



City of Poulsbo, Washington

Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2022



CITY OF POULSBO

WASHINGTON

ANNUAL COMPREHENSIVE FINANCIAL

REPORT

For the fiscal year ended

December 31, 2022

Finance Director
Deborah Booher

PREPARED BY

THE CITY FINANCE TEAM:

Finance Director

Deborah Booher

Senior Accountant

Lauren Ellington

Senior Accountant

Larissa Campbell

Accounting Technician

Richard Neyhart

Accounting Technician

Jenna Reiselman

Accounting Technician

Sandi Ryen

Accounting Clerk

Jon Jennings

Accounting Clerk

Joe Martin

Accounting Clerk

Maria Quennet

Cover Photo by

Shiloh Schroeder

For comments or questions, contact
City of Poulsbo, Finance Department
360.394.9881

CITY OF POULSBO
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2022

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
Letter of Transmittal.....	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart.....	8
List of Elected and Appointed Officials.....	9
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	11
Management’s Discussion and Analysis.....	15
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	35
Statement of Activities	36
 Fund Financial Statements:	
Balance Sheet – Governmental Funds	38
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund	42
Statement of Net Position – Proprietary Funds	43
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	45
Statement of Fiduciary Net Position – Custodial Funds	47
Statement of Changes Fiduciary Net Position – Custodial Funds	48
Notes to the Financial Statements.....	51
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Total OPEB Liability and Related Ratios	98
Schedule of Proportionate Share of the Net Pension Liability PERS 1	99
Schedule of Proportionate Share of the Net Pension Liability PERS 2/3	100

Schedule of Proportionate Share of the Net Pension Liability LEOFF 1	101
Schedule of Proportionate Share of the Net Pension Liability LEOFF 2	102
Schedule of Employer Contributions PERS 1	103
Schedule of Employer Contributions PERS 2/3	104
Schedule of Employer Contributions LEOFF 2	105
Notes to Required Supplementary Information – Pension.....	106

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Governmental Funds:

Fund Descriptions.....	108
Combining Balance Sheet – Nonmajor Governmental Funds	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	115

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

City Street Fund	119
Capital Improvement Fund.....	120
Transportation Development Fund	121
Park Development Fund	122
Affordable Housing Fund.....	123
Historic Downtown Poulsbo Association Fund.....	124
Paths and Trails Reserve Fund.....	125
Drug Enforcement Fund	126
Transient Occupancy Tax Fund.....	127
Police Restricted Fund	128
Non-Voted General Obligation Debt Fund	129
Equipment Acquisition Fund	130
Park Reserve Fund	131
Street Reserve Fund	132
Cemetery Reserve Fund.....	133
Facilities Fund	134

STATISTICAL SECTION

Financial Trends:

Net Position by Component – Last Ten Fiscal Years.....	137
Changes in Net Position – Last Ten Fiscal Years	139
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years.....	143
Fund Balances of Governmental Funds – Last Ten Fiscal Years	144
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	145
General Governmental Revenues by Source – Last Ten Fiscal Years	147

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	149
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	150

STATISTICAL SECTION (CONTINUED)

Principal Taxpayers – Current Year and Ten Years Ago.....	151
Property Tax Levies and Collections – Last Ten Fiscal Years	152
Sales Tax Rate Direct and Overlapping Government – Last Ten Fiscal Years.....	153
Retail Sales Tax Revenue by Sector - Last Ten Fiscal Years	154
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	156
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	157
Direct and Overlapping Governmental Activities Debt.....	158
Legal Debt Margin Information – Last Ten Fiscal Years	159
Pledged-Revenue Coverage – Last Ten Fiscal Years	161
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years.....	162
Principal Employers – Current Year and Nine Years Ago	163
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	164
Principal Customers by Amount Billed – Last Ten Fiscal Years	165
Capital Assets Statistics by Function – Last Ten Fiscal Years.....	166
Operating Indicators by Function – Last Ten Fiscal Years	167



City of Poulsbo



June 29, 2023

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, 2022. 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.

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 the Sophie Apartments on Jensen Way is nearly complete and set to open to new tenants in early 2023.

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. Construction was completed on the Norland Trails Townhomes & Flats 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.

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 2022.

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 2022 due to revenue growth and an increase in the amount of funds invested. All investments in 2022 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 second year of the 2021-2022 biennial budget with anticipated usage of 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 reserves 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 2022 increase 21% over 2021 and the unassigned balance increased approximately 19%. The 2023 budget was built with planned strategic use of the fund balance. This allows the City to maintain services and remain in compliance with 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 City has submitted its 2021 Annual Comprehensive Financial Report to the Government Finance Officers Association of the United States and Canada to be considered for the annual award for Excellence in Financial Reporting. The application is still in review as of the preparation of this report.

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 will be submitting the 2022 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 written in a cursive, flowing style with a large initial 'D'.

Deborah L. Booher
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Poulsbo
Washington**

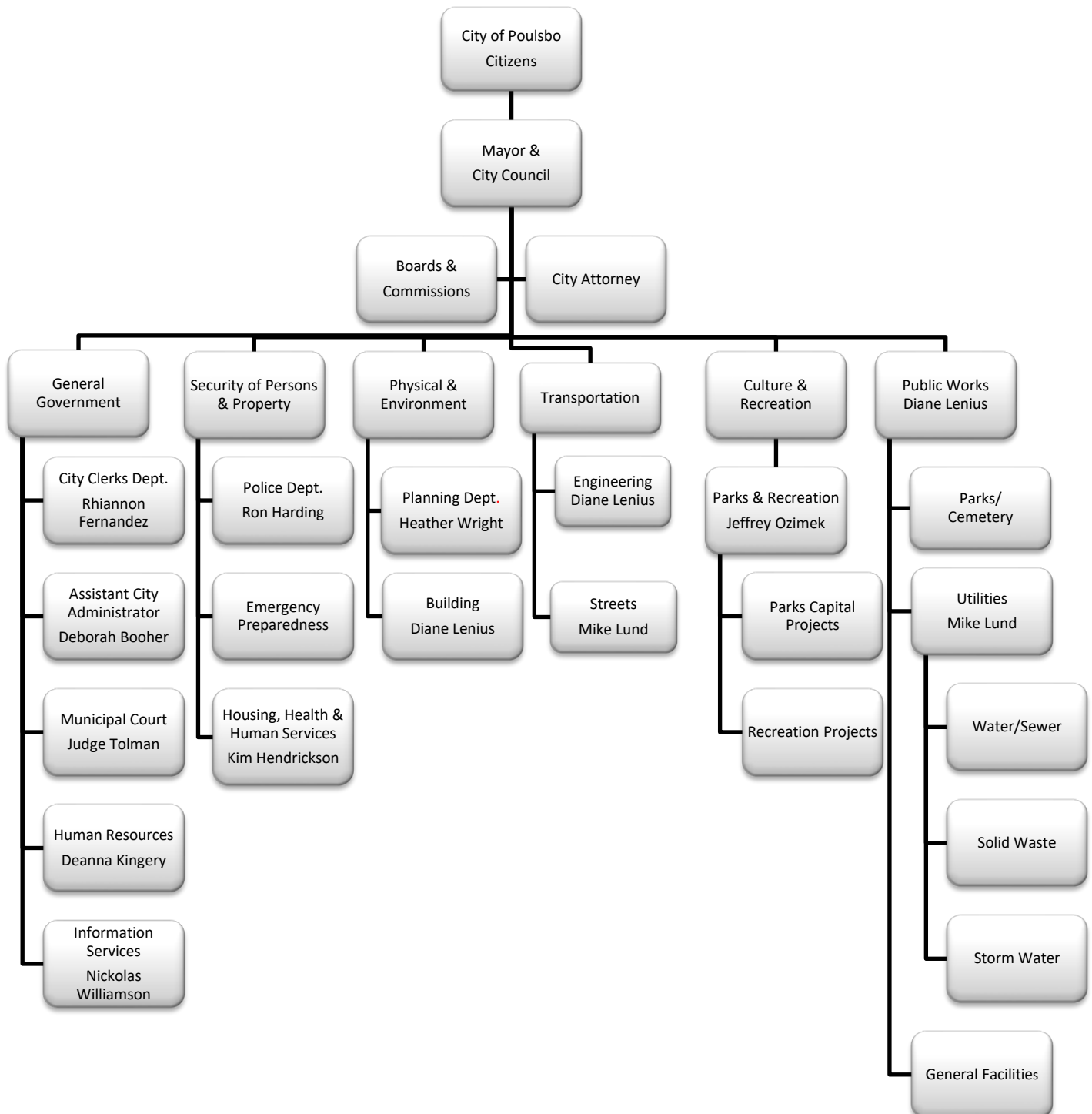
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

City of Poulsbo Organizational Chart



City of Poulsbo

List of Elected and Appointed Officials

As of December 31, 2022

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
Assistant City Administrator	Deborah Booher
Planning Director	Heather Wright
Parks & Recreation Director	Jeffrey Ozimek
Director of Public Works, Engineering & Building	Diane Lenius
Public Works Superintendent	Mike Lund
City Clerk	Rhiannon Fernandez
Municipal Judge	Jeffrey Tolman
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 then ended December 31, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund 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 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 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 basic 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 basic financial statements or to the basic 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 as a whole.

Other Information

The other information comprises the 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 basic 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 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 29, 2023

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, 2022. 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 2022 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 a modified accrual basis in conformity with GAAP. The City's proprietary funds are accounted for on an 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 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 2022 fiscal year by \$200.4 million (net position). Of this amount, \$33.4 million (unrestricted net position) may be used to meet the city's ongoing obligations to its citizens and creditors.
- Reported net position increased \$18 million. Net position of governmental activities increased \$9.2 million, or 10.1%, during 2022. Net position of business-type activities increased \$8.7 million, or 9.6%, during 2022. The variations are spread over several areas and can be attributed to many factors:
 - The increase in the current assets for both Governmental and Business Type funds is a result of capital improvements to a large transportation improvement on Noll Road which includes infrastructure

- improvements to both governmental and utility functions. Large amount related to infrastructure given to the City in the form of contributed capital from developers in the utility funds.
- Due to new Governmental Accounting Standards Board a new standard was included to account for all leases, which may be operational in nature but is accounting for the right of use for a capital item.
 - An increase in Capital Assets in the Governmental Funds which can primarily be attributed to the Noll Road transportation project and citywide safety improvements.
 - 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 and an increase in services working in conjunction with the local fire department to provide liaison services for the growing mental health needs.
 - The City's Pension asset and liability is calculated and updated per GASB 68 standards and provided by Washington State Department of Retirement resulting in variance to deferred inflows, outflows and pension liabilities. The proportionate share is adjusted annually and provided by Washington State Department of Retirement.
- Net investment in capital assets increased \$10.7 million with \$4.9 million in governmental activities and \$5.8 million in business activities.
 - The largest transportation project the City has undertaken continued in 2022. 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 with grants passing through the City as transportation operational activity. The portion attributed to the City's infrastructure has been booked as capital, which is a large contributor to the increased investment in capital net position. Also included are improvements at the Public Works Administrative building. These are allocated among governmental and business type activities as Public Works supports both functions.
 - An increase in capital assets in Business Type fund includes improvements related to the Noll Road corridor, a new garbage truck, completion of the Westside Well project and improvements to Stormwater replacing old culverts supporting fish passage.
 - A large effect to the Capital Assets for business type activities is contributed capital from developers after the completion of projects. There were several housing developments who turned the infrastructure over to the City at the completion of the developments. The stormwater systems received almost \$4 million and slightly more than \$1 million for both the water and sewer systems.
 - Total liabilities increased by \$1.4 million. The major portion of the increase is due to an estimated outstanding amount due to Washington State Department of Transportation for administration of the Noll Road project. Another contributing factor is a reduction in Pension Liability as calculated with data provided by Washington State Department of Retirement.
 - The book value of capital assets has increased \$12.5 million over 2021. Total capital assets from governmental activities increased \$6.7 million or 7.9%. The increase in governmental capital assets is primarily attributed to the transportation project on Noll Road/Johnson Parkway. Capital assets of business-type activities increased \$5.8 million or 7.6%. The primary contributors to the increase; utility improvements associated with Noll Road, water tank improvements at the Westside Well, purchase of a new garbage truck, stormwater improvements to culverts and improvements to the new Public Works Administrative building. The largest contributor is due to contributed capital from developers in the form of infrastructure from completed developments.

- City governmental fund tax revenue has increased \$1.6 over 2021 or 13.3% over the prior year. Retail sales and use taxes is the largest revenue source for Poulsbo. The City saw an increase in 2022 of \$1.3 million. The increase in 2022 was higher than anticipated. Sales Tax in the General fund saw an increase of \$460 thousand or 8.6% over the prior year. The largest increase was in the construction industry which is consistent with several new housing developments under construction in 2022. The next largest contributor was in the area of Accommodation and Food Services due to a new hotel being open for a full year in 2022 and the increase in customers utilizing the many eating and drinking establishments located in the City. Sales revenue shows diversification over many categories reducing the dependency of particular lines of business.
- Utility taxes have increased in 2022 in the amount of \$180 thousand. Utility tax rates remained consistent with prior rates in 2021. The increase is due to the growing number of customers and rate increase implemented with an annual cost of living inflator. All utility tax revenue saw slight increases consistent with growth and rate increase with the exception of Telephone utility tax which continues to see declines as more people eliminate phone lines and utilize telephone services over the internet.
- Admissions and lodging taxes in 2022 continued to reflect increases due to two new hotels opening in 2021 and recovery from the pandemic continued.
- A new addition to the City Sales tax rate of .1% began collection in 2022. This generated \$6.5 thousand in sales tax revenue.
- 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 2022.
 - 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 \$17.1 million. Approximately 55% of this total amount, or \$9.34 million, is available for spending at the government's discretion and 45% or \$7.7 million is non-spendable or restricted per debt or legal requirements.
- The ending fund balance for the General Fund was \$6.9 million. The net change in the General Fund, which is inclusive of transfers to capital reserve and debt service funds ended with an increase of \$1.1 million change in fund balance. The City utilized federal funds to support programs and expenditures directly related to COVID 19, but reserve in restricted fund balance is the amount of funds collected but not yet utilized. The unassigned fund balance in the General Funds is \$5.3 million reflecting an increase of \$724 thousand increase. Sales tax revenues for the City saw increases due to construction and the new lodging and dining options in the City. All other categories saw slight increases maintaining a consistent pattern of growth. The City continues to be conservative in their spending. These factors allowed the fund to operate at an increase which is reflected in an increased fund balance. The total General Fund balance amounts to \$6.9 million which equates to 40% of General Fund expenditures. This is higher than expected as the budget was built in anticipation of utilizing reserves sustaining and adding to current services to provide economic growth and resources supporting behavioral health and

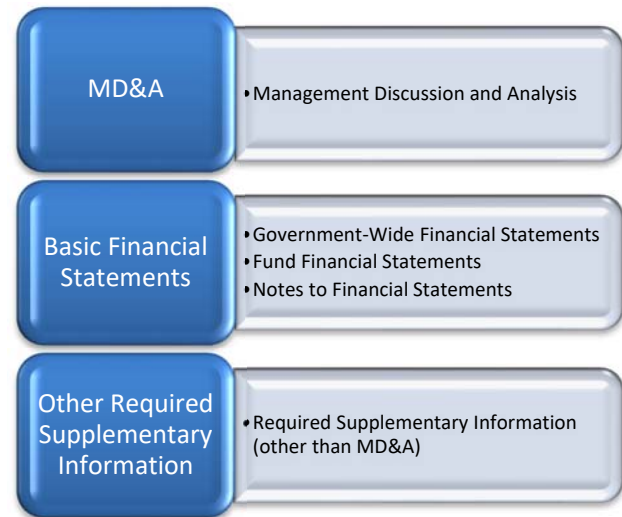
affordable housing programs. The fund balance remains healthy and exceeds the minimum requirements of the City's Financial Management Policy.

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 2022. 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 government's 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 2022 and 2021. Governmental Activities net position had an increase of \$9.5 million. The increase can be attributed to several items.

- Current Assets increase is largely due to growing investment balance including debt proceeds and federal grant funds as well as reserves for future capital use
- Increase in tax revenues providing more cash
- Decrease in long-term debt due to principal payments
- Increase in other liabilities which include figures related to OPEB and net pension
- Decrease in pension asset re-calculated annually with updated actuarial figures provided by the state.
- Increase in capital projects completed by the City

The Business-Type Activities had an increase of \$8.7 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.

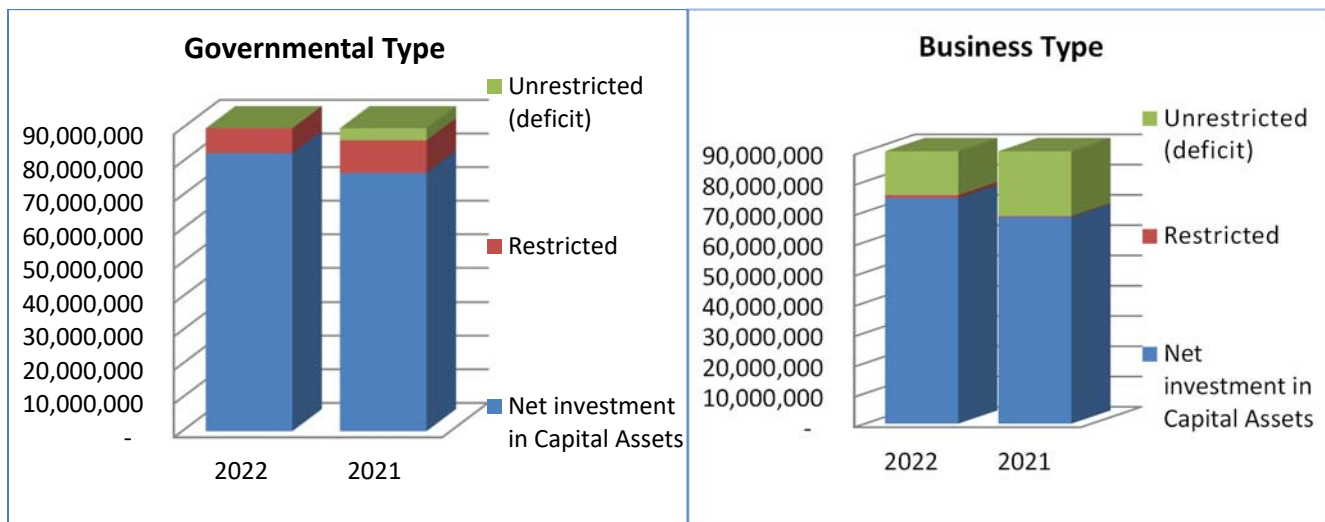
The overall financial position for the City of Poulsbo has improved over the prior year. In 2022, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$200.4 million, an increase of \$18 million or 9.9%. The largest portion of the City's net position, \$155.7 million or 77.7% 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**

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>		<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>		<u>TOTAL PRIMARY</u> <u>GOVERNMENT</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 23,024,434	\$ 19,526,461	\$ 27,221,615	\$ 23,760,874	\$ 50,246,049	\$ 43,287,335
Capital Assets Net	91,422,363	84,720,081	82,898,645	77,071,417	174,321,008	161,791,497
Pension Asset	2,880,769	6,914,687	516,453	1,160,846	3,397,222	8,075,533
TOTAL ASSETS	117,327,565	111,161,229	110,636,713	101,993,137	227,964,278	213,154,366
Deferred Outflows of Resources	2,665,161	1,194,582	531,169	161,198	3,196,330	1,355,780
Long-term Debt	8,989,608	9,471,594	8,205,639	8,582,313	17,195,247	18,053,907
Pension Liability	1,905,125	1,527,914	297,245	128,880	2,202,371	1,656,793
Other Liabilities	5,890,429	4,178,400	1,285,243	1,298,342	7,175,672	5,476,742
TOTAL LIABILITIES	16,785,163	15,177,908	9,788,127	10,009,535	26,573,289	25,187,443
Deferred Inflows of Resources	2,422,633	5,627,884	1,726,405	1,229,583	4,149,037	6,857,467
NET POSITION						
Net investment in Capital Assets	81,591,322	76,707,923	74,119,319	68,313,429	155,710,642	145,021,351
Restricted	10,770,897	9,734,617	523,090	235,679	11,293,987	9,970,296
Unrestricted (deficit)	8,422,712	5,107,479	25,010,941	22,366,111	33,433,653	27,473,590
TOTAL NET POSITION	100,784,931	91,550,019	99,653,350	90,915,218	200,438,281	182,465,236

The City's total restricted net position amounts to 5.6%. 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) Impact Fees restricted for future development and federal funds for to be utilized for impacts related to COVID 19 pandemic.

Table 2 illustrates changes in net position for the years 2022 and 2021. This is a condensed version of the Statement of Activities for the City. The revenues for 2022 show a significant increase in Capital Grants/Contributions attributed to a combination of multiple grants for capital and operating programs including federal funds supporting the pandemic of COVID-19, 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 2,268,868	\$ 2,037,420	\$ 12,304,075	\$ 11,378,288	\$ 14,572,943	\$ 13,415,708
Operating Grants/Contributions	3,177,278	7,298,800	11,456	47,515	3,188,734	7,346,315
Capital Grants / Contributions	7,281,854	4,875,702	7,809,657	3,503,550	15,091,511	8,379,252
General Revenues						
Property Taxes	2,835,984	2,735,494	-	-	2,835,984	2,735,494
Retail Sales & Use Tax	6,831,113	5,581,499	-	-	6,831,113	5,581,499
Business Taxes	3,804,751	3,573,279	-	-	3,804,751	3,573,279
Investment Earnings	(148,441)	(14,645)	6,517	111,292	(141,924)	96,647
Other	0	694,400	-	-	0	694,400
Total Revenues	26,051,407	26,781,948	20,131,705	15,040,646	46,183,113	41,822,594
Program Expenses						
General government	3,212,742	2,325,866	-	-	3,212,742	2,325,866
Judicial	667,401	449,644	-	-	667,401	449,644
Security of Per & Prop	4,385,199	4,663,437	-	-	4,385,199	4,663,437
Utilities & Environment	(3,517)	83,108	-	-	(3,517)	83,108
Transportation	4,855,285	7,462,013	-	-	4,855,285	7,462,013
Economic Environment	1,395,329	1,149,898	-	-	1,395,329	1,149,898
Mental & Physical Health	483,966	474,789	-	-	483,966	474,789
Culture & Recreation	1,720,258	1,410,376	-	-	1,720,258	1,410,376
Interest Long-Term Debt	279,577	281,997	-	-	279,577	281,997
Water	-	-	2,417,665	2,064,473	2,417,665	2,064,473
Sewer	-	-	3,921,821	3,888,041	3,921,821	3,888,041
Solid Waste	-	-	3,157,154	2,669,074	3,157,154	2,669,074
Storm Drain	-	-	1,896,933	1,750,967	1,896,933	1,750,967
Total expenses	16,996,239	18,301,128	11,393,573	10,372,555	28,389,812	28,673,683
Excess (deficiency)	9,055,168	8,480,820	8,738,133	4,668,090	17,793,301	13,148,910
Changes in Net Position	9,055,168	8,480,820	8,738,133	4,668,090	17,793,301	13,148,910
Beginning Net Position	91,550,019	83,095,701	90,915,218	86,247,127	182,465,236	169,342,828
Change in Accounting Practice	-	-	-	-	-	-
Prior Year Adjustments	179,744	(26,502)	-	-	179,744	(26,502)
Ending Net Position	\$ 100,784,931	\$ 91,550,019	\$ 99,653,350	\$ 90,915,218	\$ 200,438,281	\$ 182,465,236

GOVERNMENTAL ACTIVITIES

Revenues

Taxes account for the largest revenue category in the governmental funds, generating 51.7% of the total revenue. Much of tax revenue is received in the General Fund accounting for 84% of the tax revenue. This category tends to receive most attention because of the percentage ratio. Included in this category are sales, property, utility, criminal justice, and gambling taxes. Governmental fund taxes total \$13,407,218.

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 2022 was \$2,822,114,209. 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 2022 the City levied the full 1%. For 2022, the City's regular property levy tax rate was \$1.17 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.

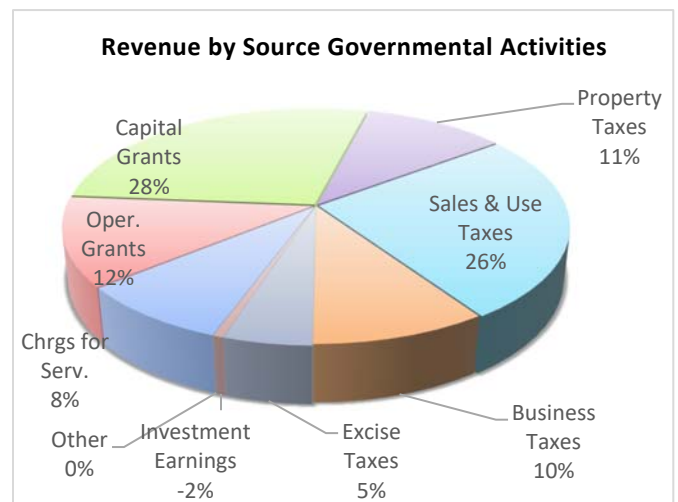
Sales and Use tax revenue, in contrast to property tax, can be a highly fluctuating tax source. The City saw a 8.6% increase in 2022, which is consistent with the five-year average increase of 8.5%. The sales tax revenue was higher than anticipated. When projecting sales tax revenue for 2022, it is the practice of the Council to conservatively project revenues not higher than the amount collected in the prior year. Actual revenues were higher than the projection and actual dollars receive the prior year.

In 2022, sales tax received in the City's General Fund totaled \$5,533,945. Sales Tax supports governmental operations.

