,761		4,942,557
\$	789,481	\$	2,600,199	\$	944,365	\$	(330,574)	\$	(496,132)	\$	4,138,344
	9.26%		8.82%		9.25%		9.64%		7.95%		12.30%

GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Page 1 of 2

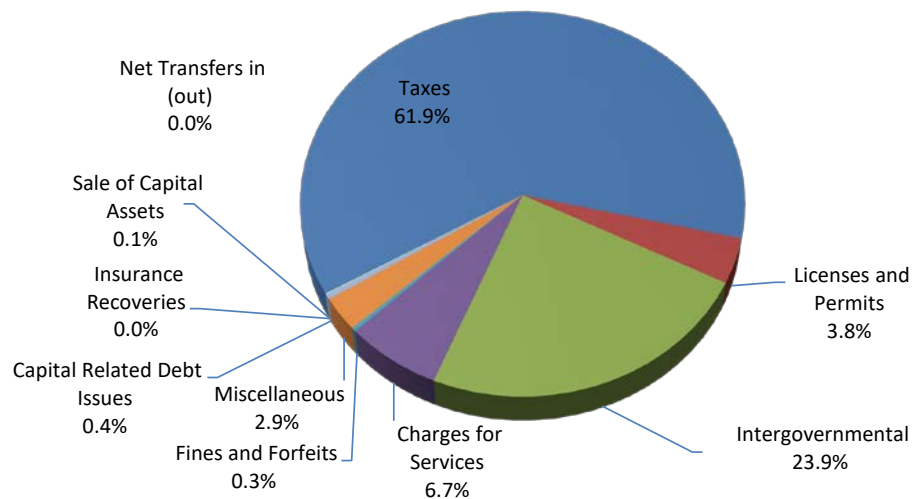
REVENUES							
Fiscal Year	Taxes	Licenses and Permits	Inter-gov Charges	Charges for Services	Fines and Forfeits	Misc.	Total Revenues
2012	7,194,171	604,450	1,471,002	1,656,123	79,049	265,444	11,270,239
2013	7,155,680	622,819	646,175	2,190,358	76,729	241,237	10,932,998
2014	7,509,669	558,113	3,384,699	2,228,941	83,238	208,912	13,973,573
2015	8,345,893	830,042	1,066,034	3,590,226	83,442	272,703	14,188,341
2016	8,677,430	901,185	1,050,282	2,974,396	70,774	269,059	13,943,125
2017	9,082,043	989,990	970,537	3,990,077	58,820	320,918	15,412,384
2018	9,765,124	754,106	1,580,658	1,763,017	68,691	447,561	14,379,157
2019	10,012,103	663,860	2,730,122	1,496,359	77,783	739,631	15,719,858
2020	10,060,147	618,486	3,877,521	1,095,946	48,600	466,127	16,166,828
2021	11,906,709	860,217	10,829,472	1,663,431	43,878	153,414	25,457,122

GOVERNMENTAL REVENUES BY SOURCE (continued)
Last Ten Fiscal Years

Page 2 of 2

OTHER FINANCING SOURCES (USES)					
Capital Related Debt Issues	Insurance Recovery	Sale of Capital Assets	Net Transfers in (out)	Total Other Financing Sources & Uses	Total Revenues and Other Sources
2,490,069	-	4,712	-	2,494,781	13,765,020
-	2,297	290,112	-	292,408	11,225,407
-	613	13,243	-	13,856	13,987,429
8,094,756	7,461	19,461	-	8,121,678	22,310,018
-	5,206	7,649	-	12,855	13,955,980
461,318	770	905,113	-	1,367,201	16,779,585
-	-	23,394	-	23,394	14,402,551
-	-	5,624	-	5,624	15,725,481
69,477	-	13,284	-	82,761	16,249,589
4,111,701	1,000	829,856	-	4,942,557	30,399,679

2021 General Government Revenue by Source



**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year Ended December 31	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value¹	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2012	1,314,300,278	51,974,423	155,133,100	1,211,141,601	1.709	1,370,069,684	88.4%
2013	1,329,419,463	53,365,536	152,715,070	1,230,069,929	1.698	1,335,580,813	92.1%
2014	1,395,699,299	50,866,478	164,218,411	1,282,347,366	1.710	1,409,172,930	91.0%
2015	1,335,212,301	54,281,382	45,525,120	1,343,968,563	1.686	1,428,234,392	94.1%
2016	1,342,718,272	52,165,101	48,779,870	1,346,103,503	1.580	1,514,177,169	88.9%
2017	1,485,086,384	52,521,843	49,652,896	1,487,955,331	1.520	1,668,111,358	89.2%
2018	1,645,103,807	55,724,013	67,759,506	1,633,068,314	1.520	1,832,848,837	89.1%
2019	1,893,965,005	54,924,918	74,376,647	1,874,513,276	1.373	2,073,576,633	90.4%
2020	\$ 2,066,622,461	\$ 56,796,090	\$ 92,734,271	\$ 2,030,684,280	1.262	\$ 2,236,436,432	90.8%
2021	\$ 2,191,081,537	\$ 57,152,821	\$ 73,800,926	\$ 2,174,433,432	1.262	\$ 2,405,346,717	90.4%

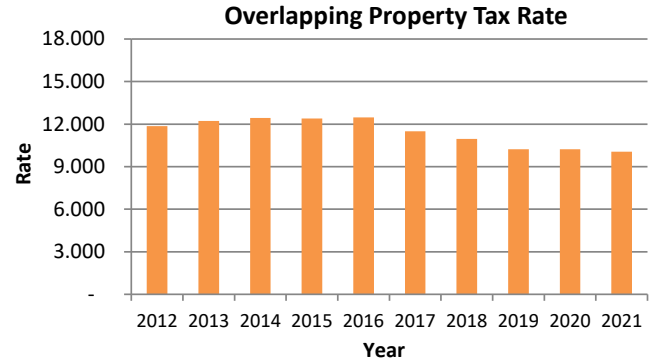
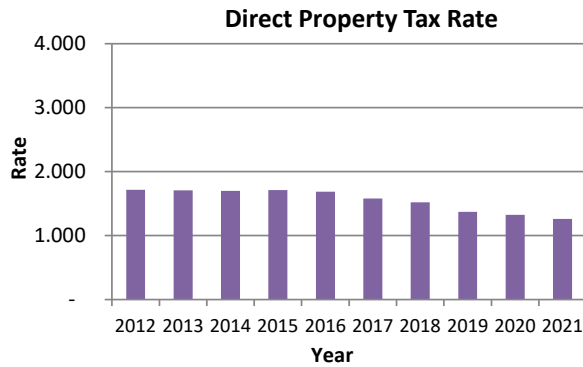
Source: Kitsap County Assessor's Office

