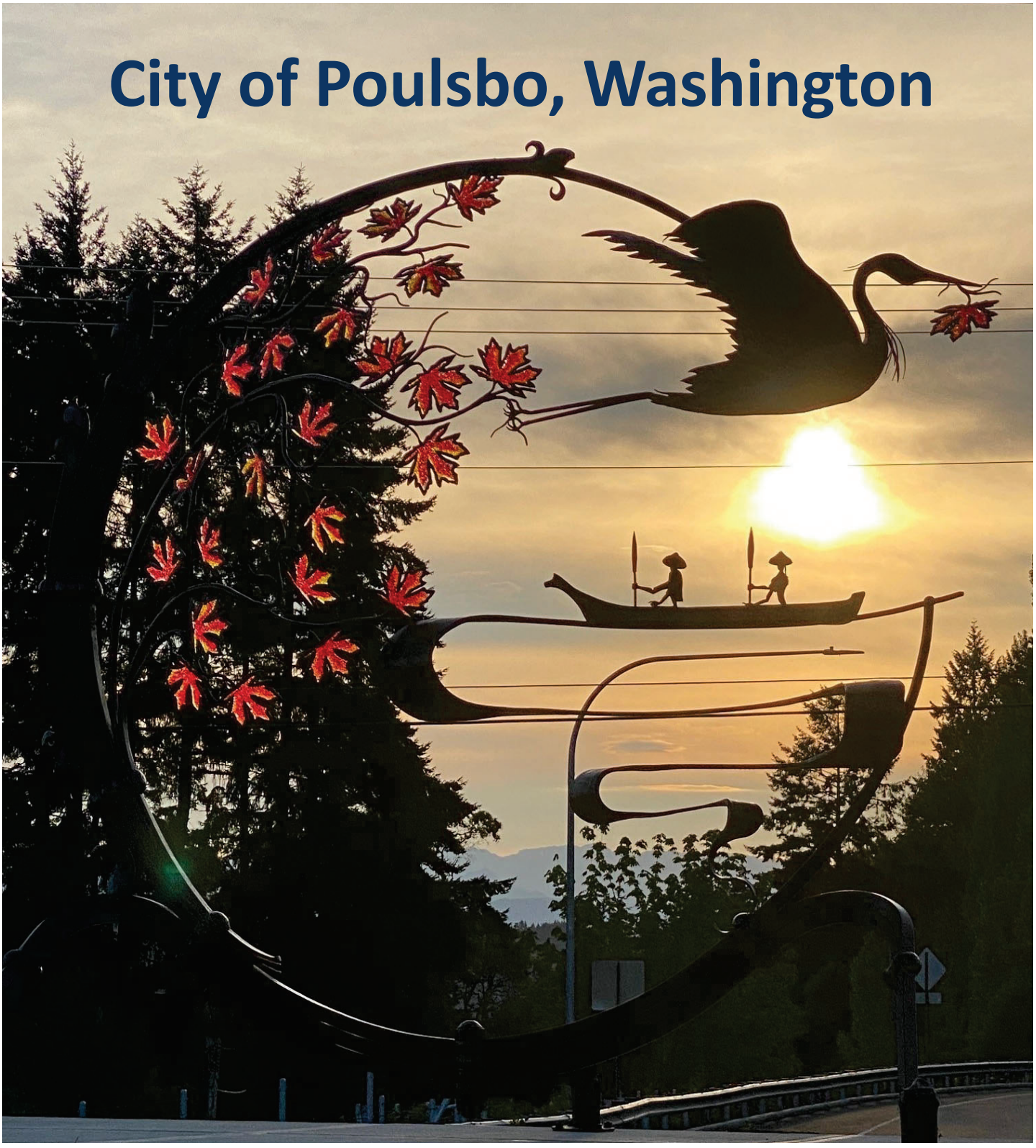
City of Poulsbo, Washington



Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2023

CITY OF POULSBO

WASHINGTON

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended

December 31, 2023

Assistant City Administrator
Deborah Booher

PREPARED BY

THE CITY FINANCE TEAM:

Assistant City Administrator

Deborah Booher

Budget and Revenue Manager

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

Thank you to artist and photographer, Elijah Burnett for the use of your photo Peaceful Waters at Sunset. Peaceful Waters, by Elijah Burnett is located at the Johnson Parkway & State Highway 305 Roundabout for all to enjoy.

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, 2023

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CITY OF POULSBO
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CITY

City of Poulsbo

June 27, 2024

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, 2023. 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 that 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 to 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.

The Poulsbo City Council is responsible for adopting the biennial budget. Budgets are managed by bottom line and adopted at fund level. Requests for budget amendments are first reviewed by the Mayor and Finance Director, then are put before the City Council for approval as they result in a bottom-line adjustment to revenues and/or expenditures. Appropriations beyond budgeted amounts require council approval in accordance with RCW 35A.33.120 and to be compliant with the City's Financial Management Policy they require a super majority of council approval. Quarterly the budget ordinance is updated and approved by City Council recognizing the amendments approved throughout the quarter.

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 exception of Public Works and Parks and Recreation. The centralized location provides a one-stop shop for City residents. The Sophie Apartments on located on Jensen Way at the site of the previous City Hall prior to demolishing was completed and open for tenants who began occupying in 2023. The property is zoned for mixed use, but due to demand for residential living the building is fully functioning as an apartment complex.

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 and non-profit agency providing support to many citizens for rental and utility help is located on Viking Avenue. 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 the annual impact presentation to the Poulsbo City Council, Fishline reported over 55,000 visits for service in 2023.

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. Improvements were completed to house the administrative function of Public Works. Future phases will move the remaining functions, such as the mechanic shop over. It is anticipated the next phase will occur over 2025 and 2026. 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 located along the corridor. The Centennial building houses 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.

In addition to commercial growth, the City continues to expand services to citizens. The Housing Health and Human Services Department has opened a Recovery Resource Center. The Recovery Resource Center provides services related to addiction recovery, referrals from the Municipal court, and provides resources to individuals seeking recovery related services for family members.

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 College. The college continues to enhance their program and partners with Western Washington University offering several 4-year baccalaureate programs. In December of 2023, Olympic College and Virgina Mason Franciscan Health announced a partnership to expand medical education programs and will locate its Nursing and Allied Health Division program at the Poulsbo campus. This program expansion will help fill the growing need for healthcare personnel in Poulsbo and Kitsap County.

As of today, several anchor stores including Wal-Mart, Home Depot, Petco, and Big 5 Sporting Goods are located within the College Marketplace 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 2023.

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 2023 due to revenue growth and an increase in the amount of funds invested. All investments in 2023 were made in accordance with the City's investment policy.

Long-term Financial Planning and Major Initiatives

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

The City closed its first year of the 2023-2024 biennial budget with anticipated use of General Fund reserves in both 2023 and 2024. Revenue projections were prepared conservatively, and expenditure reductions were made in anticipation of economic impacts resulting from COVID-19 and the end of the treasury dollars. Actual reserves were higher than projected, and federal grant revenues supported City expenditures, which resulted in not using any reserves to support expenditures. The 2024 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 2023-2024 Biennial Budget.

The City of Poulsbo has received the Certificate of Achievement for Excellence in Financial Reporting for the 2022 Annual Comprehensive Financial Report to the Government Finance Officers Association of the United States and Canada.

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 2023 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 like to express thanks to the efficient assistance of our local auditor from the Washington State Auditor's Office.

Respectfully submitted,

Deborah L. Booher
Assistant City Administrator/Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Poulsbo
Washington

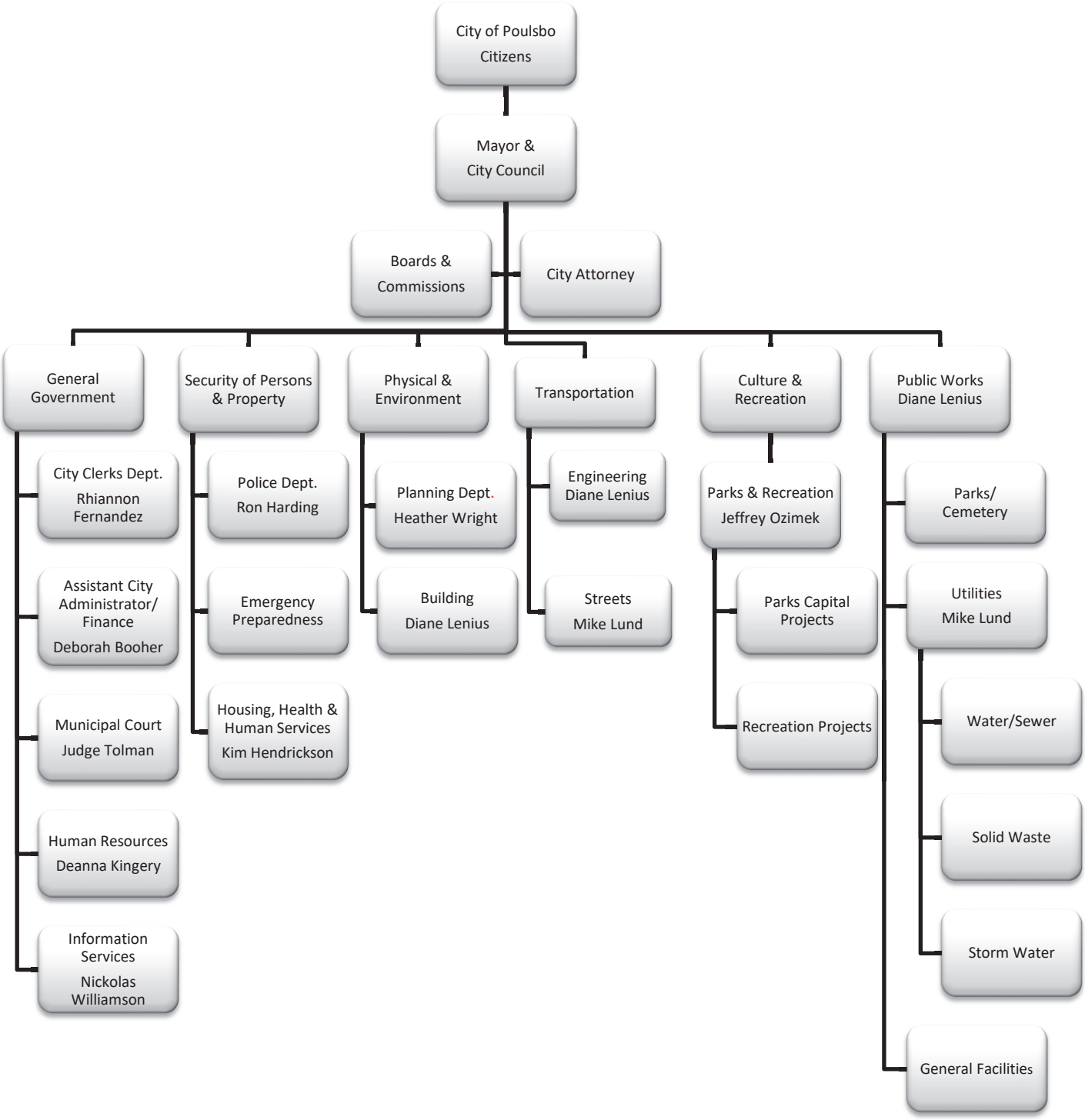
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

City of Poulsbo Organizational Chart



City of Poulsbo
List of Elected and Appointed Officials
As of December 31, 2023

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 & Economic Development 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	**Emily Romanenko, Ogden Murphy Wallace**
Bond Attorney	**Foster Garvey PC**

CITY OF POULSBO
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CITY

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, 2023, 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, 2023, 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for 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 27, 2024, 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,

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2024

CITY OF POULSBO
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CITY

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, 2023. 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 2023 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 2023 fiscal year by $216.1 million (net position). Of this amount, $41.0 million (unrestricted net position) may be used to meet the city's ongoing obligations to its citizens and creditors.
- Reported net position increased $15.7 million. Net position of governmental activities increased $6.2 million, or 6.2%, during 2023. Net position of business-type activities increased $9.5 million, or 9.5%, during 2023. 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. Amounts related to infrastructure given to the

City in the form of contributed capital from developers in the utility funds have contributed to the increase. The increase in Business Type Activities is primarily due to the City purchasing additional flow capacity from the County for sewage processing.

- Due to Governmental Accounting Standards Board a new standard was included to account for subscription-based leases, which may be operational in nature but is accounting for the right of use for a capital item.
- Increase in Current Assets resulting from increases in the amount of taxes collected, grant proceeds supporting COVID-19 Pandemic, settlements related to opioid mitigation and new sales tax collected for affordable housing and transportation benefit district.
- 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 $6.4 million with $3.0 million in governmental activities and $3.4 million in business activities.
  - The largest transportation project the City has undertaken continued in 2023. The second phase of the project was completed in 2023 with the next phase commencing in 2023. The project is a collaborative effort of the City, County, and State. The project includes 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 contributor to the increased investment in capital net position.
  - Design for a new play for all playground in Raab Park and affordable housing, Nordic Cottages, were completed in 2023 with construction anticipated in 2024. The designs are recorded as work in progress increasing investment in capital activity.
  - An increase in capital assets in Business Type fund includes improvements related to the Noll Road corridor, payments to Kitsap County to pay for additional sewage flow capacity and the City's share of capital infrastructure supporting processing related to the City of Poulsbo. Construction of infrastructure for water and sewer services including an updated sewer pump station and a station replacement for pressure relief valves for the water system.
  - A large effect to the Capital Assets for business type activities is contributed capital from developers after the completion of projects and collected connections fees for Poulsbo's future growth projects. In 2023 the City stopped forwarding the amount of collection fees attributed to the County's connection fees. These are now collected and retained in the City and are intended to be utilized to pay for County improvements which supporting the City's participation.
  - There were several housing and commercial developments who turned the infrastructure over to the City at the completion of the developments increasing the City's capital.
- Total liabilities decreased by $1.5 million. The major portion of the decrease is due to paying an 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 $5.4 million over 2022. Total capital assets from governmental activities increased $1.5 million or 1.68%. The increase in governmental capital assets is relatively small and can be attributed to the final construction of the first phase of Noll Road, purchasing minimal rights-of-way for the next phase on Noll Road, capital improvements to our Parks & Recreation building and transportation design for future planned projects commencing in 2024.
- Capital assets of business-type activities increased $3.9 million or 4.7%. The primary contributor to the increase is the purchase of additional sewer capacity and accounting for the City's share of capital improvements at the County Treatment Plant necessary to maintain support of flow related to Poulsbo. Infrastructure improvement to the water and sewer programs including a gravity main and upgrades to a water pressure release valve station.
- City governmental fund tax revenue has increased $1 million over 2022 or 7.2% over the prior year. Retail Sales and use tax collected is the largest revenue source for Poulsbo. The City saw an increase in 2023 of $747 thousand or 10.9%. Sales Tax in the General fund saw an increase of $37 thousand or .67% over the prior year. The largest increase was in the Accommodation and Food Services industry which is due to several factors. 2023 was seeing increased lodging tax receipts due to a new hotel being open for a full year in 2023 with minimal vacancies and new restaurants opening for business including a new Chipotle. One of the largest categories is Retail Trade, which saw a 2% decrease from the prior year with the largest impacts from building materials, furniture, and appliances. This is reflected in the slight slowing of construction and home sales. The impact is minimal, and the City has a diversified business community not dependent on a single revenue stream.
- Utility taxes have increased in 2023 in the amount of $213 thousand. Utility tax rates remained consistent with 2022 rates. 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 except for Telephone utility tax which continues to see slight declines as more people eliminate phone lines and utilize telephone services over the internet.
- Most tax revenue remained consistent with 2022 collections showing slight increases. A new sales tax was approved by the City Council for collections to commence in 2023. The two new .1% tax increase are restricted to uses for affordable housing and mental health programs. These are being collected in special revenue funds.
- 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 require formal action at the same level. The City of Poulsbo does not have any committed fund balances for 2023.
    - 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 $19.8 million. Approximately 59.0% of this total amount, or $11.7 million, is available for spending at the government's discretion and 41.0% or $8.1 million is non-spendable or restricted per debt or legal requirements.

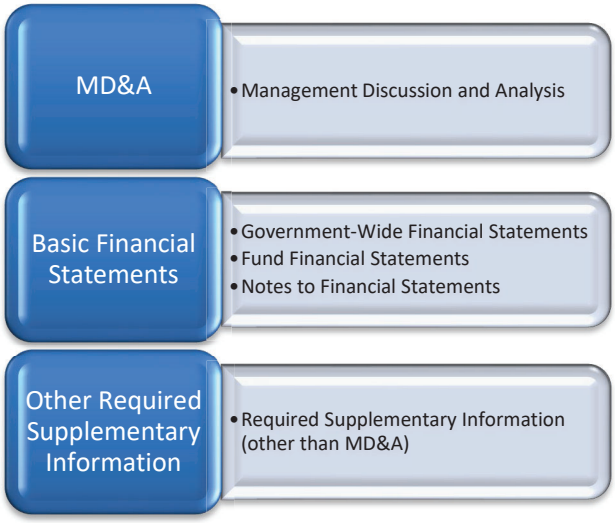
- The ending fund balance for the General Fund was $8.9 million. The net change in the General Fund, which is inclusive of transfers to capital reserve and debt service funds ended with an increase of $2.0 million change in fund balance. The City utilized federal funds to support programs and expenditures 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 $8.1 million reflecting an increase of $2.8 million increase. Sales and utility tax revenues for the City saw increases in 2023. Revenues related to development of future projects saw an increase with developers purchasing permits before rate increases. A large contributor is due to receivables for expenses related to the Noll Road project as additional grant funds were made available and the amounts promised were booked as a receivable covering 2023 expenses. 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 $8.9 million which equates to 53% 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 on 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 2023. 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 believes 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.

Required Supplementary 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 2023 and 2022. Governmental Activities net position had an increase of $6.2 million. The increase can be attributed to several items.

- Current Assets increase is largely due to growing investment balance, grant receivables 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
- Decrease in pension liability which is 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 $9.5 million in Net Position. Most of the increase is due to capital projects, capital investment in the County sewage treatment necessary to process the City's sewage, and capital contributions in the form of connections fees assessed for utility connections and developers turning their infrastructure improvements over to the City.

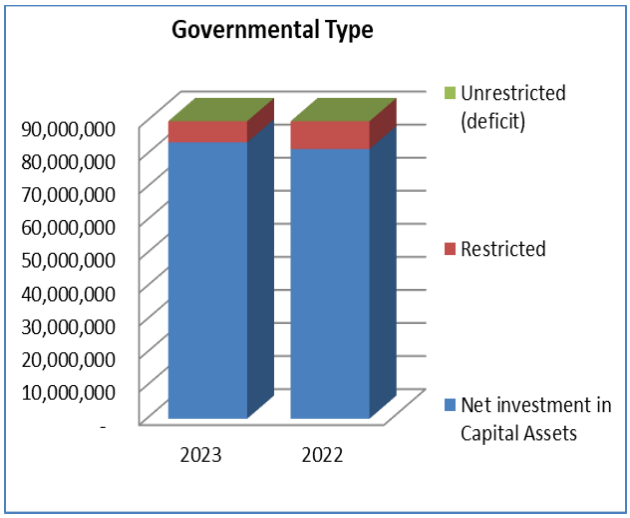
The overall financial position for the City of Poulsbo has improved over the prior year. In 2023, assets plus deferred outflows exceeded liabilities plus deferred inflows by $216.1 million, an increase of $15.7 million or 7.8%. The largest portion of the City's net position, $162.1 million or 75.0% reflects its investment in capital assets (land, buildings, machinery and equipment, infrastructure, and intangible); less any related outstanding debt used to acquire those assets. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending.

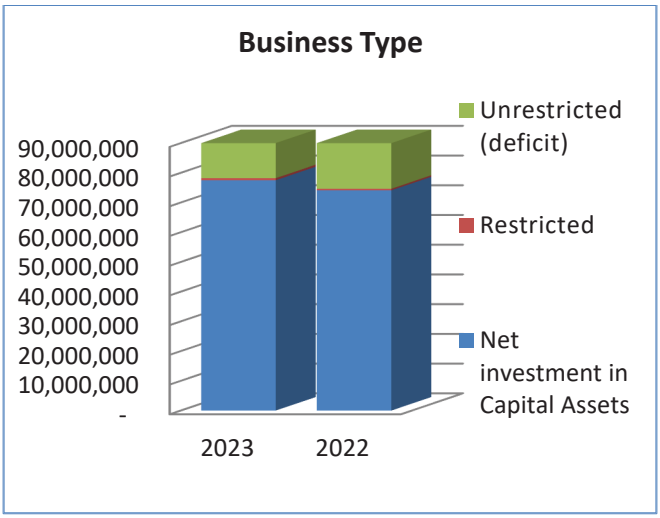
City of Poulsbo's Condensed Statement of Net Position
Table 1

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	$ 24,859,604	$ 23,024,434	$ 33,011,573	$ 27,088,235	$ 57,871,177	$ 50,112,669
Capital Assets Net	92,955,944	91,422,363	86,760,907	82,898,645	179,716,851	174,321,008
Pension Asset	3,006,557	2,880,769	556,062	516,453	3,562,619	3,397,222
TOTAL ASSETS	120,822,104	117,327,565	120,328,542	110,503,333	241,150,647	227,830,898
Deferred Outflows of Resources	2,676,170	2,665,161	450,424	531,169	3,126,593	3,196,330
Long-term Debt	8,055,417	8,989,608	7,780,877	8,205,639	15,836,294	17,195,247
Pension Liability	1,820,284	1,905,125	240,066	297,245	2,060,350	2,202,371
Other Liabilities	4,944,782	5,890,429	2,214,568	1,285,243	7,159,349	7,175,672
TOTAL LIABILITIES	14,820,483	16,785,163	10,235,511	9,788,127	25,055,994	26,573,289
Deferred Inflows of Resources	1,706,952	2,422,633	1,417,831	1,726,405	3,124,783	4,149,037
NET POSITION						
Net investment in Capital Assets	84,625,843	81,591,322	77,514,994	74,119,319	162,140,837	155,710,642
Restricted	12,293,263	10,770,897	688,604	523,090	12,981,868	11,293,987
Unrestricted (deficit)	10,051,733	8,422,712	30,922,026	25,010,941	40,973,759	33,433,653
TOTAL NET POSITION	106,970,839	100,784,931	109,125,625	99,653,350	216,096,464	200,438,281

The City's total restricted net position amounts to 6.0%. 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, sales tax collected for affordable housing and behavioral health, and federal funds for to be utilized for impacts related to COVID 19 pandemic.

Table 2 illustrates changes in net position for the years 2023 and 2022. This is a condensed version of the Statement of Activities for the City. The revenues for 2023 show a significant decrease in Capital Grants/Contributions attributed to several projects with grant funding ending in 2023. The largest being a transportation project on Noll Road. Other contributing factors are development of road and park projects, utility connection fees, and infrastructure given to the City from development projects being higher in 2023. Increase in tax revenue and charges for services contribute to the increase. As the City continues to recover from the COVID 19 pandemic, revenue related to recreation programs continues to grow.