The largest increase was in the category of Construction which are generally one-time dollars but then expected to flow into retail sales increase as the population and business industry grows. Another area which saw significant growth was in the area of accommodations due to a new hotel being located in the City. Much of sales tax revenue (52%) comes from the retail trade category. The next largest sales tax categories are Construction (16%) and Accommodations and Food Services (11%). 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 10% of governmental revenues and 28% of tax revenue. The utility tax rate for City operated utilities of water, sewer and storm drain remained at 12% and other utility tax rates remained at 6% in 2022.

Excise Taxes are admissions tax, leasehold, and real estate excise tax (REET). Most of these taxes are due to REET. Revenues fluctuate due to the change in the economy and home sales. Although REET was consistent with 2021, it remained much higher than the average. Rising interest rates are anticipated to slow down the market in the future. The City uses the revenue generated by REET to fund debt payments related to the City Hall and to fund large transportation capital project 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. The Noll Road project utilized these funds in 2022.



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.

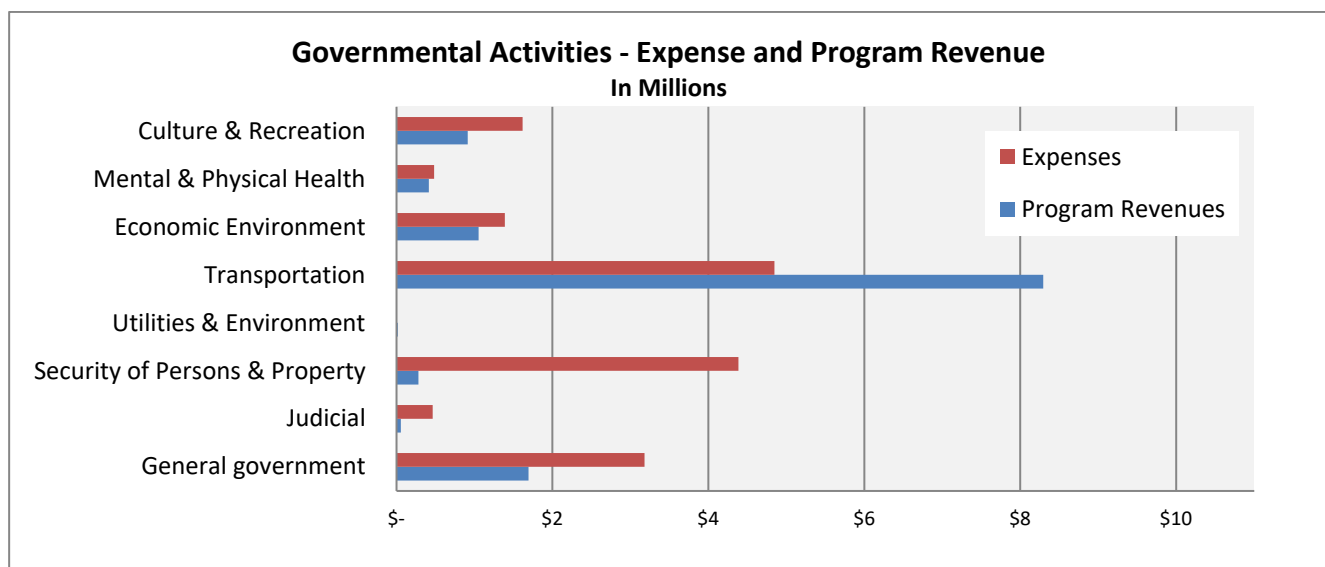
Transportation services provide maintenance of the City's streets, sidewalks, paths, and traffic control signs/signals. Revenues exceeded expenses due to a large number of impact fees collected and grants received supporting large transportation projects.

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 received a .1% of sales tax revenue supporting affordable housing. Funds are restricted in a special revenue fund and will be expended by an approved Council plan to support citizens for 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.

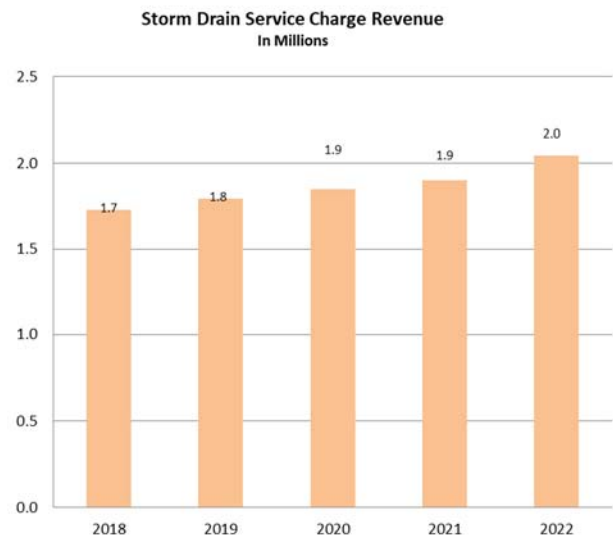
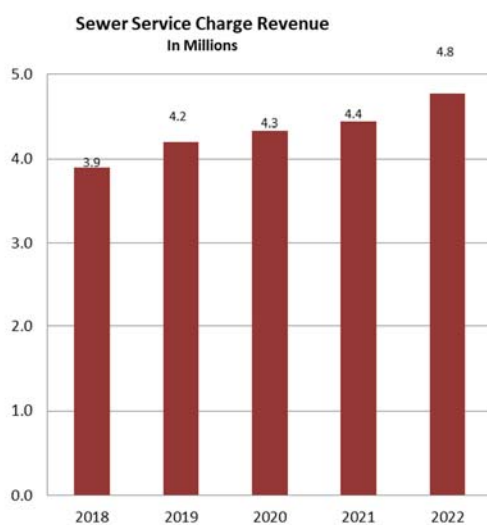
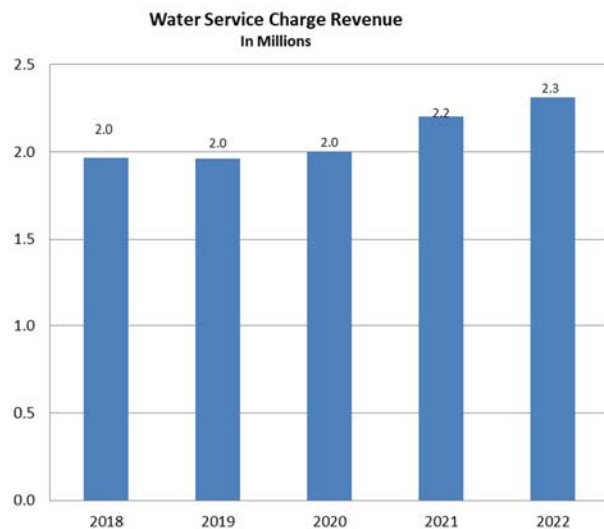


BUSINESS-TYPE ACTIVITY

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.

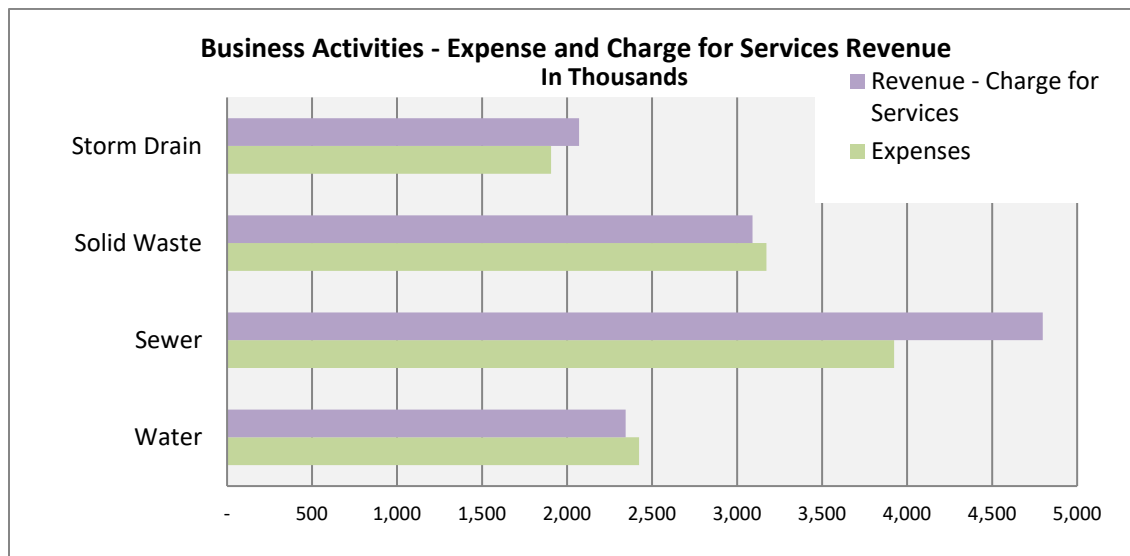
Key elements of the increases are as follows:

- There was a cost-of-living adjustment (COLA) for 2022, which resulted in an increase to utility rates creating an increase of revenue in 2022.
- Growing number of developments, connections and customers provides more operating revenue.
- Solid Waste updates were able to better track and correctly bill 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 2022, business activity program revenues exceeded expenditures because rates were set to accommodate future capital improvements for a fully functioning system. All utilities have functional plans but are in the process of being updated establishing rates to fund operating expenses and future improvements. The update will occur over the next several years congruent with the update of the City's Comprehensive Plan and evaluate the ability to provide services for future population and development projections and set rates to support 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 City 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 \$20.2 million and expenditures of \$19.8 million.

- General Fund:** 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 into the General Fund supporting governmental functions of the City.

The Fund Balance for the General Fund has increased 19%. The fund balance increased significantly due to Treasury Funds supporting COVID 19 and an increase in tax revenues. Decreased expenses also were a factor 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 were utilized to support retaining staff which was previously decreased at the beginning of the pandemic. Although the bottom line was not affected, the change in revenue and expenditures from the prior year were related to a large transportation grant the city is managing on behalf of the State for large improvements to a state highway passing through the City. The City's operating revenues were greater than operating expenditures in 2022. Sales tax revenue saw a significant increase over prior year collections. Much of the increase was

in the construction industry. Charges for services showed an increase over 2021 with the recovery of the Parks and Recreation program from the pandemic. The City was also the recipient of several grant awards supporting planning processes for a comprehensive plan update and a feasibility study for a new regional recreation center. The General Fund reserves maintains a healthy fund balance and exceeds 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 contributing factors are:

- Tax revenue increases
- Federal ARPA dollars supporting the COVID-19 pandemic
- User fees for programs again able to operate in 2022

Expenditures reflect significant decreases related to transportation because of the expenses related to grants in 2021 for a large transportation project on being completed on behalf of the state on Noll Road with portions owned by the State and administered by the City. Since the portion of the improvements are not located in the City limits and is not owned by the City the expenditure and related revenue from the County are recorded in the General Fund. Another significant reduction was in the area of Security of Persons & Property due to jail costs being much lower than the previous year due to limited court proceedings and the jail not able to safely care for prisoners during the pandemic.

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
- Opioid settlement funds restricted per the legal restrictions included in the settlement agreement

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.

- **City Street Reserve Fund:** The fund records revenue and expenditures for capital transportation. There were several transportation projects in transition either with construction or design. Many of the projects are funded by grants or traffic impact fees. A major transportation project on Noll Road continued construction in 2022 with large funds being expended in 2022. The project is largely grant funded and matched with City Impact fees, REET funds and debt proceeds. Work on this phase of Noll Road will be finalized in 2023 with the next phase beginning in 2023.
- **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 build reserves to support future capital needs. Fund balances remained consistent with the prior year, but slightly increased, due to several factors:
 - In 2022 there were large Capital Contributions in all funds except for Solid Waste. A large part of the revenue was contributed capital from developers but also connection fees collected when building permits are issued. These were significantly higher than in 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 2022.

- Most operating expenses were consistent with prior years except solid waste which needed to increase staffing in order to maintain current levels of service.
- **Custodial Fund:** The City has one custodial fund which accounts for funds held by or on behalf of another party. Funds accounts for are bail and restitution funds as well as state and county fees collected on behalf of other governmental agencies.

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 42 for the major General Fund. Budget to Actuals for all other funds begin on page 119. The significant budgetary changes in the General Fund include:

- The final General Fund revenue budget inclusive of other financing sources increased 21%, or \$2,643,967 of the original adopted budget.
 - The increase is primarily due to grants for 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.
 - Grants supporting the City's Behavioral Health program partnering with the local fire districts to provide links to services for mental health and addiction support.
- The final General Fund expenditure budget inclusive of other financing uses increased by 23%, or \$3,093,955. The increase is a net effect of several adjustments:
 - Carryover expense of City's share of software program supporting 911 calls for the Police Department
 - Expenditures related to grants; Noll Road; Comprehensive Plan Update related studies, Behavioral Program
 - Professional services for the required updates for the City's Comprehensive Plan and related studies
- The General Fund amended budget anticipated the ending Fund Balance to increase \$1,550,318 over the original projected ending Fund Balance. Much of the increase is due to adjusting the budget reflecting actual beginning balance.

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

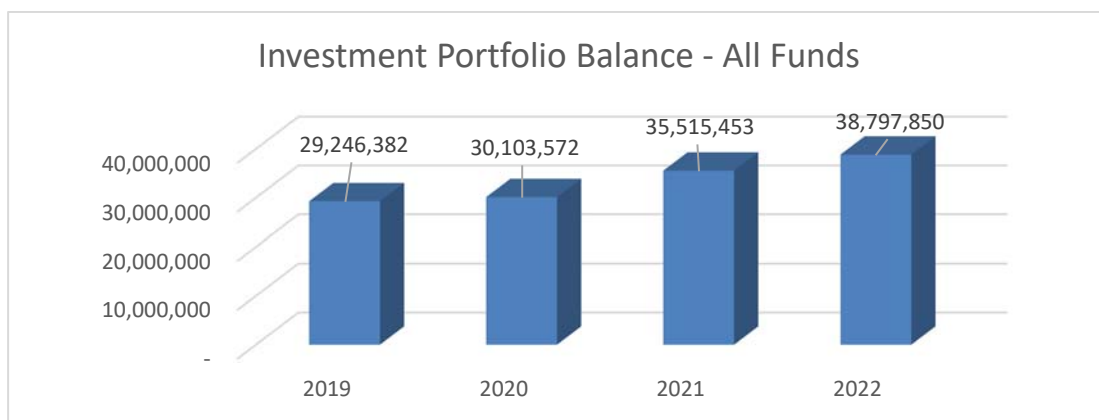
- Tax revenues were larger than anticipated with the bulk of the variance in sales tax and real estate excise tax
- Development revenues being higher than anticipated.
- Recovery of recreation program revenues and related expenses
- Investment earnings are adjusted to book value at year end which resulted in unanticipated loss. Several investments were purchased at a discount which means actual revenue will be captured when the investment matures
- Capital projects, related transfers and grants were not completed as projected, and most will carry over into 2023

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, but still maintaining liquidity.

The chart reflects the investment balances as of December 31, 2022. The growth in 2022 is due to a couple factors: the amount of cash has increased due to revenue growth, treasury dollars paid in advance of related expenditures and more funds 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: \$10 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 2022 is \$5.9 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 (\$2,822,114,209), or \$42,331,713 less any debt issued which leaves an available balance of \$32,262,372
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 (\$2,822,114,209). For 2022, the City's limit is \$60,483,514 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 2022:

This Debt is controlled by assessed Valuation Debt Limits						
			2022 Assessed Valuation	\$ 2,822,114,209		
X	0.025	=	\$ 70,552,855	Limited for Combined Debt	Balance Available	\$ 60,483,514
X	0.015	=	\$ 42,331,713	Limited for Non-Voted Debt	Balance Available	\$ 32,262,372

Additional information on the City's debt is provided in Note 9, "Long-Term Debt" and may be found on page 87 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 2022 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 option, pedestrian enhancements, and utility infrastructure through the City. Most of the project is grant funded and addresses the 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 2022 with the current construction phase to be completed in 2023. The next phase of the project will span over the next several years.

The City continues to allocate funds for pavement restoration in the neighborhood streets. Neighborhood streets do not qualify for grant funding. The City Council approved a Transportation Benefit District (TBD) establishment with a \$20 fee on car tabs as a funding source. Due to new legislation, the Council is able to authorize an additional .1% of sales tax as an additional funding source. This was approved at the beginning of 2023. The funds will be used to support neighborhood pavement updates as well as the operation and maintenance of the program. 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 eliminated the space issue. Tenant improvements were completed in 2022 and the site now houses the Public Works administrative functions. The plan for 2023 or 2024 is for the final phase to be constructed which will house the maintenance shop and structure to house the remaining public works functions. This will allow all public works services to be located in one area and vacate the property centrally located in the City adjacent to a public park.

The City continually struggles to direct more efforts to building maintenance programs and plans for future renovation and replacement but does address 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 savings measures and revenue streams to support ongoing maintenance of City facilities.

A large park project which is largely grant and donation funded is anticipated to begin and be completed in 2023 is an accessible playground at the heavily used Raab Park. The project is a collaboration of the City and local non-profit groups. Design was completed in 2022.

A large project has been under feasibility studies with the intention of developing ball fields in the College Market Place development. The land was donated to the City several years ago with the intention of constructing ball fields, but due to funding constraints has remained a future vision. The City has requested and been granted a funding source from the Public Facilities District to plan and develop the first phase of a Poulsbo Event and Recreation Center (PERC). Future phases include an event center and possible outdoor public pool. Design is anticipated to begin in 2023 with a future bond issue for construction.

Improvements to the existing Park and Recreation building were made in 2022 including a new roof and HVAC system, so the recreation program can continue being housed in the building.

A grant working with Puget Sound Energy funded replacement of streetlights with LED fixtures. This will help reduce future utility bills.

Citywide Safety improvements were made to Poulsbo's streets increasing both vehicle and pedestrian safety. The project was funded by state grants and completed in 2022.

Improvements to the Westside Well to treat manganese and rehabilitate the pumps were completed in 2022. The Westside Well provides most of the west side of Poulsbo with water.

Replacement of the Pressure Relief Valve station was completed in 2022 supporting the operation of the City's water system.

The City purchased a new garbage truck to replace an aging truck which has surpassed its usable life.

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 2023 with much of the focus continued to be 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 69.

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>	
	2022	2021	2022	2021	2022	2021
Land/Intangibles	\$ 36,428,028	\$ 34,473,394	\$ 6,488,121	\$ 5,258,685	\$ 42,916,148	\$ 39,732,079
Buildings	11,406,764	11,780,643	3,215,552	3,044,686	14,622,315	14,825,328
Other Improvements	1,153,359	1,134,088	917,406	383,864	2,070,765	1,517,952
Infrastructure	30,653,363	28,305,529	49,897,635	46,175,631	80,550,998	74,481,160
Intangibles (Depreciable)	9,120	2,315	14,331,746	14,760,763	14,340,866	14,763,078
Intangibles Right to Use	167,443	-	-	-	167,443	-
Machinery & Equipment	849,839	838,116	3,141,794	2,292,112	3,991,632	3,130,228
Work in Progress	10,754,447	8,185,996	4,906,393	5,155,676	15,660,840	13,341,672
Totals	\$ 91,422,363	\$ 84,720,081	\$ 82,898,645	\$ 77,071,417	\$ 174,321,008	\$ 161,791,497

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 very strong in 2022, with construction of many multi-housing and residential housing developments. It is expected to continue strong through 2023 with large projects commencing in 2023. A very large project which has been through many of the planning phases looks to be at the next step of permitting and moving forward, however the City will not recognize any of the anticipated new revenue until actual action begins. The City is preparing for future reductions in development and the related revenues. Looking at economic forecasts, it is anticipated there will be a slowdown which is consistent of cyclical changes. The City is conservative in these projections and works to not establish ongoing expenses related to the one-time excess revenue bumps.

Also recovering and growing are the Park and Recreation revenues for programs. The City continues to work on planning and construction of a Poulsbo Event and Recreation Center with the first phase of development of new athletic fields. Looking to establish future funding for the City's Park maintenance and related programs, the Council has explored the option of establishing a park district which would require a vote of the citizens. This would establish them as a separate junior taxing district with their own taxing authority for collection of property taxes.

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 2016. The largest increase in 2022 was in the construction industry, which is then anticipated to be supplemented by retail trade from the increase in residents shopping or new retail taxes generated from new businesses. The City continues to report and monitor the revenue monthly and is conservative in the estimates with minimal growth in projections allowing the City to meet unanticipated declines. The City is strategic in maintaining diversified revenue supporting non-dependency on a specific line of business.

Residential development continued in 2022 with several new developments being completed or initiated in 2022. Real Estate Excise tax had an increase higher than anticipated. The funds have restricted uses which will allow for support of transportation capital projects.

Two new hotels were open for a full year in 2022 increasing lodging tax revenue allowing support of tourist driven events. There is preliminary talk of another hotel expanding into Poulsbo. Coupled with future development of ballfields this would be a new opportunity for the City to offer weekend sports tournament with places to host the travelling attendees.

Utility functional plans are undergoing updates over the next several years. The sewer plan is intended to be complete in 2023 with projected rates and connection fees to support the system for current and future populations. The City is finalizing an agreement with the County in 2023 to increase the amount of capacity owned by the City. This will allow for development to grow and continue with the ability to offer service to future City residents. 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. The City must participate with the County for sewer plant upgrades and other capital improvements supporting the treatment of Poulsbo's sewage. A future project with a high price tag will be the replacement of infrastructure to safely transmit Poulsbo's sewer materials to the Kitsap County Treatment Plant. This will result in a future revenue debt issue. There are several improvements the County has completed that the City will pay the County as per the Interlocal Agreement. These have been accounted for in the City's Improvement Plan and included in the City's cash flow projections.

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 2023 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. The first phase will be completed in 2023 and then moving forward to the next phase. Preliminary work in obtaining right of ways necessary for the project began in 2023. The City has received some grants for the next phase and will continue to look for additional revenue streams.

Some large improvements to some of the City's water system are set to occur over the next several 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 for the City continues to grow as 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 development but not tax 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 direction for options to support people who may benefit from help with mental health and chemical dependencies. A new grant was awarded to the City in conjunction with Fire Districts in 2022-23 to support the expanding program and sharing local resources.

The City received 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. An affordable multi housing structure is underway and is anticipated to be funded by a debt issue with the tax funding the debt. Debt issue and construction is anticipated to begin in 2023. The rental units will be managed by the Kitsap County Housing Authority.

The City Council established a Transportation Benefit District (TBD) with car tab fees of \$20 per car tab in 2022 and by Council action increase the sales tax by .1% providing additional funding for the City's roads and transportation system. Funds will be used to complete capital street maintenance and repair projects located in neighborhoods and 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 plans to review and evaluate zoning and policy allowance to determine if these establishments will be allowed in Poulsbo. This would increase both sales tax and state shared revenue.

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 first phase of moving Public Works Administrative services to the new location was completed in 2022. A future move of the additional structures needed to move the remaining operation is under consideration for priority of funding. It is anticipated a debt issue will be necessary to execute the final phase. Discussion will include what to do with the current property. Whether it can be sold to a current tenant or retained for future development changes the City may undertake.

The City continues to offer many services which exceed the offerings of other cities comparable to the size of Poulsbo. In order to maintain and increase services provided there will need to be additional revenue generated. The increase in revenue is at a lower rate than the associated costs. The council will be reviewing additional revenue streams to support growth of services and increase funds necessary to maintain the growing infrastructure. Council will be exploring the following revenue streams:

- Asking voters to approve a levy lid lift. This will allow the City to collect the full \$1.60 per \$1000 of assessed value. 2023 levy rate is a little over \$1.03. This would generate about \$1.4 million dollars in property taxes which can be used to support City services
- Paid parking to support the growing need and enforcement of general parking in the downtown corridor
- Allowance of retail marijuana establishments increasing the retail sales tax and state shared revenue
- Business and Occupation Tax which is currently not imposed by the City. This would be a new revenue stream with additional costs for administering
- Exploration of a future park district which will need to be a voted measure supported by the community and not driven by the City Council.

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, Assistant City Administrator at (360) 394-9720, dbooher@cityofpoulsbo.com.

**STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 3,326,461	\$ 1,775,645	\$ 5,102,106
Investments	15,807,043	22,990,807	38,797,850
Restricted Assets			
Restricted Cash		133,380	133,380
Investments	563,420	387	563,806
Receivables (net of allowance for uncollectibles)			
Taxes	1,638,249	-	1,638,249
Customer Accounts	769,476	1,062,766	1,832,242
Other Receivable	34	17,758	17,792
Leases Receivable	193,783	1,184,983	1,378,766
Intergovernmental Receivable	721,129	9,353	730,482
Note Receivable	-	-	-
Inventories	4,837	45,036	49,874
Prepays	-	1,500	1,500
Capital Asset not being depreciated:			
Land & Right of Ways	36,428,028	6,488,121	42,916,148
Construction in Progress	10,754,447	4,906,393	15,660,840
Capital Assets (net of accumulated depreciation/amortization):			
Buildings and Structures	11,406,764	3,215,552	14,622,315
Other Improvements	31,806,722	50,815,041	82,621,763
Machinery and Equipment	849,839	3,141,794	3,991,632
Intangibles	176,563	14,331,746	14,508,309
Net Pension Asset	2,880,769	516,453	3,397,222
Total Assets	117,327,565	110,636,713	227,964,278
Deferred Outflows of Resources			
Pension related	2,282,945	531,169	2,814,114
OPEB related	11,926	-	11,926
Deferred Charge on Refunding	370,290	-	370,290
Total Deferred Outflows of Resources	2,665,161	531,169	3,196,330
Liabilities			
Accounts Payable and Other Accrued Liabilities	1,891,319	599,657	2,490,977
Employee Wages	625,233	100,559	725,792
Contracts and Retainage Payable	-	-	-
Accrued Interest Payable	22,903	22,949	45,852
Deposits Payable	571,553	140,380	711,933
Revenues Collected in Advance	49,487	-	49,487
Unearned Revenues	1,624,106	-	1,624,106
Noncurrent Liabilities:			
Due within one year: bonds, notes, leases, claims, compensated absences	1,105,827	421,697	1,527,524
Total OPEB Liability due within one year	42,672	-	42,672
Due in more than one year:			
Net pension Liability - actuarially funded	801,410	297,245	1,098,656
Total OPEB Liability	1,061,043	-	1,061,043
Bonds, notes, leases, claims, compensated absences	8,989,608	8,205,639	17,195,247
Total Liabilities	16,785,163	9,788,127	26,573,289
Deferred Inflows of Resources			
Property Taxes/Grants/Misc	92,938	-	92,938
Pension related	2,138,794	536,715	2,675,509
Leases	190,901	1,189,690	1,380,591
Total Deferred Inflows of Resources	2,422,633	1,726,405	4,149,037
Net Position			
Net Investment in Capital Assets	81,591,322	74,119,319	155,710,642
Restricted for:			
Capital Projects	5,753,171	-	5,753,171
Debt Service	7,728	-	7,728
Opiod Settlement	12,396	-	12,396
Drug Enforcement	44,672	-	44,672
Federal Funds	1,021,371	-	1,021,371
Criminal Justice	162,983	-	162,983
Substance Abuse Program	10,143	-	10,143
Public, Educational, Governmental Cable	119,971	-	119,971
Promoting Downtown Businesses	103,680	-	103,680
Promoting Tourism	378,481	-	378,481
City Beautification - Expendable	4,768	-	4,768
City Beautification - Nonexpendable	91,016	-	91,016
Net Pension Asset	3,060,517	523,090	3,583,607
Unrestricted (deficit)	8,422,712	25,010,941	33,433,653
Total Net Position	\$ 100,784,931	\$ 99,653,350	\$ 200,438,281

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Page 1 of 2

Primary Government		Program Revenues		
		Charges for	Operating Grants	Capital Grants and
	Expenses	Services	and Contributions	Contributions
Functions/Programs:				
Governmental activities:				
General Government	\$ 3,212,742	\$ 389,309	\$ 1,273,901	\$ 6,000
Judicial	667,401	35,815	510	50,816
Security of Persons & Property	4,385,199	136,839	134,081	10,000
Utilities & Environment	(3,517)	6,000	-	9,986
Transportation	4,855,285	185,838	1,211,013	6,895,489
Economic Environment	1,395,329	1,008,018	44,825	-
Mental & Physical Health	483,966	4,837	410,636	-
Culture & Recreation	1,720,258	502,212	102,313	309,562
Interest on Long-Term Debt	279,577	-	-	-
Total Governmental Activities	16,996,239	2,268,868	3,177,278	7,281,854
Business-type Activities:				
Water	2,417,665	2,344,817	-	1,872,005
Sewer	3,921,821	4,797,794	-	1,701,337
Solid Waste	3,157,154	3,091,020	-	-
Storm Drain	1,896,933	2,070,444	11,456	4,236,315
Total Business-Type Activities	11,393,573	12,304,075	11,456	7,809,657
Total Primary Government	\$ 28,389,812	\$ 14,572,943	\$ 3,188,734	\$ 15,091,511

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

STATEMENT OF ACTIVITIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

Page 2 of 2

	Net (Expenses) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General Government	\$ (1,543,532)	\$ -	\$ (1,543,532)
Judicial	(580,259)	-	(580,259)
Security of Persons & Property	(4,104,279)	-	(4,104,279)
Utilities & Environment	19,504	-	19,504
Transportation	3,437,055	-	3,437,055
Economic Environment	(342,487)	-	(342,487)
Mental & Physical Health	(68,493)	-	(68,493)
Culture & Recreation	(806,171)	-	(806,171)
Interest on Long-Term Debt	(279,577)	-	(279,577)
Total Governmental Activities	(4,268,240)	-	(4,268,240)
Business-Type Activities:			
Water	-	1,799,157	1,799,157
Sewer	-	2,577,310	2,577,310
Solid Waste	-	(66,134)	(66,134)
Storm Drain	-	4,421,283	4,421,283
Total Business-Type Activities	-	8,731,616	8,731,616
Total Primary Government	(4,268,240)	8,731,616	4,463,376
General Revenues:			
Property Taxes	2,835,984	-	2,835,984
Retail Sales & Use Taxes	6,831,113	-	6,831,113
Business and Occupation Taxes	2,535,258	-	2,535,258
Excise Taxes	1,269,493	-	1,269,493
Unrestricted Interest & Investment Earnings (Loss)	(148,441)	6,517	(141,924)
Total General Revenues	13,323,408	6,517	13,329,925
Change in Net Position	9,055,168	8,738,133	17,793,301
Net Position - Beginning of Year	91,550,019	90,915,218	182,465,236
Prior Period Adjustments	179,744	-	179,744
Net Position - End of Year	\$ 100,784,931	\$ 99,653,350	\$ 200,438,281

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	Street Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 834,741	\$ 1,490,999	\$ 1,000,721	\$ 3,326,461
Investments	7,430,258	121,150	8,255,635	15,807,043
Cash and Investments - Restricted	86,242	3	477,175	563,420
Receivables <i>(net of allowance for uncollectibles)</i>				
Taxes	1,355,457	-	282,793	1,638,249
Accounts	316,875	433,443	19,158	769,476
Interest	34	-	-	34
Leases Receivable	193,783	-	-	193,783
Intergovernmental Receivable	476,892	146,603	97,634	721,129
Note Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Inventories	4,837	-	-	4,837
Total Assets	10,699,120	2,192,198	10,133,117	23,024,434
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	10,699,120	2,192,198	10,133,117	23,024,434
Liabilities				
Accounts Payable	745,134	993,856	152,329	1,891,319
Custodial Accounts	566,580	-	4,973	571,553
Payroll Payable	584,878	6,130	34,226	625,233
Deposits and Other Payables	49,487	-	-	49,487
Unearned Revenues	1,024,106	600,000	-	1,624,106
Total Liabilities	2,970,186	1,599,986	191,528	4,761,699
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	42,241	-	-	42,241
Unavailable Revenue - Grants/Settlements/Misc	635,087	268,928	67,067	971,082
Lease Related	190,901	-	-	190,901
Total Deferred Inflows of Resources	868,230	268,928	67,067	1,204,225
Fund Balances (Deficits)				
Nonspendable Fund Balance	8,117	-	91,016	99,133
Restricted Fund Balance	1,163,880	3	6,455,481	7,619,364
Committed Fund Balance	-	-	-	-
Assigned Fund Balance	375,000	323,281	3,328,025	4,026,306
Unassigned Fund Balance (Deficits)	5,313,707	-	-	5,313,707
Total Fund Balances (Deficits)	6,860,704	323,284	9,874,521	17,058,510
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 10,699,120	\$ 2,192,198	\$ 10,133,117	\$ 23,024,434

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, 2022**

Total Governmental Fund Balances: \$ 17,058,510

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. 91,422,363

These assets consist of:

Land	36,428,028
Buildings and structures	15,625,073
Improvements	56,388,246
Machinery and Equipment	4,447,769
Construction in Progress	10,754,447
Intangibles	966,839
Less: Accumulated Depreciation	(33,188,039)

Net pension assets resulting from annual contributions in excess of required contributions are not financial resources and therefore are deferred in governmental funds 2,880,769

For debt refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources 370,290

Some of the city's receivables will not be collected soon enough to pay for current period expenditures and therefore are reported as deferred inflows in the governmental funds

Deferred inflows - property taxes	42,241
Deferred inflows - grants/settlements/misc	878,144
Deferred inflows - other	-

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	22,903
Long-term Liabilities (bonds, notes, leases, claims, comp absences)	10,095,435
OPEB Liability	1,103,715
Pension Liability	801,410
	(12,023,463)

Amounts reported as deferred outflows and inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension or OPEB expense in future years

Deferred outflow - pension	2,282,945
Deferred outflow - OPEB	11,926
Deferred inflow - pension	(2,138,794)
	156,077

Net Position of governmental activities \$ 100,784,931

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, 2022**

	General Fund	Street Reserve Fund	Non-Major Governmental Funds	Total
Revenues				
Property Taxes	\$ 2,834,404	\$ -	\$ -	\$ 2,834,404
Sales Taxes	5,808,805	-	2,213,009	8,021,814
Franchise Taxes	2,614,050	-	-	2,614,050
Licenses and Permits	907,925	-	25,395	933,320
Intergovernmental	2,172,663	847,754	430,118	3,450,535
Charges for Services	1,150,991	-	956,198	2,107,189
Fines and Forfeitures	31,721	-	894	32,615
Interest and Other Earnings	(137,871)	7,285	(11,518)	(142,103)
Fees	-	-	-	-
Special Assessments - Capital	-	164,515	-	164,515
Miscellaneous	29,700	-	157,479	187,179
Total Revenues	15,412,388	1,019,555	3,771,575	20,203,519
Expenditures				
Current				
General Government	3,634,058	-	-	3,634,058
Security of Persons & Property	4,269,350	-	28,213	4,297,563
Utilities & Environment	38,776	-	-	38,776
Transportation	1,980,644	-	1,214,905	3,195,549
Economic Environment	1,132,855	-	328,166	1,461,021
Mental & Physical Health	498,661	-	-	498,661
Culture & Recreation	1,401,239	-	88,735	1,489,974
Debt Service:				
Principal	37,240	-	784,665	821,905
Interest & Other Charges	861	-	268,896	269,757
Capital Outlay	-	3,435,719	676,295	4,112,014
Total Expenditures	12,993,684	3,435,719	3,389,875	19,819,278
Excess (deficiency) of Revenues Over Expenditures	2,418,705	(2,416,164)	381,700	384,241
Other Financing Sources (Uses)				
Transfers In	316,000	1,660,000	2,113,753	4,089,753
Transfers Out	(1,735,253)	(316,000)	(2,038,500)	(4,089,753)
Notes Issued	-	-	692,752	692,752
Premium on Bonds Sold	-	-	29,845	29,845
Leases	59,091	-	-	59,091
Sale of General Assets	925	-	-	925
Insurance Recoveries	2,254	-	-	2,254
Total Other Financing Sources and Uses	(1,356,983)	1,344,000	797,850	784,867
Net Change in Fund Balances	1,061,722	(1,072,164)	1,179,550	1,169,107
Fund Balances - Beginning of Year	5,758,369	1,280,848	8,670,440	15,709,658
Prior Year Adjustment	40,613	114,600	24,531	179,744
Fund Balances (deficit) - End of Year	\$ 6,860,704	\$ 323,284	\$ 9,874,521	\$ 17,058,510

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, 2022**

Net change in Fund balance--total governmental funds	\$ 1,169,107
<i>Amounts reported for Governmental activities in the statement of activities are different because:</i>	
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	4,112,014
This is the amount of depreciation/amortization	(2,311,858)
This is the amount of Gain (Loss) on Capital Assets	(240,182)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government funds.	643,312
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.	5,142,307
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.	(722,597)
Principal payments	821,905
Some expenses reported in the statement of activities do not require the use of the governmental funds.	441,159
Change in net position of governmental activities	<u>\$ 9,055,168</u>

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, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes				
Property Taxes	\$ 2,803,000	\$ 2,803,000	\$ 2,834,404	\$ 31,404
Sales Taxes	4,300,000	4,300,000	5,538,154	1,238,154
Utility Taxes	2,285,236	2,285,236	2,532,599	247,363
Criminal Justice Taxes	185,000	185,000	270,651	85,651
Other Taxes	56,500	56,500	81,452	24,952
Licenses and Permits	645,180	645,180	907,925	262,745
Intergovernmental	1,416,542	3,677,009	2,172,663	(1,504,346)
Charges for Services	786,430	797,430	1,150,991	353,561
Fines and Forfeitures	40,500	40,500	31,721	(8,779)
Interest and Other Earnings	-	-	(137,871)	(137,871)
Miscellaneous	1,000	1,000	29,700	28,700
Total Revenues	12,519,388	14,790,855	15,412,388	621,533
Expenditures				
Current:				
General Government	3,919,453	3,950,027	3,634,058	315,969
Security of Persons & Property	4,337,401	4,550,014	4,269,350	280,664
Utilities & Environment	199,324	202,224	38,776	163,448
Transportation	423,435	2,571,144	1,980,644	590,500
Economic Environment	1,148,608	1,455,467	1,132,855	322,612
Mental & Physical Health	459,222	690,522	498,661	191,861
Culture & Recreation	1,234,221	1,301,721	1,401,239	(99,518)
Debt Service:				
Principal	-	-	37,240	(37,240)
Interest/Debt Service Costs	-	-	861	(861)
Total Debt Service	-	-	38,101	(38,101)
Total Expenditures	11,721,664	14,721,119	12,993,684	1,727,435
Excess (deficiency) of Revenues over Expenditures	797,724	69,736	2,418,705	2,348,969
Other Financing Sources (Uses)				
Transfers In	-	366,000	316,000	(50,000)
Transfers Out	(1,775,753)	(1,870,253)	(1,735,253)	135,000
Notes Issued				
Leases Issued	29,400	29,400	59,091	29,691
Sale of General Capital Assets	5,500	5,500	925	(4,575)
Insurance Recoveries	-	-	2,254	2,254
Total Other Financing Sources (Uses)	(1,740,853)	(1,469,353)	(1,356,983)	112,370
Net Change in Fund Balance	(943,129)	(1,399,617)	1,061,722	2,461,339
Fund Balance - Beginning of Year	3,749,563	5,749,869	5,758,369	8,500
Prior Year Adjustment	\$ -	\$ -	\$ 40,613	\$ 40,613
Fund Balance - End of Year	\$ 2,806,434	\$ 4,350,252	\$ 6,860,704	\$ 2,510,452

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 680,351	\$ 891,689	\$ 1,215	\$ 202,390	\$ 1,775,645
Investments	5,921,057	12,971,724	1,781,279	2,316,747	22,990,807
Restricted Investments	87	87	137	75	387
Restricted Cash	-	133,380	-	-	133,380
Accounts Receivable, net	169,743	426,577	276,566	189,881	1,062,766
Leases	76,336				76,336
Interest Receivable - Leases	17,758				17,758
Intergovernmental Receivable	-	-	-	9,353	9,353
Inventories	40,118	4,918	-	-	45,036
Prepaid Items	500	500	250	250	1,500
Total Current Assets	6,905,950	14,428,875	2,059,447	2,718,696	26,112,967
Noncurrent Assets:					
Capital Assets Not Being Depreciated:					
Land & Right of Ways	779,611	780,407	558,313	4,369,790	6,488,121
Construction in Progress	1,021,266	540,494	23,250	3,321,383	4,906,393
Capital Assets:					
Buildings and Structures	912,408	398,955	1,107,286	1,442,536	3,861,185
Intangibles	113,501	17,947,386	5,898	234,806	18,301,591
Other Improvements	24,953,039	30,764,692	112,336	20,488,987	76,319,053
Machinery and Equipment	1,956,998	1,851,874	1,878,756	503,289	6,190,916
Less: Accumulated Depreciation	(9,230,546)	(16,224,286)	(1,249,194)	(6,464,587)	(33,168,613)
Leases	1,108,648				1,108,648
Net Pension Asset	141,828	92,457	122,984	159,184	516,453
Total Noncurrent Assets	21,756,752	36,151,978	2,559,629	24,055,386	84,523,746
Total Assets	28,662,702	50,580,853	4,619,076	26,774,082	110,636,713
Deferred Outflows of Resources					
Pension related	146,318	95,414	125,803	163,633	531,169
Total Deferred Outflows of Resources	146,318	95,414	125,803	163,633	531,169
Liabilities					
Current Liabilities					
Accounts Payable	192,417	126,435	151,287	230,077	700,216
Compensated Absences	5,405	5,584	3,280	10,736	25,005
Custodial Accounts	7,000	133,380	-	-	140,380
Accrued Interest Payable	654	20,708	1,027	560	22,949
Bond Anticipation Note Payable	22,110	320,887	34,744	18,951	396,692
Total Current Liabilities	227,586	606,994	190,339	260,324	1,285,243
Noncurrent Liabilities:					
Compensated Absences	48,647	50,254	29,523	96,621	225,046
Bonds Payable	431,049	6,502,712	677,362	369,470	7,980,593
Net Pension Liability	81,630	53,214	70,784	91,619	297,245
Total Noncurrent Liabilities	561,325	6,606,180	777,669	557,710	8,502,884
Total Liabilities	788,911	7,213,174	968,008	818,035	9,788,127
Deferred Inflows of Resources					
Pension related	147,514	96,313	127,496	165,391	536,715
Leases	1,189,690				1,189,690
Total Deferred Inflows of Resources	1,337,204	96,313	127,496	165,391	1,726,405
Net Position					
Net Investment in Capital Assets	19,875,331	29,199,878	1,723,603	23,320,507	74,119,319
Restricted	143,651	93,645	124,565	161,230	523,090
Unrestricted	6,663,923	14,073,257	1,801,207	2,472,554	25,010,941
Total Net Position	\$ 26,682,905	\$ 43,366,780	\$ 3,649,375	\$ 25,954,290	\$ 99,653,350

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, 2022**

Business-type Activities

	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Operating Revenues:					
Charges for Services	\$ 2,310,853	4,766,337	\$ 3,060,152	\$ 2,042,670	\$ 12,180,012
Other Operating Revenues	33,636	30,210	27,710	27,115	118,671
Total Operating Revenues	2,344,489	4,796,547	3,087,862	2,069,785	12,298,683
Operating Expenses:					
Salaries and Wages	606,501	474,262	737,653	640,769	2,459,185
Personnel Benefits	206,525	162,819	275,140	195,739	840,223
Materials and Supplies	129,500	52,399	173,823	45,743	401,465
Services	334,164	346,519	908,012	186,421	1,775,116
Depreciation	721,529	1,233,823	156,683	507,882	2,619,917
Intergovernmental Services and Payments	388,891	1,407,137	890,043	312,824	2,998,895
Total Operating Expenses	2,387,109	3,676,961	3,141,353	1,889,378	11,094,801
Operating Income (Loss)	(42,620)	1,119,586	(53,492)	180,407	1,203,881
Nonoperating Revenues (Expenses):					
Intergovernmental	-	-	-	11,456	11,456
Interest and Other Earnings	106,768	(72,800)	(5,666)	(21,786)	6,517
Loss from Sale of Capital Assets	(22,182)	(11,708)	-	-	(33,890)
Interest Expense	(8,045)	(231,905)	(12,643)	(6,896)	(259,489)
Total Nonoperating Revenues (Expenses)	76,541	(316,413)	(18,308)	(17,225)	(275,406)
Income (loss) Before Capital Contributions	33,920	803,173	(71,800)	163,182	928,475
Capital Contributions - Cash	672,403	633,234	-	293,583	1,599,220
Capital Contributions - Developers	1,199,602	1,068,104		3,942,732	6,210,438
Change in Net Position	1,905,925	2,504,510	(71,800)	4,399,497	8,738,133
Total Net Position - Beginning of Year	24,776,980	40,862,270	3,721,175	21,554,793	90,915,218
Total Net Position - End of Year	\$ 26,682,905	43,366,780	\$ 3,649,375	\$ 25,954,290	\$ 99,653,350

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, 2022**

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	\$ 2,464,467	\$ 4,842,595	\$ 3,100,040	\$ 2,171,820	\$ 12,578,923
Payments to suppliers and service providers	(795,896)	(1,751,069)	(1,793,755)	(459,711)	(4,800,431)
Payments to employees for salaries and benefits	(613,096)	(409,595)	(673,915)	(638,179)	(2,334,784)
Payments to other funds for services provided	(350,016)	(347,676)	(588,911)	(332,469)	(1,619,071)
Net cash provided by (used for) operating activities	705,459	2,334,256	43,459	741,461	3,824,636
Cash Flows From Noncapital Financing Activities					
Operating Grants	-	-	-	11,456	11,456
Proceeds from Insurance Claims	500	-	-	-	500
Net cash provided (used) by noncapital financing activities	500	-	-	11,456	11,956
Cash Flows from Capital and Related Financing Activities					
Connection Fees	672,403	633,234	-	179,056	1,484,692
Capital Grants	-	-	-	114,527	114,527
Acquisition and Construction of Capital Assets	(775,899)	(279,488)	(79,729)	(681,037)	(1,816,153)
Purchase of Capital Assets	-	(17,022)	(397,822)	(57,978)	(472,822)
Principal paid on Capital Debt	(21,886)	(276,886)	(34,393)	(18,775)	(351,941)
Interest paid on Capital Debt	(8,064)	(261,764)	(12,672)	(6,896)	(289,395)
Proceeds from Capital Debt	(13,051)	-	-	-	(13,051)
Net cash provided by (used for) capital and related financing activities	(146,497)	(201,927)	(524,616)	(471,103)	(1,344,142)
Cash Flows from Investing Activities					
Purchase of investments	(2,892,447)	(5,917,179)	(560,426)	(620,739)	(9,990,791)
Proceeds from sales and maturities of investments	2,873,927	4,442,418	883,263	565,352	8,764,960
Interest on Investments	7,056	(76,097)	(8,845)	(25,323)	(103,209)
Net cash provided by investing activities	(11,464)	(1,550,859)	313,992	(80,710)	(1,329,041)
Net increase (decrease) in Cash and Cash Equivalents	547,998	581,471	(167,164)	201,104	1,163,410
Cash and Cash Equivalents - Beginning of Year	132,353	443,598	168,379	1,286	745,615
Cash and Cash Equivalents - End of Year	\$ 680,351	\$ 1,025,069	\$ 1,215	\$ 202,390	\$ 1,909,025

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, 2022

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)	\$ (42,620)	\$ 1,119,586	\$ (53,492)	\$ 180,407	\$ 1,203,881
Depreciation Expense	721,529	1,233,823	156,683	507,882	2,619,917
adjustments					-
(Increase) decrease in Accounts Receivable	19,767	(6,376)	8,999	(17,760)	4,630
(Increase) in Intergovernmental Receivables	-	-	-	116,257	116,257
(Increase) decrease in Inventories	10,335	19	-	-	10,355
(Increase) decrease in Custodial Funds	1,000	49,127	-	-	50,127
(Increase) decrease in Interest and Other Earnings	99,212	3,298	3,179	3,537	109,226
Decrease in pension related deferred outflows of resources	(101,365)	(64,941)	(89,363)	(114,303)	(369,971)
(Decrease) increase in Accounts Payable	(45,553)	(28,266)	16,843	(4,944)	(61,920)
(Decrease) increase in Compensated Absences	6,959	3,841	(20,911)	32,353	22,242
(Decrease) in Net Pension Liability	230,721	162,323	170,086	249,630	812,760
(Decrease) in Net OPEB Liability					-
(Decrease) in pension related deferred inflows of resources	(194,524)	(138,178)	(148,566)	(211,599)	(692,868)
Total Adjustments	748,080	1,214,670	96,951	561,054	2,620,755
Net Cash provided by (used for) Operating Activities	\$ 705,459	\$ 2,334,256	\$ 43,459	\$ 741,461	\$ 3,824,636
	705,459	2,334,256	43,459	741,461	
Schedule of non-cash Capital and related financing activities:					
	-	-	0.00	-	
Investment Earnings Unrealized	(62,561)	(160,526)	(22,100)	(35,015)	(280,201)
Capital Contributions by Developers	\$ 1,199,602	\$ 1,068,104	\$ -	\$ 3,942,732	\$ 6,210,438

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

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2022**

Custodial Funds	
Assets	
Cash and Cash Equivalents	\$ 5,384
Total Assets	5,384
Liabilities	
Accounts Payable	3,584
Total Liabilities	3,584
Net Position	
Restricted For:	
Individuals, Organizations and Other Governments	1,800
Total Net Position	\$ 1,800

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, 2022**

Custodial Funds	
Additions	
Collections of Funds for Other Governments:	
Bail Funds and Restitution	\$ 18,290
Other Deposits	43,765
Total Additions	62,054
Deductions	
Distribution of Funds to Other Governments:	
Bail Funds and Restitution	28,065
Other Payments to State and Local Governments	43,765
Total Deductions	71,829
Net Increase (Decrease) in Fiduciary Net Position	(9,775)
Net Position - Beginning of Year	11,575
Net Position - End of Year	\$ 1,800

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



NOTES TO THE FINANCIAL STATEMENTS

INDEX

<i>ITEM</i>	<i>PAGE</i>
<u>NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>	53
<u>NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY</u>	62
<u>NOTE 3: DEPOSITS AND INVESTMENTS</u>	65
<u>NOTE 4: PROPERTY TAXES</u>	68
<u>NOTE 5: CAPITAL ASSETS</u>	69
<u>NOTE 6: EMPLOYEE RETIREMENT AND PENSION PLANS</u>	72
<u>NOTE 7: RISK MANAGEMENT</u>	82
<u>NOTE 8: LEASES</u>	83
<u>NOTE 9: LONG TERM DEBT</u>	87
<u>NOTE 10: CONTINGENCIES AND LITIGATIONS</u>	90
<u>NOTE 11: JOINT VENTURES</u>	82
<u>NOTE 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS</u>	94
<u>NOTE 13: PRIOR PERIOD ADJUSTMENTS</u>	96
<u>NOTE 14: RECONCILIATION OF NET INVESTMENT IN CAPITAL ASSETS</u>	97
<u>NOTE 15: ACCOUNTING AND REPORTING CHANGES</u>	97
<u>NOTE 16: SUBSEQUENT EVENTS</u>	97
<u>NOTE 17: ASSET RETIREMENT OBLIGATIONS</u>	97



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 amounts are fiduciary in nature and are prepared using the economic resources measurement focus and full accrual basis of accounting. The resources in the custodial fund, upon receipt, are normally expected to be held for three months or less. These amounts are excluded from the government-wide financial statements. Included in these amounts are receipts relate to court activities, taxes, and state fees. The City reports all custodial amounts in one fund.

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 \$4,768. 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 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, 2022, the City was holding \$5,235,486 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 2022.