¹ Figure represents current year assessed value payable in following year

PROPERTY TAX RATES -DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	Operating Total City		School			Other Overlapping Rates					Total Overlapping Rates	Total Direct & Overlapping
			Kitsap County	State School	NK School District	Port of Poulsbo	Fire District #18	Public Utility	Kitsap Regional Library	Poulsbo Library		
2012	1.717	1.717	1.139	2.497	3.723	0.291	2.000	0.078	0.371	0.038	10.137	11.854
2013	1.709	1.709	1.202	2.507	3.997	0.303	2.000	0.082	0.391	0.039	10.520	12.229
2014	1.698	1.698	1.236	2.472	4.222	0.310	2.000	0.085	0.402	-	10.728	12.426
2015	1.710	1.710	1.202	2.177	4.349	0.308	2.186	0.083	0.390	-	10.695	12.405
2016	1.686	1.686	1.166	2.355	4.327	0.302	2.169	0.081	0.382	-	10.783	12.469
2017	1.580	1.580	1.086	2.117	3.929	0.284	2.064	0.074	0.353	-	9.907	11.486
2018	1.520	1.520	1.020	3.021	2.685	0.269	1.936	0.068	0.432	-	9.431	10.951
2019	1.373	1.373	0.930	2.662	2.537	0.243	2.031	0.064	0.394	-	8.860	10.234
2020	1.325	1.325	0.871	2.980	2.433	0.235	1.960	0.060	0.369	-	8.908	10.233
2021	1.262	1.262	0.839	3.009	2.423	0.223	1.885	0.058	0.356	-	8.792	10.053

Source: Kitsap County Assessor's Office - Statement of Assessments

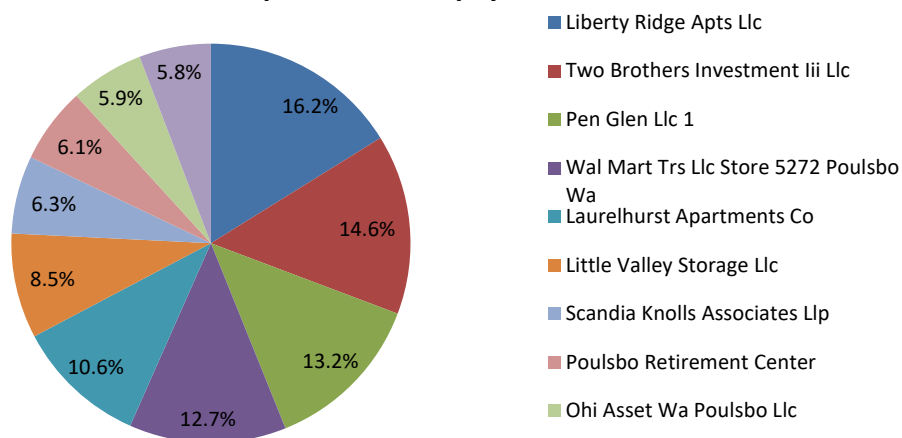


PRINCIPAL TAXPAYERS
Current Year and Ten Years Ago

Taxpayer	2021			Taxpayer	2012		
	Assessed Valuation	Rank	% of Total Assessed Valuation		Assessed Valuation	Rank	% of Total Assessed Valuation
Liberty Ridge Apts Llc	\$ 31,760,900	1	1.33%	Olhava Associates Lmted Ptnsp	23,739,620	1	1.91%
Two Brothers Investment Iii Llc	\$ 28,677,310	2	1.20%	Wal Mart Trs Llc Store 5272 Poulsbo W	16,723,690	2	1.34%
Pen Glen Llc 1	\$ 25,882,540	3	1.08%	Laurelhurst Apartments Co	13,279,910	3	1.07%
Wal Mart Trs Llc Store 5272 Poulsbo W	\$ 25,017,440	4	1.05%	Liberty Ridge Apts Llc	10,211,710	4	0.82%
Laurelhurst Apartments Co	\$ 20,928,500	5	0.87%	Hd Development Of Maryland Inc	10,070,450	5	0.81%
Little Valley Storage Llc	\$ 16,723,670	6	0.70%	Hattaland	8,943,830	6	0.72%
Scandia Knolls Associates Llp	\$ 12,405,940	7	0.52%	Nikkel William A Trustee	8,938,330	7	0.72%
Poulsbo Retirement Center	\$ 12,077,380	8	0.50%	College Marketplace Llc	8,918,790	8	0.72%
Ohi Asset Wa Poulsbo Llc	\$ 11,698,060	9	0.49%	Poulsbo Retirement Center	8,369,240	9	0.67%
Puget Sound Energy Elec	\$ 11,437,038	10	0.48%	Olhava Llc & Brandt James & Linda Llc	8,319,690	10	0.67%
Totals:	\$ 196,608,778		8.21%	Totals:	\$ 117,515,260		9.44%