City of Poulsbo's Changes in Net Position

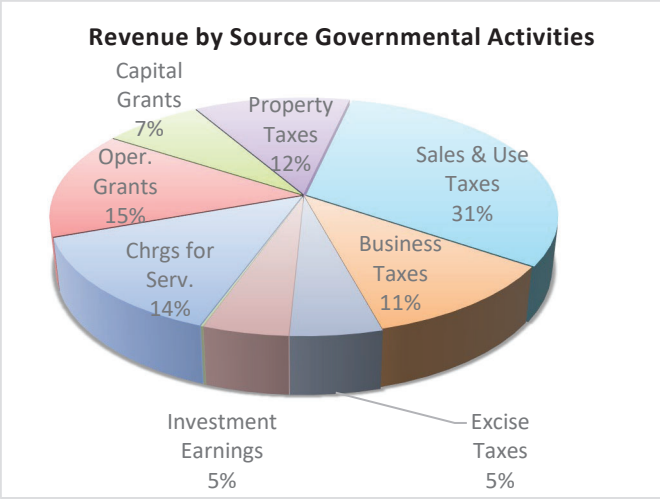
Table 2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	$ 3,390,622	$ 2,268,868	$ 13,645,002	$ 12,304,075	$ 17,035,625	$ 14,572,943
Operating Grants/Contributions	3,593,063	3,177,278	20,517	11,456	3,613,581	3,188,734
Capital Grants / Contributions	1,826,533	7,281,854	7,724,467	7,809,657	9,551,000	15,091,511
General Revenues						
Property Taxes	2,903,668	2,835,984	-	-	2,903,668	2,835,984
Retail Sales & Use Tax	7,577,801	6,831,113	-	-	7,577,801	6,831,113
Business Taxes	3,963,879	3,804,751	-	-	3,963,879	3,804,751
Investment Earnings	1,136,259	(148,441)	864,332	6,517	2,000,591	(141,924)
Other	31,892	0	-	-	31,892	0
Total Revenues	24,423,718	26,051,407	22,254,319	20,131,705	46,678,037	46,183,113
Program Expenses						
General government	4,288,487	3,212,742	-	-	4,288,487	3,212,742
Judicial	597,550	542,374	-	-	597,550	542,374
Security of Per & Prop	4,402,872	4,385,199	-	-	4,402,872	4,385,199
Utilities & Environment	38,950	(3,517)	-	-	38,950	(3,517)
Transportation	4,361,676	4,855,285	-	-	4,361,676	4,855,285
Economic Environment	1,565,154	1,395,329	-	-	1,565,154	1,395,329
Mental & Physical Health	914,414	483,966	-	-	914,414	483,966
Culture & Recreation	1,874,121	1,720,258	-	-	1,874,121	1,720,258
Interest Long-Term Debt	273,236	279,577	-	-	273,236	279,577
Water	-	-	2,726,432	2,417,665	2,726,432	2,417,665
Sewer	-	-	4,288,233	3,921,821	4,288,233	3,921,821
Solid Waste	-	-	3,644,020	3,157,154	3,644,020	3,157,154
Storm Drain	-	-	2,123,488	1,896,933	2,123,488	1,896,933
Total expenses	18,316,461	16,871,212	12,782,173	11,393,573	31,098,634	28,264,785
Excess (deficiency)	6,107,257	9,180,196	9,472,146	8,738,133	15,579,403	17,918,328
Changes in Net Position	6,107,257	9,180,196	9,472,146	8,738,133	15,579,403	17,918,328
Beginning Net Position	100,784,931	91,550,019	99,653,350	90,915,218	200,438,281	182,465,236
Change in Accounting Practice	-	-	-	-	-	-
Prior Year Adjustments	78,651	54,717	-	-	78,651	54,717
Ending Net Position	$ 106,970,839	$ 100,784,931	$ 109,125,496	$ 99,653,350	$ 216,096,335	$ 200,438,281

GOVERNMENTAL ACTIVITIES

Revenues

Taxes account for the largest revenue category in the governmental funds, generating 59% of the total revenue. Much of tax revenue is received in the General Fund accounting for 86% of the tax revenue. This category tends to receive the most attention because of the percentage ratio. Included in this category are sales, property, utility, criminal justice, and gambling taxes. Governmental fund taxes total $14,445,348.



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 used to establish 2023 tax levy 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 2023, the City's regular property levy tax rate was $1.03 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 an 11.0% increase in 2023, which is consistent with the five-year average increase of 7.3%. The sales tax revenue was higher than anticipated. When projecting sales tax revenue for 2023, 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 2023, sales tax received in the City's General Fund totaled $5,849,276. Sales Tax supports governmental operations.

The largest increase was in the category of Accommodation and Food Services due to a new hotel being located in the City and new restaurants opening in 2023. There also has been a significant increase in food trucks serving local breweries tasting rooms. Much of the sales tax revenue (52%) comes from the retail trade category. This industry saw a decrease in 2023 due to the slight slowdown in construction. 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 11% of governmental revenues and 19% 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 2023.

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. Rising interest rates slowed the market with a slight decrease in 2023 over 2022, however the revenue remained strong and higher than the average and projections. The City uses the revenue generated by REET to fund debt payments related to the City Hall and to fund transportation capital projects as designated on the City's Capital Improvement Plan (CIP). Excess funds are reserved in a restricted fund balance intended for long range capital plan and uses consistent with legal allowances as defined in the CIP for transportation improvements. The Noll Road project utilized these funds in 2023.

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 the 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.

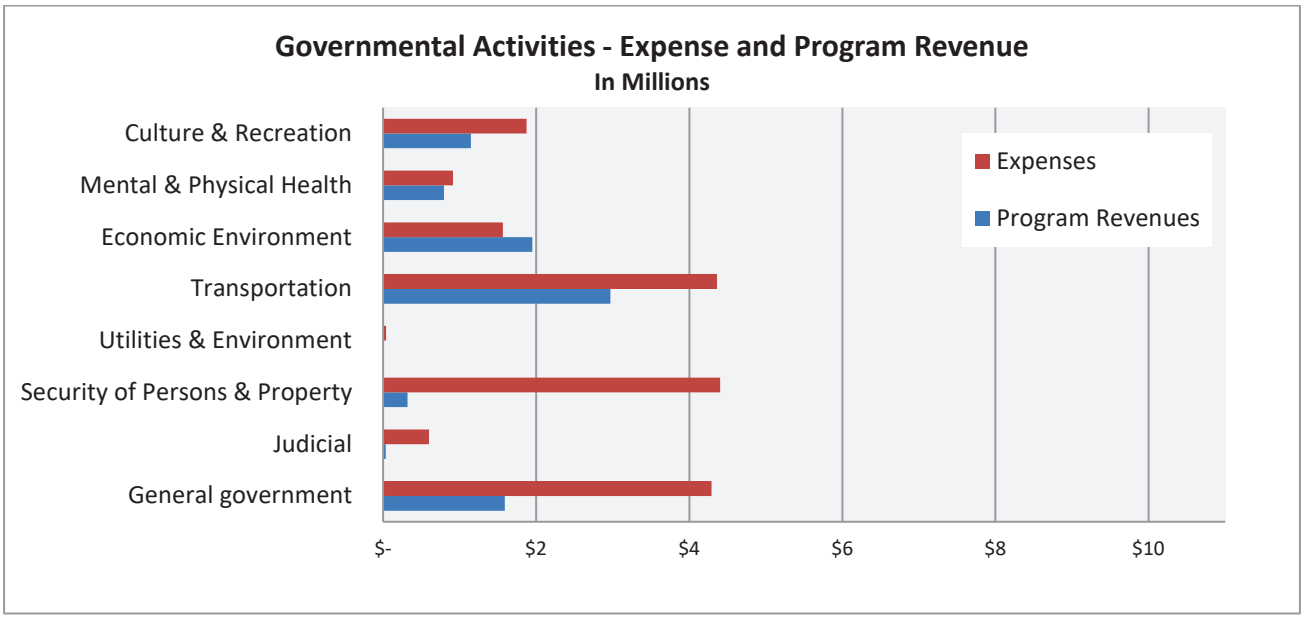
Transportation services provide maintenance of the City's streets, sidewalks, paths, and traffic control signs/signals.

Economic Environment services include land use planning, zoning, and community development. Planning fees collected in 2023 exceed expenditures as they are collected in advance of commencing the process.

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.

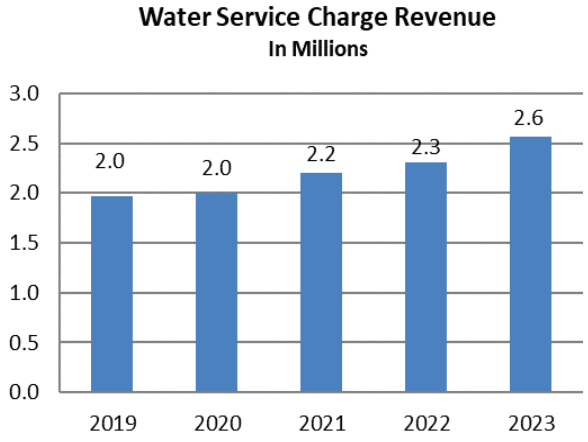


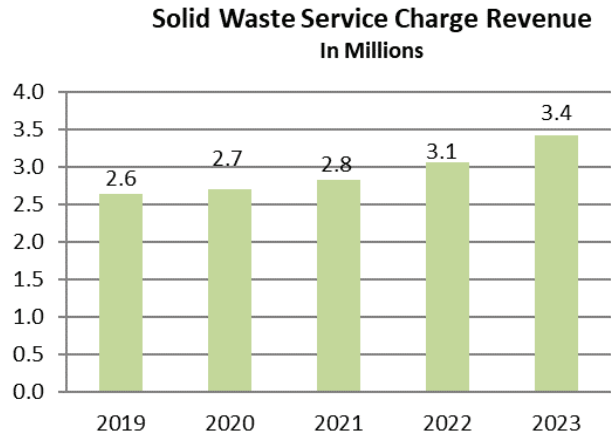
BUSINESS-TYPE ACTIVITY

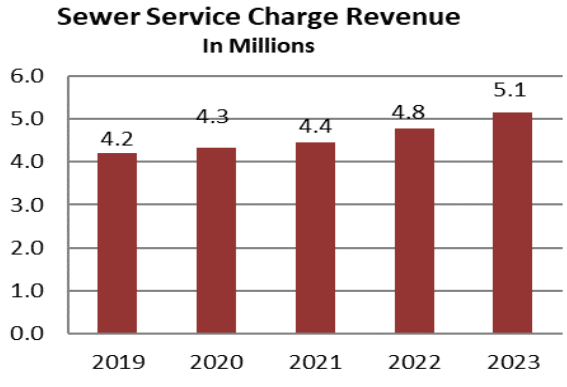
Enterprise Funds: The City of Poulsbo owns and fully operates four utilities: water, sewer, storm drain, and solid waste/recycling. These utilities are accounted for in four enterprise funds as part of the City's fund structure and operations: 1) water utility fund; 2) sewer utility fund; 3) solid waste 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.

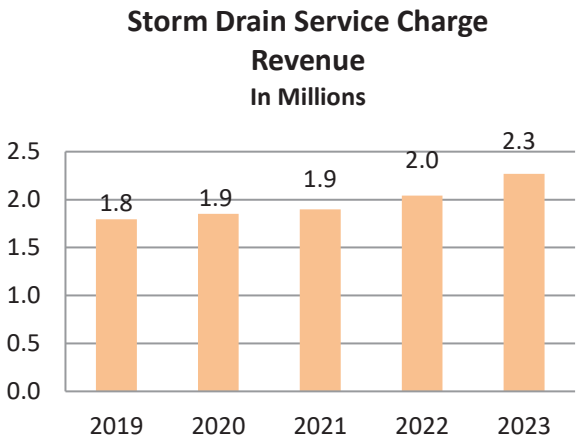
Key elements of the increases are as follows:

- There was a cost-of-living adjustment (COLA) for 2023, which resulted in an increase to utility rates creating an increase of revenue in 2023.
- The 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.



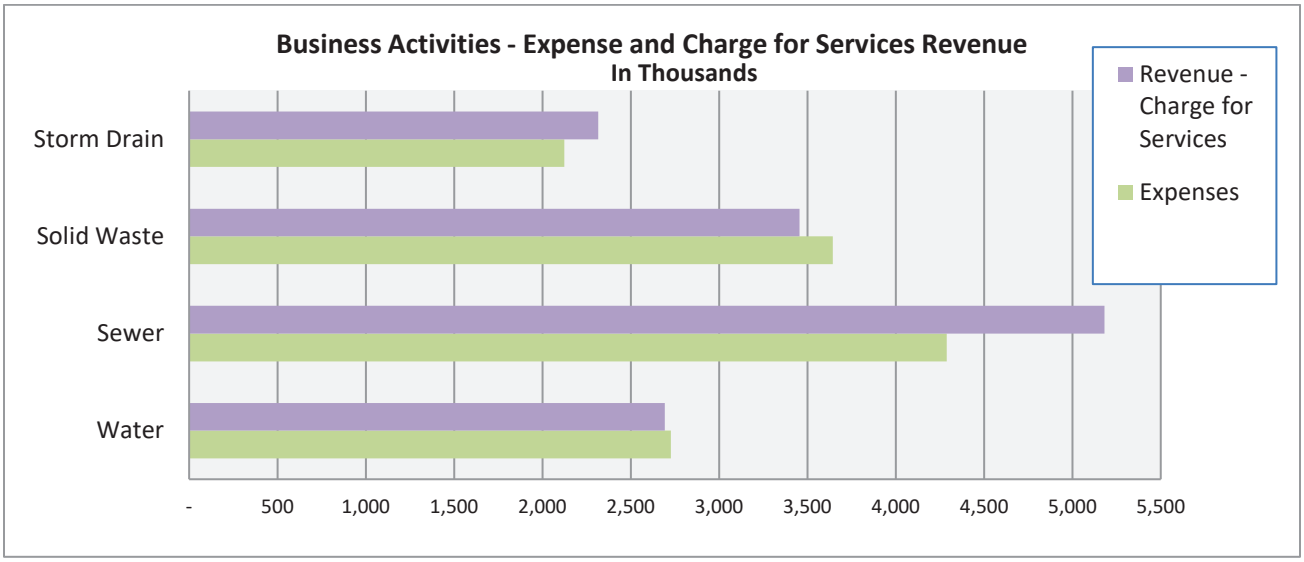






The City seeks to supplement business activities, as well as governmental activities, through the prudent application of third-party funding sources in the form of grants wherever possible. During 2023, business activity program revenues exceeded expenditures because rates were set to accommodate future 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 $23.8 million and expenditures of $21.6 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 29.3%. The fund balance increased due to tax revenue, grant revenue supporting expenses, higher investment earning rates with a growing portfolio, development revenues supporting upcoming projects. The increased revenues were strategic to support intended growing expenditures and services provided to the citizens. Decreased expenses also were a factor increasing the balance. A portion of the Treasury funds were utilized to support retaining staff which was previously decreased at the beginning of the pandemic. The City's operating revenues were greater than operating expenditures in 2023. Tax revenue saw an increase over prior year collections. Charges for services showed an increase over 2022 with continued 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
- Development revenues
- User fees for programs again able to operate in 2022

Expenditures were consistent with 2022 with increases and decreases primarily related to grants and corresponding expenses as well as an expected economic increase. And increase in debt payments was due to a full year of payments for a 2022 debt issue.

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, REET, or traffic impact fees. A major transportation project on Noll Road became substantially complete in 2023. The project was largely grant funded and matched with City Impact fees, REET funds and debt proceeds. Work on this phase of Noll Road was finalized in 2023 and the next phase begins in 2023. Design was completed for an upcoming road and infrastructure much needed and anticipated for 3rd Avenue, a road to provide access and parking for the historic downtown.

- **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 2023 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. In 2023 the City collected and retained the County's portion of connection fees to be used for future projects the City must share costs of the treatment plant attributed to the portion of flow supporting Poulsbo's system.
  - 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 2023.
  - Most operating expenses were consistent with prior years reflecting economic increases.

- **Custodial Fund:** The City has one custodial fund which accounts for funds held by or on behalf of another party. Funds accounted for are bail and restitution funds as well as state and county fees collected on behalf of other governmental agencies.

GENERAL FUND 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 43 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 14.5%, or $1,959,986 of the original adopted budget. Some of the significant increases are highlighted below.
    - 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. There were several new unanticipated grants acquired in 2023 supporting the program. Amendments were approved to reflect the revenue and expenditures related to the grants.
    - Utility tax revenue projections were updated to account for the additional revenue due to an increase in customers.
    - Grant revenues and expenditures were carried over to 2024 for a transportation project the City has partnered with the state who owns the asset so that revenue and expenses are accounted for in the operating fund as it is not the City's capital.
    - A grant for development of the City's Comprehensive Plan update was received and budget amended to reflect the revenue and associated expenses.

- The final General Fund expenditure budget inclusive of other financing uses increased by 21.6%, or $3,200,237. The increase is a net effect of several adjustments:
    - Carryover of funds necessary required for our partnership to implement a new records management system necessary for 911 calls.
    - Staffing additions and adjustments including a temporary increase to municipal court.
    - Legal costs and settlement funds related to a land use issue regarding easement access and related infrastructure and traffic flow.
    - Software updates and enhancements necessary to maintain cybersecurity for the City.
    - Expenditures related to grants; Noll Road, Comprehensive Plan Update, behavioral health, and substance abuse programs including a new recovery center providing support to citizens.
    - Professional services for the required updates for the City's Comprehensive Plan and related studies

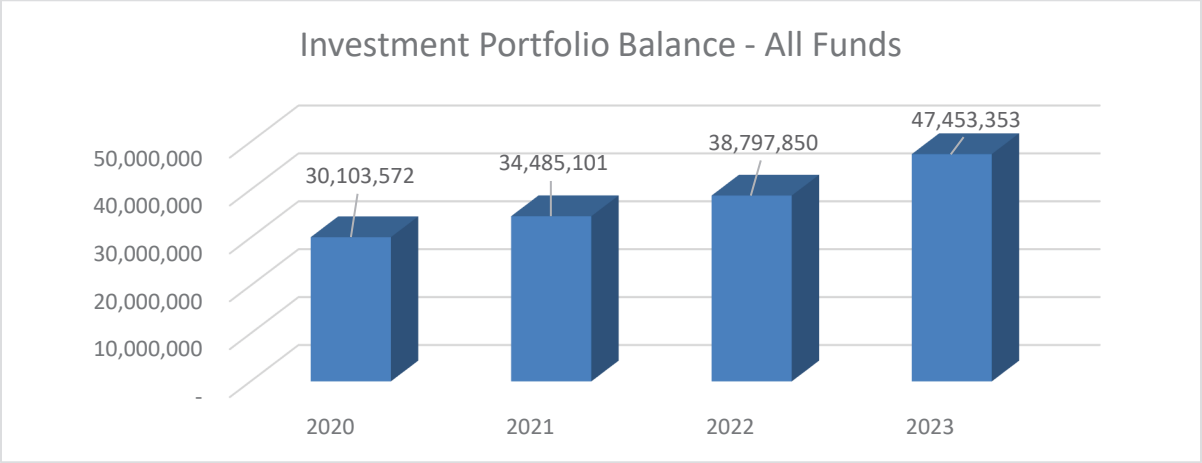
- The General Fund amended budget anticipated the ending Fund Balance to increase $413,521 over the original projected ending Fund Balance. Much of the increase is due to adjusting the budget to reflect the actual beginning balance.

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 dbooher@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, 2023. The growth in 2023 is due to a couple factors: the amount of cash has increased due to revenue growth, sales tax collections of new taxes for affordable housing and behavioral health imposed in 2023, development fees paid for upcoming projects, increased investment earnings, funds collected for future utility projects. and more funds invested leaving less funds in the City's checking account. Funds still maintain adequate liquidity and security but provide higher investment earnings as the rates allow.



DEBT ADMINISTRATION

The City participates in various forms of debt, which is summarized as follows: $9.5 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. The balance at the end of 2023 is $5.6 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 ($2,987,976,388), or $44,819,616 less any debt issued which leaves an available balance of $35,284,153.
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 ($2,987,976,388). For 2023, the City's limit is $74,699,410 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 2024:

				2024 Assessed Valuation	$ 2,987,976,388		
X	0.025	=	$ 74,699,410	Limited for Combined Debt		Balance Available	$ 65,163,917
X	0.015	=	$ 44,819,646	Limited for Non-Voted Debt		Balance Available	$ 35,284,153

Additional information on the City's debt is provided in Note 10, "Long-Term Debt" and may be found on page 91 of these statements.

CAPITAL EQUIPMENT AND UPGRADING CAPITAL FACILITIES

The City has a capital threshold of $5,000. Equipment for governmental services is 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 2023 is in both governmental and business-type type activities. The Noll Road Project is the largest transportation project spanning several phases and years in the City's history. The project combining City, County, and State roads to provide additional traffic options, pedestrian enhancements, and utility infrastructure through the City. Most of the project is grant funded and addresses the necessary traffic enhancements for 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 2023 with the 2nd phase completed and the next phase commencing with purchase of additional right of ways in 2023 and planned construction in 2024.

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 and an additional .1% sales tax as funding sources to be delegated to street maintenance and repairs of neighborhood streets. The City Council established a funding source and process to maintain infrastructure. The City will continue with the process of chip sealing neighborhood streets that qualify for the interim improvement.

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 creating an accessible playground at Raab Park is largely grant and donation funded, completed design in 2023 with construction occurring in 2024.

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 received funds from the Public Facilities District (PFD) to complete a feasibility study and is in the final negotiations of an Interlocal Agreement for grants funds to complete design and construction of the ball fields and small restroom and snack bar. The plan is to begin construction in 2025 funded by a debt issue paid by both the City and the PFD.

Improvements to the existing Park and Recreation building were completed in 2023 including a new roof and HVAC system, allowing the recreation program to continue being housed in the building.

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.

Replacement of a Pressure Relief Valve station for water delivery was completed in 2023.

The City recorded amounts due to the County for completion of several sewer projects which support the capital needs to maintain the City's flow of sewage passing through the treatment plant. Also recorded in 2023 was the purchase of additional capacity needed to support the projected future needs of the City's growing population and developments.