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, 2022, were as follows:

	Transfers Out:			
	General Fund	Street Reserve Fund	Non-Major Gov'l	Total
Transfers In:				
General Fund	\$ -	\$ 316,000	\$ -	\$ 316,000
City Street Reserve Fund	60,000	-	1,600,000	1,660,000
Non-Major Gov'l Funds	1,675,253	-	438,500	2,113,753
Total Transfers	\$ 1,735,253	\$ 316,000	\$ 2,038,500	\$ 4,089,753

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:

- 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.
- 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 more than an estimated useful life of 1 year. 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. Included in these amounts are funds related to court activities, taxes, and state fees. The City holds and reports all custodial funds collected in one fund.

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. Deferred outflows of resources represent a consumption of net assets that applies to future periods.

In addition to liabilities, the statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent a consumption of net position that applies to future periods and represent and represent an acquisition of net position that applies to future periods.

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	\$ 8,117	\$ -	\$ -	\$ 5,313,707	\$ 5,321,824
Public, Education, Government Cable	-	119,971	-	-	119,971
Substance Abuse Program/Opioid Settlement	-	22,539	-	-	22,539
Federal Funds	-	1,021,371	-	-	1,021,371
Compensated Absences Liability	-	-	150,000	-	150,000
Legal Reserves	-	-	225,000	-	225,000
Subtotals, General Fund	8,117	1,163,880	375,000	5,313,707	6,860,704
<u>Street Reserve Fund</u>					
Transportation Improvements	-	3	323,281	-	323,284
Subtotals, City Street Fund	-	3	323,281	-	323,284
<u>Other Governmental Funds</u>					
Transportation Maintenance & Operation	-	-	23,279	-	23,279
Transportation Improvements	-	2,190,939	-	-	2,190,939
Parks Improvements	-	444,339	465,899	-	910,238
Cemetery Improvements	-	-	47,849	-	47,849
Capital Equipment	-	-	868,709	-	868,709
Capital Improvements	-	2,457,235	1,897,169	-	4,354,404
Affordable Housing	-	660,655	-	-	660,655
Drug Enforcement	-	44,672	-	-	44,672
Criminal Justice	-	162,983	25,120	-	188,103
Promote Downtown Businesses	-	103,680	-	-	103,680
Promoting Tourism	-	378,481	-	-	378,481
City Beautification	91,016	4,768	-	-	95,784
Debt Service	-	7,728	-	-	7,728
Subtotals, Other Governmental Funds	91,016	6,455,481	3,328,025	-	9,874,521
Totals	\$ 99,133	\$ 7,619,364	\$ 4,026,306	\$ 5,313,707	\$17,058,510

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. 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 includes 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. 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
- 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 2022, 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 Depositary 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, 2022, 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	\$ 5,531,342
In-transit items	(291,971)
Custodial funds	(5,384)
Petty Cash on hand	<u>1,500</u>
Total Cash	<u>\$ 5,235,486</u>

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 an 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, 2022, the City held the following investments at amortized Cost:

Washington State Local Government Inv. Pool \$ 13,661,101

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, 2022:

Investments	Valuation Measurement Method	Fair Value 12/31/22	Maturities		
			Less Than One Year	One to Three Years	Total
US agency securities					
US Treasury Bills, Notes & Bonds	Level 1	\$ 16,897,036	\$ 3,176,915	\$ 13,720,121	\$ 16,897,036
Federal Home Loan Bank	Level 1	1,686,170	996,350	689,820	1,686,170
Federal Farm Credit Bureau	Level 2	950,250	-	950,250	950,250
Federal Home Loan Mortgage Corp	Level 1	4,628,003	4,628,003	-	4,628,003
Federal National Mortgage Association	Level 1	1,452,855	1,452,855	-	1,452,855
Total Investments		<u>\$ 25,614,313</u>	<u>\$ 10,254,123</u>	<u>\$ 15,360,191</u>	<u>\$ 25,614,313</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	Maturity Duration	% of Portfolio
Investments			
US agency securities			
US Treasury Bills, Notes & Bonds	\$ 16,897,036	1.55	43%
Federal Home Loan Bank	\$ 1,686,170	1.20	4%
Federal Farm Credit Bureau	\$ 950,250	2.08	
Federal Home Loan Mortgage Corp	\$ 4,628,003	0.55	12%
Federal National Mortgage Association	\$ 1,452,855	0.70	4%
Washington State Local Government Inv. Pool	\$ 13,661,101		35%
Trust/Passbook Accounts	\$ 86,242		
Total Investments	\$ 39,361,656	1.21	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 2022, the City's levy for general governmental services was \$1.17 per \$1,000 on the assessed valuation of \$2,393,713,298 for a total of \$2,810,710.

The Kitsap County Treasurer acts as an 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, 2022, is summarized below:

GENERAL GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 10,861,284	\$ 20,618	\$ -	\$ 10,881,902
Intangible - Right of Way/Easements	23,612,111	2,045,766	(111,750)	25,546,126
Construction Work in Progress	8,185,996	3,467,719	(899,267)	10,754,447
Total capital assets not being depreciated	42,659,390	5,534,103	(1,011,018)	47,182,475
Capital assets, being depreciated:				
Buildings	15,613,777	11,295	-	15,625,073
Other Improvements	3,874,879	176,713	(17,717)	4,033,876
Machinery and Equipment	4,175,883	290,084	(18,199)	4,447,769
Intangible	753,024	13,201	-	766,226
Right-to-use leased equipment	-	200,613	-	200,613
Infrastructure	48,548,853	5,599,223	(1,793,705)	52,354,371
Total capital assets being depreciated	72,966,417	6,291,130	(1,829,621)	77,427,926
Less accumulated depreciation for:				
Buildings	(3,833,135)	(385,175)	-	(4,218,309)
Other Improvements	(2,740,792)	(157,442)	17,717	(2,880,517)
Machinery and Equipment	(3,337,767)	(271,992)	11,829	(3,597,930)
Intangible	(750,709)	(6,396)	-	(757,106)
Right-to-use leased equipment	-	(33,170)	-	(33,170)
Infrastructure	(20,243,324)	(1,457,684)	-	(21,701,007)
Total accumulated depreciation	(30,905,727)	(2,311,858)	29,546	(33,188,039)
Total capital assets, being depreciated, net	42,060,691	3,979,272	(1,800,075)	44,239,888
Governmental activity capital assets, net	\$ 84,720,081	\$ 9,513,375	\$ (2,811,093)	\$ 91,422,363

- The City acquired \$11,256 of park land increasing Fish Park by 1.32 acres and adding 9.21 acres of new park land on the southwest end of Olhava Way, as well as \$2,045,766 of ROW and \$3,145,294 infrastructure as contributed capital for the new Noll Terrace, Blue Heron, Glennwood and Calavista residential developments and Liberty Bay Bank commercial development.
- The decrease shown in right of way/easements is attributed to the expiration of Temporary Construction Easements related to the Johnson Parkway/Noll Road project.
- The decrease in infrastructure is due to the retirement of assets that were partially replaced as part of the Citywide Safety project.
- \$3,467,719 was spent on construction work in progress for various capital projects throughout the year. Improvements to the Public Works Facility on Viking Ave, Historic Cemetery Preservation, Local Neighborhood Streets and Citywide Safety Improvements were completed in 2022. Improvements at the Liberty Bay Waterfront Trail, Noll Road/Johnson Parkway, Raab Park Play for All, and Parks & Rec Building Repair for all are still in progress.
- \$143,853 was expended to acquire 4 new vehicles 3 for the Police Department and 1 for the Engineering Department, \$56,145 was expended to acquire updated audio-visual equipment and

a new metal detector for the City Municipal Courtroom, \$20,478 was expended for a RC Mower/Trailer for Streets, \$15,403 for Police Detectives Relocation-Remodel, \$9,034 for a new drone for the Police Department. The City also had \$19,000 of contributed capital for of a Bronze Statue for Rotary Morrow Park

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

	Depreciation Expense
Governmental activities:	
General Government	\$ 382,493
Security of Persons and Property	118,678
Utilities and Environment	-
Transportation	1,520,171
Economic Environment	-
Culture and Recreation	257,347
Right-to-use leased equipment	33,170
Total depreciation expense - governmental activities	\$ 2,311,858

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 4,679,858	\$ -	\$ -	\$ 4,679,858
Intangible - Right of Way/Easements	578,827	1,229,436	-	1,808,263
Construction Work in Progress	5,155,676	1,793,764	(2,043,047)	4,906,393
Total capital assets not being depreciated	10,414,361	3,023,200	(2,043,047)	11,394,513
Capital assets, being depreciated:				
Buildings	3,596,856	264,330	-	3,861,185
Other Improvements	1,194,104	645,890	-	1,839,993
Machinery and Equipment	5,027,954	1,162,963	-	6,190,916
Intangible	18,301,591	-	-	18,301,591
Infrastructure	69,106,173	6,082,057	(709,171)	74,479,060
Total capital assets being depreciated	97,226,677	8,155,239	(709,171)	104,672,745
Less accumulated depreciation for:				
Buildings	(552,170)	(93,464)	-	(645,634)
Other Improvements	(810,240)	(112,348)	-	(922,587)
Machinery and Equipment	(2,735,842)	(313,281)	-	(3,049,123)
Intangible	(3,540,828)	(429,017)	-	(3,969,845)
Infrastructure	(22,930,542)	(1,671,808)	20,925	(24,581,425)
Total accumulated depreciation	(30,569,621)	(2,619,917)	20,925	(33,168,613)
Total capital assets, being depreciated, net	66,657,056	5,535,322	(688,245)	71,504,132
Business-type activity capital assets, net	\$ 77,071,417	\$ 8,558,521	\$ (2,731,293)	\$ 82,898,645

- The City acquired \$1,229,436 of land/easements and \$4,922,249 of infrastructure as contributed capital for the new Noll Terrace, Blue Heron, Glennwood and Calavista residential developments and Liberty Bay Bank commercial development.
- The City incurred \$1,793,764 in costs for construction in progress for various capital projects

throughout the year. The Public Works Facility on Viking Ave and the Westside Well Treatment Facility were completed in 2022. West Poulsbo Waterfront Park, Noll Road/Johnson Parkway, Pump Station, SR305 Storage Facility, Dogfish Creek Retrofit, Raab Park Water Tank, Mesford & Swanson PRV Stations, Lemolo Shores Pipeline Upgrade and Glen Haven Storm Drain are all still in progress.

- \$264,330 of Buildings, \$1,092,590 of infrastructure and \$689,716 of machinery & equipment was added this year with the completion of the Public Works Facility Tenant Improvements and the new Westside Well Treatment Facility.
- \$398,247 was expended to acquire a new garbage truck for Solid Waste, \$57,978 was expended for a RC Mower/Trailer for Storm Drain and \$17,022 for a new submersible pump for the 9th Ave Pump Station.

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

	Depreciation Expense
Business-type activities:	
Water	\$ 721,529
Sewer	1,233,823
Solid Waste	156,683
Storm Drain	507,882
Public Works Administration	
Total depreciation expense - business-type activities	<u>\$ 2,619,917</u>

NOTE 6: EMPLOYEE RETIREMENT AND PENSION PLANS

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

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 2022:

Aggregate Pension Amounts - All Plans		
Pension liabilities	\$	(1,098,656)
Pension assets		3,397,222
Deferred outflows of resources		2,814,114
Deferred inflows of resources		(2,675,509)
Pension expense/expenditures	\$	134,990

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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR 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 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January - August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
September - December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	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 at 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 2022 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2*
January - August 2022:		
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%	6.36%
September - December 2022		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.39%	6.36%

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

The City of Poulsbo's actual PERS plan contributions were \$259,173.25 to PERS Plan 1 and \$439,304.90 to PERS Plan 2/3 for the year ended December 31, 2022.

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 2022. 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 includes 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 2022.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January - December 2022		
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 \$122,486.11 for the year ended December 31, 2022.

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, 2022, the state contributed \$81,388,085 to LEOFF Plan 2. The amount recognized by the City of Poulsbo as its proportionate share of this amount is \$1,437,173.06.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. 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 *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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 their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 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 7.0 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 7.0 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

The table below summarizes the 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, 2022. 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%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

Sensitivity of the 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 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
PERS 1	\$ 1,467,789	\$ 1,098,656	\$ 776,489
PERS 2/3	2,247,947	(1,908,872)	(5,323,963)
LEOFF 1	(44,847)	(51,176)	(56,664)
LEOFF 2	\$ (66,180)	\$ (1,437,173)	\$ (2,559,213)

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, 2022, the City of Poulsbo reported its proportionate share of the net pension liabilities as follows:

	Liability or (Asset)
PERS 1	\$ 1,098,656
PERS 2/3	(1,908,872)
LEOFF 1	(51,176)
LEOFF 2	\$ (1,437,173)

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 of Poulsbo 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 of Poulsbo were as follows:

	LEOFF I Asset	LEOFF II Asset
Employer's proportionate share	\$ (51,176)	\$ (1,437,173)
State's proportionate share of the net pension asset associated with the employer	(346,154)	(930,969)
TOTAL	\$ (397,330)	\$ (2,368,142)

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

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.039203%	0.039458%	0.000255%
PERS 2/3	0.050378%	0.051469%	0.001091%
LEOFF 1	0.001736%	0.001784%	0.000048%
LEOFF 2	0.051608%	0.052882%	0.001274%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022, 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 Non-employer 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 2022. 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 2022, 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, 2022, the City of Poulsbo recognized pension expense as follows:

Pension Expense	
PERS 1	\$ 512,534
PERS 2/3	(618,607)
LEOFF 1	(3,489)
LEOFF 2	244,553
TOTAL	\$ 134,990

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, 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
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(182,080)
Contributions subsequent to the measurement date	134,299	-
TOTAL	\$ 134,299	\$ (182,080)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 472,974	\$ (43,212)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,411,244)
Changes of assumptions	1,063,933	(278,576)
Changes in proportion and differences between contributions and proportionate share of contributions	72,189	(76,765)
Contributions subsequent to the measurement date	225,234	-
TOTAL	\$ 1,834,330	\$ (1,809,797)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(6,390)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
TOTAL	\$ -	\$ (6,390)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 341,496	\$ (13,334)
Net difference between projected and actual investment earnings on pension plan investments	-	(481,221)
Changes of assumptions	364,077	(125,138)
Changes in proportion and differences between contributions and proportionate share of contributions	77,314	(57,549)
Contributions subsequent to the measurement date	62,598	-
TOTAL	\$ 845,485	\$ (677,243)

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 814,470	\$ (56,546)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,080,934)
Changes of assumptions	1,428,009	(403,714)
Changes in proportion and differences between contributions and proportionate share of contributions	149,503	(134,314)
Contributions subsequent to the measurement date	422,131	-
TOTAL	\$ 2,814,114	\$ (2,675,509)

Deferred outflows of resources related to pensions resulting from the City of Poulsbo's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. 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
2023	\$ (77,052)
2024	(69,983)
2025	(87,792)
2026	52,748
2027	-
Thereafter	-
TOTAL	\$ (182,080)

Year ended December 31	PERS 2/3
2023	\$ (425,783)
2024	(375,959)
2025	(469,519)
2026	632,532
2027	216,653
Thereafter	221,375
TOTAL	\$ (200,701)

Year ended December 31	LEOFF 1
2023	\$ (2,706)
2024	(2,450)
2025	(3,064)
2026	1,831
TOTAL	\$ (6,390)

Year ended December 31	LEOFF 2
2023	\$ (149,319)
2024	(129,193)
2025	(172,535)
2026	209,390
2027	61,041
Thereafter	286,261
TOTAL	\$ 105,644

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, prior wrongful acts, 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.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown 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: LEASES

Leases Receivable:

For the year ended 12/31/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 01/01/2022, City of Poulsbo, WA entered into a 348-month lease as Lessor for the use of Crown Castle - Telecommunication Facilities. An initial lease receivable was recorded in the amount of \$552,491.48. As of 12/31/2022, the value of the lease receivable is \$528,813.44. The lessee is required to make annual variable principal and interest payments of \$24,051.75. The lease has an interest rate of 1.7393%. The value of the deferred inflow of resources as of 12/31/2022 was \$533,440.05, and City of Poulsbo, WA recognized lease revenue of \$19,051.43 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On 01/01/2022, City of Poulsbo, WA entered into a 348-month lease as Lessor for the use of Crown Castle - Cell Tower. An initial lease receivable was recorded in the amount of \$386,030.19. As of 12/31/2022, the value of the lease receivable is \$369,509.02. The lessee is required to make annual variable principal and interest payments of \$16,782.28. The lease has an interest rate of 1.7393%. The value of the deferred inflow of resources as of 12/31/2022 was \$372,718.81, and City of Poulsbo, WA recognized lease revenue of \$13,311.39 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On 01/01/2022, City of Poulsbo, WA entered into a 52-month lease as Lessor for the use of 19540 Front Street in the Parks & Recreation building. An initial lease receivable was recorded in the amount of \$96,554.77. As of 12/31/2022, the value of the lease receivable is \$74,670.19. The lessee is required to make monthly fixed payments of \$1,786.16 from January through March, and thereafter monthly payments of \$1,884.40. The lease has an interest rate of 0.5517%. The value of the deferred inflow of resources as of 12/31/2022 was \$74,272.90, and City of Poulsbo, WA recognized lease revenue of \$22,281.87 during the fiscal year. The lessee had a termination period of 4 months as of the lease commencement.

On 01/07/2022, City of Poulsbo, WA entered into a 27-month lease as Lessor for the use of American Tower Sublease Verizon Wireless - Cell Tower. An initial lease receivable was recorded in the amount of \$20,001.32. As of 12/31/2022, the value of the lease receivable is \$11,131.54. The lessee is required to make monthly variable principal and interest payments of \$744.21. The lease has an interest rate of 0.4257%. The value of the deferred inflow of resources as of 12/31/2022 was \$11,260.00, and City of Poulsbo, WA recognized lease revenue of \$8,741.32 during the fiscal year.

On 01/01/2022, City of Poulsbo, WA entered into a 146-month lease as Lessor for the use of Verizon/SMSA Cell Tower at 4th Avenue Water Tank. An initial lease receivable was recorded in the amount of \$277,526.61. As of 12/31/2022, the value of the lease receivable is \$258,229.83. The lessee is required to make annual fixed payments of \$19,943.80. The lease has an interest rate of 1.2717%. The value of the deferred inflow of resources as of 12/31/2022 was \$254,747.41, and City of Poulsbo, WA recognized lease revenue of \$22,779.20 during the fiscal year. The lessee has 1 extension option(s), each for 120 months.

On 01/01/2022, City of Poulsbo, WA entered into a 49-month lease as Lessor for the use of Schlumberger - 4th Avenue Water Tank (Cell Tower). An initial lease receivable was recorded in the amount of \$23,073.88. As of 12/31/2022, the value of the lease receivable is \$17,297.39. The lessee is required to make annual variable principal and interest payments of \$5,829.53. The lease has an interest rate of 0.5517%. The value of the deferred inflow of resources as of 12/31/2022 was \$17,521.35, and City of Poulsbo, WA recognized lease revenue of \$5,552.54 during the fiscal year.

On 01/01/2022, City of Poulsbo, WA entered into a 168-month lease as Lessor for the Poulsbo Historical Society's use of the City Hall Building. An initial lease receivable was recorded in the amount of \$125,601.40. As of 12/31/2023, the value of the lease receivable is \$116,630.21. The lessee is required to make monthly fixed payments of \$1,029.32. The lease has an interest rate of 4.7800%. The value of the deferred inflow of resources as of 12/31/2023 was \$116,630.17, and City of Poulsbo, WA recognized lease revenue of \$8,971.56 during the fiscal year.

Lessor/Receivables: Governmental Activities			
Year ended December 31	Principal	Interest	Total
2023	\$29,063	\$5,901	\$34,965
2024	\$29,519	\$5,446	\$34,965
2025	\$29,991	\$4,973	\$34,965
2026	\$15,382	\$4,507	\$19,889
2027	\$8,237	\$4,115	\$12,352
2028-2032	\$47,630	\$14,129	\$61,759
2033-2035	\$33,960	\$2,522	\$36,482
Total	\$193,783	\$41,594	\$235,376

Lessor/Receivables: Business-Type Activities			
Year ended December 31	Principal	Interest	Total
2023	\$56,535	\$19,801	\$76,336
2024	\$52,141	\$18,327	\$70,467
2025	\$51,485	\$17,612	\$69,098
2026	\$47,288	\$16,877	\$64,165
2027	\$48,947	\$16,152	\$65,099
2028-2032	\$271,818	\$69,035	\$340,853
2033-2037	\$185,305	\$49,567	\$234,873
2038-2042	\$168,944	\$35,226	\$204,170
2043-2047	\$184,157	\$20,013	\$204,170
2048-2050	\$118,363	\$4,141	\$122,504
Total	\$1,184,983	\$266,751	\$1,451,734

Leases Payable:

For the year ended 12/31/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 03/31/2022, City of Poulsbo, WA entered into a 60-month lease as Lessee for the use of 2022 - Kelly Imaging - Copier Lease Agreement (Toshiba) 2nd Floor 5516A. An initial lease liability was recorded in the amount of \$15,088.42. As of 12/31/2022, the value of the lease liability is \$12,836.60. City of Poulsbo, WA is required to make monthly fixed payments of \$253.00. The lease has an interest rate of 0.2383%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2022 of \$15,088.42 with accumulated amortization of \$2,270.38 is included with Equipment on the Lease Class activities table found below.

On 03/31/2022, City of Poulsbo, WA entered into a 60-month lease as Lessee for the use of 2022 - Kelly Imaging - Copier Lease Agreement (Toshiba) 3rd Floor 5516AC. An initial lease liability was recorded in the amount of \$15,088.42. As of 12/31/2022, the value of the lease liability is \$12,836.60. City of Poulsbo, WA is required to make monthly fixed payments of \$253.00. The lease has an interest rate of 0.2383%. The value of the right to use asset as of 12/31/2022 of \$15,088.42 with accumulated amortization of \$2,270.38 is included with Equipment on the Lease Class activities table found below.

On 03/31/2022, City of Poulsbo, WA entered into a 60-month lease as Lessee for the use of 2022 Kelly Imaging - Copier Lease Agreement (Toshiba) 1316673 - Police Department. An initial lease liability was recorded in the amount of \$11,510.92. As of 12/31/2022, the value of the lease liability is \$9,631.51. City of Poulsbo, WA is required to make monthly fixed payments of \$189.83. The lease has an interest rate of 0.2383%. The value of the right to use asset as of 12/31/2022 of \$11,510.92 with accumulated amortization of \$1,732.07 is included with Equipment on the Lease Class activities table found below.

On 03/31/2022, City of Poulsbo, WA entered into a 60-month lease as Lessee for the use of 2022 - Kelly Imaging - Copier Lease Agreement (Toshiba) 4518A PW. An initial lease liability was recorded in the amount of \$9,209.10. As of 12/31/2022, the value of the lease liability is \$7,705.52. City of Poulsbo, WA is required to make monthly fixed payments of \$151.87. The lease has an interest rate of 0.2383%. The value of the right to use asset as of 12/31/2022 of \$9,209.10 with accumulated amortization of \$1,385.71 is included with Equipment on the Lease Class activities table found below.

On 03/31/2022, City of Poulsbo, WA entered into a 60-month lease as Lessee for the use of 2022 - Kelly Imaging - Copier Lease Agreement (Toshiba) 4515A - Parks & Recreation. An initial lease liability was recorded in the amount of \$11,510.92. As of 12/31/2022, the value of the lease liability is \$9,631.51. City of Poulsbo, WA is required to make monthly fixed payments of \$189.83. The lease has an interest rate of 0.2383%. The value of the right to use asset as of 12/31/2022 of \$11,510.92 with accumulated amortization of \$1,732.07 is included with Equipment on the Lease Class activities table found below.

On 01/01/2022, City of Poulsbo, WA entered into a 51-month lease as Lessee for the use of Kelley Imaging - Copier Lease Muni Court. An initial lease liability was recorded in the amount of \$9,817.24. As of 12/31/2022, the value of the lease liability is \$7,525.08. City of Poulsbo, WA is required to make monthly fixed payments of \$194.73. The lease has an interest rate of 0.5517%. The value of the right to use asset as of 12/31/2022 of \$9,817.24 with accumulated amortization of \$2,302.41 is included with Equipment on the Lease Class activities table found below.

On 04/01/2022, City of Poulsbo, WA entered into a 60-month lease as Lessee for the use of Poulsbo Police Dept. An initial lease liability was recorded in the amount of \$123,928.60. As of 12/31/2022, the value of the lease liability is \$98,746.96. City of Poulsbo, WA is required to make annual fixed payments of \$25,886.94. The lease has an interest rate of 2.1567%. The value of the right to use asset as of 12/31/2022 of \$123,928.60 with accumulated amortization of \$18,589.29 is included with Equipment on the Lease Class activities table found below.

On 01/01/2022, City of Poulsbo, WA entered into an 18-month lease as Lessee for the use of Pitney Bowes - Postage Machine. An initial lease liability was recorded in the amount of \$4,459.19. As of 12/31/2022, the value of the lease liability is \$1,487.83. City of Poulsbo, WA is required to make quarterly fixed payments of \$744.84. The lease has an interest rate of 0.3300%. The value of the right to use asset as of 12/31/2022 of \$4,459.19 with accumulated amortization of \$2,887.24 is included with Equipment on the Lease Class activities table found below.

	Beg Bal	Increases	Decreases	End Bal
Leased Equip	\$200,613	\$0	\$40,212	\$160,401
Total	\$200,613	\$0	\$40,212	\$160,401
Accum Amort Leased Equip	\$200,613	\$0	\$33,170	\$167,443
Total	\$200,613	\$0	\$33,170	\$167,443

As of December 31, 2022 – Lease Principal and Interest Requirements to Maturity:

Year Ended December 31	Principal	Interest	Total
2023	\$40,447	\$1,717	\$42,164
2024	\$38,963	\$1,711	\$40,674
2025	\$39,529	\$1,145	\$40,674
2026-2030	\$41,462	\$572	\$42,034
2031-2035	\$0	\$0	\$0
Total:	\$160,401	\$5,145	\$165,546

NOTE 9: 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.