Source: Kitsap County Assessor's Office

Assessed Value of Top Ten 2021 Taxpayers

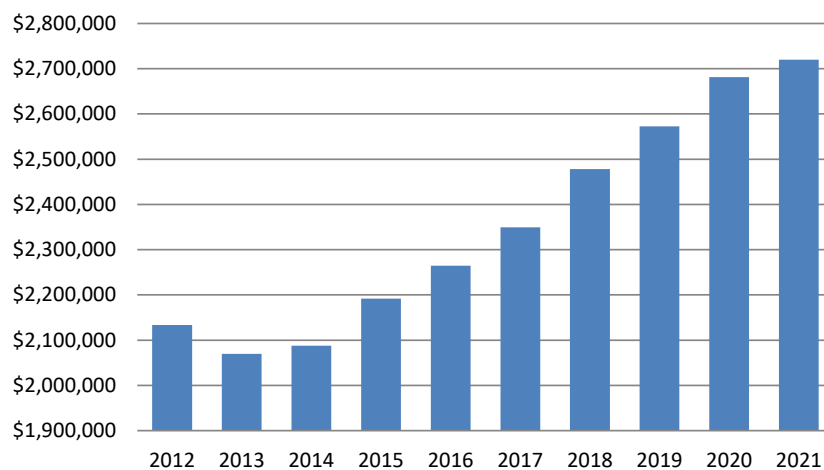


**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collected	Total Collections to Date		Outstanding Delinquent Taxes (ODT)	ODT As % of Current Levy
		Amount	% of Levy		Amount	% of Levy		
2012	2,136,431	2,083,452	97.52%	49,974	2,133,426	99.86%	3,005	0.14%
2013	2,069,802	1,994,508	96.36%	75,132	2,069,640	99.99%	162	0.01%
2014	2,088,707	2,030,020	97.19%	57,604	2,087,623	99.95%	1,084	0.05%
2015	2,192,765	2,171,629	99.04%	20,255	2,191,883	99.96%	882	0.04%
2016	2,269,562	2,244,248	98.88%	20,311	2,264,559	99.78%	5,003	0.22%
2017	2,351,831	2,323,188	98.78%	26,278	2,349,466	99.90%	2,365	0.10%
2018	2,482,716	2,439,955	98.28%	38,341	2,478,296	99.82%	4,420	0.18%
2019	2,577,202	2,570,332	99.73%	2,457	2,572,789	99.83%	4,413	0.17%
2020	2,690,158	2,664,845	99.06%	16,681	2,681,526	99.68%	\$ 8,632	0.32%
2021	\$ 2,743,226	2,717,884	99.08%	\$ 2,099	\$ 2,719,983	99.15%	\$ 23,243	0.85%

Source: Kitsap County Treasurer and Assessor's Office

Total Collected To Date



**SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

	2012	2013	2014 ⁽¹⁾	2015	2016	2017 ⁽²⁾	2018	2019	2020	2021 ⁽⁴⁾
Basic Sales Tax Rates										
City of Poulsbo	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Housing & Related Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Washington State	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Kitsap Transit	0.8%	0.8%	0.8%	0.8%	0.8%	1.1%	1.1%	1.1%	1.1%	1.1%
Criminal Justice	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
County Jail Expansion	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Emergency Communication	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Mental and Physical Health	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Total Basic Combined Sales Tax Rate	8.6%	8.6%	8.6%	8.7%	8.7%	9.0%	9.0%	9.0%	9.0%	9.1%
Special Sales Tax Rates										
Hotel/Motel ⁽³⁾	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

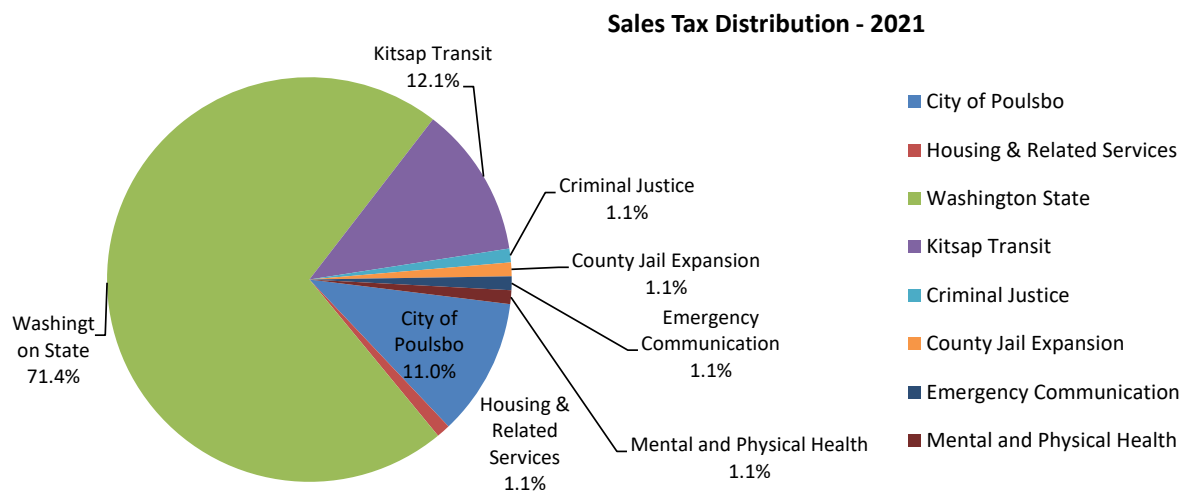
⁽¹⁾ Effective 2014, Kitsap County increased the rate one tenth of one percent (.1%) for chemical dependency or mental health treatment services

⁽²⁾ Effective April 2017, Kitsap County increased the rate three tenths of one percent (.3%) for Kitsap Transit Passenger-only Ferry Services

⁽³⁾ In effect since 1998, this 2% Hotel/Motel Tax was approved by Ordinance 98-03 in accordance with RCW 82.08

⁽⁴⁾ Effective January 2021, City of Poulsbo increased one tenth of one percent (.1%) for Housing & Related Services

Source: Washington State Department of Revenue Local Sales and Use Tax Rates



RETAIL SALES TAX REVENUE BY SECTOR
Last Ten Fiscal Years

Page 1 of 2

	2012		2013		2014		2015		2016	
Major Industry Sector										
Accommodation and Food Svcs.	\$	292,749	\$	291,623	\$	333,336	\$	362,577	\$	408,529
Admin, Supp, Remed Svcs		36,487		43,261		46,006		51,911		59,866
Agriculture, Forestry Fishing		800		886		662		539		4,958
Arts, Entertain, Recreation		9,239		9,233		13,043		16,785		9,799
Company Management		-		-		-		6		199
Construction		142,181		294,260		318,024		300,625		343,021
Educational Services		5,096		5,804		4,625		5,942		5,168
Finance and Insurance		8,760		11,653		11,033		12,935		20,383
Health Care and Social Assistance		19,078		17,443		13,022		14,789		18,045
Information		84,823		91,504		102,047		97,189		110,385
Manufacturing		34,385		27,948		49,122		35,145		59,717
Mining		427		464		636		589		39
Other Services		72,163		75,236		84,693		87,482		93,947
Prof, Scientific and Technical Svcs		27,102		33,033		43,310		46,226		53,170
Public Administration		18,032		23,196		28,695		27,064		35,571
Real Estate, Rental, Leasing		52,455		54,208		61,165		56,902		65,509
Retail Trade		1,657,265		1,703,931		1,863,729		1,953,167		1,988,786
Transportation and Warehousing		2,707		1,914		2,262		2,656		4,277
Unknown		36,448		37,266		13,903		12,511		16,833
Utilities		2,744		3,512		3,039		3,209		2,312
Wholesale Trade		90,710		98,657		110,341		131,638		165,808
Total Retail Sales Tax Revenues*	\$	2,593,651	\$	2,825,032	\$	3,102,693	\$	3,219,887	\$	3,466,322