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 2024, funded with a combination of grants, traffic mitigation fees, debt proceeds and strategized use of reserve funds. 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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Land/Intangibles	$ 36,833,486	$ 36,428,028	$ 6,663,101	$ 6,488,121	$ 43,496,587	$ 42,916,148
Buildings	11,131,066	11,406,764	3,122,417	3,215,552	14,253,483	14,622,315
Other Improvements	3,080,939	1,153,359	996,331	917,406	4,077,270	2,070,765
Infrastructure	37,089,503	30,653,363	52,433,712	49,897,635	89,523,215	80,550,998
Intangibles (Depreciable)	3,243	9,120	17,971,101	14,331,746	17,974,344	14,340,866
Intangibles Right to Use	394,083	167,443	-	-	394,083	167,443
Machinery & Equipment	1,494,212	849,839	3,065,552	3,141,794	4,559,764	3,991,632
Work in Progress	2,929,412	10,754,447	2,508,693	4,906,393	5,438,105	15,660,840
Totals	$ 92,955,944	$ 91,422,363	$ 86,760,907	$ 82,898,645	$ 179,716,851	$ 174,321,008

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 strong in 2023, with construction of many multi-housing and residential housing developments. It is expected to continue in 2024 but is starting to flatten or slightly decrease from what has been inspected through 2023 with large projects commencing in 2024. 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 construction commences. 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 design of a Poulsbo Event and Recreation Center with the first phase of development of new athletic fields. The City is working with the Public Facilities District (PFD) to create funding for the project. It is anticipated the PFD will fund 66% of the project and the City will contribute the remaining 33%, a legal requirement of PFD projects. It is anticipated that the City will issue debt for the project using their bond ratings and debt capacity to achieve a lower interest rate. The PFD will make payments to the City for their portion. It is anticipated bids will be solicited at the end of 2024 with construction commencing in 2025. In order to continue forward with the future phases of a complete recreation complex inclusive of an event center and water feature, it may be necessary to provide funding approved by a vote of the citizens or a partnering agreement with the neighboring College. The vote could be either a voted debt to fund the construction or establish a park district to not only fund the capital expenditure, but continued park maintenance. A park district 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 2023 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 2023 with several new developments being completed or initiated in 2023. 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 2023 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 in 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 rights-of-way 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 the 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 administration costs.
- 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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 3,128,759	$ 130,365	$ 3,259,124
Investments	16,909,801	30,543,552	47,453,353
Restricted Assets			
Restricted Cash		8,200	8,200
Investments	200,119	-	200,119
Receivables (*net of allowance for uncollectibles)*			
Taxes	1,859,432	-	1,859,432
Customer Accounts	468,021	1,125,247	1,593,268
Other Receivable	6,396	34,670	41,066
Leases Receivable	171,774	1,111,120	1,282,894
Intergovernmental Receivable	2,105,504	-	2,105,504
Inventories	8,227	56,919	65,147
Prepaids	1,570	1,500	3,070
Net Pension Asset	3,006,557	556,062	3,562,619
Capital Assest not being depreciated:			
Land & Right of Ways	36,833,486	6,663,101	43,496,587
Construction in Progress	2,929,412	2,508,693	5,438,105
Capital Assets (*net of accumulated depreciation/amortization*):			
Buildings and Structures	11,131,066	3,122,417	14,253,483
Other Improvements	40,170,442	53,430,043	93,600,485
Machinery and Equipment	1,494,212	3,065,552	4,559,764
Intangibles	397,326	17,971,101	18,368,427
Total Assets	**120,822,104**	**120,328,542**	**241,150,647**
Deferred Outflows of Resources			
Pension related	2,327,226	450,424	2,777,650
OPEB related	12,316	-	12,316
Deferred Charge on Refunding	336,627	-	336,627
Total Deferred Outflows of Resources	**2,676,170**	**450,424**	**3,126,593**
Liabilities			
Accounts Payable and Other Accrued Liabilities	1,637,478	1,651,647	3,289,124
Employee Wages	569,730	100,150	669,880
Contracts and Retainage Payable	3,123	1,553	4,676
Accrued Interest Payable	22,065	22,189	44,253
Deposits Payable	550,487	8,200	558,687
Revenues Collected in Advance	63,635	-	63,635
Unearned Revenues	834,030	-	834,030
Noncurrent Liabilities:			
Due within one year: bonds, notes, leases, claims, compensated absences	1,264,234	430,830	1,695,065
Total OPEB Liability due within one year	46,327	-	46,327
Due in more than one year:			
Net pension Liability - actuarially funded	687,454	240,066	927,520
Total OPEB Liability	1,086,503	-	1,086,503
Bonds, notes, leases, subscriptions, claims, compensated absences	8,055,417	7,780,877	15,836,294
Total Liabilities	**14,820,483**	**10,235,511**	**25,055,994**
Deferred Inflows of Resources			
Property Taxes/Grants/Misc	71,956	-	71,956
Pension related	1,468,294	314,527	1,782,821
Leases	166,702	1,103,304	1,270,006
Total Deferred Inflows of Resources	**1,706,952**	**1,417,831**	**3,124,783**
Net Position			
Net Investment in Capital Assets	84,625,843	77,514,994	162,140,837
Restricted for:			
Net Pension Asset	3,858,546	688,604	4,547,150
Capital Projects	6,847,939	-	6,847,939
Debt Service	7,637	-	7,637
Opioid Settlement	316,920	-	316,920
Drug Enforcement	49,091	-	49,091
Federal Funds	196,878	-	196,878
Criminal Justice	168,713	-	168,713
Substance Abuse Program	122	-	122
Public, Educational, Governmental Cable	131,738	-	131,738
Promoting Downtown Businesses	97,782	-	97,782
Promoting Tourism	519,899	-	519,899
City Beautification - Expendable	6,982	-	6,982
City Beautification - Nonexpendable	91,016	-	91,016
Unrestricted (deficit)	10,051,733	30,922,026	40,973,759
Total Net Position	**$ 106,970,839**	**$ 109,125,625**	**$ 216,096,464**

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Page 1 of 2

		Program Revenues		
Primary Government				
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions/Programs:				
Governmental activities:				
General Government	$ 4,288,487	$ 403,576	$ 993,970	$ 193,559
Judicial	597,550	32,410	3,179	-
Security of Persons & Property	4,402,872	133,502	186,913	-
Utilities & Environment	38,950	3,614	-	-
Transportation	4,361,676	213,803	1,494,180	1,261,058
Economic Environment	1,565,154	1,708,933	239,412	-
Mental & Physical Health	914,414	312,524	483,258	-
Culture & Recreation	1,874,121	582,260	192,151	371,917
Interest on Long-Term Debt	273,236	-	-	-
Total Governmental Activities	**18,316,461**	**3,390,622**	**3,593,063**	**1,826,533**
Business-type Activities:				
Water	2,726,432	2,693,230	-	1,194,516
Sewer	4,288,233	5,181,481	-	6,053,486
Solid Waste	3,644,020	3,454,888	-	-
Storm Drain	2,123,488	2,315,403	20,517	476,464
Total Business-Type Activities	**12,782,173**	**13,645,002**	**20,517**	**7,724,467**
Total Primary Government	**$ 31,098,634**	**$ 17,035,625**	**$ 3,613,581**	**$ 9,551,000**

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

STATEMENT OF ACTIVITIES *(continued)*
FOR THE YEAR ENDED DECEMBER 31, 2023

Page 2 of 2

	Net (Expenses) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General Government	$ (2,697,383)	$ -	$ (2,697,383)
Judicial	(561,961)	-	(561,961)
Security of Persons & Property	(4,082,457)	-	(4,082,457)
Utilities & Environment	(35,336)	-	(35,336)
Transportation	(1,392,635)	-	(1,392,635)
Economic Environment	383,191	-	383,191
Mental & Physical Health	(118,632)	-	(118,632)
Culture & Recreation	(727,793)	-	(727,793)
Interest on Long-Term Debt	(273,236)	-	(273,236)
Total Governmental Activities	**(9,506,242)**	**-**	**(9,506,242)**
Business-Type Activities:			
Water	-	1,161,314	1,161,314
Sewer	-	6,946,735	6,946,735
Solid Waste	-	(189,132)	(189,132)
Storm Drain	-	688,896	688,896
Total Business-Type Activities	**-**	**8,607,814**	**8,607,814**
Total Primary Government	**(9,506,242)**	**8,607,814**	**(898,429)**
General Revenues:			
Property Taxes	2,903,668	-	2,903,668
Retail Sales & Use Taxes	7,577,801	-	7,577,801
Business and Occupation Taxes	2,745,974	-	2,745,974
Excise Taxes	1,217,905	-	1,217,905
Unrestricted Interest & Investment Earnings (Loss)	1,136,259	864,332	2,000,591
Restricted Interest & Investment Earnings	-	-	-
Payments in Lieu of Taxes	-	-	-
Gain on disposal of capital assets	31,892	128	32,020
Total General Revenues	**15,613,499**	**864,461**	**16,477,960**
Change in Net Position	6,107,257	9,472,274	15,579,531
Net Position - Beginning of Year	100,784,931	99,653,350	200,438,281
Prior Period Adjustments	78,651	-	78,651
Net Position - End of Year	**$ 106,970,839**	**$ 109,125,625**	**$ 216,096,464**

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Street Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 588,171	$ 1,359,958	$ 1,180,630	$ 3,128,759
Investments	7,159,386	392,663	9,357,753	16,909,801
Cash and Investments - Restricted	106,432	-	93,687	200,119
Receivables *(net of allowance for uncollectibles)*				
Taxes	1,439,315	-	420,118	1,859,432
Accounts	468,021	-	6,315	474,337
Interest	81	-	-	81
Leases Receivable	171,774	-	-	171,774
Intergovernmental Receivable	1,827,938	270,116	7,450	2,105,504
Pre-Paid	1,570	-	-	1,570
Inventories	8,227	-	-	8,227
Total Assets	**11,770,915**	**2,022,736**	**11,065,953**	**24,859,604**
Deferred Outflows of Resources	**-**	**-**	**-**	**-**
Total Assets and Deferred Outflows of Resources	**11,770,915**	**2,022,736**	**11,065,953**	**24,859,604**
Liabilities				
Accounts Payable	327,606	1,202,248	107,624	1,637,478
Custodial Accounts	545,244	-	8,366	553,610
Payroll Payable	540,108	2,374	27,248	569,730
Deposits and Other Payables	63,635	-	-	63,635
Unearned Revenues	234,030	600,000	-	834,030
Total Liabilities	**1,710,622**	**1,804,622**	**143,238**	**3,658,482**
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	53,354	-	-	53,354
Unavailable Revenue - Grants/Settlements/Misc	967,521	182,976	-	1,150,498
Lease Related	166,702	-	-	166,702
Total Deferred Inflows of Resources	**1,187,577**	**182,976**	**-**	**1,370,553**
Fund Balances (Deficits)				
Nonspendable Fund Balance	6,337	-	91,016	97,353
Restricted Fund Balance	344,262	-	7,698,043	8,042,304
Committed Fund Balance	-	-	-	-
Assigned Fund Balance	375,000	35,138	3,133,656	3,543,794
Unassigned Fund Balance (Deficits)	8,147,116	-	-	8,147,116
Total Fund Balances (Deficits)	**8,872,715**	**35,138**	**10,922,715**	**19,830,568**
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	**$ 11,770,915**	**$ 2,022,736**	**$ 11,065,953**	**$ 24,859,604**

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, 2023

Total Governmental Fund Balances:		$ 19,830,568
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.		92,955,944
These assets consist of:		
Land	36,833,486	
Buildings and structures	15,738,802	
Improvements	66,555,439	
Machinery and Equipment	5,194,753	
Construction in Progress	2,929,412	
Intangibles	1,371,805	
Accumulated Depreciation	(35,667,753)	
Net pension assets resulting from annual contributions in excess of required contributions are not financial resources and therefore are deferred in governmental funds		3,006,557
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		336,627
Some of the city's receivables will not be collected soon enough to pay for		
Deferred inflows - property taxes		53,354
Deferred inflows - grants/settlements/misc		1,078,542
Long term liabilities, including bonds payable are not due and payable it the		
Interest Payable	22,065	
Long-term Liabilities (bonds, notes, leases,claims, comp absences)	9,319,652	
OPEB Liability	1,132,830	
Pension Liability	687,454	(11,162,000)
Amounts reported as deferred outflows and inflows of resources related to		
Deferred outflow - pension	2,327,226	
Deferred outflow - OPEB	12,316	
Deferred inflow - pension	(1,468,294)	871,248
Net Position of governmental activities		$ 106,970,839

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, 2023

	General Fund	Street Reserve Fund	Non-Major Governmental Funds	Total
Revenues				
Property Taxes	$ 2,892,555	$ -	$ -	$ 2,892,555
Sales Taxes	5,849,276	-	2,854,564	8,703,840
Franchise Taxes	2,837,840	-	-	2,837,840
Licenses and Permits	1,328,830	-	20,045	1,348,875
Intergovernmental	3,062,621	159,870	357,665	3,580,155
Charges for Services	1,676,756	-	1,132,446	2,809,202
Fines and Forfeitures	29,090	-	252	29,342
Interest and Other Earnings	822,038	25,036	289,185	1,136,259
Special Assessments - Capital	-	20,000	-	20,000
Miscellaneous	70,544	268,928	119,239	458,711
Total Revenues	**18,569,550**	**473,834**	**4,773,396**	**23,816,780**
Expenditures				
Current				
General Government	4,694,979	-	-	4,694,979
Security of Persons & Property	4,382,703	-	19,237	4,401,940
Utilities & Environment	37,110	-	-	37,110
Transportation	1,433,660	-	1,348,968	2,782,628
Economic Environment	1,294,717	-	362,857	1,657,574
Mental & Physical Health	946,673	-	-	946,673
Culture & Recreation	1,602,905	-	95,987	1,698,891
Debt Service:				
Principal	190,267	-	928,072	1,118,339
Interest & Other Charges	5,559	-	259,732	265,291
Capital Outlay	-	2,570,696	1,395,452	3,966,149
Total Expenditures	**14,588,572**	**2,570,696**	**4,410,306**	**21,569,573**
Excess (deficiency) of Revenues Over Expenditures	3,980,979	(2,096,863)	363,090	2,247,206
Other Financing Sources (Uses)				
Transfers In	63,100	1,808,716	2,460,968	4,332,784
Transfers Out	(2,151,953)	-	(2,180,831)	(4,332,784)
Notes Issued	-	-	404,966	404,966
Leases	66,350	-	-	66,350
Sale of General Assets	31,892	-	-	31,892
Insurance Recoveries	21,644	-	-	21,644
Total Other Financing Sources and Uses	**(1,968,967)**	**1,808,716**	**685,103**	**524,852**
Net Change in Fund Balances	2,012,011	(288,147)	1,048,194	2,772,058
Fund Balances - Beginning of Year	6,860,704	323,284	9,874,521	17,058,510
Fund Balances (deficit) - End of Year	**$ 8,872,715**	**$ 35,138**	**$ 10,922,715**	**$ 19,830,568**

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, 2023

Net change in Fund balance--total governmental funds	$	2,772,058
Amounts reported for Governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenditure.		
This is the amount of capital outlays		3,966,149
This is the amount of depreciation/amortization		(2,621,554)
This is the amount of Gain (Loss) on Capital Assets		(4,572)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government funds.		293,494
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.		193,559
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.		(404,966)
Principal payments		1,118,339
Some expenses reported in the statement of activities do not require the use of the governmental funds.		794,750
Change in net position of governmental activities	$	6,107,257

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, 2023

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property Taxes	$ 2,909,871	$ 2,909,871	$ 2,892,555	$ (17,316)
Sales Taxes	5,100,000	5,100,000	5,574,727	474,727
Utility Taxes	2,465,567	2,515,590	2,745,974	230,384
Criminal Justice Taxes	210,000	210,000	274,548	64,548
Other Taxes	65,000	65,000	91,866	26,866
Licenses and Permits	652,480	652,480	1,328,830	676,350
Intergovernmental	1,049,461	2,633,486	3,062,621	429,135
Charges for Services	836,875	1,101,138	1,676,756	575,618
Fines and Forfeitures	32,800	32,800	29,090	(3,710)
Interest and Other Earnings	153,000	153,000	822,038	669,038
Miscellaneous	23,600	48,935	70,544	21,609
Total Revenues	**13,498,654**	**15,422,300**	**18,569,550**	**3,147,250**
Expenditures				
Current:				
General Government	4,092,639	5,175,555	4,694,979	480,576
Security of Persons & Property	4,632,983	4,760,968	4,382,703	378,265
Utilities & Environment	38,882	32,204	37,110	(4,906)
Transportation	506,106	1,650,887	1,433,660	217,227
Economic Environment	1,283,122	1,385,008	1,294,717	90,292
Mental & Physical Health	580,032	1,209,266	946,673	262,593
Culture & Recreation	1,555,284	1,675,397	1,602,905	72,492
Debt Service:				
Principal	-	-	190,267	(190,267)
Interest/Debt Service Costs	-	-	5,559	(5,559)
Total Debt Service	-	-	195,826	(195,826)
Total Expenditures	**12,689,048**	**15,889,285**	**14,588,572**	**1,300,714**
Excess (deficiency) of Revenues over Expenditures	809,606	(466,985)	3,980,979	4,447,964
Other Financing Sources (Uses)				
Transfers In	-	3,100	63,100	60,000
Transfers Out	(2,154,120)	(2,154,120)	(2,151,953)	2,167
Leases Issued	40,200	51,000	66,350	15,350
Sale of General Capital Assets	-	-	9,418	9,418
Insurance Recoveries	-	22,440	44,118	21,678
Total Other Financing Sources (Uses)	**(2,113,920)**	**(2,077,580)**	**(1,968,967)**	**108,613**
Net Change in Fund Balance	(1,304,314)	(2,544,565)	2,012,011	4,556,576
Fund Balance - Beginning of Year	5,206,933	6,860,705	6,860,704	(1)
Fund Balance - End of Year	**$ 3,902,619**	**$ 4,316,140**	**$ 8,872,715**	**$ 4,556,575**

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Assets					
Current Assets:					
Cash and Cash Equivalents	$ 54,339	$ 59,033	$ 12,418	$ 4,575	$ 130,365
Investments	7,639,214	17,733,505	1,779,167	3,391,665	30,543,552
Restricted Cash	8,200	-	-	-	8,200
Accounts Receivable, net	179,482	454,168	303,209	188,387	1,125,247
Leases Receivable	68,235	-	-	-	68,235
Interest Receivable - Leases	34,670	-	-	-	34,670
Inventories	52,016	4,904	-	-	56,919
Prepaid Items	500	500	250	250	1,500
Total Current Assets	8,036,656	18,252,110	2,095,044	3,584,878	31,968,688
Noncurrent Assets:					
Capital Assets Not Being Depreciated:					
Land & Right of Ways	779,611	780,407	558,313	4,544,770	6,663,101
Construction in Progress	93,052	1,708,955	31,982	674,704	2,508,693
Capital Assets:					
Buildings and Structures	912,408	398,955	1,107,286	1,442,536	3,861,185
Intangibles	113,501	22,012,693	5,898	234,806	22,366,897
Other Improvements	26,652,922	30,978,421	112,336	23,103,978	80,847,657
Machinery and Equipment	2,171,334	1,884,495	1,896,211	513,125	6,465,164
Less: Accumulated Depreciation	(10,006,901)	(17,478,311)	(1,432,640)	(7,033,939)	(35,951,791)
Leases	1,042,886	-	-	-	1,042,886
Net Pension Asset	146,663	99,666	153,044	156,689	556,062
Total Noncurrent Assets	21,905,475	40,385,281	2,432,430	23,636,669	88,359,855
Total Assets	**29,942,131**	**58,637,391**	**4,527,474**	**27,221,547**	**120,328,542**
Deferred Outflows of Resources					
Pension related	119,446	81,051	122,613	127,314	450,424
Total Deferred Outflows of Resources	**119,446**	**81,051**	**122,613**	**127,314**	**450,424**
Liabilities					
Current Liabilities					
Accounts Payable	233,860	1,245,707	232,410	39,820	1,751,797
Accrued Liabilities					
Compensated Absences	5,509	5,512	6,977	5,114	23,111
Retainage Payable	-	1,553	-	-	1,553
Custodial Accounts	8,200	-	-	-	8,200
Accrued Interest Payable	634	20,014	997	544	22,189
Bond Anticipation Note Payable	22,342	302,342	35,108	19,150	378,941
Total Current Liabilities	270,545	1,575,126	275,492	64,627	2,185,790
Noncurrent Liabilities:					
Compensated Absences	49,580	49,609	62,789	46,025	208,003
Bonds Payable	408,707	6,200,371	642,254	350,320	7,601,652
Net Pension Liability	63,318	43,028	66,073	67,647	240,066
Total Noncurrent Liabilities	521,605	6,293,008	771,116	463,992	8,049,720
Total Liabilities	**792,150**	**7,868,134**	**1,046,608**	**528,619**	**10,235,511**
Deferred Inflows of Resources					
Pension related	83,281	56,600	85,565	89,081	314,527
Leases	1,103,304	-	-	-	1,103,304
Total Deferred Inflows of Resources	**1,186,585**	**56,600**	**85,565**	**89,081**	**1,417,831**
Net Position					
Net Investment in Capital Assets	20,108,875	32,699,208	1,598,387	23,108,525	77,514,994
Restricted	181,621	123,422	189,524	194,038	688,604
Unrestricted	7,792,346	17,971,078	1,730,004	3,428,597	30,922,026
Total Net Position	**$ 28,082,841**	**$ 50,793,708**	**$ 3,517,915**	**$ 26,731,160**	**$ 109,125,625**

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, 2023

	Business-type Activities				
	Water	Sewer	Solid Waste	Storm Drain	Total Enterprise Funds
Operating Revenues:					
Charges for Services	$ 2,566,077	$ 5,140,050	$ 3,424,651	$ 2,267,483	$ 13,398,262
Other Operating Revenues	33,865	33,508	26,035	25,650	119,058
Total Operating Revenues	**2,599,943**	**5,173,558**	**3,450,686**	**2,293,133**	**13,517,320**
Operating Expenses:					
Salaries and Wages	675,625	523,769	925,507	667,508	2,792,409
Personnel Benefits	246,781	189,253	318,389	254,581	1,009,005
Materials and Supplies	110,173	52,767	182,444	58,697	404,081
Services	907,844	2,044,507	2,021,353	565,201	5,538,905
Depreciation	776,355	1,254,025	183,446	569,352	2,783,178
Total Operating Expenses	**2,716,779**	**4,064,321**	**3,631,139**	**2,115,338**	**12,527,578**
Operating Income (Loss)	(116,836)	1,109,237	(180,453)	177,795	989,743
Nonoperating Revenues (Expenses):					
Intergovernmental	-	-	-	20,517	20,517
Interest and Other Earnings	329,679	483,574	61,283	91,383	965,919
Loss from Sale of Capital Assets	398	-	-	17,414	17,812
Interest Expense	(7,821)	(219,369)	(12,290)	(6,704)	(246,184)
Total Nonoperating Revenues (Expenses)	**322,256**	**264,205**	**48,993**	**122,611**	**758,065**
Income (loss) Before Capital Contributions	205,420	1,373,442	(131,460)	300,406	1,747,807
Capital Contributions - Cash	932,839	6,032,719	-	391,549	7,357,107
Capital Contributions - Developers	261,677	20,767		84,916	367,360
Change in Net Position	1,399,936	7,426,928	(131,460)	776,870	9,472,274
Total Net Position - Beginning of Year	26,682,905	43,366,780	3,649,375	25,954,290	99,653,350
Total Net Position - End of Year	**$ 28,082,841**	**50,793,708**	**$ 3,517,915**	**$ 26,731,160**	**$ 109,125,625**

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, 2023

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	$ 2,682,859	$ 5,015,967	$ 3,427,654	$ 2,307,389	$ 13,433,870
Payments to suppliers and service providers	(894,474)	(1,927,465)	(1,993,249)	(536,272)	(5,351,461)
Payments to employees for salaries and benefits	(689,581)	(459,183)	(753,112)	(761,669)	(2,663,545)
Payments to other funds for services provided	(384,510)	(395,475)	(659,461)	(370,698)	(1,810,144)
Net cash provided by (used for) operating activities	**714,294**	**2,233,844**	**21,832**	**638,749**	**3,608,719**
Cash Flows From Noncapital Financing Activities					
Operating Grants	-	-	-	20,517	20,517
Proceeds from Judgements and Settlements	-	-	-	17,414	17,414
Net cash provided (used) by noncapital financing activities	**-**	**-**	**-**	**37,932**	**37,932**
Cash Flows from Capital and Related Financing Activities					
Connection Fees	932,839	6,032,719	-	386,040	7,351,598
Capital Grants	-	-	-	5,509	5,509
Acquisition and Construction of Capital Assets	(721,785)	(4,363,073)	(8,731)	(243,667)	(5,337,256)
Purchase of Capital Assets	(4,327)	(47,075)	(14,754)	(9,836)	(75,993)
Principal paid on Capital Debt	(22,110)	(292,110)	(34,744)	(18,968)	(367,931)
Interest paid on Capital Debt	(7,840)	(248,840)	(12,321)	(6,704)	(275,705)
Proceeds from Capital Debt	(29,435)	-	-	-	(29,435)
Net cash provided by (used for) capital and related financing activities	**147,471**	**1,081,621**	**(70,550)**	**112,374**	**1,270,916**
Cash Flows from Investing Activities					
Purchase of investments	(4,926,764)	(13,973,206)	(749,555)	(1,954,037)	(21,603,562)
Proceeds from sales and maturities of investments	3,208,694	9,211,512	751,804	879,194	14,051,204
Interest on Investments	238,493	480,193	57,672	87,974	864,332
Net cash provided by investing activities	**(1,479,577)**	**(4,281,501)**	**59,921**	**(986,870)**	**(6,688,026)**
Net increase (decrease) in Cash and Cash Equivalents	(617,812)	(966,036)	11,203	(197,815)	(1,770,460)
Cash and Cash Equivalents - Beginning of Year	680,351	1,025,069	1,215	202,390	1,909,025
Cash and Cash Equivalents - End of Year	**$ 62,539**	**$ 59,033**	**$ 12,418**	**$ 4,575**	**$ 138,565**