In 2022, the City of Poulsbo obtained funding from Washington State's Local Option Capital Asset Spending (LOCAL) Program to purchase vehicles for both the Engineering and Police Department.

As of December 31, 2022 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	4,370,000
2022	LOCAL Program GO Bonds: Issued to provide funds to purchase Fleet Vehicles	520,000	3-5%	2026	492,139
2020	Network Switches Installment Purchase	69,477	0.00%	2024	27,791
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	3,664,706
Total					\$ 8,554,635

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, 2022, 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	\$ 5,910,000
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	2,006,844
Total					\$ 7,916,844

PUBLIC WORKS TRUST FUND LOANS

State of Washington Public Works Trust Fund Loans (PWTF) are intergovernmental loans from the Public Works Board to undertake local public works projects. These loans are a direct responsibility of the City. As of fiscal year 2022, the City of Poulsbo does not have any PWTF loans.

INSTALLMENT PURCHASE

The City of Poulsbo has entered into an installment purchase agreement for financing machinery and equipment. The gross amount of assets acquired under installment purchases 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 an installment agreement for the financing of an upgrade of network switches with a payment in year one of \$13,895.

This agreement qualifies as an installment purchase for accounting purposes, therefore, has been recorded at the present value of the future minimum installment 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
2023	928,072	259,382	1,187,454	367,915	275,372	643,287
2024	953,320	227,264	1,180,583	378,941	266,244	645,185
2025	979,758	195,304	1,175,063	390,050	253,936	643,986
2026	665,457	161,619	827,076	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	\$ 8,554,635	\$ 1,585,870	\$ 10,140,505	\$ 7,916,844	\$ 2,642,301	\$ 10,559,145

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, 2022, the City has no arbitrage rebate liability.

LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 8,805,476	\$ 492,139	\$ 770,770	\$ 8,526,845	\$ 914,177
Less Unamortized Bond Discount	-	-	-	-	-
Plus Unamortized Bond Premium	489,319	29,845	46,746	472,419	46,746
Net Pension Liability	349,881	801,410	349,881	801,410	-
Total OPEB Liability	1,178,033	1,103,715	1,178,033	1,103,715	42,672
Compensated Absences	1,067,283	783,356	942,659	907,979	90,798
Leases	-	200,613	40,211	160,402	40,211
Installment Purchase	41,686	-	13,895	27,791	13,895
Total Governmental activity long-term liabilities	11,931,678	3,411,078	3,342,195	12,000,561	1,148,499
Business-type Activities					
Bonds payable:					
Revenue Bonds	6,165,000	-	255,000	5,910,000	270,000
General obligation bonds	2,103,769	-	96,925	2,006,844	97,915
Less Unamortized Bond Discount	(23,467)	-	(1,380)	(22,087)	(1,380)
Plus Unamortized Bond Premium	512,686	-	30,158	482,528	30,158
Net Pension Liability	128,880	297,245	128,880	297,245	-
Compensated Absences	227,808	212,541	190,299	250,050	25,005
Total Business-type activity long-term liabilities	\$ 9,114,676	\$ 509,787	\$ 699,882	\$ 8,924,581	\$ 421,697

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 10: 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 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. Trials for these lawsuits are scheduled for 2023.

One claim was filed in 2022 and is still outstanding. It is anticipated that it will be covered by the City's insurance (WCIA) and will not have an adverse outcome on the City's financial statements.

CONTRACTUAL COMMITMENTS

As of December 31, 2022, the City had 20 significant contractual obligations with the following balances:

<u>Project</u>	<u>Vendor</u>	<u>Amount</u>
Johnson Parkway/SR 305 Roundabout	Active Construction	\$ 754,805
Noll/Johnson Pkwy Project (all elements)	Parametrix	682,067
(Lemolo) Johnson to Normun Pipeline Upgrade - Design	Consort North America Inc	493,431
Construction of Mesford & Swanson PRV Station	McClure & Sons	477,178
COP Complete Streets Plan	Parametrix	218,555
Raab Park Play for All - Design	MIG Inc	123,901
P&R Re-Roof Project	Signature Roof Services LLC	107,562
SR305 Storage Facility Design Services	Parametrix	79,134
Scan & Provide Digital Doc for SOS Grant	USArchive & Imaging Services Inc	47,757
MSC Lift Station Generator	Parametrix	46,447
Water Comp Plan Assistance	Gray & Osborne	34,800
City Wide Safety Project Construction	Sound Pacific Construction LLC	23,692
Mesford & Swanson PRV Stations - Design/Const	Gray & Osborne	22,944
Architectural Svcs - Nordic Cottages Project	Coates Design	13,814
PFD Fire CARES Prgm PT SUDP Svcs	Believe in Recovery	11,855
Johnson Parkway/SR 305 Roundabout Art	Elijah James Burnett	10,820
		<hr/>
		<u>\$ 3,148,764</u>

NOTE 11: 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 but provides the City ownership guaranteeing the City flow capacity. The City is working on updating the agreement to purchase additional capacity. The agreement requires the City to pay 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 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.

In 2022, funding for the FIRE C.A.R.E.S program includes funds from the following sources:

- Kitsap County - \$305,000 grant received in 2021. \$85,457 used in 2022
- Washington State Department of Commerce (July 1 – June 30, 2023) grant for \$194,000. \$105,276 was used in 2022
- Poulsbo Fire Department - \$80,000 charge for services. \$4,837 was claimed through December 2022.
- Olympic Community Health - \$7,500 for 2022 with \$4,765 expended in 2022 and the remainder will be carried forward to 2023.

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 June 1, 2022, through June 30, 2023. The City of Poulsbo has been awarded \$82,640 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. In 2022 an "After Hours Success Coach" was contracted as professional services for the Navigator to provide services to those in need.

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 (KPFd), 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 KPFd for the purpose of conducting a preliminary feasibility study. Upon completion of the feasibility study, the City Council is considering entering into an ILA with KPFd for the project design.

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

NORDIC COTTAGES

The City of Poulsbo has entered into an interlocal agreement with the Kitsap County Consolidated Housing Authority (KCCCHA) to manage the planned Nordic Cottages project. The Nordic Cottages will provide an affordable housing option for senior citizens.

Funding for the Nordic Cottage project will be through debt issues and payments guaranteed by the City Council approved 0.01% sale tax increase.

NOTE 12: 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 2022:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	\$1,103,715
Deferred outflows of resources	11,926
OPEB expenses/expenditures	(51,343)

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, 2022, there are 2, LEOFF 1 retirees covered by the benefit terms. There are no active employees 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 pay 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 \$24,054 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 \$1,103,715 was measured as of June 30, 2022, 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, 2022, 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 1 Medical Benefits Actuarial Valuation Report published by the Washington State Actuary's Office:

Inflation :	2.16%
Discount Rate:	3.54%
Healthcare cost trend rates:	Initial medical costs rate is approximately 5.0%, and varies by year. Long-term care is 4.5%. Medicare Part B premiums is approximately 5.5%, and varies by year.

A 6.3% general inflation rate was used based on the CPI for Urban Wage Earners and Clerical Workers, Seattle-Tacoma-Bellevue, WA - All Items.

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

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 5 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 (4%) or 1-percentage point higher (6%) than the current rate.

	1% Decrease (4%)	Current healthcare Cost Trend Rate (5%)	1% Increase (6%)
Total OPEB Liability	\$989,833	\$1,103,715	\$1,235,578

Discount Rate. The following presents the total OPEB liability of the City of Poulsbo calculated using the current discount rate of 3.54 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate.

	1% Decrease (2.54%)	Current healthcare Cost Trend Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$1,243,891	\$1,103,715	\$985,481

Changes in experience data and assumptions reflect a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

Change in the Total OPEB Liability	
Balance at 6/30/2021	\$ 1,178,033
Changes for the year:	
Interest Cost	25,049
Changes in Experience Data and Assumptions	(62,462)
Estimated Benefit Payments	(36,905)
Net changes	(74,318)
Balance at 6/30/2022	\$ 1,103,715

Deferred outflows of resources of \$11,926 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, 2022.

At December 31, 2022 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	\$ 11,926	\$ -
TOTAL*	\$ 11,926	\$ -

NOTE 13: 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	\$ (155,213)	\$ (155,213)	WSDOT Administrative Fee Correction
001	General	114,600	114,600	Neighborhood Streets Maintenance Correction
101	City Street	(18,531)	(18,531)	Fuel Tax Revenue Accrual Correction
181	Transient Occupancy	(6,000)	(6,000)	Halo Fireworks
311	Street Reserve	(114,600)	(114,600)	Neighborhood Streets Maintenance Correction
		<u>\$ (179,744)</u>	<u>\$ (179,744)</u>	

- An adjustment to the WSDOT Administrative fees was made to correct 2021 expenditures recorded on the Noll Road Johnson Parkway project for an asset that will not ultimately belong to the City. These expenditures are expected to be covered by grant funds held by the Washington State Department of Transportation.
- Adjustments to the General and Street Reserve funds were made to correct a series of expenditures for Neighborhood Streets maintenance, originally booked in fiscal year 2021. The booked payable was incorrectly capitalized in the Street Reserve Fund and later found to be a noncapital expenditure.
- The adjustment to the Transient Occupancy Tax fund represents a correction to a 2020 expenditure for a deposit that was paid and then refunded (Halo Fireworks.) The deposit was for an event that did not occur.
- An adjustment was made to the City Street fund to correct revenue accruals in 2021 and 2022 for fuel tax that was received.

NOTE 14: RECONCILIATION OF NET INVESTMENT IN CAPITAL ASSETS**Governmental Activities:**

Capital Assets, Net of Depreciation	\$ 91,422,363
General Obligation Bonds Payable	(8,715,037)
Unamortized premium on Bonds	(472,419)
Deferred Outflows - Loss on Refunding	370,290
Payables	<u>(1,013,874)</u>

Net Investment in Capital Assets**\$ 81,591,322****Business-Type Activities:**

Capital Assets, Net of Depreciation	\$ 82,898,645
Revenue Bonds Payable	(7,916,844)
Unamortized premium on Bonds	(482,528)
Unamortized discount on Bonds	22,087
Payables	<u>(402,041)</u>

Net Investment in Capital Assets**\$ 74,119,319****NOTE 15: ACCOUNTING AND REPORTING CHANGES**

In fiscal year 2022, the City of Poulsbo implemented GASB Statement No. 87 Leases. The City of Poulsbo has recognized a lease liability and lease asset at the commencement of the lease term for both lease equipment by the City and property leased by the City to other entities.

NOTE 16: SUBSEQUENT EVENTS

In December 2022, the City Council approved an agreement between the City of Poulsbo and the State of Washington Attorney General approving the Opioid Settlement Distribution to local governments. The first portion of the settlement allocated to the City of Poulsbo was \$12,396. This payment was received in January 2023. Payments are scheduled each year through 2027.

On January 11, 2023, the City Council passed ordinance #2023-01 increasing in the sales tax by 0.1% to support the Transportation Benefit District (TBD) that was established in December 2021 (ordinance #2021-15). This increase became effective on 1/23/2023.

NOTE 17: ASSET RETIREMENT OBLIGATIONS

The City has 7 water wells. Under state law, water wells are required to be decommissioned upon their abandonment. Presently, all wells are maintained in good condition through repairs and rehabilitation. The Department of Ecology has not required any decommission during the annual permit process. There is no plan to shut down or decommission the City's existing wells in the foreseeable future, so the City has no asset retirement obligations at this point.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LEOFF 1
As of June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability - beginning	\$ 1,178,033	\$ 1,151,313	\$ 1,215,855	\$ 1,185,697	\$ 1,220,280
Interest	25,049	25,008	41,770	45,286	43,106
Changes in Experience Data and Assumptions	(62,462)	41,424	(61,081)	16,187	(45,011)
Estimated Benefit Payments	(36,905)	(39,712)	-	(31,315)	(32,678)
Benefit payments			(45,231)	-	-
Total OPEB liability - ending	<u>\$ 1,103,715</u>	<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	0
Total OPEB liability as a % of covered payroll	0.00%	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, 2022
 Last 9 years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.039458%	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>\$ 1,098,656</u>	<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>\$ 1,098,656</u></u>	<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	\$ 6,440,352	\$ 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	17.06%	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	76.56%	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, 2022
 Last 9 years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.051469%	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>\$ (1,908,872)</u>	<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>\$ (1,908,872)</u></u>	<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	\$ 6,440,352	\$ 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	-29.64%	-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	106.73%	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, 2022
Last 9 years*

	<u>2022</u>	<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)	0.001784%	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	\$ (51,176)	\$ (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>\$ (346,154)</u>	<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>\$ (397,330)</u>	<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	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	N/A
Plan fiduciary net position as a percentage of the total pension liability	169.62%	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, 2022
 Last 9 years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.052882%	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	\$ (1,437,173)	\$ (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	(930,969)	(1,933,783)	(707,548)	(867,218)	(745,429)	(480,253)	(202,407)	(366,222)	(453,820)
Total	<u>\$ (2,368,142)</u>	<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	\$ 2,116,086	\$ 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	67.92%	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	116.09%	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, 2022
 Last 9 years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 259,173	\$ 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	(259,173)	(258,233)	(299,031)	(303,261)	(286,998)	(249,559)	(224,037)	(199,036)	(167,996)
Covered payroll	\$ 6,907,296	\$ 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	3.75%	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, 2022
Last 9 years*

	<u>2022</u>	<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	\$ 439,305	\$ 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	(439,305)	(429,186)	(494,198)	(471,748)	(425,275)	(348,499)	(292,611)	(255,711)	(208,036)
Covered payroll	\$ 6,907,296	\$ 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	6.36%	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, 2022
Last 9 years*

	<u>2022</u>	<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	\$ 122,486	\$ 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	(122,486)	(101,429)	(107,243)	(104,711)	(102,989)	(91,334)	(80,293)	(80,712)	(78,406)
Covered payroll	\$ 2,361,716	\$ 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	5.19%	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, 2022

Note 1 – Information provided

There are no City employees participating in the PERS 1 or LEOFF 1 plans in 2022; 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, 2022
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	\$ 8,049	\$ 2,832	\$ 141,991	\$ 129,947	\$ 177,786	\$ 76,147
Investments	78,040	2,365,430	2,054,266	292,270	376,059	33,728
Receivables (<i>net allowance for uncollectibles</i>)						
Taxes	32,368	88,973	-	-	113,265	-
Accounts	9,067	-	-	-	-	10,091
Intergovernmental	82,244	-	-	-	-	-
Cash and Investments - Restricted	-	-	-	-	-	-
Total Assets	209,768	2,457,235	2,196,258	422,218	667,110	119,966
Deferred Outflows of Resources	-	-	-	-	-	-
Liabilities						
Accounts Payable	90,323	-	5,319	1,316	4,913	16,287
Payroll	29,099	-	-	-	1,541	-
Custodial Accounts	-	-	-	-	-	-
Total Liabilities	119,422	-	5,319	1,316	6,455	16,287
Unavailable Revenue - Grants	67,067	-	-	-	-	-
Deferred Inflows of Resources	67,067	-	-	-	-	-
Fund Balances						
Nonspendable Fund Balance	-	-	-	-	-	-
Endowment						
Prepaid Items						
Restricted Fund Balance	-	2,457,235	2,190,939	420,901	660,655	103,680
Committed Fund balance	-	-	-	-	-	-
Assigned Fund Balance	23,279	-	-	-	-	-
Unassigned Fund Balance	-	-	-	-	-	-
Total Fund Balance	23,279	2,457,235	2,190,939	420,901	660,655	103,680
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 209,768	\$ 2,457,235	\$ 2,196,258	\$ 422,218	\$ 667,110	\$ 119,966

COMBINING BALANCE SHEET (continued)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

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	\$ 4,620	\$ 13,679	\$ 93,020	\$ 55,619	\$ 703,690
Investments	18,655	36,762	263,813	128,881	5,647,905
Receivables (net allowance for uncollectibles)					
Taxes	163	-	44,257	3,767	282,793
Accounts	-	-	-	-	19,158
Intergovernmental	-	-	-	-	82,244
Cash and Investments - Restricted	-	-	-	-	-
Total Assets	23,438	50,440	401,089	188,268	6,735,789
Deferred Outflows of Resources					
	-	-	-	-	-
Liabilities					
Accounts Payable	-	944	19,023	16	138,141
Payroll	-	-	3,585	-	34,226
Custodial Accounts	-	4,824	-	149	4,973
Total Liabilities	-	5,768	22,609	165	177,339
Unavailable Revenue - Grants	-	-	-	-	67,067
Deferred Inflows of Resources	-	-	-	-	67,067
Fund Balances					
Nonspendable Fund Balance	-	-	-	-	-
Endowment					
Prepaid Items					
Restricted Fund Balance	23,438	44,672	378,481	162,983	6,442,984
Committed Fund balance	-	-	-	-	-
Assigned Fund Balance	-	-	-	25,120	48,399
Unassigned Fund Balance	-	-	-	-	-
Total Fund Balance	23,438	44,672	378,481	188,103	6,491,383
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	\$ 23,438	\$ 50,440	\$ 401,089	\$ 188,268	\$ 6,735,789

COMBINING BALANCE SHEET (continued)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022
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	
\$ 3,913 4,116	\$ 3,913 4,116	\$ 119,415 376,022	\$ 127,276 334,317	\$ 12,637 25,225	\$ 30,498 1,868,050	\$ 289,827 2,603,614	
-	-	-	-	-	-	-	
-	-	-	5,405	9,986	-	15,391	
-	-	384,446	-	-	237	384,683	
8,028	8,028	879,883	466,998	47,849	1,898,785	3,293,515	
-	-	-	-	-	-	-	
300	300	11,173	1,099	-	1,617	13,889	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
300	300	11,173	1,099	-	1,617	13,889	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
7,728	7,728	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	868,709	465,899	47,849	1,897,169	3,279,626	
-	-	-	-	-	-	-	
7,728	7,728	868,709	465,899	47,849	1,897,169	3,279,626	
\$ 8,028	\$ 8,028	\$ 879,883	\$ 466,998	\$ 47,849	\$ 1,898,785	\$ 3,293,515	

COMBINING BALANCE SHEET (continued)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022
Page 4 of 4

<u>Permanent Fund</u>		
	Bernice Borgen Beautification Trust Fund	Total Non-Major Governmental Funds
Assets		
Cash and Cash Equivalents	3,292	\$ 1,000,721
Investments	-	8,255,635
Receivables <i>(net allowance for uncollectibles)</i>		
Taxes	-	282,793
Accounts	-	19,158
Intergovernmental	-	97,634
Cash and Investments - Restricted	92,492	477,175
Total Assets	95,784	10,133,117
Deferred Outflows of Resources	-	-
Liabilities		
Accounts Payable	-	152,329
Payroll	-	34,226
Custodial Accounts	-	4,973
Total Liabilities	-	191,528
Unavailable Revenue - Grants	-	67,067
Deferred Inflows of Resources	-	67,067
Fund Balances		
Nonspendable Fund Balance	91,016	91,016
Endowment		
Prepaid Items		
Restricted Fund Balance	4,768	6,455,481
Committed Fund balance	-	-
Assigned Fund Balance	-	3,328,025
Unassigned Fund Balance	-	-
Total Fund Balance	95,784	9,874,521
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 95,784	\$ 10,133,117

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**
Page 1 of 4

	City Street Fund	Capital Improvements Fund	Transportation Development Fund	Park Development Fund	Affordable Housing Fund
Revenues					
Taxes	\$ -	\$ 1,190,701	\$ -	\$ -	\$ 688,352
Intergovernmental	260,995	-	-	-	-
Interest and Other Earnings	150	(14,135)	(14,271)	1,823	2,035
Licenses and Permits	25,395	-	-	-	-
Charges for Services	-	-	765,912	184,286	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	18,586	-	-	-	-
Total Revenues	305,125	1,176,565	751,641	186,110	690,388
Expenditures					
Current:					
General Government	-	-	-	-	-
Security of Persons & Property	-	-	-	-	-
Utilities and Environment	-	-	-	-	-
Transportation	1,214,905	-	-	-	-
Economic Environment	-	-	-	-	97,421
Mental and Physical Health	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service:	-	-	-	-	-
Principal	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	1,214,905	-	-	-	97,421
Excess (deficiency) of Revenues over (under) expenditures	(909,780)	1,176,565	751,641	186,110	592,967
Other Financing Sources (Uses)					
Transfers In	791,000	-	-	-	-
Transfers Out	-	(2,000,000)	-	(38,500)	-
Issuance of Long Term Debt	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources and Uses	791,000	(2,000,000)	-	(38,500)	-
Net Change in Fund Balances	(118,780)	(823,435)	751,641	147,610	592,967
Fund Balances - Beginning of Year	123,528	3,280,670	1,439,299	273,292	67,688
Prior Year Adjustment	18,531	-	-	-	-
Fund Balances - End of Year	\$ 23,279	2,457,235	\$ 2,190,939	\$ 420,901	\$ 660,655

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Page 2 of 4

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	\$ -	\$ -	\$ -	\$ 333,956	\$ -	\$ 2,213,009
Intergovernmental	-	1,203	-	60,000	31,713	353,911
Interest and Other Earnings	836	215	433	591	1,486	(20,836)
Licenses and Permits	-	-	-	-	-	25,395
Charges for Services	-	-	-	-	-	950,198
Fines and Forfeitures	-	-	-	-	894	894
Miscellaneous	92,995	-	9,442	-	1,432	122,456
Total Revenues	93,831	1,419	9,875	394,547	35,526	3,645,027
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Security of Persons & Property	-	-	11,165	-	17,048	28,213
Utilities and Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	1,214,905
Economic Environment	-	-	-	230,745	-	328,166
Mental and Physical Health	-	-	-	-	-	-
Culture and Recreation	88,735	-	-	-	-	88,735
Debt Service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	88,735	-	11,165	230,745	17,048	1,660,019
Excess (deficiency) of Revenues over (under) expenditures	5,096	1,419	(1,290)	163,803	18,478	1,985,008
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	791,000
Transfers Out	-	-	-	-	-	(2,038,500)
Issuance of Long Term Debt	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-	(1,247,500)
Net Change in Fund Balances	5,096	1,419	(1,290)	163,803	18,478	737,508
Fund Balances - Beginning of Year	98,583	22,019	45,962	208,678	169,625	5,729,343
Prior Year Adjustment	-	-	-	6,000	-	24,531
Fund Balances - End of Year	\$ 103,680	\$ 23,438	\$ 44,672	\$ 378,481	\$ 188,103	\$ 6,491,383

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Page 3 of 4

	<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	-	-	60,816	5,405	9,986	-	76,207
Interest and Other Earnings	3,442	3,442	(1,874)	3,856	291	3,755	6,028
Licenses and Permits	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	6,000	-	6,000
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous	-	-	-	35,023	-	-	35,023
Total Revenues	3,442	3,442	58,943	44,284	16,277	3,755	123,258
Expenditures							
Current:							
General Government	-	-	-	-	-	-	-
Security of Persons & Property	-	-	-	-	-	-	-
Utilities and Environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-
Mental and Physical Health	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Debt Service:							
Principal	784,665	784,665	-	-	-	-	-
Interest & Fiscal Charges	266,912	266,912	1,984	-	-	-	1,984
Capital Outlay	-	-	467,247	49,684	9,986	149,378	676,295
Total Expenditures	1,051,577	1,051,577	469,231	49,684	9,986	149,378	678,279
Excess of Revenues over (under)							
Expenditures	(1,048,135)	(1,048,135)	(410,288)	(5,400)	6,291	(145,623)	(555,020)
Other Financing Sources (Uses)							
Transfers In	1,043,503	1,043,503	90,050	152,500	-	36,700	279,250
Transfers Out	-	-	-	-	-	-	-
Issuance of Long Term Debt	-	-	692,752	-	-	-	692,752
Premium on Bonds Sold	-	-	29,845	-	-	-	29,845
Sale of Capital Assets	-	-	-	-	-	-	-
Total Other Financing Sources and Uses	1,043,503	1,043,503	812,647	152,500	-	36,700	1,001,847
Net Change in Fund Balances	(4,632)	(4,632)	402,359	147,100	6,291	(108,923)	446,826
Fund Balances - Beginning of Year	12,361	12,361	466,351	318,799	41,558	2,006,092	2,832,800
Prior Year Adjustment	-	-	-	-	-	-	-
Fund Balances - Ending of Year	\$ 7,728	\$ 7,728	\$ 868,709	\$ 465,899	\$ 47,849	\$ 1,897,169	\$ 3,279,626

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Page 4 of 4

	Permanent Fund	
	Bernice Borgen Beautification Trust Fund	Total Non-Major Governmental Funds
Revenues		
Taxes	\$ -	\$ 2,213,009
Intergovernmental	-	430,118
Interest and Other Earnings	(152)	(11,518)
Licenses and Permits	-	25,395
Charges for Services	-	956,198
Fines and Forfeitures	-	894
Miscellaneous	-	157,479
Total Revenues	(152)	3,771,575
Expenditures		
Current:		
General Government	-	-
Security of Persons & Property	-	28,213
Utilities and Environment	-	-
Transportation	-	1,214,905
Economic Environment	-	328,166
Mental and Physical Health	-	-
Culture and Recreation	-	88,735
Debt Service:		
Principal	-	784,665
Interest & Fiscal Charges	-	268,896
Capital Outlay	-	676,295
Total Expenditures	-	3,389,875
Excess (deficiency) of Revenues over (under) expenditures	(152)	381,700
Other Financing Sources (Uses)		
Transfers In	-	2,113,753
Transfers Out	-	(2,038,500)
Issuance of Long Term Debt	-	692,752
Premium on Bonds Sold	-	29,845
Sale of Capital Assets	-	-
Total Other Financing Sources and Uses	-	797,850
Net Change in Fund Balances	(152)	1,179,550
Fund Balances - Beginning of Year	95,936	8,670,440
Prior Year Adjustment	-	24,531
Fund Balances - End of Year	\$ 95,784	\$ 9,874,521