**The revenues reflected here are based on time of reporting so do not represent the same amount as reported in financials*

Sources: City of Poulsbo Finance Department and Washington State Department of Revenue

RETAIL SALES TAX REVENUE BY SECTOR *(continued)*
Last Ten Fiscal Years

Page 2 of 2

	2017	2018	2019	2020	2021
Major Industry Sector					
Accommodation and Food Svcs.	\$ 430,016	\$ 453,404	\$ 460,455	\$ 391,995	\$ 532,903
Admin, Supp, Remed Svcs	67,589	115,668	129,176	164,274	186,008
Agriculture, Forestry Fishing	4,298	4,185	4,022	2,548	2,175
Arts, Entertain, Recreation	11,271	12,266	12,413	9,996	13,098
Company Management	164	227	1	303	286
Construction	416,871	585,113	471,783	443,927	566,613
Educational Services	3,684	4,200	3,311	3,491	5,924
Finance and Insurance	15,396	16,769	17,341	17,975	23,169
Health Care and Social Assistance	26,120	28,120	50,343	19,097	18,078
Information	116,592	118,706	129,983	139,833	159,558
Manufacturing	46,118	53,081	63,609	45,134	67,599
Mining	204	71	554	2,037	1,912
Other Services	104,885	96,686	107,901	93,439	107,707
Prof, Scientific and Technical Svcs	54,208	64,847	69,236	64,343	88,327
Public Administration	39,483	3,209	1,519	1,513	1,069
Real Estate, Rental, Leasing	70,718	73,200	83,737	74,869	121,282
Retail Trade	2,107,661	2,297,269	2,420,781	2,543,855	2,890,725
Transportation and Warehousing	4,281	4,185	3,856	7,817	18,567
Unknown	4,755	58,209	37,197	51,471	58,633
Utilities	2,844	4,152	4,565	4,585	5,079
Wholesale Trade	167,400	197,853	208,987	202,401	228,165
Total Retail Sales Tax Revenues*	\$ 3,694,558	\$ 4,191,420	\$ 4,280,770	\$ 4,284,903	\$ 5,096,877

**The revenues reflected here are based on time of reporting so do not represent the same amount as reported in financials*

Sources: City of Poulsbo Finance Department and Washington State Department of Revenue

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

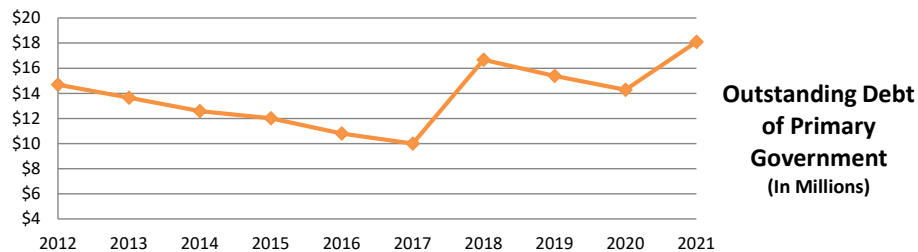
Fiscal Year	Governmental Activities		Business-Type Activities					Total Primary Government	Percentage of Personal Income ¹	Per Capita ²
	General Obligation Bonds*	PWTF Loans	Water Bonds	Sewer Bonds*	Solid Waste Bonds	Storm Drain Bonds	PWTF Loans			
2012	\$ 11,744,178	\$ 594,946	\$ 487,960	\$ 1,730,040	\$ -	\$ -	\$ 137,543	\$ 14,694,667	3.52%	\$ 1,570
2013	11,233,972	520,578	396,880	1,407,120	-	-	91,696	13,650,246	3.13%	1,424
2014	10,713,764	446,210	302,500	1,072,500	-	-	45,848	12,580,822	2.78%	1,287
2015	10,703,313	371,841	205,040	726,960	-	-	-	12,007,154	2.50%	1,207
2016	10,020,267	297,473	104,500	370,500	-	-	-	10,792,740	2.11%	1,057
2017	9,778,540	223,105	-	-	-	-	-	10,001,645	1.80%	952
2018	9,068,544	148,737	-	7,445,551	-	-	-	16,662,832	2.70%	1,536
2019	8,121,622	74,368	-	7,191,774	-	-	-	15,387,764	2.33%	1,376
2020	7,415,640	-	-	6,927,996	-	-	-	14,288,055	1.99%	1,193
2021	\$ 9,336,481	\$ -	\$ 475,045	\$ 7,129,263	\$ 746,499	\$ 407,181	\$ -	\$ 18,094,469	2.51%	\$ 1,508

* Includes Unamortized Premium / Discount

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

² Percentage of Personal Income data only available through 2020.



RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

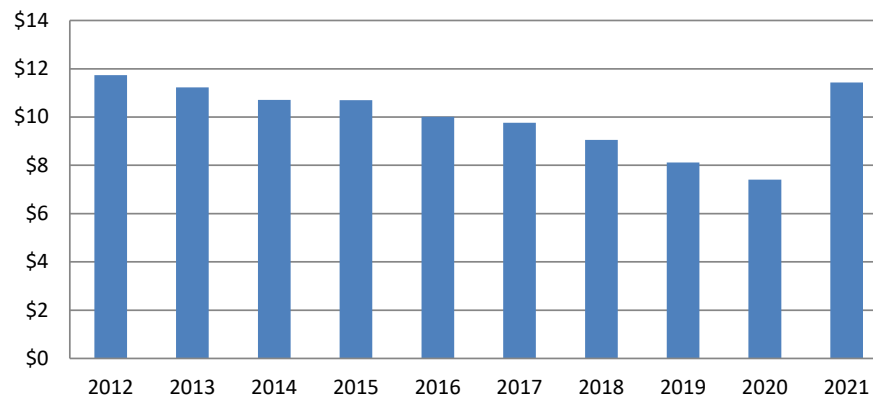
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	% of Estimated Actual Taxable Value¹ of Property	Per Capita²
2012	\$ 11,744,178	\$ 3,967	\$ 11,740,211	0.85%	\$ 1,246
2013	11,233,972	3,217	11,230,755	0.84%	1,164
2014	10,713,764	4,738	10,709,026	0.76%	1,089
2015	10,703,313	4,337	10,698,976	0.75%	1,075
2016	10,020,267	11,872	10,008,395	0.66%	980
2017	9,778,540	11,963	9,766,577	0.59%	929
2018	9,068,544	11,788	9,056,756	0.40%	835
2019	8,121,622	11,960	8,116,866	0.39%	726
2020	7,415,640	11,407	\$ 7,404,233	0.31%	641
2021	\$ 11,440,251	\$ 12,361	\$ 11,427,890	0.48%	\$ 952