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, 2023

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)	$ (116,836)	$ 1,109,237	$ (180,453)	$ 177,795	$ 989,743
Depreciation Expense	776,355	1,254,025	183,446	569,352	2,783,178
adjustments					-
(Increase) decrease in Accounts Receivable	(9,740)	(27,591)	(26,644)	1,493	(62,481)
(Increase) in Intergovernmental Receivables	-	-	-	9,353	9,353
(Increase) decrease in Inventories	(11,897)	14	-	-	(11,883)
(Increase) decrease in Custodial Funds	1,200	(133,380)	-	-	(132,180)
(Increase) decrease in Interest and Other Earnings	91,456	3,380	3,612	3,409	101,857
Decrease in pension related deferred outflows of resources	26,873	14,363	3,189	36,320	80,745
(Decrease) increase in Accounts Payable	43,226	71,620	78,423	(4,967)	188,302
(Decrease) increase in Compensated Absences	1,037	(717)	36,962	(56,218)	(18,936)
(Decrease) in Net Pension Liability	(23,146)	(17,395)	(34,771)	(21,478)	(96,789)
(Decrease) in pension related deferred inflows of resources	(64,234)	(39,714)	(41,931)	(76,310)	(222,188)
Total Adjustments	**831,130**	**1,124,607**	**202,285**	**460,954**	**2,618,977**
Net Cash provided by (used for) Operating Activities	**$ 714,294**	**$ 2,233,844**	**$ 21,832**	**$ 638,749**	**$ 3,608,719**
	714,294	2,233,844	21,832	638,749	
Schedule of non-cash Capital and related financing activities:					
Investment Earnings Unrealized	64,021	(160,526)	(22,100)	(35,015)	(153,620)
Capital Contributions by Developers	$ 261,677	$ 20,767	$ -	$ 84,916	$ 367,360

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

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023

	Custodial Funds
Assets	
Cash and Cash Equivalents	$ 4,608
Receivables	8
Total Assets	**4,617**
Liabilities	
Accounts Payable	2,480
Custodial Funds	133
Total Liabilities	**2,613**
Net Position	
Restricted For:	
Individuals, Organizations and Other Governments	2,003
Total Net Position	**$ 2,003**

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, 2023

	Custodial Funds
Additions	
Collections of Funds for Other Governments:	
Bail Funds and Restitution	30,661
Other Deposits	28,772
Total Additions	**59,433**
Deductions	
Distribution of Funds to Other Governments:	
Bail Funds and Restitution	30,661
Other Payments to State and Local Governments	28,569
Total Deductions	**59,230**
Net Increase (Decrease) in Fiduciary Net Position	203
Net Position - Beginning of Year	1,800
Net Position - End of Year	**$ 2,003**

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

CITY OF POULSBO
VIKING
CITY

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 related 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 $6,982.05. 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, 2023, the City was holding $3,259,124 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 a receivable in the lending fund and payables in the borrowing fund. The City had no interfund loans in 2023.

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, 2023, were as follows*:*

	Transfers Out:			
Transfers In:	**General Fund**	**Street Reserve Fund**	**Non-Major Gov'l**	**Total**
General Fund	$ -	$ 126,000	$ -	$ 126,000
City Street Reserve Fund	-	-	-	-
Non-Major Gov'l Funds	63,100	1,682,716	2,460,968	4,206,784
Total Transfers	**$ 63,100**	**$ 1,808,716**	**$ 2,460,968**	**$ 4,332,784**

Amounts Due to and from Other Governmental Units

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

Inventories

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

a. Inventories are valued at cost using the average cost method. The costs of inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased.

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

Restricted Assets

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

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	50
Hydrants and Wells	50
Buildings	10-50
Playfields and Other Recreational Facilities	20
Other Improvements	5-25
Vehicles, Boats, and Construction Equipment	10
Machinery/Shop Equipment	5-25
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 an acquisition of net assets 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:

	Nonspendable Purposes	Restricted Purposes	Assigned Purposes	Unassigned Purposes	Totals
General Fund					
General Government	$ 6,337			$ 8,147,116	$ 8,153,454
Public, Education, Government Cable	-	131,738	-	-	131,738
Substance Abuse Program/Opioid Settlement	-	15,645	-	-	15,645
Federal Funds	-	196,878	-	-	196,878
Compensated Absences Liability	-	-	150,000	-	150,000
Legal Reserves	-	-	225,000	-	225,000
Subtotals, General Fund	**6,337**	**344,262**	**375,000**	**8,147,116**	**8,872,715**
Street Reserve Fund					
Transportation Improvements	-		35,138		35,138
Subtotals, City Street Fund	**-**	**-**	**35,138**	**-**	**35,138**
Other Governmental Funds					
Transportation Maintenance & Operation	-	-	374,594	-	374,594
Transportation Improvements	-	1,888,004	200	-	1,888,204
Parks Improvements	-	758,331	370,633	-	1,128,964
Cemetery Improvements	-	-	51,739	-	51,739
Capital Equipment	-	-	470,368	-	470,368
Capital Improvements	-	2,950,599	1,835,269	-	4,785,869
Affordable Housing	-	1,251,005	-	-	1,251,005
Drug Enforcement	-	49,091	-	-	49,091
Criminal Justice	-	168,713	30,853	-	199,566
Promote Downtown Businesses	-	97,782	-	-	97,782
Promoting Tourism	-	519,899	-	-	519,899
City Beautification	91,016	6,982	-	-	97,998
Debt Service	-	7,637	-	-	7,637
Subtotals, Other Governmental Funds	**91,016**	**7,698,043**	**3,133,656**	**-**	**10,922,715**
Totals	**$ 97,353**	**$ 8,042,304**	**$ 3,543,794**	**$ 8,147,116**	**$19,830,568**

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 2023, 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 a risk that the City will not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

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

As of December 31, 2023, the carrying amount of the City's change funds, petty cash, and bank demand deposit accounts with financial institutions was the following:

Investment Type		Fair Value
Cash		
FDIC or PDPC insured bank deposits	$	3,843,244
In-transit items		(572,812)
Custodial funds		(4,608)
Petty Cash on hand		1,500
Total Cash	**$**	**3,267,324**

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, 2023, the City held the following investments at amortized Cost:

Trust/Passbook Accounts	106,432
Washington State Local Government Inv. Pool	$ 11,287,095
	$ 11,393,527

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, 2023:

			Maturities		
Investments	**Valuation Measurement Method**	**Fair Value 12/31/23**	**Less Than One Year**	**One to Three Years**	**Total**
US agency securities					
US Treasury Bills, Notes & Bonds	Level 1	$ 27,276,708	$ 13,016,761	$ 14,259,947	$ 27,276,708
Federal Home Loan Bank	Level 1	4,489,400	-	4,489,400	4,489,400
Federal Farm Credit Bureau	Level 2	4,493,838	-	4,493,838	4,493,838
Total Investments		**$ 36,259,945**	**$ 13,016,761**	**$ 23,243,184**	**$ 36,259,945**

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:

As of December 31, 2023, the City held the following deposits and investments (includes restricted investments):

Investment Type	Fair Value or Amortized Cost	Maturity Duration	% of Portfolio
Investments			
US agency securities			
US Treasury Bills, Notes & Bonds	$ 27,276,708	1.16	57%
Federal Home Loan Bank	$ 4,489,400	1.76	9%
Federal Farm Credit Bureau	$ 4,493,838	1.96	9%
Washington State Local Government Inv. Pool	$ 11,287,095		24%
Trust/Passbook Accounts	$ 106,432		
Total Investments	**$ 47,653,473**	**0.98**	**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 2023, the City's levy for general governmental services was $1.03 per $1,000 on the assessed valuation of $2,822,149,209 for a total of $2,892,555.

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, 2023, is summarized below:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental-Type Activities				
Capital assets, not being depreciated:				
Land	$ 10,881,902	$ -	$ (5,270)	$ 10,876,632
Intangible - Right of Way/Easements	25,546,126	415,300	(4,572)	25,956,854
Construction Work in Progress	10,754,447	2,622,839	(10,447,874)	2,929,412
Total capital assets not being depreciated	**47,182,475**	**3,038,139**	**(10,457,716)**	**39,762,898**
Capital assets, being depreciated:				
Buildings	15,625,073	113,729	-	15,738,802
Other Improvements	4,033,876	2,081,007	-	6,114,882
Machinery and Equipment	4,447,769	888,825	(141,840)	5,194,753
Intangible	766,226	-	-	766,226
Right-to-use leased equipment	200,613	75,069	-	275,682
Right-to-use subscriptions	-	329,897	-	329,897
Infrastructure	52,354,371	8,086,186	-	60,440,557
Total capital assets being depreciated	**77,427,926**	**11,574,712**	**(141,840)**	**88,860,799**
Less accumulated depreciation for:				
Buildings	(4,218,309)	(389,427)	-	(4,607,736)
Other Improvements	(2,880,517)	(153,426)	-	(3,033,943)
Machinery and Equipment	(3,597,930)	(244,451)	141,840	(3,700,541)
Intangible	(757,106)	(5,877)	-	(762,983)
Right-to-use leased equipment	(33,170)	(50,564)	-	(83,734)
Right-to-use subscriptions	-	(127,762)	-	(127,762)
Infrastructure	(21,701,007)	(1,650,046)	-	(23,351,054)
Total accumulated depreciation	**(33,188,039)**	**(2,621,554)**	**141,840**	**(35,667,753)**
Total capital assets, being depreciated, net	44,239,888	8,953,158	-	53,193,046
Governmental activity capital assets, net	**$ 91,422,363**	**$ 11,991,298**	**$ (10,457,716)**	**$ 92,955,944**

- The City acquired $54,039 of ROWs for the North and Middle segments of the Noll Road Corridor Project and $361,261 of additional costs were allocated to previously acquired completed Johnson Parkway/South segment ROWs and $193,559 infrastructure as contributed capital for the new Haugen residential development, Chipotle Restaurant, Sophie Apartments and Coppertop Storage commercial developments.
- The decrease shown in right of way/easements is attributed to the expiration of Temporary Construction Easements related to the Johnson Parkway/South segment of the Noll Road Corridor project and the removal of the Snider Park property due to cancelation of acquisition.
- $2,622,839 was spent on construction work in progress for various capital projects throughout the year. Improvements to the Johnson Parkway/South segment of the Noll Road Corridor were completed in 2023. Improvements at the Liberty Bay Waterfront Trail, North and Middle segments of the Noll Road Corridor, Raab Park Play for All, Parks & Rec Building Repairs, Nordic Cottages, 3rd Avenue (Moe to Hostmark), Public Works Complex, Finn Hill Overlay all are still in progress.
- $521,981 was expended to acquire 8 new vehicles 5 for the Police Department, 1 for the Engineering Department, 1 for the Parks Department and 1 for the Streets Department, $3,000 was expended as the Governmental portion of a John Deere Gator for the Public Works Department, $8,654 was expended for a Barracuda Backup Server, $321,981 was booked for cameras, artwork, signs and radar speed signs with the completion of the South segment of the Noll Road Corridor project.
- The decrease in Machinery & Equipment is due to the sale of 3 Police Department & 2 Street Department vehicles.

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

Governmental activities:	
General Government	$ 386,464
Security of Persons and	79,325
Property Transportation	1,724,693
Culture and Recreation	252,746
Right-to-use leased equipment	50,564
Right-to-use subscriptions	127,762
Total depreciation expense - governmental activities	**$ 2,621,554**

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-Type Activities				
Capital assets, not being depreciated:				
Land	$ 4,679,858	$ 174,980	$ -	$ 4,854,838
Intangible - Right of Way/Easements	1,808,263	-	-	1,808,263
Construction Work in Progress	4,906,393	1,951,573	(4,349,273)	2,508,693
Total capital assets not being depreciated	**11,394,513**	**2,126,553**	**(4,349,273)**	**9,171,794**
Capital assets, being depreciated:				
Buildings	3,861,185	-	-	3,861,185
Other Improvements	1,839,993	207,227	-	2,047,220
Machinery and Equipment	6,190,916	274,248	-	6,465,164
Intangible	18,301,591	4,065,307	-	22,366,897
Infrastructure	74,479,060	4,321,377	-	78,800,437
Total capital assets being depreciated	**104,672,745**	**8,868,158**	**-**	**113,540,904**
Less accumulated depreciation for:				
Buildings	(645,634)	(93,135)	-	(738,768)
Other Improvements	(922,587)	(128,303)	-	(1,050,890)
Machinery and Equipment	(3,049,123)	(350,490)	-	(3,399,613)
Intangible	(3,969,845)	(425,951)	-	(4,395,796)
Infrastructure	(24,581,425)	(1,785,300)	-	(26,366,724)
Total accumulated depreciation	**(33,168,613)**	**(2,783,178)**	**-**	**(35,951,791)**
Total capital assets, being depreciated, net	71,504,132	6,084,981	-	77,589,113
Business-type activity capital assets, net	**$ 82,898,645**	**$ 8,211,534**	**$ (4,349,273)**	**$ 86,760,907**

- The City acquired $367,360 of infrastructure as contributed capital for the new for the new Haugen residential development, Chipotle Restaurant, Sophie Apartments and Coppertop Storage commercial developments.
- $174,980 of Land, $4,321,377 of infrastructure was added this year with the completion of the Johnson Parkway/South segment of the Noll Road Corridor, Glen Haven Storm Drain and Mesford & Swanson PRV Station projects.
- The City's share of County-operated assets is reflected in intangibles, $2,600,000 for increased capacity at the Kitsap County Treatment Plant, $144,040 for the Kitsap County Diffusers, $257,755 for the Kitsap County Staff Trailers and $1,063,512 for the Bangor/Keyport Forcemain Project.
- The City incurred $1,951,573 in costs for construction in progress for various capital projects.

throughout the year. Improvements to the Johnson Parkway/South segment of the Noll Road Corridor, Glen Haven Storm Drain and Mesford & Swanson PRV Stations were completed in 2023. North & Middle segments of the Noll Road Corridor, Pump Station Safety Improvements, Raab Park Water Tank, Lemolo Shores Pipeline Upgrade, Alasund Pump Station, 3rd Avenue (Moe to Hostmark) and Public Works Complex are all still in progress.

- $17,309 was expended as the business portion to acquire a new John Deere Gator for the Public Works Department, $28,888 was expended for a Sewer Line Rapid Assessment Tool and $5,266 for a Confined Entry Retrieval Tripod for Sewer, $13,127 was expended for a Front Load Trailer for Solid Waste, $5,509 was expended for a Chipper for Storm Drain and $49,019 was booked for new telemetry equipment for Water with the completion of the Mesford PRV Station project.

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

Business-type activities:		
Water	$	776,355
Sewer		1,254,025
Solid Waste		183,446
Storm Drain		569,352
Total depreciation expense - business-type activities	**$**	**2,783,178**

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 2023:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	(927,520)
Pension assets		3,562,619
Deferred outflows of resources		2,777,650
Deferred inflows of resources		(1,782,821)
Pension expense/expenditures	$	(244,619)

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 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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%. 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 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
January - June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	**10.39%**	**6.00%**
July - August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	**9.39%**	**6.00%**
September - December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	**9.53%**	**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 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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 rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***	**Employee 3***
January - June 2023:			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	**10.39%**	**6.36%**	
July - August 2023:			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	**9.39%**	**6.36%**	
September - December 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	**9.53%**	**6.36%**	**0.00%**

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

**For employees participating in JBM, the minimum contribution rate was 7.50%

The City of Poulsbo's actual PERS plan contributions were $257,506 to PERS Plan 1 and $478,966 to PERS Plan 2/3 for the year ended December 31, 2023.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state's full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

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 0%, 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 0.20% 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 rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

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 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

LEOFF Plan 2			
Actual Contribution Rates:		**Employer**	**Employee**
January - August 2023			
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%**
September - December 2023			
State and local governments		5.12%	8.53%
Administrative Fee		0.20%	
	Total	**5.32%**	**8.53%**
Ports and Universities		8.53%	8.53%
Administrative Fee		0.20%	
	Total	**8.73%**	**8.53%**

The City of Poulsbo's actual contributions to the plan were $129,942 for the year ended December 31, 2023.

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, 2023, the state contributed $87,966,142 to LEOFF Plan 2. The amount recognized by the City of Poulsbo as its proportionate share of this amount is $1,359,957.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 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 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, 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, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022, measurement date.

Discount Rate

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

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% 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% 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, 2021. The inflation component used to create the table is 2.2% 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%, as well as what the City of Poulsbo's proportionate share of the net pension liability would be calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
PERS 1	$ 1,295,815	$ 927,520	$ 606,084
PERS 2/3	2,336,650	(2,148,407)	(5,833,164)
LEOFF 1	(48,109)	(54,255)	(59,586)
LEOFF 2	$ 225,172	$ (1,359,957)	$ (2,657,249)

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, 2023, the City of Poulsbo reported its proportionate share of the net pension liabilities as follows:

	Liability or (Asset)
PERS 1	$ 927,520
PERS 2/3	(2,148,407)
LEOFF 1	(54,255)
LEOFF 2	$ (1,359,957)

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	$ (54,255)	$ (1,359,957)
State's proportionate share of the net pension asset associated with the employer	(366,983)	(868,455)
TOTAL	$ (421,238)	$ (2,228,412)

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

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.039458%	0.040632%	0.001174%
PERS 2/3	0.051469%	0.052417%	0.000948%
LEOFF 1	0.001784%	0.001828%	0.000044%
LEOFF 2	0.052882%	0.056698%	0.003816%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023, 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 2023. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% 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 2023, the state of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

Pension Expense

For the year ended December 31, 2023, the City of Poulsbo recognized pension expense as follows:

	Pension Expense
PERS 1	$ 28,291
PERS 2/3	(248,125)
LEOFF 1	(5,872)
LEOFF 2	(18,913)
TOTAL	**$ (244,619)**

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the City of Poulsbo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	-	(104,628)
Contributions subsequent to the measurement date	114,927	-
TOTAL	**$ 114,927**	**$ (104,628)**

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 437,628	$ (24,004)
Net difference between projected and actual investment earnings on pension plan investments	-	(809,649)
Changes of assumptions	901,975	(196,595)
Changes in proportion and differences between contributions and proportionate share of contributions	44,724	(85,330)
Contributions subsequent to the measurement date	243,342	-
TOTAL	**$ 1,627,669**	**$ (1,115,579)**

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	-	(3,598)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
TOTAL	**$ -**	**$ (3,598)**

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 555,504	$ (11,189)
Net difference between projected and actual investment earnings on pension plan investments	-	(287,764)
Changes of assumptions	347,396	(111,710)
Changes in proportion and differences between contributions and proportionate share of contributions	67,592	(148,353)
Contributions subsequent to the measurement date	64,562	-
TOTAL	**$ 1,035,054**	**$ (559,016)**

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 993,132	$ (35,193)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,205,639)
Changes of assumptions	1,249,371	(308,305)
Changes in proportion and differences between contributions and proportionate share of contributions	112,316	(233,684)
Contributions subsequent to the measurement date	422,831	-
TOTAL	**$ 2,777,650**	**$ (1,782,821)**

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, 2024. 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
2024	$	(71,185)
2025		(89,523)
2026		55,199
2027		881
2028		-
Thereafter		-
TOTAL	**$**	**(104,628)**

Year ended December 31		PERS 2/3
2024	$	(376,182)
2025		(471,272)
2026		651,348
2027		227,739
2028		231,608
Thereafter		5,507
TOTAL	**$**	**268,748**

Year ended December 31		LEOFF 1
2024	$	(2,467)
2025		(3,095)
2026		1,920
2027		44
TOTAL	**$**	**(3,598)**

Year ended December 31		LEOFF 2
2024	$	(122,278)
2025		(168,748)
2026		240,737
2027		81,684
2028		91,018
Thereafter		289,063
TOTAL	**$**	**411,476**

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 169 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 $1,000,000, 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.

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.

NOTE 8: LEASES

Leases Receivable:

The primary objective of GASB Statement 87 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 52 month lease as Lessor for the use of 19540 Front Street. An initial lease receivable was recorded in the amount of $96,555. As of 12/31/2023, the value of the lease receivable is $52,413. The lessee is required to make monthly fixed payments of $1,884. The lease has an interest rate of 0.5517%. The value of the deferred inflow of resources as of 12/31/2023 was $51,991, and City of Poulsbo, WA recognized lease revenue of $22,282 during the fiscal year. The lessee had a termination period of 4 months as of the lease commencement.

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 $538,416. As of 12/31/2023, the value of the lease receivable is $499,629. The 2023 value has increased due to the annual payment schedule increase. The lessee is required to make annual fixed payments of $24,052. The lease has an interest rate of 1.7393%. The value of the deferred inflow of resources as of 12/31/2023 was $499,957, and City of Poulsbo, WA recognized lease revenue of $19,229 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. As of 12/31/2023, the value of the lease receivable is $369,509. The lessee is required to make annual fixed payments of $16,782. The lease has an interest rate of 1.7393%. The value of the deferred inflow of resources as of 12/31/2023 was $359,407, and City of Poulsbo, WA recognized lease revenue of $13,311 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 49 month lease as Lessor for the use of Schlumberger - 4th Avenue Water Tank. An initial lease receivable was recorded in the amount of $23,074. As of 12/31/2023, the value of the lease receivable is $11,563. The lessee is required to make annual fixed payments of $5,830. The lease has an interest rate of 0.5517%. The value of the deferred inflow of resources as of 12/31/2023 was $11,968.81, and City of Poulsbo, WA recognized lease revenue of $5,553 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 $277,527. As of 12/31/2023, the value of the lease receivable is $240,772. The lessee is required to make annual fixed payments of $19,944. The lease has an interest rate of 1.2717%. The value of the deferred inflow of resources as of 12/31/2023 was $231,968, and City of Poulsbo, WA recognized lease revenue of $22,779 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 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. As of 12/31/2023, the value of the lease receivable is $112,307. The lessee is required to make monthly fixed payments of $1,029. 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, and City of Poulsbo, WA recognized lease revenue of $8,972 during the fiscal year.

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. As of 12/31/2022, American Tower notified the City of Poulsbo that the lease has been canceled. The value of the remaining deferred inflow of resources of $11,260, remaining rent receivable of $11,132 was reversed to record the termination of the lease. A gain on termination of a capital lease was recorded in the amount of $128.