CITY STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
License and Permits	\$ 22,640	\$ 25,395	\$ 2,755
Intergovernmental	361,187	260,995	(100,192)
Interest and Other Earnings	1,300	150	(1,150)
Miscellaneous	-	18,586	18,586
Total Revenues	385,127	305,125	(80,002)
Expenditures			
Transportation:			
Street Maintenance	1,232,157	1,214,905	(17,252)
Total Expenditures	1,232,157	1,214,905	(17,252)
Excess of Revenues Over (Under) Expenditures	(847,030)	(909,780)	(62,750)
Other Financing Sources (Uses)			
Transfers In	791,000	791,000	(0)
Total Other Financing Sources (Uses)	791,000	791,000	(0)
Net Change in Fund Balance	(56,030)	(118,780)	(62,750)
Fund Balance - Beginning of Year	123,527	123,528	1
Prior Year Adjustment	-	18,531	18,531
Fund Balance - End of Year	\$ 67,497	\$ 23,279	\$ (44,218)

CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes:			
Excise Tax	\$ 500,000	\$ 1,190,701	\$ 690,701
Interest and Other Earnings	6,000	(14,135)	(20,135)
Total Revenues	506,000	1,176,565	670,565
 Excess of Revenues Over (Under) Expenditures	 506,000	 1,176,565	 670,565
Other Financing Sources (Uses)			
Transfers Out	(2,400,000)	(2,000,000)	400,000
Total Other Financing Sources (Uses)	(2,400,000)	(2,000,000)	400,000
 Net Change in Fund Balance	 (1,894,000)	 (823,435)	 1,070,565
Fund Balance - Beginning of Year	3,280,670	3,280,670	(0)
Fund Balance - End of Year	\$ 1,386,670	\$ 2,457,235	\$ 1,070,565

TRANSPORTATION DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Growth Mgmt Act Impact	\$ -	\$ 752,950	\$ 752,950
SEPA Mitigation	275,000	12,962	(262,038)
Interest and Other Earnings	500	(14,271)	(14,771)
Total Revenues	275,500	751,641	476,141
 Excess of Revenues Over (Under) Expenditures	 275,500	 751,641	 476,141
Other Financing Sources (Uses)			
Transfers Out	(1,481,000)	-	1,481,000
Total Other Financing Sources (Uses)	(1,481,000)	-	1,481,000
 Net Change in Fund Balance	 (1,205,500)	 751,641	 1,957,141
Fund Balance - Beginning of Year	1,439,299	1,439,299	-
Fund Balance - End of Year	\$ 233,799	\$ 2,190,939	\$ 1,957,140

PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Growth Mgmt Act Impact	\$ 20,000	\$ 184,286	\$ 164,286
SEPA Mitigation	-	-	-
Interest and Other Earnings	1,000	1,823	823
Total Revenues	21,000	186,110	165,110
 Excess of Revenues Over (Under) Expenditures	 21,000	 186,110	 165,110
Other Financing Sources (Uses)			
Transfers Out	(158,500)	(38,500)	120,000
Total Other Financing Sources (Uses)	(158,500)	(38,500)	120,000
 Net Change in Fund Balance	 (137,500)	 147,610	 285,110
Fund Balance - Beginning of Year	273,292	273,292	-
Fund Balance - End of Year	\$ 135,792	\$ 420,901	\$ 285,109

AFFORDABLE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Affordable House Sales & Use Tax	\$ 435,000	\$ 688,352	\$ 253,352
Interest and Other Earnings	-	2,035	2,035
Total Revenues	435,000	690,388	255,388
Expenditures			
Professional Services	500,478	97,421	(403,057)
Total Expenditures	500,478	97,421	(403,057)
Excess of Revenues Over (Under) Expenditures	(65,478)	592,967	658,445
Net Change in Fund Balance	(65,478)	592,967	658,445
Fund Balance - Beginning of Year	67,688	67,688	0
Fund Balance - End of Year	\$ 2,210	\$ 660,655	\$ 658,445

HISTORIC DOWNTOWN POULSBO ASSOCIATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Special Assessments	\$ 45,000	\$ 50,695	\$ 5,695
Gifts and Pledges	36,000	42,300	6,300
Interest and Other Earnings	350	836	486
Total Revenues	81,350	93,831	12,481
Expenditures			
Bad Debt Expense	500	3,560	(3,060)
Office & Operating Supplies	2,000	2,683	(683)
Small Tools & Minor Equipment	200	-	200
Professional Services	7,500	9,531	(2,031)
Advertising	43,000	38,159	4,841
Communication	1,000	-	1,000
Postage	250	180	70
Insurance	1,805	2,235	(430)
Repairs and Maintenance	27,500	27,037	463
Miscellaneous	10,000	5,350	4,650
Total Expenditures	93,755	88,735	5,020
Excess of Revenues Over (Under) Expenditures	(12,405)	5,096	17,501
Net Change in Fund Balance	(12,405)	5,096	17,501
Fund Balance - Beginning of Year	98,583	98,583	-
Fund Balance - End of Year	\$ 86,178	\$ 103,680	\$ 17,502

PATH AND TRAILS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ 1,146	\$ 1,203	\$ 57
Interest and Other Earnings	-	215	215
Total Revenues	1,146	1,419	273
 Excess of Revenues Over (Under) Expenditures	 1,146	 1,419	 273
 Net Change in Fund Balance	 1,146	 1,419	 273
Fund Balance - Beginning of Year	22,019	22,019	(0)
Fund Balance - End of Year	\$ 23,165	\$ 23,438	\$ 273

DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ 700	\$ 433	\$ (267)
Miscellaneous	-	9,442	9,442
Total Revenues	700	9,875	9,175
Expenditures			
Special Unit Program	11,000	11,165	(165)
K-9 Program	3,450	-	3,450
Total Expenditures	14,450	11,165	3,285
Excess of Revenues Over (Under) Expenditures	(13,750)	(1,290)	12,460
Net Change in Fund Balance	(13,750)	(1,290)	12,460
Fund Balance - Beginning of Year	45,962	45,962	(0)
Fund Balance - End of Year	\$ 32,212	\$ 44,672	\$ 12,460

TRANSIENT OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Hotel/Motel Tax	\$ 130,000	\$ 333,956	\$ 203,956
Intergovernmental	60,000	60,000	-
Interest and Other Earnings	1,000	591	(409)
Total Revenues	191,000	394,547	203,547
Expenditures			
Poulsbo Marketing Alliance			
Poulsbo Historical Society	28,600	28,600	-
City of Poulsbo Event Coordinator	93,383	64,150	29,233
Viking Fest Corporation	20,000	19,213	787
SEA Discovery Center	37,500	37,500	-
Visit Kitsap Peninsula	36,850	36,800	50
Historic Downtown Poulsbo Association	36,300	36,300	-
Sons of Norway	11,165	3,512	7,653
Kitsap Children's Musical Theater	4,000	3,282	718
Poulsbo Community Orchestra	2,000	388	1,612
Bremerton Symphony	1,000	1,000	-
Total Expenditures	270,798	230,745	40,053
Excess of Revenues Over (Under) Expenditures	(79,798)	163,803	243,601
Net Change in Fund Balance	(79,798)	163,803	243,601
Prior Period Adjustment	-	6,000	6,000
Fund Balance - Beginning of Year	208,678	208,678	0
Fund Balance - End of Year	\$ 128,880	\$ 378,481	\$ 249,601

POLICE RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Vessel Registration	\$ 7,800	\$ 6,966	\$ (834)
Intergovernmental	23,511	24,747	1,236
Fines & Forfeitures	-	894	894
Interest and Other Earnings	1,200	1,486	286
Miscellaneous	-	1,432	1,432
Total Revenues	32,511	35,526	3,015
Expenditures			
Marine Safety	14,300	13,874	426
Criminal Justice	3,000	3,170	(170)
Miscellaneous	1,200	4	1,196
Total Expenditures	18,500	17,048	1,452
Excess of Revenues Over (Under) Expenditures	14,011	18,478	4,467
Net Change in Fund Balance	14,011	18,478	4,467
Fund Balance - Beginning of Year	169,625	169,625	0
Fund Balance - End of Year	\$ 183,636	\$ 188,103	\$ 4,467

NON-VOTED GENERAL OBLIGATION DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ 500	\$ 3,442	\$ 2,942
Total Revenues	500	3,442	2,942
Expenditures			
Debt Service:			
General Obligation Bond-Principal	896,770	784,665	112,105
Interest and Other Costs	282,933	266,912	16,021
Total Expenditures	1,179,703	1,051,577	128,126
Excess of Revenues Over (Under) Expenditures	(1,179,203)	(1,048,135)	131,068
Other Financing Sources (Uses)			
Transfers In	1,178,503	1,043,503	(135,000)
Total Other Financing Sources (Uses)	1,178,503	1,043,503	(135,000)
Net Change in Fund Balance	(700)	(4,632)	(3,932)
Fund Balance - Beginning of Year	12,361	12,361	(0)
Fund Balance - End of Year	\$ 11,661	\$ 7,728	\$ (3,933)

EQUIPMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ -	\$ (1,874)	\$ (1,874)
Intergovernmental	10,000	60,816	50,816
Contributions & Donations	50,000	-	(50,000)
Other Financing Sources	525,000	722,597	197,597
Total Revenues	585,000	781,539	196,539
Expenditures			
Capital Outlay:			
Central Services	15,750	37,323	(21,573)
General Government	104,300	128,554	(24,254)
Parks & Recreation	-	11,511	(11,511)
Police	507,500	262,156	245,344
Public Works	30,830	29,687	1,143
Total Expenditures	658,380	469,231	189,149
Excess of Revenues Over (Under) Expenditures	(73,380)	312,309	385,689
Other Financing Sources (Uses)			
Transfers In	90,050	90,050	-
Total Other Financing Sources (Uses)	90,050	90,050	-
Net Change in Fund Balance	16,670	402,359	385,689
Fund Balance - Beginning of Year	466,351	466,351	(0)
Fund Balance - End of Year	\$ 483,021	\$ 868,709	\$ 385,688

PARK RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental:			
State Grants	\$ 870,000	\$ 2,738	\$ (867,262)
Federal Grants	-	2,667	2,667
Contributions & Donations	100,000	30,000	(70,000)
Interest and Other Earnings	1,200	8,879	7,679
Total Revenues	971,200	44,284	(926,916)
Expenditures			
Capital Outlay:			
Play for All Raab Park	1,065,694	1,099	1,064,595
Rotary Morrow Community Park	34,417	292	34,125
Urban Paths & Trails	62,500	-	62,500
P&R Building	250,000	27,675	222,325
Swings	5,000	-	5,000
Park Land Acquisition	20,000	20,618	(618)
Muriel Iverson Williams Waterfront Park	25,000	-	25,000
Total Expenditures	1,462,611	49,684	1,412,927
Excess of Revenues Over (Under) Expenditures	(491,411)	(5,400)	486,011
Other Financing Sources (Uses)			
Transfers In	272,500	152,500	(120,000)
Transfers Out	(50,000)	-	50,000
Total Other Financing Sources (Uses)	222,500	152,500	(70,000)
Net Change in Fund Balance	(268,911)	147,100	416,011
Fund Balance - Beginning of Year	318,799	318,799	0
Fund Balance - End of Year	\$ 49,888	\$ 465,899	\$ 416,011

STREET RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (negative)
Revenues				
Intergovernmental	\$ -	\$ 1,840,033	\$ 847,754	\$ (992,279)
Interest and Other Earnings	-	-	7,285	7,285
Special Assessments - Capital	-	-	164,515	164,515
Total Revenues	-	1,840,033	1,019,555	(820,478)
Expenditures				
Transportation:				
Street Maintenance	775,000	6,015,768	3,435,719	2,580,049
Total Expenditures	775,000	6,015,768	3,435,719	2,580,049
Excess of Revenues Over (Under) Expenditures	(775,000)	(4,175,735)	(2,416,164)	1,759,571
Other Financing Sources (Uses)				
Notes Issued	-	-	-	-
Transfers In	710,000	3,541,000	1,660,000	(1,881,000)
Transfers Out	-	(316,000)	(316,000)	-
Total Other Financing Sources (Uses)	710,000	3,225,000	1,344,000	(1,881,000)
Net Change in Fund Balance	(65,000)	(950,735)	(1,072,164)	(121,429)
Fund Balance Beginning of Year	167,618	1,280,848	1,280,848	-
Prior Year Adjustment	-	-	114,600	114,600
Fund Balance End of Year	\$ 102,618	\$ 330,113	\$ 323,284	\$ (6,829)

CEMETERY RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Cemetery Services (Gravesites)	\$ 3,000	\$ 6,000	\$ 3,000
Intergovernmental	15,500	9,986	(5,514)
Interest and Other Earnings	100	291	191
Total Revenues	18,600	16,277	(2,323)
Expenditures			
Construction Capital Asset	15,500	9,986	5,514
Total Expenditures	15,500	9,986	5,514
Excess of Revenues Over (Under) Expenditures	3,100	6,291	3,191
Net Change in Fund Balance	3,100	6,291	3,191
Fund Balance - Beginning of Year	41,558	41,558	-
Fund Balance - End of Year	\$ 44,658	\$ 47,849	\$ 3,191

FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	\$ -	\$ 3,755	\$ 3,755
Total Revenues	-	3,755	3,755
Expenditures			
Construction Capital Asset	11,700	41,108	(29,408)
Building & Structures	295,612	108,269	187,343
Total Expenditures	307,312	149,378	157,934
Excess of Revenues Over (Under) Expenditures	(307,312)	(145,623)	161,689
Other Financing Sources (Uses)			
Transfers In	36,700	36,700	-
Total Other Financing Sources (Uses)	36,700	36,700	(0)
Net Change in Fund Balance	(270,612)	(108,923)	161,689
Fund Balance - Beginning of Year	2,006,092	2,006,092	-
Fund Balance - End of Year	\$ 1,735,480	\$ 1,897,169	\$ 161,689



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

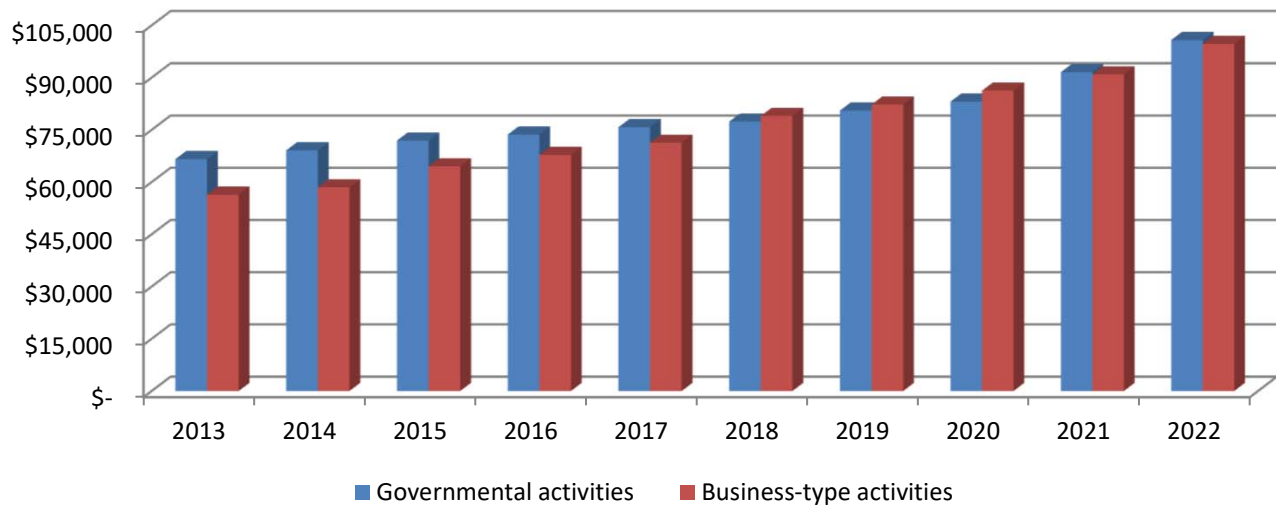
	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets	\$ 61,384,364	\$ 63,759,780	\$ 67,037,545	\$ 67,834,718
Restricted	1,073,118	879,424	1,931,830	2,416,841
Unrestricted	4,134,707	4,455,115	2,935,244	3,367,677
Total Governmental Activities Net Position	66,592,189	69,094,319	71,904,619	73,619,236
Business-type Activities				
Net Investment in Capital Assets	41,152,937	42,142,755	50,368,250	52,652,252
Restricted	313,400	313,400	313,400	313,400
Unrestricted	14,912,634	16,020,323	13,818,164	14,827,869
Total Business-type Activities Net Position	56,378,971	58,476,477	64,499,813	67,793,521
Primary Government				
Net Investment in Capital Assets	102,537,302	105,902,534	117,405,795	120,486,970
Restricted	1,386,518	1,192,824	2,245,230	2,730,241
Unrestricted	19,047,341	20,475,438	16,753,408	18,195,546
Total Primary Government Net Position	\$ 122,971,160	\$ 127,570,796	\$ 136,404,432	\$ 141,412,756

NET POSITION BY COMPONENT (continued)
Last Ten Fiscal Years

Page 2 of 2

2017	2018	2019	2020	2021	2022
\$ 67,195,884	\$ 69,608,469	\$ 71,251,169	\$ 73,665,321	\$ 76,707,923	\$ 81,591,322
3,754,620	4,144,728	5,388,184	5,463,498	9,734,617	10,770,897
4,796,265	3,604,459	3,884,922	3,966,882	5,107,479	8,422,712
75,746,769	77,357,656	80,524,275	83,095,701	91,550,019	100,784,931
56,724,089	63,613,785	63,420,295	63,259,392	68,313,429	74,119,319
-	-	-	-	235,679	523,090
14,542,041	15,377,138	18,838,075	22,987,735	22,366,111	25,010,941
71,266,130	78,990,924	82,258,369	86,247,127	90,915,218	99,653,350
123,919,973	133,222,255	134,671,464	136,924,714	145,021,351	155,710,642
3,754,620	4,144,728	5,388,184	5,463,498	9,970,296	11,293,987
19,338,306	18,981,597	22,722,996	26,954,616	27,473,590	33,433,653
\$ 147,012,899	\$ 156,348,579	\$ 162,782,644	\$ 169,342,828	\$ 182,465,236	\$ 200,438,281

Total Net Position
(In thousands)



CHANGES IN NET POSITION
Last Ten Fiscal Years

Page 1 of 4

	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General Government	\$ 1,640,535	\$ 1,572,173	\$ 1,539,405	\$ 1,776,629	\$ 1,386,987
Judicial	355,656	357,993	370,046	383,968	401,814
Security of Persons & Property	2,826,033	3,009,996	3,146,848	3,327,528	3,495,629
Utilities & Environment	500,646	456,860	481,077	506,396	524,341
Transportation	2,716,499	2,820,286	2,703,349	2,922,462	2,998,467
Economic Environment	779,317	890,459	963,163	999,731	1,031,024
Mental & Physical Health	13,978	14,356	29,772	131,162	245,572
Culture & Recreation	1,336,339	1,338,814	1,422,703	1,469,255	1,400,013
Interest on Long-Term Debt	536,673	518,677	458,869	391,781	378,391
Total Governmental Activities Expenses	10,705,677	10,979,613	11,115,232	11,908,913	11,862,238
Business-Type Activities:					
Water	1,356,314	1,484,034	1,670,634	1,692,690	1,625,472
Sewer	2,240,098	2,236,003	2,531,582	2,686,558	2,716,954
Solid Waste	1,298,015	1,320,150	1,493,671	1,759,556	2,096,082
Storm Drain	972,205	1,088,006	1,433,190	1,676,166	1,647,010
Total Business-Type Activities	5,866,631	6,128,192	7,129,077	7,814,970	8,085,518
Total Primary Government Expenses	16,572,308	17,107,805	18,244,309	19,723,883	19,947,756
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	327,650	345,370	360,990	370,369	415,833
Judicial	108,500	112,624	117,154	279,232	58,842
Security of Persons & Property	148,342	120,687	143,892	133,347	123,696
Utilities & Environment	11,227	5,444	4,715	3,400	4,800
Transportation	67,595	112,095	93,439	82,592	144,829
Economic Environment	558,996	471,539	907,245	1,087,421	949,198
Mental & Physical Health	-	-	-	-	-
Culture & Recreation	530,637	525,946	525,247	535,811	575,614
Interest on Long-Term Debt	-	-	-	-	-
Operating Grants and Contributions	479,485	496,338	605,198	710,043	977,832
Capital Grants and Contributions	1,493,376	3,673,904	5,027,389	1,633,211	2,403,489
Revenues	3,725,807	5,863,947	7,785,269	4,835,426	5,654,133
Business-Type Activities:					
Charges for Services:					
Water	1,528,732	1,590,972	1,831,511	1,857,036	1,960,128
Sewer	3,040,822	3,208,493	3,287,822	3,460,657	3,626,637
Solid Waste	1,456,824	1,501,028	1,614,036	1,793,421	1,922,024
Storm Drain	786,897	1,014,112	1,521,196	1,621,933	1,706,057
Operating Grants and Contributions	-	-	115,058	84,948	8,195
Capital Grants and Contributions	2,492,406	862,361	5,784,476	2,234,980	2,291,492
Revenues	9,305,682	8,176,966	14,154,100	11,052,975	11,514,533
Total Primary Government Program Revenues	\$ 13,031,489	\$ 14,040,913	\$ 21,939,368	\$ 15,888,401	\$ 17,168,666

CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
Page 2 of 4

	2018	2019	2020	2021	2022
Expenses					
Governmental Activities:					
General Government	\$ 2,810,801	\$ 2,768,497	\$ 3,138,251	\$ 2,325,866	\$ 3,212,742
Judicial	434,608	433,486	440,026	449,644	667,401
Security of Persons & Property	4,280,502	4,046,487	4,062,697	4,663,437	4,385,199
Utilities & Environment	210,947	102,289	(20,889)	83,108	(3,517)
Transportation	2,797,834	3,555,833	3,615,492	7,462,013	4,855,285
Economic Environment	1,189,609	1,115,517	1,168,146	1,149,898	1,395,329
Mental & Physical Health	344,875	458,461	482,409	474,789	483,966
Culture & Recreation	1,811,980	1,595,771	1,414,757	1,410,376	1,720,258
Interest on Long-Term Debt	251,599	437,737	295,919	281,997	279,577
Total Governmental Activities Expenses	14,132,756	14,514,078	14,596,807	18,301,128	16,996,239
Business-Type Activities:					
Water	1,982,786	1,791,832	2,091,673	2,064,473	2,417,665
Sewer	3,024,655	3,374,255	3,608,388	3,888,041	3,921,821
Solid Waste	2,331,314	2,342,826	2,495,220	2,669,074	3,157,154
Storm Drain	1,750,631	1,520,262	1,619,323	1,750,967	1,896,933
Total Business-Type Activities	9,089,387	9,029,175	9,814,604	10,372,555	11,393,573
Total Primary Government Expenses	23,222,143	23,543,253	24,411,411	28,673,683	28,389,812
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	357,834	392,318	318,684	342,511	389,309
Judicial	74,442	86,419	45,288	16,834	35,815
Security of Persons & Property	142,503	208,418	187,897	151,796	136,839
Utilities & Environment	6,400	5,600	8,552	8,600	6,000
Transportation	166,074	117,394	166,260	202,779	185,838
Economic Environment	773,100	775,932	596,895	987,356	1,008,018
Mental & Physical Health	-	-	-	-	4,837
Culture & Recreation	600,286	641,844	256,323	327,543	502,212
Interest on Long-Term Debt	-	-	-	-	-
Operating Grants and Contributions	975,732	1,598,363	2,086,040	7,298,800	3,177,278
Capital Grants and Contributions	3,354,870	1,894,309	3,077,912	4,875,702	7,281,854
Revenues	6,451,242	5,720,597	6,743,850	14,211,922	12,728,000
Business-Type Activities:					
Charges for Services:					
Water	2,089,015	2,082,860	2,097,405	2,203,889	2,344,817
Sewer	3,947,885	4,242,423	4,343,457	4,442,162	4,797,794
Solid Waste	2,391,489	2,665,747	2,711,827	2,825,592	3,091,020
Storm Drain	1,744,877	1,811,029	1,859,422	1,906,644	2,070,444
Operating Grants and Contributions	-	-	24,966	47,515	11,456
Capital Grants and Contributions	6,398,378	1,052,865	2,506,252	3,503,550	7,809,657
Revenues	16,571,644	11,854,924	13,543,329	14,929,353	20,125,188
Total Primary Government Program	\$ 23,022,886	\$ 17,575,521	\$ 20,287,179	\$ 29,141,275	\$ 32,853,188