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

¹ *See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.*

² *Population data can be found in the Schedule of Demographic and Economic Statistics.*

Total General Bonded Debt
(In Millions)



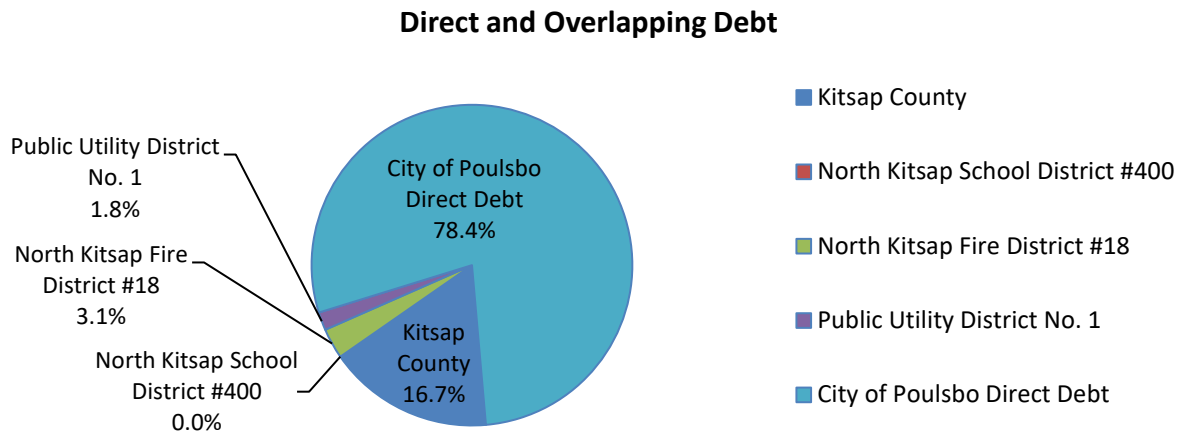
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2021

Governmental Unit	Debt Outstanding	Estimated % Applicable¹	Estimated Share of Overlapping Debt
Kitsap County	\$ 50,992,594	4.79%	\$ 2,440,217
North Kitsap School District #400	-	22.45%	-
North Kitsap Fire District #18	862,430	51.90%	447,591
Public Utility District No. 1	5,558,000	4.79%	265,974
Subtotal, Overlapping Debt	57,413,024		3,153,783
City of Poulsbo Direct Debt	\$ 11,440,251	100%	\$ 11,440,251
Total Direct and Overlapping Debt			\$ 14,594,034

Sources: Assessed value data used to estimate applicable percentages provided by the Kitsap County Assessor's Office. Debt outstanding data provided by the Kitsap County Treasurer's Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Poulsbo. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the unit's taxable assessed value that is within the City's boundaries and dividing it by the unit's total taxable assessed value.



LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Page 1 of 2

	2012	2013	2014	2015	2016
Debt Limit	\$ 90,835,620	\$ 92,257,495	\$ 96,176,052	\$ 100,957,763	\$ 111,596,650
Total net debt applicable to limit	11,661,033	10,641,783	10,640,262	9,925,663	9,283,128
Legal debt margin	\$ 79,174,587	\$ 81,615,712	\$ 85,535,790	\$ 91,032,100	\$ 102,313,522
Total net debt applicable to the limit as a % of debt limit	12.84%	11.53%	11.06%	9.83%	8.32%

Sources: Assessed value data used to estimate applicable percentages provided by the Kitsap County Auditor's Office.

Note: Under state finance law, the City of Poulsbo's outstanding general obligation debt should not exceed 7.5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

LEGAL DEBT MARGIN INFORMATION (continued)**Last Ten Fiscal Years**

Page 2 of 2

2017	2018	2019	2020	2021
\$ 122,480,124	\$ 122,480,124	\$ 140,588,496	\$ 167,732,732	\$ 180,401,004
9,050,075	8,395,842	7,504,190	6,788,418	10,938,570
<u>\$ 113,430,049</u>	<u>\$ 114,084,281</u>	<u>\$ 133,084,306</u>	<u>\$ 160,944,314</u>	<u>\$ 169,462,434</u>
7.39%	6.85%	5.34%	4.05%	6.06%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 2,405,346,717
Debt Limit (7.5% of total assessed value)	180,401,004
Debt Applicable to Limit:	
General Obligation Bonds	10,950,931
Less: Amount set aside for repayment of GO Debt	<u>12,361</u>
Total Net Debt Applicable to Limit	<u>10,938,570</u>
Legal Debt Margin	<u>\$ 169,462,434</u>

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Revenue Bonds					
	Charges for Services & Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 3,965,357	\$ 3,110,144	\$ 855,213	\$ 383,000	\$ 112,324	173%
2012	4,264,643	3,229,154	1,035,489	396,000	103,020	208%
2013	4,569,555	3,485,816	1,083,739	414,000	76,944	221%
2014	4,799,465	3,642,764	1,156,701	429,000	60,340	236%
2015	5,119,333	4,132,273	987,060	443,000	42,510	203%
2016	5,317,488	4,338,074	979,414	457,000	24,271	204%
2017	5,585,996	4,341,634	1,244,362	475,000	8,194	258%
2018	5,864,959	4,817,405	1,047,554	100,000	148,469	422%
2019	6,163,338	4,908,353	1,254,985	225,000	285,650	246%
2020	6,340,636	5,452,049	888,587	235,000	276,421	174%
2021	\$ 6,645,913	\$ 5,668,704	\$ 977,209	\$ 245,000	\$ 264,629	192%