On 11/01/2023, City of Poulsbo, WA entered into a 14 month lease as Lessor for Believe in Recovery to sublease space within the Recovery Resource Center. An initial lease receivable was recorded in the amount of $8,230. As of 12/31/2023, the value of the lease receivable is $7,054. The lessee is required to make monthly fixed payments of $600. The lease has an interest rate of 3.8040%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 12/31/2023 was $7,054, and City of Poulsbo, WA recognized lease revenue of $1,176 during the fiscal year.

Lessor/Receivables: Governmental Activities

Year ended December 31	Principal	Interest	Total
2024	$36,573	$5,592	$42,165
2025	$29,991	$4,973	$34,965
2026	$15,382	$4,507	$19,889
2027	$8,237	$4,115	$12,352
2028	$8,639	$3,712	$12,352
2029-2033	$49,957	$11,802	$61,759
2034-2038	$22,994	$1,137	$24,130
Total	**$171,774**	**$35,838**	**$207,612**

Lessor/Receivables: Business-Type Activities

Year ended December 31	Principal	Interest	Total
2024	$50,172	$18,063	$68,235
2025	$51,753	$17,345	$69,098
2026	$47,560	$16,605	$64,165
2027	$49,224	$15,875	$65,099
2028	$50,948	$15,122	$66,069
2029-2033	$282,889	$63,431	$346,320
2034-2038	$159,300	$44,870	$204,170
2039-2043	$173,644	$30,526	$204,170
2044-2048	$189,280	$14,890	$204,170
2049-2053	$56,349	$1,267	$57,616
Total	**$1,111,118**	**$237,994**	**$1,349,112**

Leases Payable:

For the year ending on December 31, 2023, the City of Poulsbo had the following lease activity:

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. As of 12/31/2023, the value of the lease liability is $9,828. The City of Poulsbo is required to make monthly fixed payments of $253. 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 12/31/2023 of $15,088 with accumulated amortization of $5,286 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. As of 12/31/2023, the value of the lease liability is $9,828. The City of Poulsbo is required to make monthly fixed payments of $253. 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 12/31/2023 of $15,088 with accumulated amortization of $5,286 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 $11,511. As of 12/31/2023, the value of the lease liability is $7,374. The City of Poulsbo is required to make monthly fixed payments of $190. 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 12/31/2023 of $11,511 with accumulated amortization of $4,033 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. As of 12/31/2023, the value of the lease liability is $5,899. The City of Poulsbo is required to make monthly fixed payments of $151.87. 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 12/31/2023 of $9,209 with accumulated amortization of $3,227 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 - Parks & Recreation. An initial lease liability was recorded in the amount of $11,511. As of 12/31/2023, the value of the lease liability is $7,374. The City of Poulsbo is required to make monthly fixed payments of $190. 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 12/31/2023 of $11,511 with accumulated amortization of $4,033 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. As of 12/31/2023, the value of the lease liability is $5,224. The City of Poulsbo is required to make monthly fixed payments of $195. The lease has an interest rate of 0.5517%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2023 of $9,817 with accumulated amortization of $4,605 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 Axon Body Cameras for the Poulsbo Police Dept. An initial lease liability was recorded in the amount of $123,929. As of 12/31/2024, the value of the lease liability is $86,988. The City of Poulsbo, WA is required to make annual fixed payments of $27,334. The lease has an interest rate of 2.1567%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2024 of $139,504 with accumulated amortization of $93,208 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. As of 12/31/2023, the value of the lease liability is $0. The City of Poulsbo is required to make quarterly fixed payments of $745. The lease has an interest rate of 0.3300%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2023 of $0 with accumulated amortization of $0 is included with Equipment on the Lease Class activities table found below. This lease has ended as of 7/16/2023 and the City of Poulsbo made two month-to-month payments before entering into a lease for a postage machine with a new vendor.

On 05/01/2023, City of Poulsbo, WA entered into a 60 month lease as Lessee for the use of Ricoh USA - 2nd Floor Printer. An initial lease liability was recorded in the amount of $10,988. As of 12/31/2023, the value of the lease liability is $9,587. The City of Poulsbo is required to make monthly fixed payments of $194. The lease has an interest rate of 2.3100%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2023 of $10,988 with accumulated amortization of $1,465 is included with Equipment on the Lease Class activities table found below.

On 09/01/2023, City of Poulsbo, WA entered into an 18 month lease as Lessee for the use of Recovery Resource Center. An initial lease liability was recorded in the amount of $39,801. As of 12/31/2023, the value of the lease liability is $31,035. The City of Poulsbo, WA is required to make monthly fixed payments of $1,570. Additionally, there are monthly other reasonably certain payments of $690. The lease has an interest rate of 3.1020%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2023 of $39,801 with accumulated amortization of $8,845 is included with Buildings on the Lease Class activities table found below. The City of Poulsbo, WA has 2 extension option(s), each for 12 months.

On 10/01/2023, City of Poulsbo, WA entered into a 60 month lease as Lessee for the use of Quadient Postage Machine. An initial lease liability was recorded in the amount of $13,163. As of 12/31/2023, the value of the lease liability is $12,560. The City of Poulsbo, WA is required to make monthly fixed payments of $240. The lease has an interest rate of 3.6510%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 12/31/2023 of $13,163 with accumulated amortization of $658 is included with Equipment on the Lease Class activities table found below.

	Beg Bal	Increases	Decreases	End Bal
Leased Equip	$175,977	$24,153	$44,817	$155,313
Leased Office Space	$0	$39,801	$8,766	$31,035
Total	**$175,977**	**$63,954**	**$53,583**	**$186,347**
Accum Amort Leased Equip	$167,443	$39,728	$46,179	$160,992
Accum Amort Leased Office	$0	$39,801	$8,845	$30,956
Total	**$167,443**	**$79,528**	**$55,023**	**$191,949**

As of December 31, 2023 - Lease Principal and Interest Requirements to Maturity

Year Ended December 31	Principal	Interest	Total
2024	$72,780	$3,200	$75,980
2025	$53,129	$1,864	$54,994
2026	$49,392	$1,033	$50,425
2027	$8,137	$180	$8,317
2028	$2,902	$36	$2,939
Total:	$186,341	$6,313	$192,655

NOTE 9: Subscription Based Internet Technology Agreements

Subscriptions Payable

For the year ended 12/31/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/12/2023, Poulsbo, WA entered into a 24 month subscription for the use of Adobe Acrobat Software. An initial subscription liability was recorded in the amount of $3,620. As of 12/31/2023, the value of the subscription liability is $1,863. Poulsbo, WA is required to make annual fixed payments of $1,921. The subscription has an interest rate of 3.1023%. The value of the right to use asset as of 12/31/2023 of $3,620 with accumulated amortization of $850 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 12 months.

On 01/01/2023, Poulsbo, WA entered into a 28 month subscription for the use of DocuSign Cloud Platform. An initial subscription liability was recorded in the amount of $5,388. As of 12/31/2023, the value of the subscription liability is $2,682. Poulsbo, WA is required to make annual fixed payments of $2,760. The subscription has an interest rate of 2.8943%. The value of the right to use asset as of 12/31/2023 of $5,388 with accumulated amortization of $2,296 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 12 months.

On 01/01/2023, Poulsbo, WA entered into a 51 month subscription for the use of Esri Software. An initial subscription liability was recorded in the amount of $57,002. As of 12/31/2023, the value of the subscription liability is $42,516. Poulsbo, WA is required to make annual fixed payments of $15,000.00. The subscription has an interest rate of 2.8943%. The value of the right to use asset as of 12/31/2023 of $57,002 with accumulated amortization of $13,222 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 36 months.

On 08/16/2023, Poulsbo, WA entered into a 24 month subscription for the use of Intercept X Advanced. An initial subscription liability was recorded in the amount of $23,254. As of 12/31/2023, the value of the subscription liability is $11,454. Poulsbo, WA is required to make annual fixed payments of $12,897. The subscription has an interest rate of 3.0183%. The value of the right to use asset as of 12/31/2023 of $23,254 with accumulated amortization of $4,360 is included with Software on the Subscription Class activities table found below.

On 01/01/2023, Poulsbo, WA entered into a 27 month subscription for the use of Vector Workforce Management. An initial subscription liability was recorded in the amount of $9,941. As of 12/31/2023, the value of the subscription liability is $4,948. Poulsbo, WA is required to make annual fixed payments of $5,082. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of 12/31/2023 of $9,941 with accumulated amortization of $4,418 is included with Software on the Subscription Class activities table found below.

On 01/01/2023, Poulsbo, WA entered into a 33 month subscription for the use of Granicus Software. An initial subscription liability was recorded in the amount of $20,314. As of 12/31/2023, the value of the subscription liability is $10,491. Poulsbo, WA is required to make annual fixed payments of $10,256. The subscription has an interest rate of 2.6560%. The value of the right to use asset as of 12/31/2023 of $24,814 with accumulated amortization of $8,853 is included with Software on the Subscription Class activities table found below.

On 01/01/2023, Poulsbo, WA entered into a 52 month subscription for the use of Public Safety Software. An initial subscription liability was recorded in the amount of $11,442. As of 12/31/2023, the value of the subscription liability is $8,625. Poulsbo, WA is required to make annual fixed payments of $3,000. The subscription has an interest rate of 2.1570%. The value of the right to use asset as of 12/31/2023 of $11,442 with accumulated amortization of $2,640 is included with Software on the Subscription Class activities table found below.

On 01/01/2023, Poulsbo, WA entered into a 50 month subscription for the use of Laserfiche Software. An initial subscription liability was recorded in the amount of $21,598. As of 12/31/2023, the value of the subscription liability is $19,031. Poulsbo, WA is required to make annual fixed payments of $6,714. The subscription has an interest rate of 2.8943%. The value of the right to use asset as of 12/31/2023 of $21,598.38 with accumulated amortization of $5,163 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 36 months.

On 01/01/2023, Poulsbo, WA entered into a 72 month subscription for the use of NextRequest. An initial subscription liability was recorded in the amount of $31,494. As of 12/31/2023, the value of the subscription liability is $23,583. Poulsbo, WA is required to make annual fixed payments of $4,961. The subscription has an interest rate of 1.7100%. The value of the right to use asset as of 12/31/2023 of $31,494 with accumulated amortization of $5,249 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 5 extension option(s), each for 12 months.

On 01/01/2023, Poulsbo, WA entered into a 60 month subscription for the use of Thomson Reuters. An initial subscription liability was recorded in the amount of $27,765. As of 12/31/2023, the value of the subscription liability is $23,014. Poulsbo, WA is required to make monthly fixed payments of $448. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of 12/31/2023 of $27,765 with accumulated amortization of $5,553 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 36 months.

On 01/01/2023, Poulsbo, WA entered into a 18 month subscription for the use of Central Square. An initial subscription liability was recorded in the amount of $110,609. As of 12/31/2023, the value of the subscription liability is $37,314. Poulsbo, WA is required to make monthly fixed payments of $6,272. The subscription has an interest rate of 2.8940%. The value of the right to use asset as of 12/31/2023 of $110,609 with accumulated amortization of $73,739 is included with Software on the Subscription Class activities table found below.

On 01/30/2023, Poulsbo, WA entered into a 24 month subscription for the use of PowerDMS - NEOGOV. An initial subscription liability was recorded in the amount of $1,635. As of 12/31/2023, the value of the subscription liability is $536. Poulsbo, WA is required to make annual fixed payments of $550. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of 12/31/2023 of $1,635 with accumulated amortization of $751 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 12 months.

On 01/01/2023, Poulsbo, WA entered into a 24 month subscription for the use of TCP - Time Clock Plus. An initial subscription liability was recorded in the amount of $1,334. As of 12/31/2023, the value of the subscription liability is $729. Poulsbo, WA is required to make monthly fixed payments of $605. The subscription has an interest rate of 2.7070%. The value of the right to use asset as of 12/31/2023 of $1,334 with accumulated amortization of $667 is included with Software on the Subscription Class activities table found below. Poulsbo, WA has 1 extension option(s), each for 12 months.

	Beg Bal	Increases	Decreases	End Bal
Subscription Assets	$0	$329,897	$0	$329,897
Accum Amort Subscription		$0	$127,762	$202,134
Net Subscription Asset	**$0**	**$329,897**	**$127,762**	**$202,134**

As of December 31, 2023 - Subscription Principal and Interest Requirements to Maturity

	Principal	Interest	Total
2024	$106,910	$4,174	$111,085
2025	$33,535	$2,072	$35,607
2026	$34,721	$1,183	$35,904
2027	$11,241	$260	$11,501
2028	$4,878	$83	$4,961
Total:	$191,285	$7,773	$199,058

NOTE 10: 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.

The City of Poulsbo did not issue any new General Obligation debt in 2023.

As of December 31, 2023 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	3,810,000
2022	LOCAL Program GO Bonds: Issued to provide funds to purchase Fleet Vehicles	520,000	3-5%	2026	378,137
2020	Network Switches Installment Purchase	69,477	0.00%	2024	13,895
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	3,424,531
				Total	**$ 7,626,563**

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, 2023, 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	$ 5,640,000
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	1,908,929
				Total	**$ 7,548,929**

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
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	542,634	142,196	684,829	412,556	227,829	640,385
2028	557,072	126,929	684,001	428,993	213,993	642,986
2029-2033	2,811,916	378,745	3,190,661	2,411,104	811,973	3,223,078
2034-3038	781,202	83,683	864,885	2,869,013	343,567	3,212,580
2039-2044	335,205	10,748	345,953	257,030	8,241	265,271
Total	**$ 7,626,563**	**$1,326,488**	**$ 8,953,051**	**$7,548,929**	**$2,366,929**	**$ 9,915,858**

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, 2023, the City has no arbitrage rebate liability.

LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	$ 8,526,845	$ -	$ 914,177	$ 7,612,668	$ 939,424
Plus Unamortized Bond Premium	472,419	-	46,746	425,673	46,746
Net Pension Liability	801,410	687,454	801,410	687,454	-
Total OPEB Liability	1,103,715	1,132,830	1,103,715	1,132,830	46,327
Compensated Absences	907,979	674,335	692,532	889,783	88,978
Leases	160,402	79,528	53,583	186,347	72,780
Subscription-Based Technology Agreements		329,897	138,611	191,285	102,410
Installment Purchase	27,791	-	13,895	13,895	13,895
Total Governmental activity long-term liabilities	**12,000,560**	**2,904,044**	**3,764,669**	**11,139,936**	**1,310,561**
Business-type Activities					
Bonds payable:					
Revenue Bonds	5,910,000	-	270,000	5,640,000	280,000
General obligation bonds	2,006,844	-	97,915	1,908,929	98,941
Less Unamortized Bond Discount	(22,087)	-	(1,380)	(20,706)	(1,380)
Plus Unamortized Bond Premium	482,528	-	30,158	452,370	30,158
Net Pension Liability	297,245	240,066	297,245	240,066	-
Compensated Absences	250,050	150,747	169,684	231,114	25,005
Total Business-type activity long-term liabilities	**$ 8,924,581**	**$ 390,813**	**$ 863,622**	**$ 8,451,772**	**$ 432,724**

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 11: 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.

CONTRACTUAL COMMITMENTS

As of December 31, 2023, the City had 7 significant contractual obligations with the following balances:

Project	Vendor	Amount
3rd Avenue Improvements - Design	Perteet Engineering	$ 432,821
Johnson Parkway/SR 305 Roundabout	Active Construction	285,406
Noll/Johnson Pkwy Project (all elements)	Parametrix	174,970
Fire CARES Progam	Central Kitsap Fire & Rescue	148,000
COP Complete Streets Plan	Parametrix	101,892
Public Works Facility - Schematic Design	Helix Design Group	97,895
Raab Park Play for All - Design	MIG Inc	7,420
		$ 1,248,403

*The Engineering Department is negotiation with Active Construction regarding change orders that could affect the City's contractual obligations.

NOTE 12: 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 updated the agreement to purchase additional capacity to accommodate anticipated growth. 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) and Central Kitsap Fire & Rescue 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 and one unit based at Central Kitsap Fire & Rescue. The CARES units are 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 & Central Kitsap, but referrals are accepted throughout the County.

As of December 31, 2023 the City has turned the North Kitsap Fire CARES portion of the program over to the Poulsbo Fire Department and is no longer partnered with PFD. The City, through the AWC funding, will continue its partnership with CKF&R through June 30, 2024, and at that time will cease involvement in the program and the Central Kitsap Fire CARES program will be turned over to Central Kitsap Fire & Rescue.

In 2023, funding for the FIRE C.A.R.E.S program includes funds from the following sources:

- Kitsap County - $63,150 grant received in 2023. $58,646 used in 2023
- Washington State Department of Commerce (July 1 – June 30, 2023) grant for $194,000. $105,276 was used in 2022 and $88,724 used in 2023.
- Poulsbo Fire Department - $90,000 charge for services. $4,837 was claimed through December 2022 and $67,355 in 2023
- Olympic Community Health – Total grant award of $15,000 -$7,500 for 2022 with $4,765 expended and an additional $7,500 for 2023, with $10,235 used.
- Association of Washington Cities $155,500 grant received in 2023. $151,421 used.
- Association of Washington Cities (July 1, 2023 – June 30, 2024) grant for $260,000. $97,598 used in 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. The financials for Central Kitsap Fire & Rescue are available at https://www.ckfr.org or by contacting Central Kitsap Fire & Rescue at 5300 NW Newberry Hill Rd, Silverdale, WA 98383, (360) 447-3550.

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 and is working on an additional application for the design and construction of the first phase of the project. The first phase will include design and construction of new ball fields, park trails, play courts, parking and a small facility including restrooms and a small concession stand. 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 (KCCHA) 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% sales tax increase. When the project is constructed, the Kitsap County Consolidated Housing Authority will be managing the facility. The collected rent and the 0.01% Sales Tax for Affordable Housing will fund the continued maintenance and future debt obligations.

NOTE 13: 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 2023:

Aggregate OPEB Amounts - All Plans	
OPEB Liabilities	$1,132,830
Deferred outflows of resources	12,316
OPEB expenses/expenditures	53,591

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, 2023, 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 $24,866 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 $1,132,830 was measured as of June 30, 2023, 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, 2023, 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 2023 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 9.5% general inflation rate was used based on the CPI for Urban Wage Earners and Clerical Workers, Seattle-Tacoma-Bellevue, WA - All Items.

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

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 4.5 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 (3.5%) or 1-percentage point higher (5.5%) than the current rate.

	1% Decrease (3.5%)	Current healthcare Cost Trend Rate (4.5%)	1% Increase (5.5%)
Total OPEB Liability	$1,023,196	$1,132,830	$1,258,728

Discount Rate. The following presents the total OPEB liability of the City of Poulsbo calculated using the current discount rate of 3.65 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65%) or 1-percentage point higher (4.65%) than the current rate.

	1% Decrease (2.54%)	Current healthcare Cost Trend Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$1,266,992	$1,132,830	$1,018,688

Changes in experience data and assumptions reflect a change in the discount rate from 3.54 percent in 2022 to 3.65 percent in 2023.

Change in the Total OPEB Liability	
Balance at 6/30/2022	$ 1,103,715
Changes for the year:	
Interest Cost	38,333
Changes in Experience Data and Assumptions	32,890
Estimated Benefit Payments	(42,108)
Net changes	29,115
Balance at 6/30/2023	$ 1,132,830

Deferred outflows of resources of $12,316 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, 2024.

At December 31, 2023 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	$ 12,316	$ -
TOTAL*	$ 12,316	$ -

NOTE 14: PRIOR PERIOD ADJUSTMENTS

In 2023 the City of Poulsbo had one prior period adjustment to record a reduction in Compensated Absences and pensions due to recording a reduction in expenditures for a prior period due to updated percentages for distribution related to Public Works administration and updated percentages for indirect allocation of salaries.

NOTE 15: RECONCILIATION OF NET INVESTMENT IN CAPITAL ASSETS

Governmental Activities:		***Business-Type Activities:***	
Capital Assets, Net of Depreciation	$ 92,955,944	Capital Assets, Net of Depreciation	$ 86,760,907
General Obligation Bonds Payable	(8,004,196)	Revenue Bonds Payable	(7,548,929)
Unamortized premium on Bonds	(425,673)	Unamortized premium on Bonds	(452,370)
Deferred Outflows - Loss on Refunding	336,627	Unamortized discount on Bonds	20,706
Payables	(236,859)	Payables	(1,265,319)
Net Investment in Capital Assets	**$ 84,625,843**	***Net Investment in Capital Assets***	**$ 77,514,994**

NOTE 16: ACCOUNTING AND REPORTING CHANGES

In fiscal year 2023, the City of Poulsbo implemented GASB Statement No. 96 for Subscription Based Information Technology Agreements, or SBITAs. The City of Poulsbo has recognized a Subscription liability and subscription asset at the commencement of the subscription term for software subscriptions between the City of Poulsbo and other entities.

NOTE 17: SUBSEQUENT EVENTS

In November of 2023 the City of Poulsbo Planning Commission released a Notice of Application for a public hearing for a cannabis retail zoning amendment. The Planning Commission public hearing was held on December 12, 2023, and it was recommended by the Planning Commission that the Cannabis Code Amendments be adopted. A public hearing was held during the City Council meeting on February 14, 2024. The Cannabis Code Amendments to the Poulsbo Municipal Code have been adopted as sections 18.40.030 allowing retail cannabis within two zones of the city limits.

The Poulsbo City Council passed Ordinance No. 2023-18 establishing a Business and Occupation (B&O) Tax to raise revenue for continuing operations. The City has based this ordinance on the model ordinance prepared by the Association of Washington Cities as required by RCW 35.102.140. This ordinance was passed in December of 2023, with an effective date of 7/1/2024.