CHANGES IN NET POSITION *(continued)*
Last Ten Fiscal Years

Page 3 of 4

	2013	2014	2015	2017	2017
Net (Expense)/Revenue					
Governmental Activities	\$ (6,979,869)	\$ (5,115,667)	\$ (3,329,963)	\$ (7,073,487)	\$ (6,208,105)
Business-Type Activities	3,439,051	2,048,774	7,025,023	3,238,005	3,429,015
Total Primary Government Net Expense	<u>(3,540,819)</u>	<u>(3,066,892)</u>	<u>3,695,060</u>	<u>(3,835,482)</u>	<u>(2,779,090)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	1,967,770	2,085,784	2,191,189	2,264,194	2,400,282
Retail Sales & Use Taxes	2,967,756	3,227,329	3,393,849	3,742,485	3,985,840
Business Taxes	1,647,259	1,658,873	2,038,443	1,841,119	1,827,400
Excise Taxes	622,312	592,983	748,026	866,886	916,383
Investment Earnings	33,016	47,924	40,329	76,833	107,482
Gain (loss) on Disposal of Capital Assets	124,658	5,715	12,182	15,309	(751,097)
Insurance Recoveries	20,306	-	-	-	-
Total Governmental Activities	<u>7,383,077</u>	<u>7,618,608</u>	<u>8,424,018</u>	<u>8,806,826</u>	<u>8,486,289</u>
Business-Type Activities					
Investment Earnings	25,987	39,785	30,716	54,780	61,650
Gain (loss) on Disposal of Capital Assets	-	11,885	14,211	922	(18,442)
Total Business-Type Activities	<u>25,987</u>	<u>51,670</u>	<u>44,927</u>	<u>55,702</u>	<u>43,208</u>
Total Primary Government	<u>7,409,064</u>	<u>7,670,278</u>	<u>8,468,945</u>	<u>8,862,528</u>	<u>8,529,497</u>
Change in Net Position					
Governmental Activities	403,207	2,502,942	5,094,055	1,733,339	2,278,185
Business-Type Activities	3,465,038	2,100,444	7,069,950	3,293,707	3,472,223
Total Primary Government	<u>\$ 3,868,245</u>	<u>\$ 4,603,386</u>	<u>\$ 12,164,004</u>	<u>\$ 5,027,046</u>	<u>\$ 5,750,408</u>

CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years

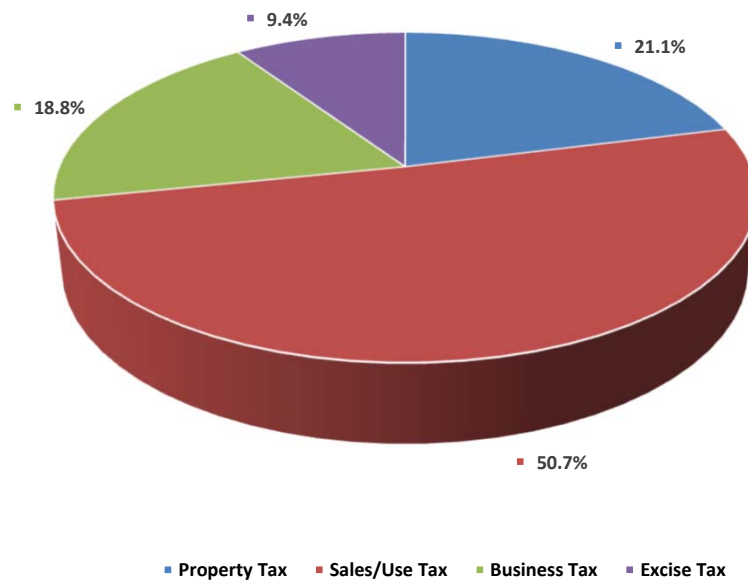
Page 4 of 4

	2018	2019	2020	2021	2022
Net (Expense)/Revenue					
Governmental Activities	\$ (7,681,515)	\$ (8,793,481)	\$ (7,852,956)	\$ (4,089,207)	\$ (4,268,240)
Business-Type Activities	7,482,257	2,825,749	3,728,725	4,556,798	8,731,616
Total Primary Government Net Expense	(199,257)	(5,967,732)	(4,124,231)	467,592	4,463,376
General Revenues and Other Changes in Net					
Governmental Activities:					
Taxes:					
Property Taxes	2,505,945	2,568,117	2,682,753	2,735,494	2,835,984
Retail Sales & Use Taxes	4,516,544	4,628,686	4,626,093	5,581,499	6,831,113
Business Taxes	1,782,092	1,788,092	1,906,282	2,354,992	2,535,258
Excise Taxes	956,626	1,022,463	866,083	1,218,287	1,269,493
Investment Earnings	274,289	482,508	330,550	(14,645)	(148,441)
Gain (loss) on Disposal of Capital Assets	(181,869)	5,624	12,620	694,400	0
Insurance Recoveries	-	-	-	-	-
Total Governmental Activities	9,853,627	10,495,490	10,424,382	12,570,026	13,323,408
Business-Type Activities					
Investment Earnings	195,444	361,686	305,903	111,292	6,517
Gain (loss) on Disposal of Capital Assets	(5,347)	5	(45,870)	-	-
Total Business-Type Activities	190,097	361,691	260,033	111,292	6,517
Total Primary Government	10,043,724	10,857,182	10,684,415	12,681,319	13,329,925
Change in Net Position					
Governmental Activities	2,172,112	1,702,009	2,571,425	8,480,820	9,055,168
Business-Type Activities	7,672,354	3,187,440	3,988,758	4,668,090	8,738,133
Total Primary Government	\$ 9,844,467	\$ 4,889,450	\$ 6,560,184	\$ 13,148,910	\$ 17,793,301

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales/Use Tax	Business Tax	Excise Tax	Total Taxes
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
2022	\$ 2,835,984	\$ 6,831,113	\$ 2,535,258	\$ 1,269,493	\$ 13,471,848

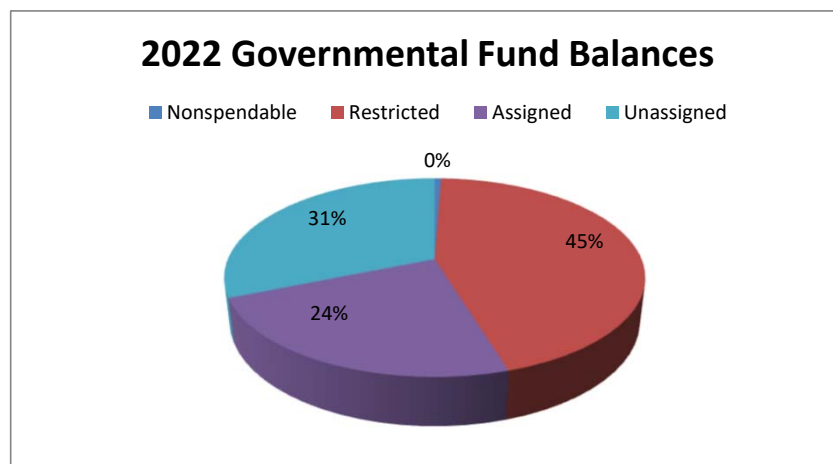
2022 Tax Revenue by Source



**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	
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
2022	\$ 8,117	\$ 1,163,880	\$ 375,000	\$ 5,313,707	\$ 6,860,704	\$ 91,016	\$ 6,455,484	\$ 3,651,306	\$ 10,197,806

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



CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Page 1 of 2

	2013	2014	2015	2016
Revenues				
Taxes	\$ 7,155,680	\$ 7,509,669	\$ 8,345,893	\$ 8,677,430
Licenses and Permits	622,819	558,113	830,042	901,185
Intergovernmental Revenues	646,175	3,384,699	1,066,034	1,050,282
Charges for Services	2,190,358	2,228,941	3,590,226	2,974,396
Fines and Forfeitures	76,729	83,238	83,442	70,774
Interest & Other Earnings	37,631	52,355	45,143	82,219
Miscellaneous	203,606	156,557	227,560	186,840
Total Revenues	10,932,998	13,973,573	14,188,341	13,943,125
Expenditures				
General Government	2,701,167	2,704,029	2,850,202	3,108,256
Security of Persons and Property	2,764,164	2,847,128	2,924,101	3,152,296
Utilities and Environment	512,596	443,940	501,104	532,379
Transportation	1,533,295	1,559,694	1,409,078	1,446,570
Economic Environment	785,598	886,387	969,480	1,010,489
Mental and Physical Health	13,978	14,356	29,772	131,162
Culture and Recreation	1,080,951	1,097,577	1,193,366	1,223,569
Capital Outlay	856,046	3,196,591	1,395,507	1,479,311
Debt Service				
Principal	579,368	589,368	8,815,383	709,368
Interest & Other Charges	495,456	479,814	426,681	373,098
Issuance Costs	-	-	-	-
Total Expenditures	11,322,619	13,818,885	20,514,675	13,166,499
Excess of Revenues				
Over (Under) Expenditures	(389,620)	154,688	(6,326,334)	776,626
Other Financing Sources (Uses)				
Proceeds of Long Term Debt	-	-	7,320,000	-
Premium on Bonds Sold	-	-	774,756	-
Disposal of Capital Assets	272,103	5,715	19,461	-
Comp for Impairment of Cap Assets	20,306	7,528	-	7,649
Insurance Recoveries	-	613	7,461	5,206
Net Transfers In (Out)	-	-	-	-
Intergovernmental Payment	-	-	-	-
Payment to Refund Bond Escrow Agent	-	-	-	-
Leases	-	-	-	-
Issuance Discount on Long-Term Debt	-	-	-	-
Total Other Financing Sources (Uses)	292,408	13,856	8,121,678	12,855
Net Change in Fund Balances	\$ (97,212)	\$ 168,544	\$ 1,795,343	\$ 789,481
Debt Service as a Percentage of				
Noncapital Expenditures	10.27%	10.07%	48.34%	9.26%

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

Page 2 of 2

	2017		2018		2019		2020		2021		2022
\$	9,082,043	\$	9,765,124	\$	10,012,103	\$	10,060,147	\$	11,906,709	\$	13,470,268
	989,990		754,106		663,860		618,486		860,217		933,320
	970,537		1,580,658		2,730,122		3,877,521		10,829,472		3,450,535
	3,990,077		1,763,017		1,496,359		1,095,946		1,663,431		2,107,189
	58,820		68,691		77,783		48,600		43,878		32,615
	113,488		280,830		489,366		336,463		(8,709)		(142,103)
	207,430		166,732		250,265		129,665		162,123		351,695
	15,412,384		14,379,157		15,719,858		16,166,828		25,457,122		20,203,519
	3,220,759		2,717,964		3,017,865		3,468,268		3,532,906		3,634,058
	3,468,946		3,748,307		3,935,891		4,029,727		3,632,679		4,297,563
	547,718		153,233		146,715		36,143		34,783		38,776
	1,528,998		1,113,363		2,044,061		2,105,772		7,091,434		3,195,549
	1,055,026		1,095,645		1,166,843		1,235,471		1,236,534		1,461,021
	244,847		331,552		472,604		519,778		546,309		498,661
	1,197,913		1,429,228		1,390,180		1,223,592		1,166,355		1,489,974
	1,825,198		1,789,001		2,583,026		3,036,937		6,602,702		4,112,014
	729,368		728,777		973,053		797,383		2,119,946		821,905
	360,614		351,116		325,818		292,650		289,092		269,757
	-		-		-		-		8,596		-
	14,179,387		13,458,186		16,056,055		16,745,721		26,261,334		19,819,278
	1,232,998		920,971		(336,198)		(578,893)		(804,213)		384,241
	422,038		-		-		69,477		4,111,701		692,752
	39,280		-		-		-		-		29,845
	905,113		23,394		5,624		13,284		829,856		925
	-		-		-		-		-		-
	770		-		-		-		1,000		2,254
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		59,091
	-		-		-		-		-		-
	1,367,201		23,394		5,624		82,761		4,942,557		784,867
\$	2,600,199	\$	944,365	\$	(330,574)	\$	(496,132)	\$	4,138,344	\$	1,169,107
	8.82%		9.25%		9.64%		7.95%		12.30%		6.95%

GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Page 1 of 2

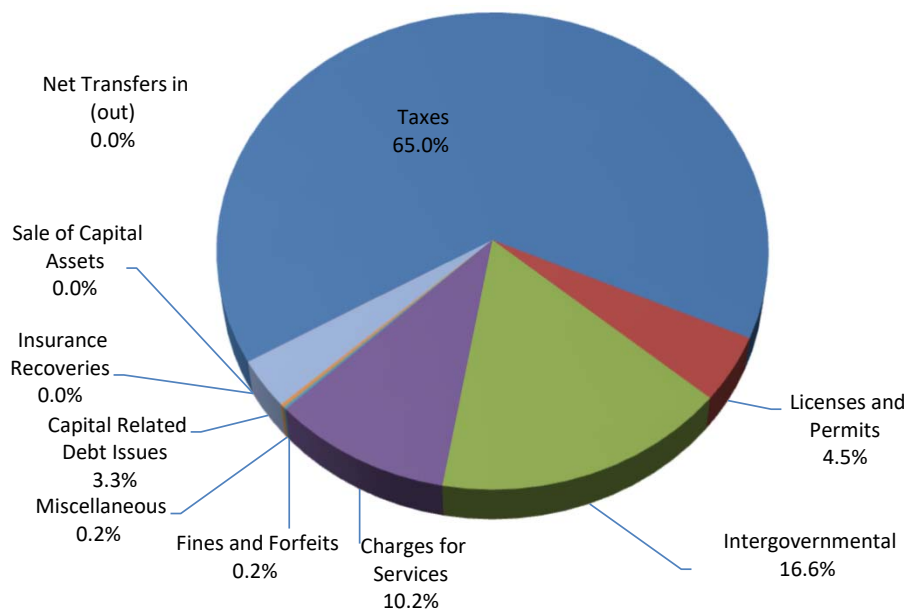
Fiscal Year	REVENUES						Total Revenues
	Taxes	Licenses and Permits	Inter-gov Charges	Charges for Services	Fines and Forfeits	Misc.	
2013	7,155,680	622,819	646,175	2,190,358	76,729	241,237	10,932,998
2014	7,509,669	558,113	3,384,699	2,228,941	83,238	208,912	13,973,573
2015	8,345,893	830,042	1,066,034	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
2022	13,470,268	933,320	3,450,535	2,107,189	32,615	45,076	20,039,003

GOVERNMENTAL REVENUES BY SOURCE (continued)
Last Ten Fiscal Years

Page 2 of 2

OTHER FINANCING SOURCES (USES)					Total Revenues and Other Sources
Capital Related Debt Issues	Insurance Recovery	Sale of Capital Assets	Net Transfers in (out)	Total Other Financing Sources & Uses	
-	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
692,752	2,254	925	-	695,930	20,734,933

2022 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
2013	1,329,419,463	53,365,536	152,715,070	1,230,069,929	1.710	1,335,580,813	92.1%
2014	1,395,699,299	50,866,478	164,218,411	1,282,347,366	1.686	1,409,172,930	91.0%
2015	1,335,212,301	54,281,382	45,525,120	1,343,968,563	1.580	1,428,234,392	94.1%
2016	1,342,718,272	52,165,101	48,779,870	1,346,103,503	1.520	1,514,177,169	88.9%
2017	1,485,086,384	52,521,843	49,652,896	1,487,955,331	1.373	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	1.325	\$ 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%
2022	\$ 2,840,806,854	\$ 57,494,771	\$ 76,187,416	\$ 2,822,114,209	1.031	\$ 3,181,639,469	88.7%

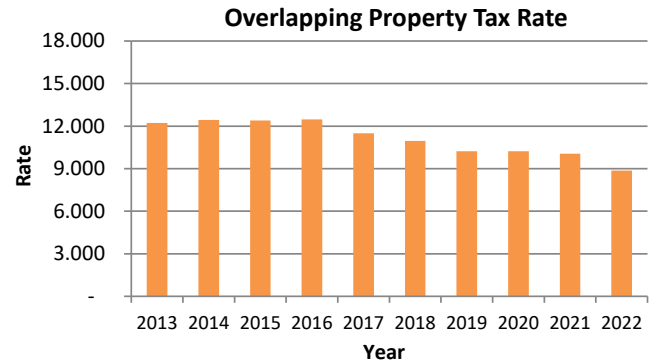
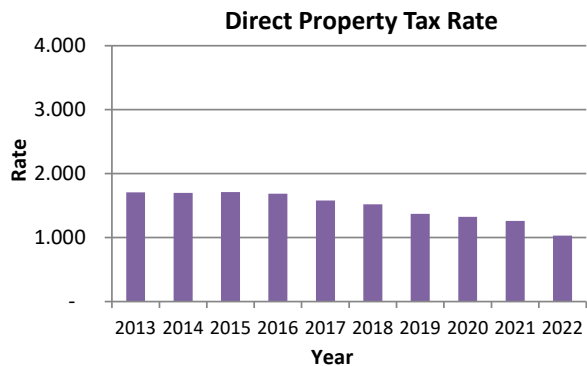
Source: Kitsap County Assessor's Office

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		
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
2022	1.031	1.031	0.652	2.482	2.317	0.183	1.874	0.045	0.276	-	7.829	8.860

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

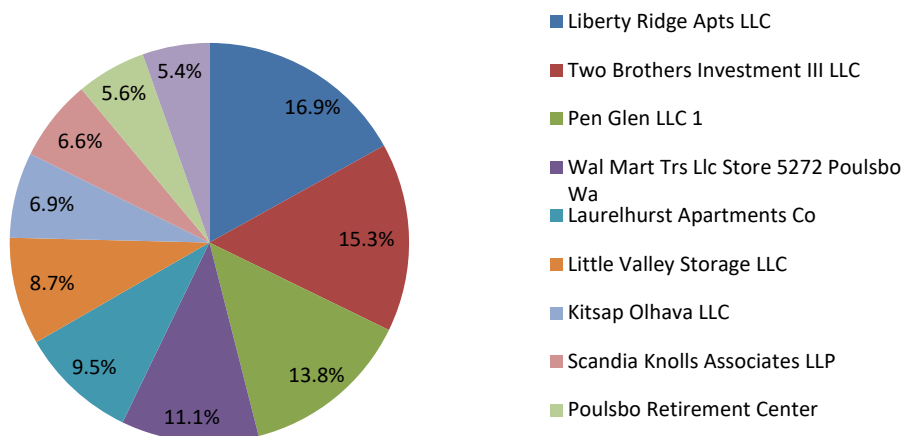


PRINCIPAL TAXPAYERS
Current Year and Ten Years Ago

2022				2013			
Taxpayer	Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Assessed Valuation	Rank	% of Total Assessed Valuation
Liberty Ridge Apts LLC	\$ 38,058,740	1	1.59%	Olhava Associates Lmt'd Ptnsp	\$ 23,739,620	1	1.91%
Two Brothers Investment III LLC	\$ 34,365,440	2	1.44%	Wal Mart Trs Llc Store 5272 Poulsbo W	\$ 16,723,690	2	1.34%
Pen Glen LLC 1	\$ 31,059,070	3	1.30%	Laurelhurst Apartments Co	\$ 13,234,340	3	1.06%
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	\$ 21,408,870	5	0.89%	Hd Development Of Maryland Inc	\$ 10,070,450	5	0.81%
Little Valley Storage LLC	\$ 19,561,650	6	0.82%	Nikkel William A Trustee	\$ 8,934,440	6	0.72%
Kitsap Olhava LLC	\$ 15,592,180	7	0.65%	College Marketplace LLC	\$ 8,918,790	7	0.72%
Scandia Knolls Associates LLP	\$ 14,874,900	8	0.62%	Puget Sound Energy	\$ 8,901,636	8	0.72%
Poulsbo Retirement Center	\$ 12,685,340	9	0.53%	Hattaland	\$ 8,873,510	9	0.71%
Valhalla LLC	\$ 12,182,180	10	0.51%	Poulsbo Retirement Center	\$ 8,369,240	10	0.67%
Totals:	\$ 224,805,810		9.39%	Totals:	\$ 117,977,426		9.48%

Source: Kitsap County Assessor's Office

Assessed Value of Top Ten 2022 Taxpayers

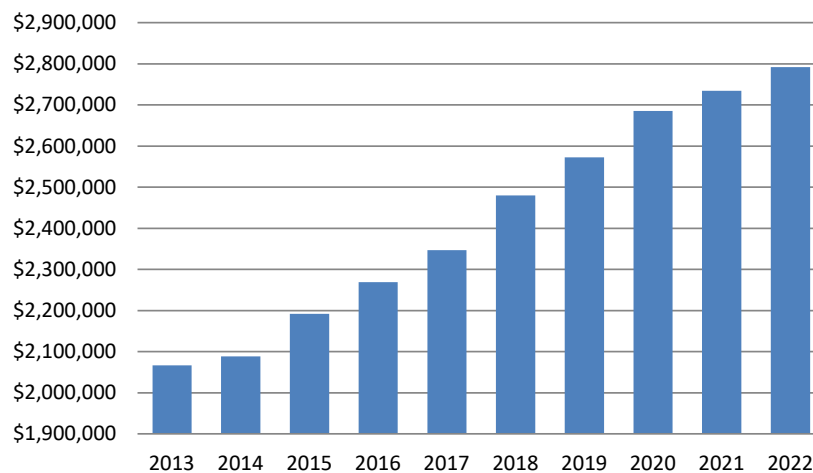


**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

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		
2013	2,069,802	1,994,508	96.36%	72,289	2,066,797	99.85%	3,005	0.15%
2014	2,088,707	2,030,020	97.19%	58,525	2,088,545	99.99%	162	0.01%
2015	2,192,765	2,171,629	99.04%	20,053	2,191,681	99.95%	1,084	0.05%
2016	2,269,562	2,244,248	98.88%	24,432	2,268,680	99.96%	882	0.04%
2017	2,351,831	2,323,188	98.78%	23,641	2,346,828	99.79%	5,003	0.21%
2018	2,482,716	2,439,955	98.28%	40,395	2,480,351	99.90%	2,365	0.10%
2019	2,577,202	2,570,325	99.73%	2,457	2,572,782	99.83%	4,420	0.17%
2020	2,690,158	2,669,065	99.22%	16,681	2,685,745	99.84%	4,413	0.16%
2021	2,743,226	2,717,884	99.08%	16,710	2,734,594	99.69%	8,632	0.31%
2022	\$ 2,810,867	2,815,726	100.17%	\$ (23,356)	\$ 2,792,370	99.34%	\$ 18,497	0.66%

Source: Kitsap County Treasurer and Assessor's Office

Total Collected To Date



SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2013	2014 ⁽¹⁾	2015	2016	2017 ⁽²⁾	2018	2019	2020	2021 ⁽⁴⁾	2022 ⁽⁵⁾
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%	0.1%	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%	1.1%	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%	0.2%
Mental and Physical Health	0.0%	0.1%	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%	8.7%	8.7%	9.0%	9.0%	9.0%	9.0%	9.1%	9.2%
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

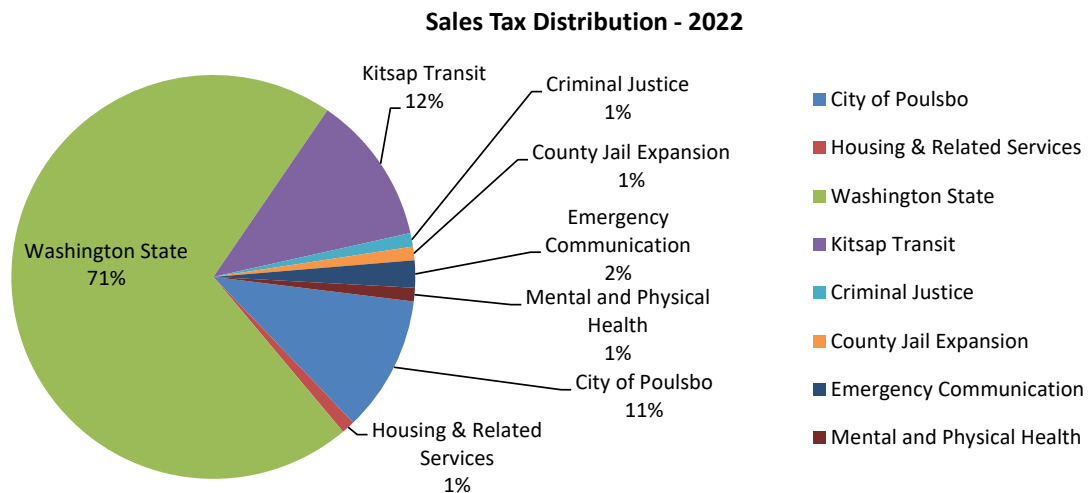
⁽²⁾ Effective April 2017, Kitsap County increased the rate three tenths of one percent (.3%) for Kitsap Transit Passenger-only Ferry Services

⁽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

⁽⁵⁾ Effective April 2022, the City of Poulsbo increased one tenth of one percent (.1%) for emergency communication systems and facilities and housing and 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

	2013		2014		2015		2016		2017	
Major Industry Sector										
Accommodation and Food Svcs.	\$	291,623	\$	333,336	\$	362,577	\$	408,529	\$	430,016
Admin, Supp, Remed Svcs		43,261		46,006		51,911		59,866		67,589
Agriculture, Forestry Fishing		886		662		539		4,958		4,298
Arts, Entertain, Recreation		9,233		13,043		16,785		9,799		11,271
Company Management		-		-		6		199		164
Construction		294,260		318,024		300,625		343,021		416,871
Educational Services		5,804		4,625		5,942		5,168		3,684
Finance and Insurance		11,653		11,033		12,935		20,383		15,396
Health Care and Social Assistance		17,443		13,022		14,789		18,045		26,120
Information		91,504		102,047		97,189		110,385		116,592
Manufacturing		27,948		49,122		35,145		59,717		46,118
Mining		464		636		589		39		204
Other Services		75,236		84,693		87,482		93,947		104,885
Prof, Scientific and Technical Svcs		33,033		43,310		46,226		53,170		54,208
Public Administration		23,196		28,695		27,064		35,571		39,483
Real Estate, Rental, Leasing		54,208		61,165		56,902		65,509		70,718
Retail Trade		1,703,931		1,863,729		1,953,167		1,988,786		2,107,661
Transportation and Warehousing		1,914		2,262		2,656		4,277		4,281
Unknown		37,266		13,903		12,511		16,833		4,755
Utilities		3,512		3,039		3,209		2,312		2,844
Wholesale Trade		98,657		110,341		131,638		165,808		167,400
Total Retail Sales Tax Revenues*	\$	2,825,032	\$	3,102,693	\$	3,219,887	\$	3,466,322	\$	3,694,558

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

	2018	2019	2020	2021	2022
Major Industry Sector					
Accommodation and Food Svcs.	\$ 453,404	\$ 460,455	\$ 391,995	\$ 532,903	\$ 583,624
Admin, Supp, Remed Svcs	115,668	129,176	164,274	186,008	208,263
Agriculture, Forestry Fishing	4,185	4,022	2,548	2,175	2,657
Arts, Entertain, Recreation	12,266	12,413	9,996	13,098	17,226
Company Management	227	1	303	286	235
Construction	585,113	471,783	443,927	566,613	871,855
Educational Services	4,200	3,311	3,491	5,924	8,651
Finance and Insurance	16,769	17,341	17,975	23,169	28,105
Health Care and Social Assistance	28,120	50,343	19,097	18,078	32,271
Information	118,706	129,983	139,833	159,558	175,513
Manufacturing	53,081	63,609	45,134	67,599	76,119
Mining	71	554	2,037	1,912	(16)
Other Services	96,686	107,901	93,439	107,707	104,562
Prof, Scientific and Technical Svcs	64,847	69,236	64,343	88,327	92,814
Public Administration	3,209	1,519	1,513	1,069	1,178
Real Estate, Rental, Leasing	73,200	83,737	74,869	121,282	125,235
Retail Trade	2,297,269	2,420,781	2,543,855	2,890,725	2,874,539
Transportation and Warehousing	4,185	3,856	7,817	18,567	19,246
Unknown	58,209	37,197	51,471	58,633	59,850
Utilities	4,152	4,565	4,585	5,079	482
Wholesale Trade	197,853	208,987	202,401	228,165	251,533
Total Retail Sales Tax Revenues*	\$ 4,191,420	\$ 4,280,770	\$ 4,284,903	\$ 5,096,877	\$ 5,533,945

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

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

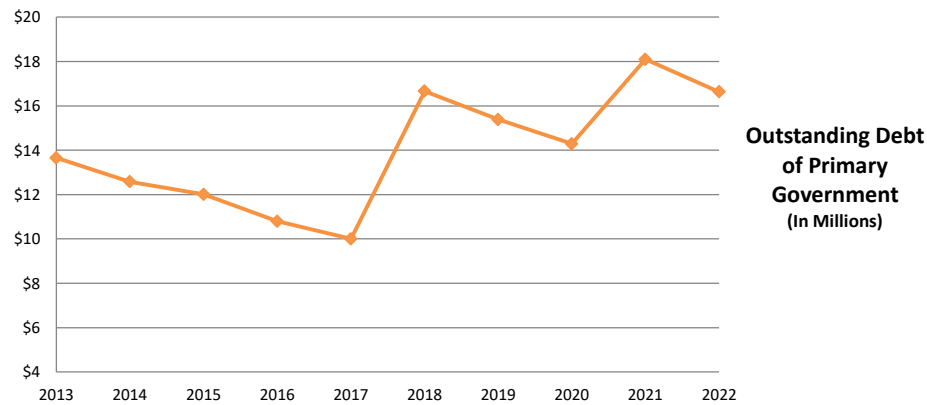
Fiscal Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income ¹	Per Capita ²
	General Obligation Bonds*	Leases	PWTF Loans	Water Bonds	Sewer Bonds*	Solid Waste Bonds	Storm Drain Bonds	PWTF Loans			
2013	11,233,972		520,578	396,880	1,407,120	-	-	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
2022	\$ 8,554,635	\$ 160,402	\$ -	\$ 453,158	\$ 6,363,158	\$ 712,106	\$ 388,421	\$ -	\$ 16,631,881	2.07%	\$ 1,366

* 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 2022.