Note: Details regarding the government's outstanding debt can be found in the Notes to the Financial Statements. Charges for services and other includes plan checking fees but not tap fees and interest. Operating Expenses include depreciation but not interest.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Poulsbo Population	County Population	Kitsap County	Poulsbo	Per Capita Income*	Kitsap County	School Enrollment ² ***
			Personal Income* ¹	Personal Income ¹		Unemployment Rate**	
2012	9,360	254,500	11,359,138	417,766	47,357	7.3%	2,901
2013	9,585	254,000	11,563,863	436,376	47,912	7.0%	2,892
2014	9,775	255,900	11,838,125	452,199	50,966	5.9%	3,088
2015	9,950	258,200	12,473,946	480,696	53,180	5.4%	3,141
2016	10,210	262,590	13,163,570	511,825	55,038	5.5%	3,099
2017	10,510	264,300	13,988,937	556,276	57,389	4.8%	3,118
2018	10,850	267,120	15,174,970	616,384	60,352	4.6%	3,103
2019	11,180	270,100	15,982,626	661,554	63,021	4.6%	3,097
2020	11,975	275,611	\$ 16,559,291	\$ 719,483	\$ 67,126	7.6%	2,408
2021	12,000	277,700	\$ -	\$ -	\$ -	4.4%	2,713

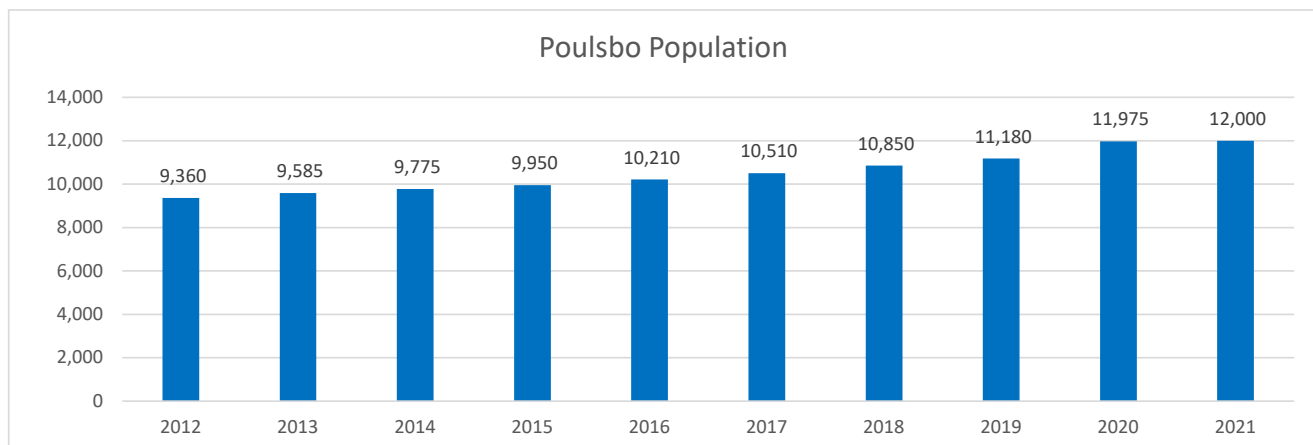
¹ Thousands of Dollars and information only available through 2020

² Totals for only schools in city limits

* Source: US Bureau of Economic Analysis-Kitsap County based on population of City only available through 2020

** Source: Washington State Employment Security Department-Kitsap County

*** Source: North Kitsap School District & Office of Superintendent of Public Instruction WA State



PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	2021			2012		
		TOTAL EMPLOYEES ¹	Rank	% of Total City Employment	TOTAL EMPLOYEES ¹	Rank	% of Total City Employment
North Kitsap School District	Public Education	879	1	7.34%	1,049	1	15.26%
Martha & Mary Health Services	Social Services	367	2	3.06%	600	2	8.73%
Walmart ¹	Retail Trade	350	3	2.92%	314	3	4.57%
Central Market ¹	Retail Trade	290	4	2.42%	230	4	3.35%
Raytheon	Engineering Services	149	5	1.24%	195	5	2.84%
Gateway Fellowship & School/Christ Memorial Childrens Learning Center	Religious & Private Education	126	6	1.05%	79	10	1.15%
Home Depot	Retail Trade	120	7	1.00%	116	6	1.69%
Masterworks	Marketing	106	8	0.89%	95	7	1.38%
Safeway/Albertsons	Retail Trade	100	9	0.84%	-	-	0.00%
Liberty Shores / Harbor House	Healthcare	100	10	0.84%	-	-	0.00%
City of Poulsbo ¹	Municipal Government	94	11	0.78%	84	8	1.22%
Paladin Data Systems Corp/Dude Solutions	Professional Services	45	12	0.38%	81	9	1.18%
Subtotal of Ten Largest Employers		2,726		22.76%	2,843		41.36%
All Other Employers		9,249		77.24%	4,031		58.64%
Total Poulsbo Employment		11,975		100.00%	6,874		100.00%

¹ Full and part-time employees are tracked

² Office closed or moved out of City

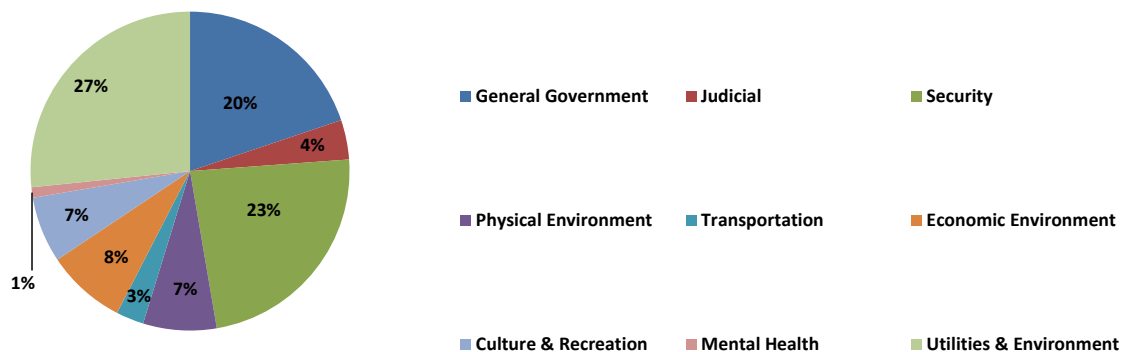
Source: Washington State Employment Security Department
City of Poulsbo Finance Department
Kitsap Economic Development Alliance
Central Market
Masterworks.com
Liberty Shores/Harbor House
North Kitsap School District
Poulsbo Safeway
US Census Bureau