NOTE 18: 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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 1,103,715	$ 1,178,033	$ 1,151,313	$ 1,215,855	$ 1,185,697	$ 1,220,280
Interest	38,333	25,049	25,008	41,770	45,286	43,106
Changes in Experience Data and Assumptions	32,890	(62,462)	41,424	(61,081)	16,187	(45,011)
Estimated Benefit Payments	(42,108)	(36,905)	(39,712)	-	(31,315)	(32,678)
Benefit payments				(45,231)	-	-
Total OPEB liability - ending	$ 1,132,830	$ 1,103,715	$ 1,178,033	$ 1,151,313	$ 1,215,855	$ 1,185,697
Covered-employee payroll*	0	0	0	0	0	0
Total OPEB liability as a % of covered payroll	0.00%	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, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.040632%	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	$ 927,520	$ 1,098,656	$ 478,760	$ 1,452,394	$ 1,628,623	$ 1,804,278	$ 1,820,971	$ 2,093,195	$ 1,955,635	$ 1,850,241
Total	$ 927,520	$ 1,098,656	$ 478,760	$ 1,452,394	$ 1,628,623	$ 1,804,278	$ 1,820,971	$ 2,093,195	$ 1,955,635	$ 1,850,241
Employer's covered payroll	$ 7,246,184	$ 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 proprtionate share of the net pension liability as a percentage of covered payroll	12.80%	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	80.16%	76.56%	88.74%	68.64%	67.12%	61.24%	61.24%	57.03%	59.10%	61.19%

Notes to Schedule:
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, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.052417%	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	$ (2,148,407)	$ (1,908,872)	$ (5,018,459)	$ 685,283	$ 531,109	$ 885,719	$ 1,715,128	$ 2,513,886	$ 1,725,429	$ 955,881
Total	$ (2,148,407)	$ (1,908,872)	$ (5,018,459)	$ 685,283	$ 531,109	$ 885,719	$ 1,715,128	$ 2,513,886	$ 1,725,429	$ 955,881
Employer's covered payroll	$ 7,246,184	$ 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 proprtionate share of the net pension liability as a percentage of covered payroll	-29.65%	-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	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

Notes to Schedule:
See notes to Required Supplemetary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LEOFF 1
As of June 30, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.001828%	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	$ (54,255)	$ (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	$ (366,983)	$ (346,154)	$ (402,238)	$ (216,389)	$ (228,222)	$ (357,471)	$ (307,771)	$ (260,843)	$ (366,222)	*
Total	$ (421,238)	$ (397,330)	$ (461,706)	$ (248,380)	$ (261,962)	$ (410,320)	$ (353,272)	$ (299,407)	$ (427,504)	$ (61,161)
Employer's covered payroll	0	0	0	0	0	0	0	0	0	0
Employer's proprtionate 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	N/A
Plan fiduciary net position as a percentage of the total pension liability	175.99%	169.62%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%	126.91%

Notes to Schedule:
*Information not available for 2014
See notes to Required Supplemetary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LEOFF 2
As of June 30, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	0.056698%	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	$ (1,359,957)	$ (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	(868,455)	(930,969)	(1,933,783)	(707,548)	(867,218)	(745,429)	(480,253)	(202,407)	(366,222)	(453,820)
Total	$ (2,228,412)	$ (2,368,142)	$ (4,931,390)	$ (1,814,087)	$ (2,191,486)	$ (1,896,705)	$ (1,220,606)	$ (512,881)	$ (920,093)	$ (1,148,394)
Employer's covered payroll	$ 2,464,311	$ 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 proprtionate share of the net pension liability as a percentage of covered payroll	55.19%	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	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

Notes to Schedule:
See notes to Required Supplemetary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS 1
For the year ended December 31, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 257,506	$ 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	(257,506)	(259,173)	(258,233)	(299,031)	(303,261)	(286,998)	(249,559)	(224,037)	(199,036)	(167,996)
Covered payroll	$ 7,530,903	$ 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	3.42%	3.75%	4.32%	4.79%	4.96%	5.06%	4.89%	4.77%	4.41%	4.05%

Notes to Schedule:
See notes to Required Supplemetary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERS 2/3
For the year ended December 31, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 478,966	$ 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	(478,966)	(439,305)	(429,186)	(494,198)	(471,748)	(425,275)	(348,499)	(292,611)	(255,711)	(208,036)
Covered payroll	$ 7,530,903	$ 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%	6.36%	7.18%	7.92%	7.71%	7.50%	6.84%	6.23%	5.67%	5.01%

Notes to Schedule:
See notes to Required Supplemetary Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LEOFF 2
For the year ended December 31, 2023
Last 10 years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	$ 129,942	$ 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	(129,942)	(122,486)	(101,429)	(107,243)	(104,711)	(102,989)	(91,334)	(80,293)	(80,712)	(78,406)
Covered payroll	$ 2,501,016	$ 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	5.20%	5.19%	5.17%	5.17%	5.26%	5.32%	5.14%	5.05%	5.05%	5.05%

Notes to Schedule:
See notes to Required Supplemetary Information

Notes to Required Supplementary Information – Pensions
December 31, 2023

Note 1 – Information provided

There are no City employees participating in the PERS 1 or LEOFF 1 plans in 2023; 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.

CITY OF POULSBO
VIKING
CITY

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 **Transportation Benefit District** Fund accounts for special revenue funds received from 1/10 of 1% sales tax and additional assessment on Vehicle Licensing. These revenues are for construction, operations, repair, and maintenance of roads and sidewalks.

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 **Transportation Benefit District Capital Fund** was established to fund capital projects relating to roads and sidewalks.

The **Cemetery Reserve Fund** was established to account for money collected from grave site 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.

CITY OF POULSBO
VIKING
CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds						
	City Street Fund	Transportation Benefit District Fund	Capital Improvements Fund	Transportation Development Fund	Park Development Fund	Affordable Housing Fund	Historic Downtown Poulsbo Association Fund
Assets							
Cash and Cash Equivalents	$ 104,049	$ 64,841	$ 220,731	$ 27,262	$ 28,727	$ 246,245	$ 63,764
Investments	237,739	125,094	2,623,148	1,615,976	704,341	900,917	34,985
Receivables *(net allowance for uncollectibles)*							
Taxes	88,357	55,661	106,721	-	-	121,142	-
Accounts	-	-	-	-	-	-	6,315
Intergovernmental	-	-	-	-	-	-	-
Cash and Investments - Restricted	-	-	-	-	-	-	-
Total Assets	**430,145**	**245,596**	**2,950,599**	**1,643,238**	**733,069**	**1,268,304**	**105,065**
Deferred Outflows of Resources	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities							
Accounts Payable	37,266	-	-	-	-	10,268	7,283
Payroll	15,991	-	-	-	-	7,031	-
Custodial Accounts	2,294	830	-	-	-	-	-
Total Liabilities	**55,551**	**830**	**-**	**-**	**-**	**17,299**	**7,283**
Deferred Inflows of Resources	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fund Balances							
Nonspendable Fund Balance	-	-	-	-	-	-	-
Restricted Fund Balance	-	244,766	2,950,599	1,643,238	733,069	1,251,005	97,782
Assigned Fund Balance	374,594	-	-	-	-	-	-
Total Fund Balance	**374,594**	**244,766**	**2,950,599**	**1,643,238**	**733,069**	**1,251,005**	**97,782**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 430,145**	**$ 245,596**	**$ 2,950,599**	**$ 1,643,238**	**$ 733,069**	**$ 1,268,304**	**$ 105,065**

COMBINING BALANCE SHEET *(continued)*
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	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	$ 5,747	$ 18,534	$ 128,344	$ 24,276	$ 932,521
Investments	19,351	36,078	373,106	163,989	6,834,724
Receivables *(net allowance for uncollectibles)*					
Taxes	164	-	44,044	4,029	420,118
Accounts	-	-	-	-	6,315
Intergovernmental	-	-	-	7,450	7,450
Cash and Investments - Restricted	-	-	-	-	-
Total Assets	**25,262**	**54,611**	**545,494**	**199,745**	**8,201,128**
Deferred Outflows of Resources	**-**	**-**	**-**	**-**	**-**
Liabilities					
Accounts Payable	-	456	21,370	-	76,643
Payroll	-	-	4,226	-	27,248
Custodial Accounts	-	5,064	-	178	8,366
Total Liabilities	**-**	**5,520**	**25,595**	**178**	**112,257**
Deferred Inflows of Resources	**-**	**-**	**-**	**-**	**-**
Fund Balances					
Nonspendable Fund Balance	-	-	-	-	
Restricted Fund Balance	25,262	49,091	519,899	168,713	7,683,424
Assigned Fund Balance	-	-	-	30,853	405,447
Total Fund Balance	**25,262**	**49,091**	**519,899**	**199,566**	**8,088,871**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 25,262**	**$ 54,611**	**$ 545,494**	**$ 199,745**	**$ 8,201,128**

COMBINING BALANCE SHEET *(continued)*
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023
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	Transportation Benefit District Capital Fund	Cemetery Reserve Fund	Facilities Fund	Total Non-Major Capital Project Funds
$ 3,367	$ 3,367	$ 148,725	$ 48,552	$ 200	$ 25,574	$ 17,381	$ 240,431
4,269	4,269	321,643	346,781	-	26,166	1,824,169	2,518,759
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,637	**7,637**	**470,368**	**395,333**	**200**	**51,739**	**1,841,550**	**2,759,190**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	24,700	-	-	6,281	30,981
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	**-**	**-**	**24,700**	**-**	**-**	**6,281**	**30,981**
-							
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-
7,637	7,637	-	-	-	-	-	-
-	-	470,368	370,633	200	51,739	1,835,269	2,728,209
7,637	**7,637**	**470,368**	**370,633**	**200**	**51,739**	**1,835,269**	**2,728,209**
$ 7,637	**$ 7,637**	**$ 470,368**	**$ 395,333**	**$ 200**	**$ 51,739**	**$ 1,841,550**	**$ 2,759,190**

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

COMBINING BALANCE SHEET *(continued)*
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Permanent Fund	
	Bernice Borgen Beautification Trust Fund	Total Non-Major Governmental Funds
Assets		
Cash and Cash Equivalents	4,311	$ 1,180,630
Investments	-	9,357,753
Receivables *(net allowance for uncollectibles)*		
Taxes	-	420,118
Accounts	-	6,315
Intergovernmental	-	7,450
Cash and Investments - Restricted	93,687	93,687
Total Assets	**97,998**	**11,065,953**
Deferred Outflows of Resources	**-**	**-**
Liabilities		
Accounts Payable	-	107,624
Payroll	-	27,248
Custodial Accounts	-	8,366
Total Liabilities	**-**	**143,238**
Deferred Inflows of Resources	**-**	**-**
Fund Balances		
Nonspendable Fund Balance	91,016	91,016
Restricted Fund Balance	6,982	7,698,043
Assigned Fund Balance	-	3,133,656
Total Fund Balance	**97,998**	**10,922,715**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 97,998**	**$ 11,065,953**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
Page 1 of 4

	Special Revenue Funds					
	City Street Fund	Transportation Benefit District Operations	Capital Improvements Fund	Transportation Development Fund	Park Development Fund	Affordable Housing Fund
Revenues						
Taxes	$ 252,786	$ 419,364	$ 1,126,039	$ -	$ -	$ 689,967
Intergovernmental	288,681	-	-	-	-	-
Interest and Other Earnings	2,650	94	77,326	72,755	15,446	18,105
Licenses and Permits	20,045	-	-	-	-	-
Charges for Services	-	-	-	812,260	317,236	-
Fines and Forfeitures	-	-	-	-	-	-
Miscellaneous	18,930	-	-	-	-	-
Total Revenues	**583,092**	**419,457**	**1,203,365**	**885,015**	**332,681**	**708,072**
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Security of Persons & Property	-	-	-	-	-	-
Utilities and Environment	-	-	-	-	-	-
Transportation	1,188,777	160,191	-	-	-	-
Economic Environment	-	-	-	-	-	117,723
Mental and Physical Health	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	**1,188,777**	**160,191**	**-**	**-**	**-**	**117,723**
Excess (deficiency) of Revenues over (under) expenditures	(605,685)	259,266	1,203,365	885,015	332,681	590,350
Other Financing Sources (Uses)						
Transfers In	957,000	-	-	-	-	-
Transfers Out	-	(14,500)	(710,001)	(1,432,716)	(20,514)	-
Issuance of Long Term Debt	-	-	-	-	-	-
Total Other Financing Sources and Uses	**957,000**	**(14,500)**	**(710,001)**	**(1,432,716)**	**(20,514)**	**-**
Net Change in Fund Balances	351,315	244,766	493,364	(547,701)	312,167	590,350
Fund Balances - Beginning of Year	23,279	-	2,457,235	2,190,939	420,901	660,655
Fund Balances - End of Year	**$ 374,594**	**244,766**	**2,950,599**	**$ 1,643,238**	**$ 733,069**	**$ 1,251,005**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	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	$ -	$ -	$ -	$ 366,408	$ -	$ 2,854,564
Intergovernmental	-	1,129	-	-	23,259	313,069
Interest and Other Earnings	2,049	696	1,316	10,145	5,109	205,688
Licenses and Permits	-	-	-	-	-	20,045
Charges for Services	-	-	-	-	-	1,129,496
Fines and Forfeitures	-	-	-	-	252	252
Miscellaneous	88,040	-	4,559	-	624	112,153
Total Revenues	**90,089**	**1,825**	**5,875**	**376,553**	**29,245**	**4,635,268**
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Security of Persons & Property	-	-	1,455	-	17,782	19,237
Utilities and Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	1,348,968
Economic Environment	-	-	-	245,135	-	362,857
Mental and Physical Health	-	-	-	-	-	-
Culture and Recreation	95,987	-	-	-	-	95,987
Debt Service:						-
Principal	-	-	-	-	-	-
Interest & Other Charges	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	**95,987**	**-**	**1,455**	**245,135**	**17,782**	**1,827,049**
Excess (deficiency) of Revenues over (under) expenditures	(5,898)	1,825	4,419	131,418	11,463	2,808,219
Other Financing Sources (Uses)						
Transfers In	-	-	-	10,000	-	967,000
Transfers Out	-	-	-	-	-	(2,177,731)
Issuance of Long Term Debt	-	-	-	-	-	-
Total Other Financing Sources and Uses	**-**	**-**	**-**	**10,000**	**-**	**(1,210,731)**
Net Change in Fund Balances	(5,898)	1,825	4,419	141,418	11,463	1,597,489
Fund Balances - Beginning of Year	103,680	23,438	44,672	378,481	188,103	6,491,383
Fund Balances - End of Year	**$ 97,782**	**$ 25,262**	**$ 49,091**	**$ 519,899**	**$ 199,566**	**$ 8,088,871**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
Page 3 of 4

	Debt Service Funds		Capital Project Funds					
	Non-Voted GO Debt Fund	Total Non-Major Debt Service Funds	Equipment Acquisition Fund	Park Reserve Fund	TBD Capital Fund	Cemetery Reserve Fund	Facilities Fund	Total Non-Major Capital Project Funds
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	44,595	-	-	-	44,595
Interest and Other Earnings	153	153	12,183	12,464	-	940	55,542	81,129
Licenses and Permits	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	2,950	-	2,950
Fines and Forfeitures	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	7,086	-	-	-	7,086
Total Revenues	**153**	**153**	**12,183**	**64,146**	**-**	**3,890**	**55,542**	**135,761**
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	-
Security of Persons & Property	-	-	-	-	-	-	-	-
Utilities and Environment	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-	-	-
Mental and Physical Health	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Debt Service:								
Principal	928,072	928,072	-	-	-	-	-	-
Interest & Fiscal Charges	259,732	259,732	-	-	-	-	-	-
Capital Outlay	-	-	926,085	272,825	14,300	-	182,242	1,395,452
Total Expenditures	**1,187,804**	**1,187,804**	**926,085**	**272,825**	**14,300**	**-**	**182,242**	**1,395,452**
Excess of Revenues over (under) Expenditures	(1,187,651)	(1,187,651)	(913,902)	(208,680)	(14,300)	3,890	(126,700)	(1,259,692)
Other Financing Sources (Uses)								
Transfers In	1,187,559	1,187,559	150,395	116,514	14,500	-	25,000	306,409
Transfers Out	-	-	-	(3,100)	-	-	-	(3,100)
Issuance of Long Term Debt	-	-	365,165	-	-	-	39,801	404,966
Total Other Financing Sources and Uses	**1,187,559**	**1,187,559**	**515,560**	**113,414**	**14,500**	**-**	**64,801**	**708,275**
Net Change in Fund Balances	(92)	(92)	(398,342)	(95,266)	200	3,890	(61,900)	(551,417)
Fund Balances - Beginning of Year	7,728	7,728	868,709	465,899	-	47,849	1,897,169	3,279,626
Fund Balances - Ending of Year	**$ 7,637**	**$ 7,637**	**$ 470,368**	**$ 370,633**	**$ 200**	**$ 51,739**	**$ 1,835,269**	**$ 2,728,209**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued) NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

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	Permanent Fund	
	Bernice Borgen Beautification Trust Fund	Total Non-Major Governmental Funds
Revenues		
Taxes	$ -	$ 2,854,564
Intergovernmental	-	357,665
Interest and Other Earnings	2,214	289,185
Licenses and Permits	-	20,045
Charges for Services	-	1,132,446
Fines and Forfeitures	-	252
Miscellaneous	-	119,239
Total Revenues	**2,214**	**4,773,396**
Expenditures		
Current:		
General Government	-	-
Security of Persons & Property	-	19,237
Utilities and Environment	-	-
Transportation	-	1,348,968
Economic Environment	-	362,857
Mental and Physical Health	-	-
Culture and Recreation	-	95,987
Debt Service:		
Principal	-	928,072
Interest & Fiscal Charges	-	259,732
Capital Outlay	-	1,395,452
Total Expenditures	**-**	**4,410,306**
Excess (deficiency) of Revenues over (under) expenditures	2,214	363,090
Other Financing Sources (Uses)		
Transfers In	-	2,460,968
Transfers Out	-	(2,180,831)
Issuance of Long Term Debt	-	404,966
Total Other Financing Sources and Uses	**-**	**685,103**
Net Change in Fund Balances	2,214	1,048,194
Fund Balances - Beginning of Year	95,784	9,874,521
Fund Balances - End of Year	**$ 97,998**	**$ 10,922,715**

CITY STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Sales Tax - Transportation	$ 220,000	$ 252,786	$ 32,786
License and Permits	24,840	20,045	(4,795)
Intergovernmental	315,476	288,681	(26,795)
Interest and Other Earnings	1,450	2,650	1,200
Miscellaneous	-	18,930	18,930
Total Revenues	**561,766**	**583,092**	**21,326**
Expenditures			
Transportation:			
Street Maintenance	1,351,594	1,188,777	(162,817)
Total Expenditures	**1,351,594**	**1,188,777**	**(162,817)**
Excess of Revenues Over (Under) Expenditures	(789,828)	(605,685)	184,143
Other Financing Sources (Uses)			
Transfers In	957,000	957,000	-
Total Other Financing Sources (Uses)	**957,000**	**957,000**	**-**
Net Change in Fund Balance	167,172	351,315	184,143
Fund Balance - Beginning of Year	23,279	23,279	-
Fund Balance - End of Year	**$ 190,451**	**$ 374,594**	**$ 184,143**

TRANSPORTATION BENEFIT DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Transportation Benefit Dist. Sales & Use Tax	$ 220,000	$ 252,786	$ 32,786
Transportation Benefit Dist License Tab Fees	90,000	166,577	76,577
Interest and Other Earnings	-	94	94
Total Revenues	**310,000**	**419,457**	**109,457**
Expenditures			
Repairs & Maintenance	-	160,191	(160,191)
Total Expenditures	**-**	**160,191**	**(160,191)**
Excess of Revenues Over (Under) Expenditures	310,000	259,266	(50,734)
Other Financing Sources (Uses)			
Transfers Out	(14,500)	(14,500)	-
Total Other Financing Sources (Uses)	**(14,500)**	**(14,500)**	**-**
Net Change in Fund Balance	295,500	244,766	(50,734)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	**$ 295,500**	**$ 244,766**	**$ (50,734)**

CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes:			
Excise Tax	$ 800,000	$ 1,126,039	$ 326,039
Interest and Other Earnings	6,000	77,326	71,326
Total Revenues	**806,000**	**1,203,365**	**397,365**
Excess of Revenues Over (Under) Expenditures	806,000	1,203,365	397,365
Other Financing Sources (Uses)			
Transfers Out	(1,100,000)	(710,001)	389,999
Total Other Financing Sources (Uses)	**(1,100,000)**	**(710,001)**	**389,999**
Net Change in Fund Balance	(294,000)	493,364	787,364
Fund Balance - Beginning of Year	2,457,235	2,457,235	0
Fund Balance - End of Year	**$ 2,163,235**	**$ 2,950,599**	**$ 787,364**

TRANSPORTATION DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Growth Mgmt Act Impact	$ 780,000	$ 792,741	$ 12,741
SEPA Mitigation	20,000	19,519	(481)
Interest and Other Earnings	500	72,755	72,255
Total Revenues	**800,500**	**885,015**	**84,515**
Excess of Revenues Over (Under) Expenditures	800,500	885,015	84,515
Other Financing Sources (Uses)			
Transfers Out	(1,676,000)	(1,432,716)	243,284
Total Other Financing Sources (Uses)	**(1,676,000)**	**(1,432,716)**	**243,284**
Net Change in Fund Balance	(875,500)	(547,701)	327,799
Fund Balance - Beginning of Year	1,990,939	2,190,939	200,000
Fund Balance - End of Year	**$ 1,115,439**	**$ 1,643,238**	**$ 527,799**

PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Growth Mgmt Act Impact	$ 40,000	$ 317,236	$ 277,236
Interest and Other Earnings	1,000	15,446	14,446
Total Revenues	**41,000**	**332,681**	**291,681**
Excess of Revenues Over (Under) Expenditures	41,000	332,681	291,681
Other Financing Sources (Uses)			
Transfers Out	(57,500)	(20,514)	36,986
Total Other Financing Sources (Uses)	**(57,500)**	**(20,514)**	**36,986**
Net Change in Fund Balance	(16,500)	312,167	328,667
Fund Balance - Beginning of Year	420,901	420,901	0
Fund Balance - End of Year	**$ 404,401**	**$ 733,069**	**$ 328,668**

AFFORDABLE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Affordable House Sales & Use Tax	$ 435,000	$ 689,967	$ 254,967
Interest and Other Earnings	-	18,105	18,105
Intergovernmental	880,000	-	(880,000)
Total Revenues	**1,315,000**	**708,072**	**(606,928)**
Expenditures			
Wages & Benefits	70,941	64,886	(6,055)
Supplies	-	796	796
Professional Services	237,814	52,041	(185,773)
Capital Outlay	719,000	-	(719,000)
Transfer Out	-	-	-
Total Expenditures	**1,027,755**	**117,723**	**(910,032)**
Excess of Revenues Over (Under) Expenditures	287,245	590,350	303,105
Net Change in Fund Balance	287,245	590,350	303,105
Fund Balance - Beginning of Year	660,655	660,655	0
Fund Balance - End of Year	**$ 947,900**	**$ 1,251,005**	**$ 303,105**

HISTORIC DOWNTOWN POULSBO ASSOCIATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Special Assessments	$ 48,000	$ 49,267	$ 1,267
Gifts and Pledges	42,000	38,773	(3,227)
Interest and Other Earnings	350	2,049	1,699
Total Revenues	**90,350**	**90,089**	**(261)**
Expenditures			
Bad Debt Expense	500	3,749	3,249
Office & Operating Supplies	2,300	176	(2,124)
Small Tools & Minor Equipment	200	-	(200)
Professional Services	8,700	12,640	3,940
Advertising	52,700	42,358	(10,342)
Communication	1,000	-	(1,000)
Postage	300	-	(300)
Insurance	2,500	1,991	(509)
Repairs and Maintenance	33,700	25,078	(8,622)
Miscellaneous	10,000	9,995	(5)
Total Expenditures	**111,900**	**95,987**	**(15,913)**
Excess of Revenues Over (Under) Expenditures	(21,550)	(5,898)	15,652
Net Change in Fund Balance	(21,550)	(5,898)	15,652
Fund Balance - Beginning of Year	103,680	103,680	(0)
Fund Balance - End of Year	**$ 82,130**	**$ 97,782**	**$ 15,652**

PATH AND TRAILS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	$ 1,108	$ 1,129	$ 21
Interest and Other Earnings	-	696	696
Total Revenues	**1,108**	**1,825**	**717**
Expenditures			
Miscellaneous	-	-	-
Total Expenditures	**-**	**-**	**-**
Excess of Revenues Over (Under) Expenditures	1,108	1,825	717
Net Change in Fund Balance	1,108	1,825	717
Fund Balance - Beginning of Year	23,438	23,438	(0)
Fund Balance - End of Year	**$ 24,546**	**$ 25,262**	**$ 716**

DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	$ 150	$ 1,316	$ 1,166
Miscellaneous	-	4,559	4,559
Total Revenues	**150**	**5,875**	**5,725**
Expenditures			
Special Unit Program	3,000	1,455	(1,545)
Total Expenditures	**3,000**	**1,455**	**(1,545)**
Excess of Revenues Over (Under) Expenditures	(2,850)	4,419	7,269
Net Change in Fund Balance	(2,850)	4,419	7,269
Fund Balance - Beginning of Year	31,313	44,672	13,359
Fund Balance - End of Year	**$ 28,463**	**$ 49,091**	**$ 20,628**