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
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	0.23%	641
2021	11,440,251	12,361	11,427,890	0.36%	952
2022	\$ 11,466,549	\$ 7,728	11,458,820	0.36%	\$ 941

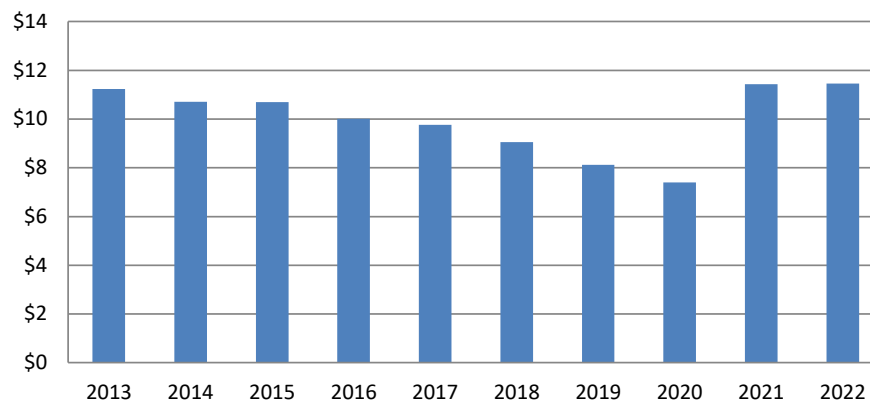
Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

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.

³ General Obligation Bonds include amounts in both Governmental and Business type funds

Total General Bonded Debt
(In Millions)



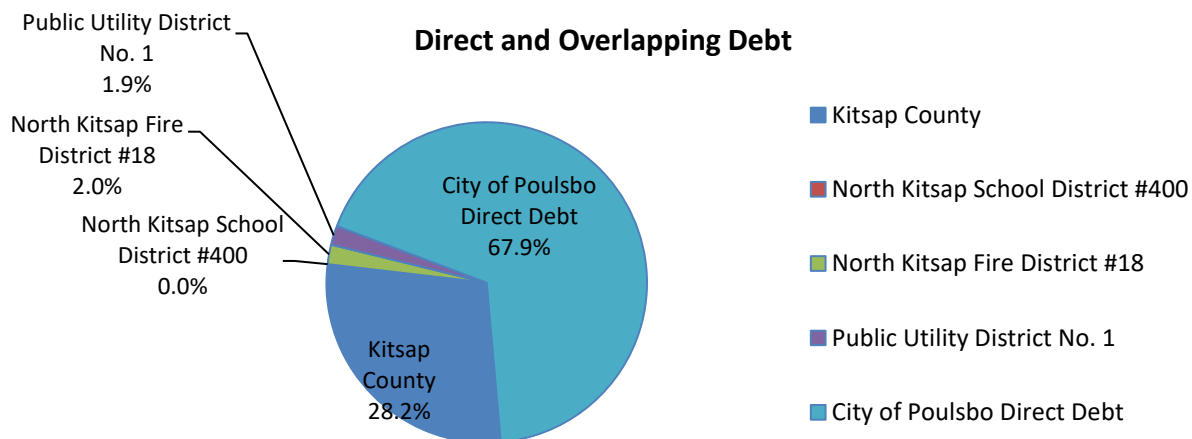
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2022

Governmental Unit	Debt Outstanding	Estimated % Applicable¹	Estimated Share of Overlapping Debt
Kitsap County	\$ 76,448,760	4.65%	\$ 3,558,509
North Kitsap School District #400	-	21.99%	-
North Kitsap Fire District #18	487,768	50.70%	247,321
Public Utility District No. 1	5,209,000	4.65%	242,467
Subtotal, Overlapping Debt	82,145,528		4,048,296
City of Poulsbo Direct Debt	\$ 8,554,635	100%	\$ 8,554,635
Total Direct and Overlapping Debt			\$ 12,602,931

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

	2013	2014	2015	2016
Debt Limit	\$ 92,257,495	\$ 96,176,052	\$ 100,957,763	\$ 111,596,650
Total net debt applicable to limit	10,641,783	10,640,262	9,925,663	9,283,128
Legal debt margin	\$ 81,615,712	\$ 85,535,790	\$ 91,032,100	\$ 102,313,522
Total net debt applicable to the limit as a % of debt limit	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	2022
\$ 122,480,124	\$ 122,480,124	\$ 140,588,496	\$ 167,732,732	\$ 180,401,004	\$ 211,658,566
9,050,075	8,395,842	7,504,190	6,788,418	10,938,570	10,553,751
\$ 113,430,049	\$ 114,084,281	\$ 133,084,306	\$ 160,944,314	\$ 169,462,434	\$ 201,104,815
7.39%	6.85%	5.34%	4.05%	6.06%	

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 2,822,114,209
Debt Limit (7.5% of total assessed value)	211,658,566
Debt Applicable to Limit:	
General Obligation Bonds	10,561,479
Less: Amount set aside for repayment of GO Debt	7,728
Total Net Debt Applicable to Limit	10,553,751
Legal Debt Margin	\$ 201,104,815

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	
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	7,141,036	1,796,028	5,345,008	225,000	285,650	1047%
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%
2022	\$ 7,141,036	\$ 6,064,070	\$ 1,076,966	\$ 255,000	\$ 252,338	212%

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**	
2013	9,585	254,000	11,563,863	436,376	44,953	7.0%	2,892
2014	9,775	255,900	11,838,125	452,199	47,369	5.9%	3,088
2015	9,950	258,200	12,473,946	480,696	48,450	5.4%	3,141
2016	10,210	262,590	13,163,570	511,825	50,131	5.5%	3,099
2017	10,510	264,300	13,988,937	556,276	52,009	4.8%	3,118
2018	10,850	267,120	15,174,970	616,384	54,197	4.6%	3,103
2019	11,180	270,100	15,982,626	661,554	57,197	4.7%	3,097
2020	11,975	275,611	\$ 16,559,291	\$ 719,483	\$ 60,704	7.7%	2,408
2021	12,000	277,700	\$ 18,610,871	\$ 804,215	\$ 67,845	5.1%	2,713
2022	12,180	280,900	\$ -	\$ -	\$ -	4.1%	2,738

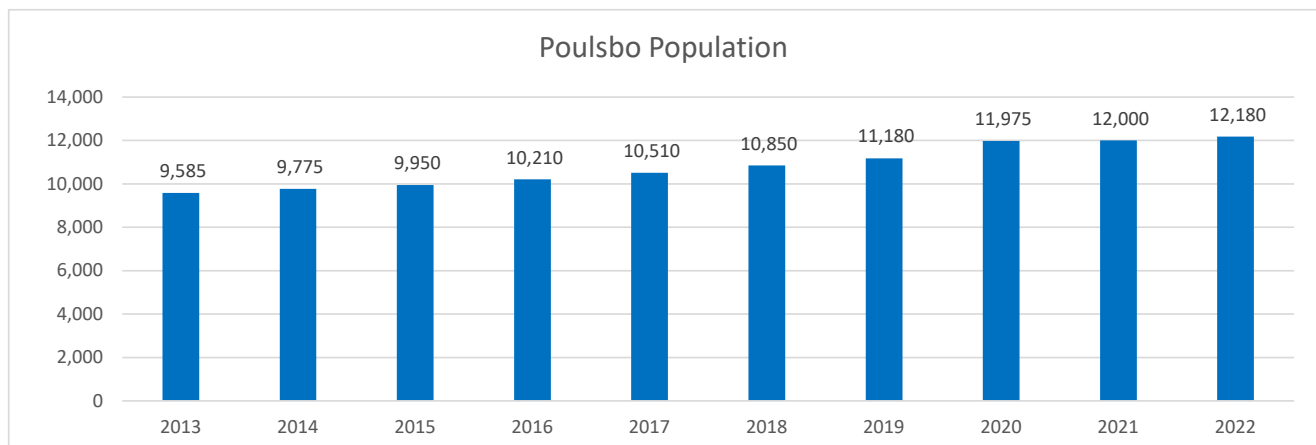
¹ Thousands of Dollars and information only available through 2021

² Totals for only schools in city limits

* Source: US Bureau of Economic Analysis-Kitsap County based on population of City only available through 2021

** 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>	2022			2014		
		<u>TOTAL EMPLOYEES ¹</u>	<u>Rank</u>	<u>% of Total City Employment</u>	<u>TOTAL EMPLOYEES ¹</u>	<u>Rank</u>	<u>% of Total City Employment</u>
North Kitsap School District	Public Education	944	1	7.75%	844	1	10.79%
Walmart ¹	Retail Trade	350	2	2.87%	350	3	4.48%
Martha & Mary Health Services	Social Services	305	3	2.50%	373	2	4.77%
Town & Country Market ¹	Retail Trade	237	4	1.95%	241	4	3.08%
Safeway/Albertsons	Retail Trade	150	5	1.23%	114	7	1.46%
Raytheon	Engineering Services	149	6	1.22%	167	5	2.14%
Gateway Fellowship & School/Christ Memorial Childrens Learning Center	Religious & Private Education	129	7	1.06%	103	9	1.32%
Masterworks	Marketing	122	8	1.00%			
Home Depot	Retail Trade	120	9	0.99%	120	6	1.53%
Liberty Shores / Harbor House	Healthcare	100	10	0.82%	105	8	1.34%
City of Poulsbo ¹	Municipal Government	93	11	0.76%	83	10	1.06%
Paladin Data Systems Corp/Dude Solutions	Professional Services	46	12	0.38%			
Subtotal of Ten Largest Employers		2,745		22.54%	2,500		31.97%
All Other Employers		9,435		77.46%	5,320		68.03%
Total Poulsbo Employment		12,180		100.00%	7,820		100.00%

¹ Full and part-time employees are tracked

² Office closed or moved out of City

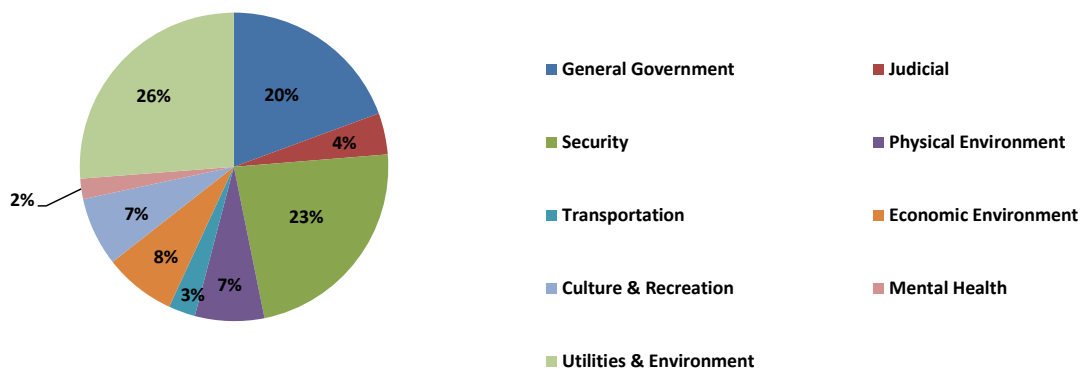
Source: Washington State Employment Security Department
City of Poulsbo Finance Department
Kitsap Economic Development Alliance
Central Market
Masterworks.com
Liberty Shores/Harbor House
North Kitsap School District
Poulsbo Safeway
US Census Bureau

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

Function		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	2.00	2.00	2.00	2.00	2.83	3.00	3.00	2.25	2.00
	Finance Department	7.00	7.00	7.00	8.00	8.00	7.83	8.00	8.00	8.17	8.00
	Information Services	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00	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	1.00
	Risk Management	-	1.00	0.50	0.50	1.00	1.00	1.00	1.33	1.00	1.00
	Central Services	2.50	2.55	2.55	2.55	2.52	2.52	2.52	2.52	2.23	2.02
Judicial:	Municipal Court	3.39	3.39	3.39	3.39	3.39	3.48	3.52	3.52	3.77	4.02
Security:	Police Department	20.30	20.80	20.82	21.50	23.00	23.25	24.33	24.33	22.09	21.50
Physical Environ.:	Engineering	5.63	5.95	6.45	6.33	10.30	7.30	9.30	9.30	7.00	6.75
Transportation:	Streets	3.25	4.40	3.15	2.70	2.64	2.64	2.64	2.64	2.64	2.64
Economic Environ.:	Planning & Building	6.55	7.00	7.92	8.00	5.00	8.00	8.00	8.00	7.59	7.00
Culture & Recreation:	Parks & Recreation	6.16	5.95	6.17	6.17	6.17	6.17	6.17	6.17	3.65	4.47
	Parks & Cemetery	2.28	2.30	2.30	2.25	2.22	2.22	3.22	3.22	2.64	2.22
Mental & Physical Health	Mental Health	-	-	-	-	4.00	3.17	4.00	4.00	1.00	2.00
Utilities & Environ.:	Water	3.33	3.65	5.90	5.90	5.82	5.90	5.87	5.87	5.72	5.72
	Sewer	3.08	3.40	3.65	3.65	3.63	3.71	3.68	3.68	3.53	3.53
	Solid Waste	3.10	3.32	4.32	4.32	4.62	4.62	4.62	4.62	5.54	4.87
	Storm Drain	3.65	3.45	5.87	6.20	5.93	5.86	5.83	5.83	5.93	5.93
	General Facilities	0.83	-	-	-	-	-	-	-	-	-
	Administration	3.85	3.48	3.48	4.10	4.32	4.32	4.32	4.32	4.32	4.32
Total Number of Full-Time Equivalent Employees:		81.40	83.14	89.97	92.06	99.06	99.32	104.52	105.06	94.07	93.00

Source: City of Poulsbo,
Human Resources

2022 Full-Time Equivalent by Function



**PRINCIPAL CUSTOMER BY AMOUNT BILLED
FOR THE YEAR ENDED DECEMBER 31, 2022**

Individual Water Customers		
Customer	Type of Business	Amount Billed
1800 Poulsbo LLC	Mobile Home Park	\$ 22,369
Vikings Crests Owners Association	Condominiums	18,048
Hostmark Village Cove	Apartments	14,707
North Kitsap School District	Local Government	14,564
Car Wash Enterprises Inc	Car Wash	12,196
Poulsbo Holdings LLC	Car Wash	11,442
Safeway Inc #3148	Grocery Store	11,356
Town & Country Markets Inc	Grocery Store	11,079
Martha & Mary Health Services	Senior Assisted Living	9,089
Market Place Hospitality LLC	Hotel	8,773
Total of Ten Largest Water Customers		\$ 133,621

Individual Sewer Customers		
Customer	Type of Business	Amount Billed
1800 Poulsbo LLC	Mobile Home Park	\$ 75,799
Vikings Crests Owners Association	Condominiums	55,374
Hostmark Village Cove	Apartments	44,937
North Kitsap School District	Local Government	43,597
Car Wash Enterprises Inc	Car Wash	39,355
Safeway Inc #3148	Grocery Store	37,178
Poulsbo Holdings LLC	Car Wash	36,936
Town & Country Markets Inc	Grocery Store	35,787
Martha & Mary Health Services	Senior Assisted Living	29,454
Laurelhurst Apartments Co	Apartments	27,558
Total of Ten Largest Sewer Customers		\$ 425,975

CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Functions										
General Government										
Number of City vehicles (not listed below)	13	12	12	12	9	10	11	11	11	9
Generators	2	2	2	4	4	4	4	4	4	4
Public Safety										
Number of police vehicles	21	25	24	25	26	25	26	26	26	28
Number of police boats	1	1	1	1	1	1	1	1	1	1
Transportation										
Number of vehicles (not specified below)	7	6	6	7	6	8	8	8	8	8
Number of street sweepers	2	2	2	2	2	2	2	2	2	2
Number of dump trucks	6	6	6	6	7	7	7	7	7	7
Construction equipment	8	10	11	13	15	14	16	16	16	17
Miles of streets	48	48	**56	56	56	56	56	55	56	***59
Number of traffic signals	8	9	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	-	-	-	-	-	-	-	-
Number of boats ¹	32	32	34	13	13	13	12	30	30	30
Number of neighborhood parks ²	10	11	11	9	9	9	9	9	9	9
Number of community parks ²	5	5	5	2	2	2	2	2	2	3
Number of regional parks ²				3	3	3	4	4	4	4
Number of natural/open space sites ²				6	6	6	6	6	6	6
Miles of trails ²				6	6	6	6	6	6	6
Total park acreage ³				127	127	129	130	130	130	141
Maintenance equipment	6	6	6	8	10	9	11	11	11	11
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	2	1	1	1	1	1
Physical Environment										
Number of engineering dept vehicles	1	1	1	1	1	1	1	2	2	6
Business-Type Functions										
Water										
Generators	2	2	2	3	3	3	3	3	3	4
Miles of water mains	63	64	**67	67	68	69	69	72	73	***93
Number of vehicles	4	4	5	6	9	10	10	9	9	8
Number of hydrants	427	433	**538	538	551	615	633	658	666	***736
Sewer										
Generators	4	4	4	7	7	8	8	7	7	7
Number of vehicles	5	5	4	4	3	4	4	4	4	4
Number of construction vehicles	2	2	2	3	3	3	3	3	3	3
Sewer inspection camera	2	2	2	2	1	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	**53	53	54	56	57	58.5	59.5	66
Solid Waste										
Number of vehicles					1	1	2	2	2	2
Number of garbage trucks	6	7	5	5	6	5	5	5	5	6
Storm Drain										
Number of vehicles	3	4	2	3	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.

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.

***In 2022 it was discovered Public Works Department wasn't getting proper notification of new streets, water mains & hydrants. 2022 numbers were updated from current GIS mapping

Source: City of Poulsbo Fixed Asset Module, City of Poulsbo Departments, City 2016 & 2021 Comprehensive Plan

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Page 1 of 2

		2013	2014	2015	2016	2017
Governmental Functions						
General Government	Number of:					
	Bargaining groups represented	2	2	2	2	2
	City council meetings	37	39	40	40	37
	Public records requests processed	119	165	130	275	303
	Pages of ordinances codified	382	145	150	254	379
	Business licenses issued	1,629	1,729	1,825	1,944	1,913
	Passports processed	723	814	715	742	692
	Claims for damages filed against the City	*	*	12	9	15
	Tort litigations initiated against the City	*	*	2	1	1
	Criminal case referrals from City police	*	*	220	337	437
	Criminal hearings	*	*	2,645	3,124	3,575
	Civil asset forfeiture referrals from City police	*	*	2	2	9
	Code enforcement referrals	*	*	*	1	1
Public Safety	Number of:					
	Calls for service	11,653	12,473	12,429	12,215	12,852
	Traffic stops	2,814	3,025	2,612	1,879	2,584
	Incident reports filed	1,392	1,356	1,774	1,751	1,967
	Infractions issued by officers	978	1,012	962	732	730
	Responses to motor vehicle accidents	316	370	382	403	433
	Reportable motor vehicle accidents	145	165	197	208	201
	Driving impaired citations issued	29	26	28	38	50
	Parking complaints dispatched	229	290	176	274	256
	Parking infractions issued	301	357	363	436	240
Transportation	Miles of streets maintained	48	48	**56	56	56
	Miles of sidewalks maintained	50	50	50	64	64
	Number of hours spent street sweeping	312	312	354	310	350
	Number of street signs maintained	2,280	2,290	2,290	3,000	3,100
Culture and Recreation	Number of parks maintained	17	17	17	17	17
	Total acreage of parks/open space maintained	67	67	67	67	67
Economic Environment	Number of:					
	New single family building permits issued	109	75	99	113	104
	New commercial building permits issued	2	2	2	2	10
	Existing single family building permits issued	61	69	128	146	22
	Existing commercial building permits issued	56	71	9	5	27
	All other building permits	49	73	314	347	226
Physical Environment	Number of:					
	Right of way permits issued	59	64	57	51	66
	Clearing & grading apps & permits issued	6	8	5	18	18
	Land use pre-applications reviewed	16	14	14	25	22
	Land use commercial applications reviewed	10	17	12	14	19
	Land use residential applications reviewed	10	10	17	7	8
	Land use un-classified ¹ applications reviewed	8	5	4	6	10
Business-Type Functions						
Water	Number of active water service customers	3,256	3,344	3,500	3,837	3,951
	Miles of watermain lines maintained	63	64	67	67	68
	Average number of water meters read monthly	3,445	3,550	3,410	3,828	3,950
Sewer	Number of active sewer services customers	3,164	3,422	3,400	3,561	3,682
	Miles of sewermain lines maintained	34	34	53	53	54
	Number of pump stations maintained	9	9	9	9	9
Solid Waste	Number of:					
	Residential garbage accounts	2,897	3,022	3,040	3,196	3,399
	Multi-family units	1,022	1,022	1,022	1,022	1,040
	Commercial accounts	307	228	315	334	341
	Tons of waste to landfill	5,063	5,402	5,600	5,979	6,207
	Free dumpsters for residential clean-up provided	309	311	315	300	271
Storm Drain	Number of detention ponds maintained	29	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 (TI)

Source: Internal Operating Statistics

***For 2022 it was discovered Public Works Department wasn't getting proper notification of new streets, water mains & hydrants. 2022 numbers were updated from current GIS mapping

OPERATING INDICATORS BY FUNCTION (continued)**Last Ten Fiscal Years**

Page 2 of 2

2018	2019	2020	2021	2022
2	2	2	2	2
41	33	38	37	36
624	710	620	565	679
235	278	151	385	200
2,261	1,814	2,110	1,927	872
544	580	155	331	684
5	11	7	7	8
-	2	-	1	1
411	415	282	156	157
4,750	4,543	6,465	3,134	3,104
14	5	4	-	2
1	-	-	-	1
13,238	11,647	8,425	8,706	9,436
3,477	2,107	653	420	706
1,742	1,948	1,495	1,211	1,634
1,101	564	239	145	314
402	436	301	347	120
186	200	148	150	120
59	44	25	10	26
154	207	173	129	150
176	165	152	66	91
56	56	55	56	***59
65	65	66	67	67
581	480	448	562	566
3,170	3,170	3,180	3,200	3,200
18	19	19	22	22
71	71	71	72	72
75	51	12	74	72
1	4	7	8	4
6	35	139	222	248
33	61	73	65	63
368	323	81	83	81
78	65	97	92	113
5	2	9	16	13
33	36	20	17	26
20	17	21	5	9
11	24	26	12	18
16	9	7	11	13
4,013	4,100	4,139	4,191	4,270
68	70	72	73	***93
4,082	4,165	4,209	4,248	4,390
3,803	3,895	3,916	3,966	4,041
56	57	59	60	66
9	9	9	9	9
3,500	3,584	3,599	3,636	3,687
1,076	1,163	1,181	1,219	1,289
344	384	336	349	352
6,409	6,446	6,420	6,783	6,802
278	288	291	273	251
29	31	32	34	36