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:	Executive (Mayor)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Clerk's Department	3.00	3.00	2.00	2.00	2.00	2.00	2.83	3.00	3.00	2.25
	Finance Department	7.00	7.00	7.00	7.00	8.00	8.00	7.83	8.00	8.00	8.17
	Information Services	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00
	Personnel	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Prosecutor	-	-	-	1.00	1.00	1.00	1.00	1.00	1.21	1.00
	Risk Management	-	-	1.00	0.50	0.50	1.00	1.00	1.00	1.33	1.00
	Central Services	2.50	2.50	2.55	2.55	2.55	2.52	2.52	2.52	2.52	2.23
Judicial:	Municipal Court	3.99	3.39	3.39	3.39	3.39	3.39	3.48	3.52	3.52	3.77
Security:	Police Department	19.50	20.30	20.80	20.82	21.50	23.00	23.25	24.33	24.33	22.09
Physical Environ.:	Engineering	5.63	5.63	5.95	6.45	6.33	10.30	7.30	9.30	9.30	7.00
Transportation:	Streets	3.70	3.25	4.40	3.15	2.70	2.64	2.64	2.64	2.64	2.64
Economic Environ.:	Planning & Building	6.55	6.55	7.00	7.92	8.00	5.00	8.00	8.00	8.00	7.59
Culture & Recreation:	Parks & Recreation	5.87	6.16	5.95	6.17	6.17	6.17	6.17	6.17	6.17	3.65
	Parks & Cemetery	2.25	2.28	2.30	2.30	2.25	2.22	2.22	3.22	3.22	2.64
Mental & Physical Health	Mental Health	-	-	-	-	-	4.00	3.17	4.00	4.00	1.00
Utilities & Environ.:	Water	3.30	3.33	3.65	5.90	5.90	5.82	5.90	5.87	5.87	5.72
	Sewer	3.05	3.08	3.40	3.65	3.65	3.63	3.71	3.68	3.68	3.53
	Solid Waste	3.05	3.10	3.32	4.32	4.32	4.62	4.62	4.62	4.62	5.54
	Storm Drain	3.65	3.65	3.45	5.87	6.20	5.93	5.86	5.83	5.83	5.93
	General Facilities	1.00	0.83	-	-	-	-	-	-	-	-
	Administration	3.88	3.85	3.48	3.48	4.10	4.32	4.32	4.32	4.32	4.32
Total Number of Full-Time Equivalent Employees:		81.42	81.40	83.14	89.97	92.06	99.06	99.32	104.52	105.06	94.07

Source: City of Poulsbo,
Human Resources

2021 Full-Time Equivalent by Function



**PRINCIPAL CUSTOMER BY AMOUNT BILLED
FOR THE YEAR ENDED DECEMBER 31, 2021**

Individual Water Customers		
Customer	Type of Business	Amount Billed
Vikings Crests Owners Association	Condominiums	\$ 25,001
TLC Investments	Mobile Home Park	20,519
Hostmark Village Cove	Apartments	13,051
Car Wash Enterprises Inc	Car Wash	11,418
Emeritus Senior Living	Senior Assisted Living	10,071
Town & Country Markets Inc	Grocery Store	9,935
Martha & Mary Health Services	Senior Assisted Living	8,828
Safeway Inc	Grocery Store	8,226
Martha & Mary Health Services	Senior Assisted Living	7,476
Laurelhurst Apartments Co	Apartments	7,264
Total of Ten Largest Water Customers		\$ 121,789

Individual Sewer Customers		
Customer	Type of Business	Amount Billed
Vikings Crests Owners Association	Condominiums	\$ 78,894
TLC Investments	Mobile Home Park	67,949
Hostmark Village Cove	Apartments	39,721
Car Wash Enterprises Inc	Car Wash	36,543
Town & Country Markets Inc	Grocery Store	32,154
Emeritus Senior Living	Senior Assisted Living	30,385
Martha & Mary Health Services	Senior Assisted Living	28,829
Safeway Inc	Grocery Store	26,421
Laurelhurst Apartments Co	Apartments	24,640
Car Wash Enterprises Inc	Car Wash	21,646
Total of Ten Largest Sewer Customers		\$ 387,182

CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Functions										
General Government										
Number of City vehicles (not listed below)	13	13	12	12	12	9	10	11	11	11
Generators	2	2	2	2	4	4	4	4	4	4
Public Safety										
Number of police vehicles	20	21	25	24	25	26	25	26	26	26
Number of police boats	1	1	1	1	1	1	1	1	1	1
Transportation										
Number of vehicles (not specified below)	7	7	6	6	7	6	8	8	8	8
Number of street sweepers	1	2	2	2	2	2	2	2	2	2
Number of dump trucks	6	6	6	6	6	7	7	7	7	7
Construction equipment	8	8	10	11	13	15	14	16	16	16
Miles of streets	48	48	48	**56	56	56	56	56	55	56
Number of traffic signals	8	8	9	9	9	9	9	9	9	9
Number of bridges	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Number of vehicles	1	1	1	-	-	-	-	-	-	-
Number of boats ¹	34	32	32	34	13	13	13	12	30	30
Number of neighborhood parks ²	10	10	11	11	9	9	9	9	9	9
Number of community parks ²	5	5	5	5	2	2	2	2	2	2
Number of regional parks ²					3	3	3	4	4	4
Number of natural/open space sites ²					6	6	7	7	7	7
Miles of trails ²					6	6	6	6	6	6
Total park acreage ³					137	137	139	150	150	150
Maintenance equipment	5	6	6	6	8	11	10	12	12	12
Number of indoor recreational facilities	1	1	1	1	1	1	1	1	1	1
Economic Environment										
Number of building dept vehicles	1	1	1	1	1	2	1	1	1	1
Physical Environment										
Number of engineering dept vehicles	1	1	1	1	1	1	1	1	2	2
Business-Type Functions										
Water										
Generators	2	2	2	2	3	3	3	3	3	3
Miles of water mains	63	63	64	**67	67	68	69	69	72	73
Number of vehicles	5	4	4	5	6	9	10	10	9	9
Number of hydrants	425	427	433	**538	538	551	615	633	658	666
Sewer										
Generators	4	4	4	4	7	7	8	8	7	7
Number of vehicles	5	5	5	4	4	3	4	4	4	4
Number of construction vehicles	2	2	2	2	3	3	3	3	3	3
Sewer inspection camera	1	2	2	2	2	1	1	1	1	1
Treatment plants (Pumping Stations)	9	9	9	9	9	9	9	9	9	9
Miles of sewer mains	34	34	34	**53	53	54	56	57	58.5	59.5
Solid Waste										
Number of vehicles						1	1	2	2	2
Number of garbage trucks	6	6	7	5	5	6	5	5	5	5
Storm Drain										
Number of vehicles	3	3	4	2	3	3	3	3	3	3
Number of vacuum trucks	1	1	1	1	1	1	1	1	1	1

¹ Information added to report in 2016. Data prior to 2009 is not available.