TRANSIENT OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Hotel/Motel Tax	$ 190,000	$ 366,408	$ 176,408
Intergovernmental	-	-	-
Interest and Other Earnings	500	10,145	9,645
Total Revenues	**190,500**	**376,553**	**186,053**
Expenditures			
Blue Star Banner Program	1,000	1,000	-
Poulsbo Chamber of Commerce	16,000	16,000	-
City of Poulsbo Event Coordinator	102,491	102,564	73
Poulsbo Historical Society	30,000	30,000	-
SEA Discovery Center	38,700	38,700	-
Visit Kitsap Peninsula	10,000	9,766	(234)
Historic Downtown Poulsbo Association	36,300	30,923	(5,377)
Kitsap Humane Society	1,000	1,000	-
Kitsap Children's Musical Theater	1,000	1,000	-
Poulsbo Community Orchestra	1,000		(1,000)
Poulsbo Film Festival	15,000	14,182	(818)
Total Expenditures	**252,491**	**245,135**	**(7,356)**
Excess of Revenues Over (Under) Expenditures	(61,991)	131,418	193,409
Other Financing Sources (Uses)			
Transfers In	10,000	10,000	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	**10,000**	**10,000**	**-**
Net Change in Fund Balance	(51,991)	141,418	193,409
Prior Period Adjustment	-	-	-
Fund Balance - Beginning of Year	378,481	378,481	-
Prior Year Adjustment	-	-	-
Fund Balance - End of Year	**$ 326,490**	**$ 519,899**	**$ 193,409**

POLICE RESTRICTED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Vessel Registration	$ 7,800	$ 7,450	$ (350)
Intergovernmental	22,969	15,809	(7,160)
Fines & Forfeitures	-	252	252
Interest and Other Earnings	500	5,109	4,609
Miscellaneous	-	624	624
Total Revenues	**31,269**	**29,245**	**(2,024)**
Expenditures			
Marine Safety	20,580	14,612	(5,968)
Criminal Justice	31,500	3,170	(28,330)
Miscellaneous	1,500	-	(1,500)
Total Expenditures	**53,580**	**17,782**	**(35,798)**
Excess of Revenues Over (Under) Expenditures	(22,311)	11,463	33,774
Net Change in Fund Balance	(22,311)	11,463	33,774
Fund Balance - Beginning of Year	188,103	188,103	(0)
Fund Balance - End of Year	**$ 165,792**	**$ 199,566**	**$ 33,774**

NON-VOTED GENERAL OBLIGATION DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	$ 250	$ 153	$ (97)
Total Revenues	**250**	**153**	**(97)**
Expenditures			
Debt Service:			
General Obligation Bond-Principal	931,243	928,072	(3,171)
Interest and Other Costs	257,977	259,732	1,755
Total Expenditures	**1,189,220**	**1,187,804**	**(1,416)**
Excess of Revenues Over (Under) Expenditures	(1,188,970)	(1,187,651)	1,319
Other Financing Sources (Uses)			
Transfers In	1,189,725	1,187,559	(2,166)
Total Other Financing Sources (Uses)	**1,189,725**	**1,187,559**	**(2,166)**
Net Change in Fund Balance	755	(92)	(847)
Fund Balance - Beginning of Year	7,728	7,728	-
Fund Balance - End of Year	**$ 8,483**	**$ 7,637**	**$ (847)**

EQUIPMENT ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	$ 500	$ 12,183	$ 11,683
Total Revenues	**500**	**12,183**	**11,683**
Expenditures			
Central Services Capital Outlay	304,221	305,078	857
General Government Capital Outlay	-	5,495	5,495
Parks Capital Outlay	-	46,006	46,006
Police Capital Outlay	468,698	478,386	9,688
Public Works Capital Outlay	358,000	91,120	(266,880)
Total Expenditures	**1,130,919**	**926,085**	**(204,834)**
Excess of Revenues Over (Under) Expenditures	(1,130,419)	(913,902)	216,517
Other Financing Sources (Uses)			
Transfers In	150,395	150,395	0
Issuance of Long Term Debt	329,897	365,165	35,268
Total Other Financing Sources (Uses)	**480,292**	**515,560**	**35,268**
Net Change in Fund Balance	(650,127)	(398,342)	251,785
Fund Balance - Beginning of Year	868,709	868,709	$ 0
Fund Balance - End of Year	**$ 218,582**	**$ 470,368**	**$ 251,786**

PARK RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental:			
State Grants	$ 885,419	$ 22,590	$ (862,829)
Federal Grants	-	22,006	22,006
Contributions & Donations	115,878	7,086	(108,792)
Interest and Other Earnings	-	12,464	12,464
Total Revenues	**1,001,297**	**64,146**	**(937,151)**
Expenditures			
Capital Outlay:			-
Play for All Raab Park	1,095,397	116,481	(978,916)
Rotary Morrow Community Park	10,000	-	(10,000)
Calavista Connection	7,355	7,355	0
P&R Building	228,225	154,260	(73,965)
Park Land Acquisition	10,000	(5,270)	(15,270)
Total Expenditures	**1,350,977**	**272,825**	**(1,078,152)**
Excess of Revenues Over (Under) Expenditures	(349,680)	(208,680)	141,000
Other Financing Sources (Uses)			
Transfers In	153,500	116,514	(36,986)
Transfers Out	(3,100)	(3,100)	-
Total Other Financing Sources (Uses)	**150,400**	**113,414**	**(36,986)**
Net Change in Fund Balance	(199,280)	(95,266)	104,014
Fund Balance - Beginning of Year	465,899	465,899	(0)
Fund Balance - End of Year	**$ 266,619**	**$ 370,633**	**$ 104,014**

TRANSPORTATION BENEFIT DISTRICT CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures			
Capital Outlay:	14,500	14,300	(200)
Total Expenditures	**14,500**	**14,300**	**200**
Excess of Revenues Over (Under) Expenditures	(14,500)	(14,300)	200
Other Financing Sources (Uses)			
Transfers In	14,500	14,500	-
Total Other Financing Sources (Uses)	**14,500**	**14,500**	**-**
Net Change in Fund Balance	-	200	200
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	**$ -**	**$ 200**	**$ 200**

STREET RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (negative)
Revenues			
Intergovernmental	$ 2,071,944	$ 159,870	$ (1,912,074)
Interest and Other Earnings	-	25,036	25,036
Special Assesssments - Capital	-	288,928	288,928
Total Revenues	**2,071,944**	**473,834**	**(1,598,110)**
Expenditures			
Transportation:			
Street Maintenance	4,578,194	2,570,696	(2,007,498)
Total Expenditures	**4,578,194**	**2,570,696**	**(2,007,498)**
Excess of Revenues Over (Under) Expenditures	(2,506,250)	(2,096,863)	409,387
Other Financing Sources (Uses)			
Notes Issued	-	-	-
Transfers In	2,502,000	1,808,716	(693,284)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	**2,502,000**	**1,808,716**	**(693,284)**
Net Change in Fund Balance	(4,250)	(288,147)	(283,897)
Fund Balance Beginning of Year	112,414	323,284	210,870
Prior Year Adjustment	-	-	-
Fund Balance End of Year	**$ 108,164**	**$ 35,138**	**$ (73,026)**

CEMETERY RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Cemetery Services (Gravesites)	$ 7,000	$ 2,950	$ (4,050)
Intergovernmental	-	-	-
Interest and Other Earnings	100	940	840
Total Revenues	**7,100**	**3,890**	**(3,210)**
Expenditures			
Construction Capital Asset	-	-	-
Total Expenditures	**-**	**-**	**-**
Excess of Revenues Over (Under) Expenditures	7,100	3,890	(3,210)
Net Change in Fund Balance	7,100	3,890	(3,210)
Fund Balance - Beginning of Year	47,849	47,849	(0)
Fund Balance - End of Year	**$ 54,949**	**$ 51,739**	**$ (3,210)**

FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest and Other Earnings	$ 2,500	$ 55,542	$ 53,042
Total Revenues	**2,500**	**55,542**	**53,042**
Expenditures			
Construction Capital Asset	197,898	182,242	(15,656)
Total Expenditures	**197,898**	**182,242**	**(15,656)**
Excess of Revenues Over (Under) Expenditures	(195,398)	(126,700)	68,698
Other Financing Sources (Uses)			
Transfers In	25,000	25,000	-
Transfers Out	-	-	-
Issuance of Long Term Debt	-	39,801	39,801
Sale of Capital Assets	-	-	-
Governmental Obligation Bond Proceeds	-	-	-
Premium on Bonds Sold	-	-	-
Total Other Financing Sources (Uses)	**25,000**	**64,801**	**39,801**
Net Change in Fund Balance	(170,398)	(61,900)	108,498
Fund Balance - Beginning of Year	1,897,169	1,897,169	(0)
Fund Balance - End of Year	**$ 1,726,771**	**$ 1,835,269**	**$ 108,498**

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.

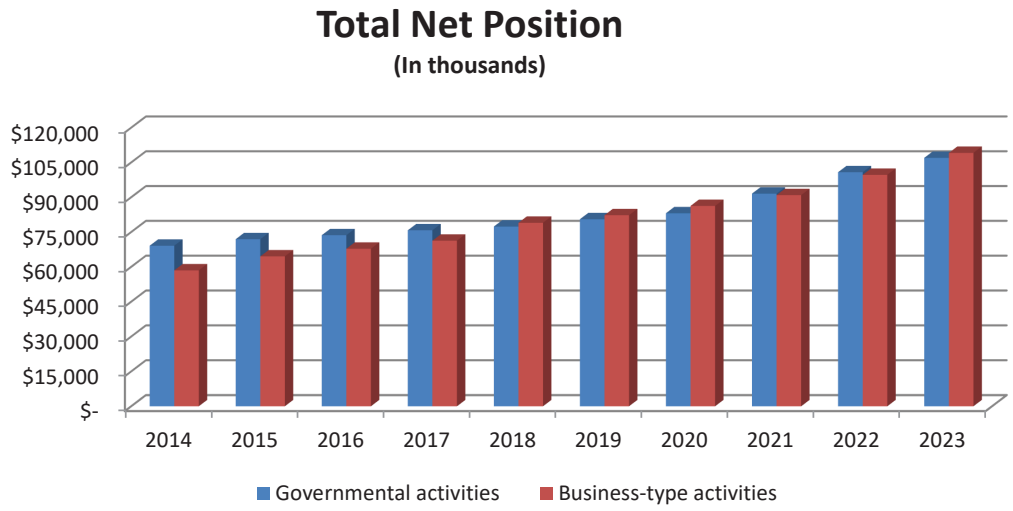
CITY OF POULSBO
VIKING
CITY

NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2014	2015	2016	2017
Governmental Activities				
Net Investment in Capital Assets	$ 63,759,780	$ 67,037,545	$ 67,834,718	$ 67,195,884
Restricted	879,424	1,931,830	2,416,841	3,754,620
Unrestricted	4,455,115	2,935,244	3,367,677	4,796,265
Total Governmental Activities Net Position	69,094,319	71,904,619	73,619,236	75,746,769
Business-type Activities				
Net Investment in Capital Assets	42,142,755	50,368,250	52,652,252	56,724,089
Restricted	313,400	313,400	313,400	-
Unrestricted	16,020,323	13,818,164	14,827,869	14,542,041
Total Business-type Activities Net Position	58,476,477	64,499,813	67,793,521	71,266,130
Primary Government				
Net Investment in Capital Assets	105,902,534	117,405,795	120,486,970	123,919,973
Restricted	1,192,824	2,245,230	2,730,241	3,754,620
Unrestricted	20,475,438	16,753,408	18,195,546	19,338,306
Total Primary Government Net Position	$ 127,570,796	$ 136,404,432	$ 141,412,756	$ 147,012,899

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

2018	2019	2020	2021	2022	2023
$ 69,608,469	$ 71,251,169	$ 73,665,321	$ 76,707,923	$ 81,591,322	$ 84,625,843
4,144,728	5,388,184	5,463,498	9,734,617	10,770,897	12,293,263
3,604,459	3,884,922	3,966,882	5,107,479	8,422,712	10,051,733
77,357,656	80,524,275	83,095,701	91,550,019	100,784,931	106,970,839
63,613,785	63,420,295	63,259,392	68,313,429	74,119,319	77,514,994
-	-	-	235,679	523,090	688,604
15,377,138	18,838,075	22,987,735	22,366,111	25,010,941	30,922,026
78,990,924	82,258,369	86,247,127	90,915,218	99,653,350	109,125,625
133,222,255	134,671,464	136,924,714	145,021,351	155,710,642	162,140,837
4,144,728	5,388,184	5,463,498	9,970,296	11,293,987	12,981,868
18,981,597	22,722,996	26,954,616	27,473,590	33,433,653	40,973,759
$ 156,348,579	$ 162,782,644	$ 169,342,828	$ 182,465,236	$ 200,438,281	$ 216,096,464



CHANGES IN NET POSITION
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities:					
General Government	$ 1,572,173	$ 1,539,405	$ 1,776,629	$ 1,386,987	$ 2,810,801
Judicial	357,993	370,046	383,968	401,814	434,608
Security of Persons & Property	3,009,996	3,146,848	3,327,528	3,495,629	4,280,502
Utilities & Environment	456,860	481,077	506,396	524,341	210,947
Transportation	2,820,286	2,703,349	2,922,462	2,998,467	2,797,834
Economic Environment	890,459	963,163	999,731	1,031,024	1,189,609
Mental & Physical Health	14,356	29,772	131,162	245,572	344,875
Culture & Recreation	1,338,814	1,422,703	1,469,255	1,400,013	1,811,980
Interest on Long-Term Debt	518,677	458,869	391,781	378,391	251,599
Total Governmental Activities Expenses	10,979,613	11,115,232	11,908,913	11,862,238	14,132,756
Business-Type Activities:					
Water	1,484,034	1,670,634	1,692,690	1,625,472	1,982,786
Sewer	2,236,003	2,531,582	2,686,558	2,716,954	3,024,655
Solid Waste	1,320,150	1,493,671	1,759,556	2,096,082	2,331,314
Storm Drain	1,088,006	1,433,190	1,676,166	1,647,010	1,750,631
Total Business-Type Activities	6,128,192	7,129,077	7,814,970	8,085,518	9,089,387
Total Primary Government Expenses	17,107,805	18,244,309	19,723,883	19,947,756	23,222,143
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	345,370	360,990	370,369	415,833	357,834
Judicial	112,624	117,154	279,232	58,842	74,442
Security of Persons & Property	120,687	143,892	133,347	123,696	142,503
Utilities & Environment	5,444	4,715	3,400	4,800	6,400
Transportation	112,095	93,439	82,592	144,829	166,074
Economic Environment	471,539	907,245	1,087,421	949,198	773,100
Mental & Physical Health	-	-	-	-	-
Culture & Recreation	525,946	525,247	535,811	575,614	600,286
Interest on Long-Term Debt	-	-	-	-	-
Operating Grants and Contributions	496,338	605,198	710,043	977,832	975,732
Capital Grants and Contributions	3,673,904	5,027,389	1,633,211	2,403,489	3,354,870
Revenues	5,863,947	7,785,269	4,835,426	5,654,133	6,451,242
Business-Type Activities:					
Charges for Services:					
Water	1,590,972	1,831,511	1,857,036	1,960,128	2,089,015
Sewer	3,208,493	3,287,822	3,460,657	3,626,637	3,947,885
Solid Waste	1,501,028	1,614,036	1,793,421	1,922,024	2,391,489
Storm Drain	1,014,112	1,521,196	1,621,933	1,706,057	1,744,877
Operating Grants and Contributions	-	115,058	84,948	8,195	-
Capital Grants and Contributions	862,361	5,784,476	2,234,980	2,291,492	6,398,378
Revenues	8,176,966	14,154,100	11,052,975	11,514,533	16,571,644
Total Primary Government Program Revenues	$ 14,040,913	$ 21,939,368	$ 15,888,401	$ 17,168,666	$ 23,022,886

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

	2019	2020	2021	2022	2023
Expenses					
Governmental Activities:					
General Government	$ 2,768,497	$ 3,138,251	$ 2,325,866	$ 3,212,742	$ 4,288,487
Judicial	433,486	440,026	449,644	667,401	597,550
Security of Persons & Property	4,046,487	4,062,697	4,663,437	4,385,199	4,402,872
Utilities & Environment	102,289	(20,889)	83,108	(3,517)	38,950
Transportation	3,555,833	3,615,492	7,462,013	4,855,285	4,361,676
Economic Environment	1,115,517	1,168,146	1,149,898	1,395,329	1,565,154
Mental & Physical Health	458,461	482,409	474,789	483,966	914,414
Culture & Recreation	1,595,771	1,414,757	1,410,376	1,720,258	1,874,121
Interest on Long-Term Debt	437,737	295,919	281,997	279,577	273,236
Total Governmental Activities Expenses	14,514,078	14,596,807	18,301,128	16,996,239	18,316,461
Business-Type Activities:					
Water	1,791,832	2,091,673	2,064,473	2,417,665	2,726,432
Sewer	3,374,255	3,608,388	3,888,041	3,921,821	4,288,233
Solid Waste	2,342,826	2,495,220	2,669,074	3,157,154	3,644,020
Storm Drain	1,520,262	1,619,323	1,750,967	1,896,933	2,123,488
Total Business-Type Activities	9,029,175	9,814,604	10,372,555	11,393,573	12,782,173
Total Primary Government Expenses	23,543,253	24,411,411	28,673,683	28,389,812	31,098,634
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	392,318	318,684	342,511	389,309	403,576
Judicial	86,419	45,288	16,834	35,815	32,410
Security of Persons & Property	208,418	187,897	151,796	136,839	133,502
Utilities & Environment	5,600	8,552	8,600	6,000	3,614
Transportation	117,394	166,260	202,779	185,838	213,803
Economic Environment	775,932	596,895	987,356	1,008,018	1,708,933
Mental & Physical Health	-	-	-	4,837	312,524
Culture & Recreation	641,844	256,323	327,543	502,212	582,260
Operating Grants and Contributions	1,598,363	2,086,040	7,298,800	3,177,278	3,593,063
Capital Grants and Contributions	1,894,309	3,077,912	4,875,702	7,281,854	1,826,533
Revenues	5,720,597	6,743,850	14,211,922	12,728,000	8,810,219
Business-Type Activities:					
Charges for Services:					
Water	2,082,860	2,097,405	2,203,889	2,344,817	2,693,230
Sewer	4,242,423	4,343,457	4,442,162	4,797,794	5,181,481
Solid Waste	2,665,747	2,711,827	2,825,592	3,091,020	3,454,888
Storm Drain	1,811,029	1,859,422	1,906,644	2,070,444	2,315,403
Operating Grants and Contributions	-	24,966	47,515	11,456	20,517
Capital Grants and Contributions	1,052,865	2,506,252	3,503,550	7,809,657	7,724,467
Revenues	11,854,924	13,543,329	14,929,353	20,125,188	21,389,987
Total Primary Government Program	$ 17,575,521	$ 20,287,179	$ 29,141,275	$ 32,853,188	$ 30,200,206

CHANGES IN NET POSITION *(continued)*
Last Ten Fiscal Years
Page 3 of 4

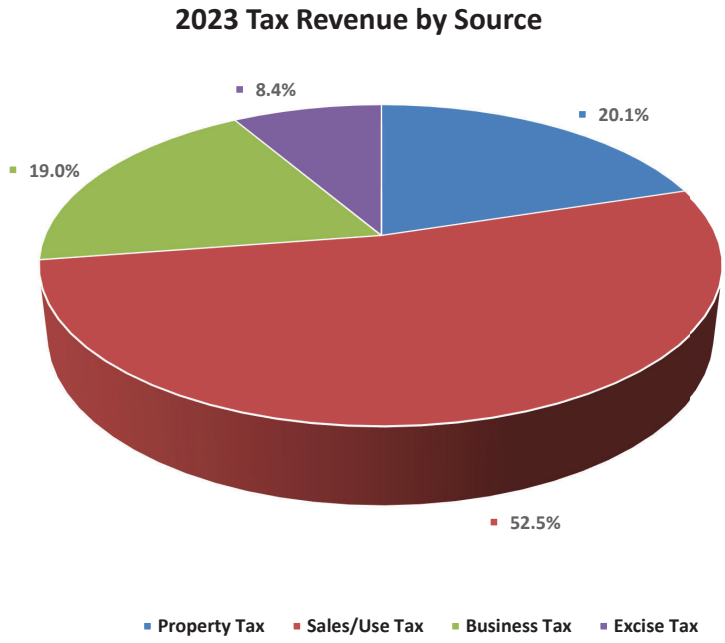
	2014	2015	2016	2017	2018
Net (Expense)/Revenue					
Governmental Activities	$ (5,115,667)	$ (3,329,963)	$ (7,073,487)	$ (6,208,105)	$ (7,681,515)
Business-Type Activities	2,048,774	7,025,023	3,238,005	3,429,015	7,482,257
Total Primary Government Net Expense	(3,066,892)	3,695,060	(3,835,482)	(2,779,090)	(199,257)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	2,085,784	2,191,189	2,264,194	2,400,282	2,505,945
Retail Sales & Use Taxes	3,227,329	3,393,849	3,742,485	3,985,840	4,516,544
Business Taxes	1,658,873	2,038,443	1,841,119	1,827,400	1,782,092
Excise Taxes	592,983	748,026	866,886	916,383	956,626
Investment Earnings	47,924	40,329	76,833	107,482	274,289
Gain (loss) on Disposal of Capital Assets	5,715	12,182	15,309	(751,097)	(181,869)
Insurance Recoveries	-	-	-	-	-
Total Governmental Activities	7,618,608	8,424,018	8,806,826	8,486,289	9,853,627
Business-Type Activities					
Investment Earnings	39,785	30,716	54,780	61,650	195,444
Gain (loss) on Disposal of Capital Assets	11,885	14,211	922	(18,442)	(5,347)
Total Business-Type Activities	51,670	44,927	55,702	43,208	190,097
Total Primary Government	7,670,278	8,468,945	8,862,528	8,529,497	10,043,724
Change in Net Position					
Governmental Activities	2,502,942	5,094,055	1,733,339	2,278,185	2,172,112
Business-Type Activities	2,100,444	7,069,950	3,293,707	3,472,223	7,672,354
Total Primary Government	$ 4,603,386	$ 12,164,004	$ 5,027,046	$ 5,750,408	$ 9,844,467

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

	2019	2020	2021	2022	2023
Net (Expense)/Revenue					
Governmental Activities	$ (8,793,481)	$ (7,852,956)	$ (4,089,207)	$ (4,268,240)	$ (9,506,242)
Business-Type Activities	2,825,749	3,728,725	4,556,798	8,731,616	8,607,814
Total Primary Government Net Expense	(5,967,732)	(4,124,231)	467,592	4,463,376	(898,429)
General Revenues and Other Changes in Net					
Governmental Activities:					
Taxes:					
Property Taxes	2,568,117	2,682,753	2,735,494	2,835,984	2,903,668
Retail Sales & Use Taxes	4,628,686	4,626,093	5,581,499	6,831,113	7,577,801
Business Taxes	1,788,092	1,906,282	2,354,992	2,535,258	2,745,974
Excise Taxes	1,022,463	866,083	1,218,287	1,269,493	1,217,905
Investment Earnings	482,508	330,550	(14,645)	(148,441)	1,136,259
Gain (loss) on Disposal of Capital Assets	5,624	12,620	694,400	0	31,892
Total Governmental Activities	10,495,490	10,424,382	12,570,026	13,323,408	15,613,499
Business-Type Activities					
Investment Earnings	361,686	305,903	111,292	6,517	864,332
Gain (loss) on Disposal of Capital Assets	5	(45,870)	-	-	128
Total Business-Type Activities	361,691	260,033	111,292	6,517	864,461
Total Primary Government	10,857,182	10,684,415	12,681,319	13,329,925	16,477,960
Change in Net Position					
Governmental Activities	1,702,009	2,571,425	8,480,820	9,055,168	6,107,257
Business-Type Activities	3,187,440	3,988,758	4,668,090	8,738,133	9,472,274
Total Primary Government	$ 4,889,450	$ 6,560,184	$ 13,148,910	$ 17,793,301	$ 15,579,531