² Park data was previously categorized as Neighborhood or Community only. The data has been updated to be consistent with the categories and information reported in the City's 2016 Comprehensive Parks, Recreation, and Open Space Plan.

³ Includes total acres for all Neighborhood Parks, Community Parks, Regional Parks, Natural/Open Space, and Trails.

**In 2015 the City completed an update of GIS mapping for all water mains, sewer mains, hydrants, and streets. The data reflects this updated mapping as well as any increases in 2015.

Source: City of Poulsbo Fixed Asset Module, City of Poulsbo Departments, City 2016 Comprehensive Plan

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Page 1 of 2

		2012	2013	2014	2015
Governmental Functions					
General Government	Number of:				
	Bargaining groups represented	2	2	2	2
	City council meetings	39	37	39	40
	Public records requests processed	83	119	165	130
	Pages of ordinances codified	*	382	145	150
	Business licenses issued	1,639	1,629	1,729	1,825
	Passports processed	783	723	814	715
	Claims for damages filed against the City	*	*	*	12
	Tort litigations initiated against the City	*	*	*	2
	Criminal case referrals from City police	*	*	*	220
	Criminal hearings	*	*	*	2,645
	Civil asset forfeiture referrals from City police	*	*	*	2
	Code enforcement referrals	*	*	*	*
Public Safety	Number of:				
	Calls for service	12,139	11,653	12,473	12,429
	Traffic stops	*	2,814	3,025	2,612
	Incident reports filed	1,595	1,392	1,356	1,774
	Infractions issued by officers	1,031	978	1,012	962
	Responses to motor vehicle accidents	*	316	370	382
	Reportable motor vehicle accidents	*	145	165	197
	Driving impaired citations issued	50	29	26	28
	Vacation house checks	398	590	150	-
	Parking complaints dispatched	*	229	290	176
	Parking infractions issued	636	301	357	363
Transportation	Miles of streets maintained	48	48	48	**56
	Miles of sidewalks maintained	50	50	50	50
	Number of hours spent street sweeping	312	312	312	354
	Number of street signs maintained	2,255	2,280	2,290	2,290
Culture and Recreation	Number of parks maintained	17	17	17	17
	Total acreage of parks/open space maintained	67	67	67	67
Economic Environment	Number of:				
	New single family building permits issued	96	109	75	99
	New commercial building permits issued	3	2	2	2
	Existing single family building permits issued	50	61	69	128
	Existing commercial building permits issued	60	56	71	9
	All other building permits	53	49	73	314
Physical Environment	Number of:				
	Right of way permits issued	41	59	64	57
	Clearing & grading apps & permits issued ¹	10	6	8	5
	Land use pre-applications reviewed	12	16	14	14
	Land use commercial applications reviewed	13	10	17	12
	Land use residential applications reviewed	9	10	10	17
	Land use un-classified ¹ applications reviewed	17	8	5	4
Business-Type Functions					
Water	Number of active water service customers	3,194	3,256	3,344	3,500
	Miles of watermain lines maintained	63	63	64	67
	Average number of water meters read monthly	3,355	3,445	3,550	3,410
Sewer	Number of active sewer services customers	3,073	3,164	3,422	3,400
	Miles of sewermain lines maintained	34	34	34	53
	Number of pump stations maintained	9	9	9	9
Solid Waste	Number of:				
	Residential garbage accounts	2,785	2,897	3,022	3,040
	Multi-family units	1,012	1,022	1,022	1,022
	Commercial accounts	311	307	228	315
	Tons of waste to landfill	5,144	5,063	5,402	5,600
	Free dumpsters for residential clean-up provided	306	309	311	315
Storm Drain	Number of detention ponds maintained	29	29	29	29

* A new indicator being tracked and previous information is not available

** In 2015 the City completed an update of GIS mapping for all water mains, sewer mains, hydrants, and streets. The data reflects this updated mapping as well as any increases in 2015.

¹ Un-Classified includes Light Industrial, Park, Business Park, Office Commercial Industrial and Admin Permits (TIP/Water System Plan)
Source: Internal Operating Statistics

OPERATING INDICATORS BY FUNCTION *(continued)*

Last Ten Fiscal Years

Page 2 of 2

2016	2017	2018	2019	2020	2021
2	2	2	2	2	2
40	37	41	33	38	37
275	303	624	710	620	565
254	379	235	278	151	385
1,944	1,913	2,261	1,814	2,110	1,927
742	692	544	580	155	331
9	15	5	11	7	7
1	1	-	2	-	1
337	437	411	415	282	156
3,124	3,575	4,750	4,543	6,465	3,134
2	9	14	5	4	-
1	1	1	-	-	-
12,215	12,852	13,238	11,647	8,425	8,706
1,879	2,584	3,477	2,107	653	420
1,751	1,967	1,742	1,948	1,495	1,211
732	730	1,101	564	239	145
403	433	402	436	301	347
208	201	186	200	148	150
38	50	59	44	25	10
376	355	100	-	-	-
274	256	154	207	173	129
436	240	176	165	152	66
56	56	56	56	55	56
64	64	65	65	66	67
310	350	581	480	448	562
3,000	3,100	3,170	3,170	3,180	3,200
17	17	18	19	19	22
67	67	71	71	71	72
113	104	75	51	12	74
2	10	1	4	7	8
146	22	6	35	139	222
5	27	33	61	73	65
347	226	368	323	81	83
51	66	78	65	97	92
18	18	5	2	9	16
25	22	33	36	20	17
14	19	20	17	21	5
7	8	11	24	26	12
6	10	16	9	7	11
3,837	3,951	4,013	4,100	4,139	4,191
67	68	68	70	72	73
3,828	3,950	4,082	4,165	4,209	4,248
3,561	3,682	3,803	3,895	3,916	3,966
53	54	56	57	59	60
9	9	9	9	9	9
3,196	3,399	3,500	3,584	3,599	3,636
1,022	1,040	1,076	1,163	1,181	1,219
334	341	344	384	336	349
5,979	6,207	6,409	6,446	6,420	6,783
300	271	278	288	291	273
29	29	29	31	32	34