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years

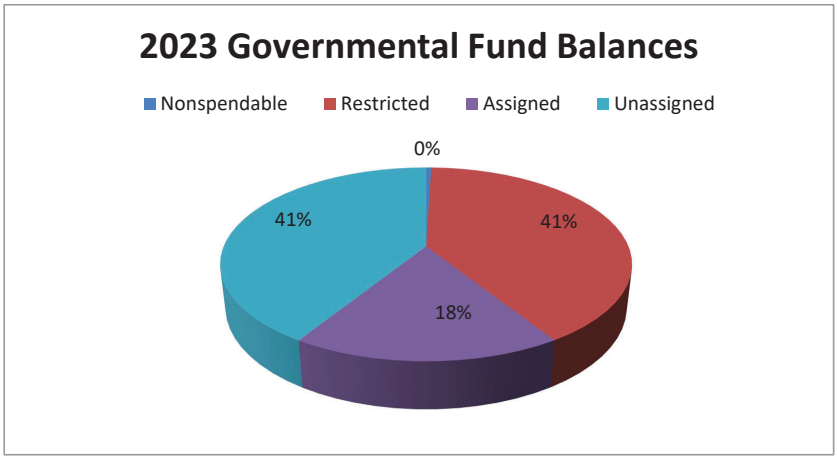
Fiscal Year	Property Tax	Sales/Use Tax	Business Tax	Excise Tax	Total Taxes
2014	$ 2,085,784	$ 3,227,329	$ 1,658,873	$ 592,983	$ 7,564,969
2015	$ 2,191,189	$ 3,393,849	$ 2,038,443	$ 748,026	$ 8,371,508
2016	$ 2,264,194	$ 3,742,485	$ 1,841,119	$ 866,886	$ 8,714,683
2017	$ 2,400,282	$ 3,985,840	$ 1,827,400	$ 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
2023	$ 2,903,668	$ 7,577,801	$ 2,745,974	$ 1,217,905	$ 14,445,348



FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	General Fund					All Other Governmental Funds			
Fiscal Year	Non-spendable	Restricted*	Assigned	Unassigned	Total General Fund	Non-spendable	Restricted	Assigned	Total All Other Governmental Funds
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
2023	$ 6,337	344,262	$ 375,000	$ 8,147,116	$ 8,872,715	$ 91,016	$ 7,698,043	$ 3,168,794	$ 10,957,853

**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

	2014	2015	2016	2017
Revenues				
Taxes	$ 7,509,669	$ 8,345,893	$ 8,677,430	$ 9,082,043
Licenses and Permits	558,113	830,042	901,185	989,990
Intergovernmental Revenues	3,384,699	1,066,034	1,050,282	970,537
Charges for Services	2,228,941	3,590,226	2,974,396	3,990,077
Fines and Forfeitures	83,238	83,442	70,774	58,820
Interest & Other Earnings	52,355	45,143	82,219	113,488
Miscellaneous & Special Assessments - Capital	156,557	227,560	186,840	207,430
Total Revenues	13,973,573	14,188,341	13,943,125	15,412,384
Expenditures				
General Government	2,704,029	2,850,202	3,108,256	3,220,759
Security of Persons and Property	2,847,128	2,924,101	3,152,296	3,468,946
Utilities and Environment	443,940	501,104	532,379	547,718
Transportation	1,559,694	1,409,078	1,446,570	1,528,998
Economic Environment	886,387	969,480	1,010,489	1,055,026
Mental and Physical Health	14,356	29,772	131,162	244,847
Culture and Recreation	1,097,577	1,193,366	1,223,569	1,197,913
Capital Outlay	3,196,591	1,395,507	1,479,311	1,825,198
Debt Service				
Principal	589,368	8,815,383	709,368	729,368
Interest & Other Charges	479,814	426,681	373,098	360,614
Issuance Costs	-	-	-	-
Total Expenditures	13,818,885	20,514,675	13,166,499	14,179,387
Excess of Revenues				
Over (Under) Expenditures	154,688	(6,326,334)	776,626	1,232,998
Other Financing Sources (Uses)				
Proceeds of Long Term Debt	-	7,320,000	-	422,038
Premium on Bonds Sold	-	774,756	-	39,280
Disposal of Capital Assets	5,715	19,461	-	905,113
Comp for Impairment of Cap Assets	7,528	-	7,649	-
Insurance Recoveries	613	7,461	5,206	770
Net Transfers In (Out)	-	-	-	-
Intergovernmental Payment	-	-	-	-
Payment to Refund Bond Escrow Agent	-	-	-	-
Leases	-	-	-	-
Issuance Discount on Long-Term Debt	-	-	-	-
Total Other Financing Sources (Uses)	13,856	8,121,678	12,855	1,367,201
Net Change in Fund Balances	$ 168,544	$ 1,795,343	$ 789,481	$ 2,600,199
Debt Service as a Percentage of Noncapital Expenditures	10.07%	48.34%	9.26%	8.82%

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
Page 2 of 2

2018	2019	2020	2021	2022	2023
$ 9,765,124	$ 10,012,103	$ 10,060,147	$ 11,906,709	$ 13,470,268	$ 14,434,235
754,106	663,860	618,486	860,217	933,320	1,348,875
1,580,658	2,730,122	3,877,521	10,829,472	3,450,535	3,580,155
1,763,017	1,496,359	1,095,946	1,663,431	2,107,189	2,809,202
68,691	77,783	48,600	43,878	32,615	29,342
280,830	489,366	336,463	(8,709)	(142,103)	1,136,259
166,732	250,265	129,665	162,123	351,695	478,711
14,379,158	15,719,858	16,166,828	25,457,122	20,203,519	23,816,780
2,717,964	3,017,865	3,468,268	3,532,906	3,634,058	4,694,979
3,748,307	3,935,891	4,029,727	3,632,679	4,297,563	4,401,940
153,233	146,715	36,143	34,783	38,776	37,110
1,113,363	2,044,061	2,105,772	7,091,434	3,195,549	2,782,628
1,095,645	1,166,843	1,235,471	1,236,534	1,461,021	1,657,574
331,552	472,604	519,778	546,309	498,661	946,673
1,429,228	1,390,180	1,223,592	1,166,355	1,489,974	1,698,891
1,789,001	2,583,026	3,036,937	6,602,702	4,112,014	3,966,149
728,777	973,053	797,383	2,119,946	821,905	1,118,339
351,116	325,818	292,650	289,092	269,757	265,291
-	-	-	8,596	-	-
13,458,186	16,056,055	16,745,721	26,261,334	19,819,278	21,569,573
920,972	(336,198)	(578,893)	(804,213)	384,241	2,247,206
-	-	69,477	4,111,701	692,752	404,966
-	-	-	-	29,845	-
23,394	5,624	13,284	829,856	925	31,892
	-	-	-	-	-
-	-	-	1,000	2,254	21,644
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	59,091	66,350
-	-	-	-	-	
23,394	5,624	82,761	4,942,557	784,867	524,852
$ 944,366	$ (330,574)	$ (496,132)	$ 4,138,344	$ 1,169,107	$ 2,772,058
9.25%	9.64%	7.95%	12.30%	6.95%	7.86%

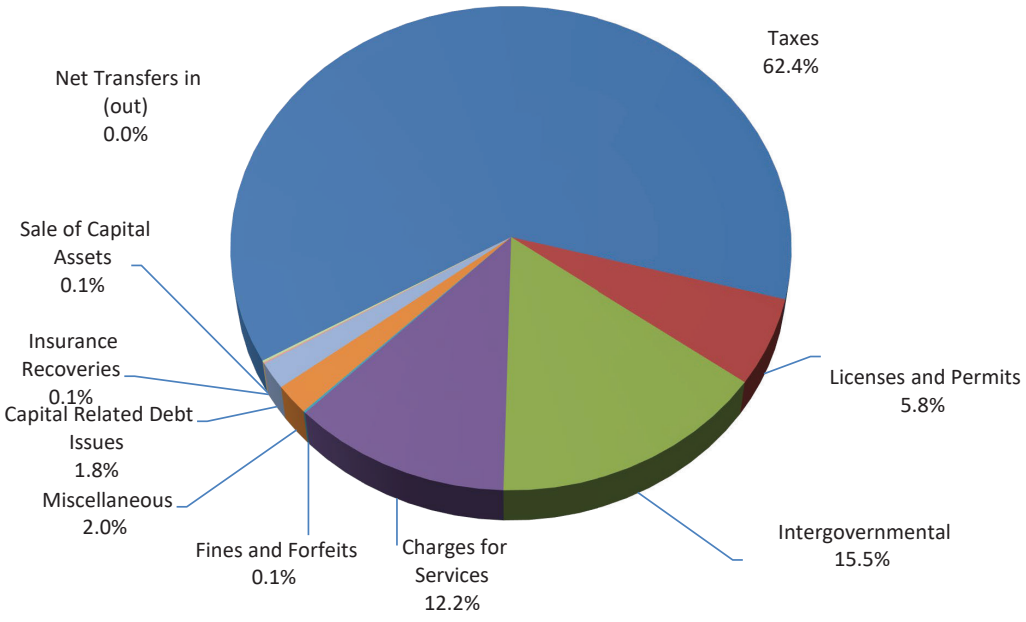
GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

	REVENUES						
Fiscal Year	Taxes	Licenses and Permits	Inter-gov Charges	Charges for Services	Fines and Forfeits	Misc.	Total Revenues
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
2023	14,434,235	1,348,875	3,580,155	2,809,202	29,342	458,711	22,660,521

GOVERNMENTAL REVENUES BY SOURCE *(continued)*
Last Ten Fiscal Years
Page 2 of 2

OTHER FINANCING SOURCES (USES)					
Capital Related Debt Issues	Insurance Recovery	Sale of Capital Assets	Net Transfers in (out)	Total Other Financing Sources & Uses	Total Revenues and Other Sources
-	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
404,966	21,644	31,892	-	458,502	23,119,023

2023 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 Value[1]	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2014	$ 1,395,699,299	$ 50,866,478	$ 164,218,411	$ 1,282,347,366	1.580	$ 1,409,172,930	91.0%
2015	$ 1,335,212,301	$ 54,281,382	$ 45,525,120	$ 1,343,968,563	1.520	$ 1,428,234,392	94.1%
2016	$ 1,342,718,272	$ 52,165,101	$ 48,779,870	$ 1,346,103,503	1.373	$ 1,514,177,169	88.9%
2017	$ 1,485,086,384	$ 52,521,843	$ 49,652,896	$ 1,487,955,331	1.325	$ 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	$ 2,412,405,943	$ 57,494,771	$ 76,187,416	$ 2,393,713,298	1.174	$ 2,698,662,117	88.7%
2023	$ 2,853,764,872	$ 48,182,123	$ 79,832,786	$ 2,822,114,209	1.031	$ 3,203,307,842	88.1%

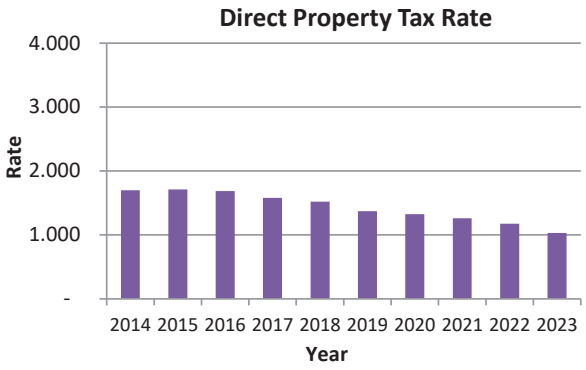
Source: Kitsap County Assessor's Office

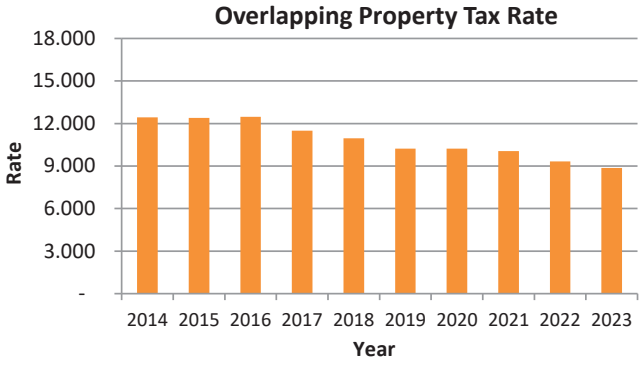
[1] *Figure represents current year assessed value payable in following year*

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

Fiscal Year	Operating	Total City	Kitsap County	School		Other Overlapping Rates					Total Overlapping Rates	Total Direct & Overlapping
				State School	NK School District	Port of Poulsbo	Fire District #18	Public Utility	Kitsap Regional Library	Poulsbo Library		
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	1.174	1.174	0.768	2.775	2.245	0.208	1.769	0.053	0.325	-	8.143	9.317
2023	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

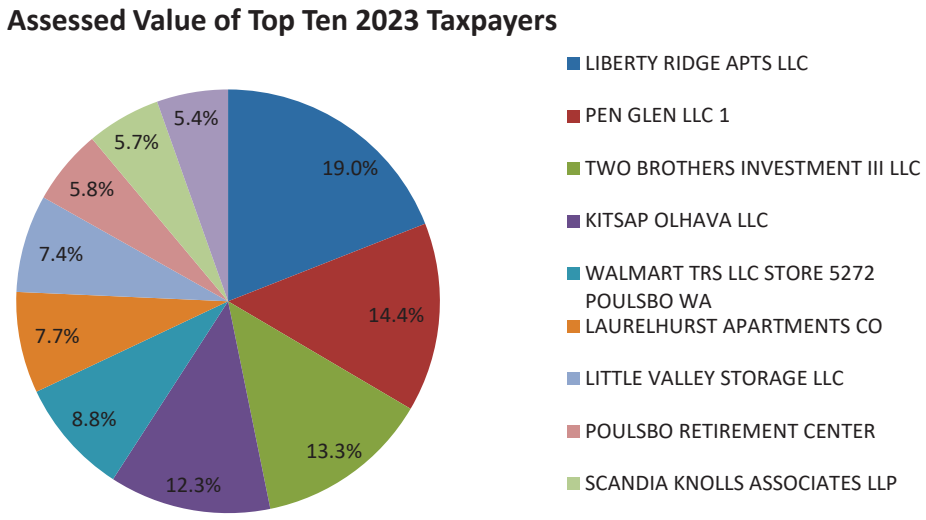




PRINCIPAL TAXPAYERS
Current Year and Ten Years Ago

	2023				2014			
Taxpayer	Assessed Valuation	Rank	% of Total Assessed Valuation		Taxpayer	Assessed Valuation	Rank	% of Total Assessed Valuation
LIBERTY RIDGE APTS LLC	$ 53,839,050	1	1.85%		Olhava Associates Lmtd Ptnsp	$ 23,739,620	1	1.85%
PEN GLEN LLC 1	$ 40,842,320	2	1.40%		Wal Mart Trs Llc Store 5272 Poulsbo W	$ 16,660,390	2	1.30%
TWO BROTHERS INVESTMENT III LLC	$ 37,706,220	3	1.30%		Laurelhurst Apartments Co	$ 12,915,670	3	1.01%
KITSAP OLHAVA LLC	$ 34,892,930	4	1.20%		Liberty Ridge Apts LLC	$ 11,316,140	4	0.88%
WALMART TRS LLC STORE 5272 POULSI	$ 25,017,440	5	0.86%		Hd Development Of Maryland Inc	$ 10,041,060	5	0.78%
LAURELHURST APARTMENTS CO	$ 21,859,640	6	0.75%		Nikkel William A Trustee	$ 9,356,632	6	0.73%
LITTLE VALLEY STORAGE LLC	$ 21,074,030	7	0.72%		College Marketplace LLC	$ 8,918,790	7	0.70%
POULSBO RETIREMENT CENTER	$ 16,280,550	8	0.56%		Puget Sound Energy	$ 8,650,780	8	0.67%
SCANDIA KNOLLS ASSOCIATES LLP	$ 15,984,710	9	0.55%		Hattaland	$ 8,369,240	9	0.65%
OHI ASSET WA POULSBO LLC	$ 15,378,930	10	0.53%		Poulsbo Retirement Center	$ 8,321,990	10	0.65%
Totals:	**$ 282,875,820**		**9.73%**		**Totals:**	**$ 118,290,312**		**9.22%**

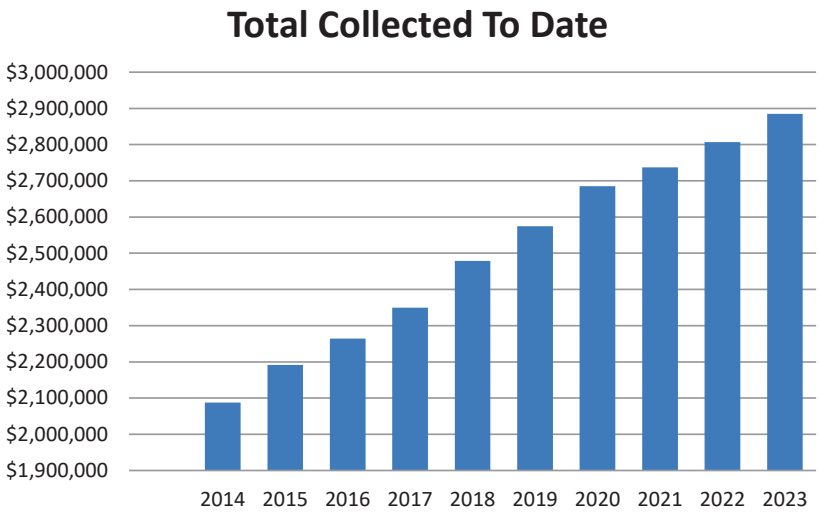
Source: Kitsap County Assessor's Office



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		
2014	2,088,707	2,030,020	97.19%	57,604	2,087,623	99.95%	1,083.69	0.05%
2015	2,192,765	2,171,629	99.04%	20,255	2,191,883	99.96%	881.94	0.04%
2016	2,269,562	2,244,248	98.88%	20,311	2,264,559	99.78%	5,002.51	0.22%
2017	2,351,831	2,323,188	98.78%	26,278	2,349,466	99.90%	2,365.47	0.10%
2018	2,482,716	2,439,955	98.28%	38,799	2,478,754	99.84%	3,962.12	0.16%
2019	2,577,202	2,572,366	99.81%	2,457	2,574,823	99.91%	2,378.85	0.09%
2020	2,690,158	2,668,106	99.18%	16,681	2,684,786	99.80%	5,371.52	0.20%
2021	2,743,226	2,717,884	99.08%	18,838	2,736,721	99.76%	6,504.59	0.24%
2022	2,810,867	2,815,726	100.17%	(9,086)	2,806,641	99.85%	4,226.43	0.15%
2023	$ 2,909,983	$ 2,878,682	98.92%	$ 5,966	$ 2,884,647	99.13%	$ 25,335.64	0.87%

Source: Kitsap County Treasurer and Assessor's Office



SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

	2014 [1]	2015	2016	2017 [2]	2018	2019	2020	2021 [4]	2022 [5]	2023 [6]
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%	1.1%
Housing & Related Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	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%	1.1%	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%	0.2%	0.2%
Mental and Physical Health	0.1%	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%	9.0%	9.0%	9.0%	9.0%	9.1%	9.2%	9.3%
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

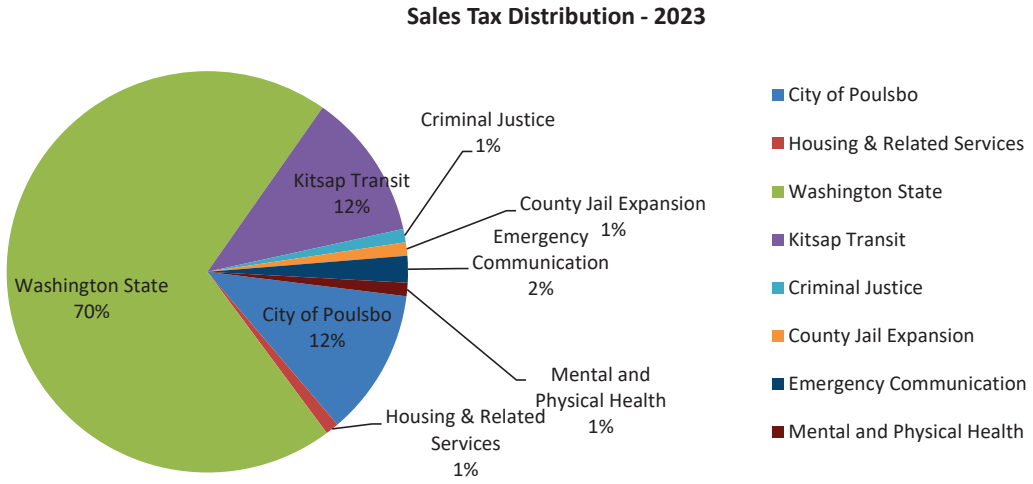
[3] In effect since 1998, this 2% Hotel/Motel Tax was approved by Ordinance 98-03 in accordance with RCW 82.08

[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.

[6] Effective April 2023, City of Poulsbo increased the rate one tenth of one percent (.1%) for transportation services

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



RETAIL SALES TAX REVENUE BY SECTOR
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Major Industry Sector					
Accommodation and Food Svcs.	$ 333,336	$ 362,577	$ 408,529	$ 430,016	$ 453,404
Admin, Supp, Remed Svcs	46,006	51,911	59,866	67,589	115,668
Agriculture, Forestry Fishing	662	539	4,958	4,298	4,185
Arts, Entertain, Recreation	13,043	16,785	9,799	11,271	12,266
Company Management	-	6	199	164	227
Construction	318,024	300,625	343,021	416,871	585,113
Educational Services	4,625	5,942	5,168	3,684	4,200
Finance and Insurance	11,033	12,935	20,383	15,396	16,769
Health Care and Social Assistance	13,022	14,789	18,045	26,120	28,120
Information	102,047	97,189	110,385	116,592	118,706
Manufacturing	49,122	35,145	59,717	46,118	53,081
Mining	636	589	39	204	71
Other Services	84,693	87,482	93,947	104,885	96,686
Prof, Scientific and Technical Svcs	43,310	46,226	53,170	54,208	64,847
Public Administration	28,695	27,064	35,571	39,483	3,209
Real Estate, Rental, Leasing	61,165	56,902	65,509	70,718	73,200
Retail Trade	1,863,729	1,953,167	1,988,786	2,107,661	2,297,269
Transportation and Warehousing	2,262	2,656	4,277	4,281	4,185
Unknown	13,903	12,511	16,833	4,755	58,209
Utilities	3,039	3,209	2,312	2,844	4,152
Wholesale Trade	110,341	131,638	165,808	167,400	197,853
Total Retail Sales Tax Revenues*	**$ 3,102,693**	**$ 3,219,887**	**$ 3,466,322**	**$ 3,694,558**	**$ 4,191,420**

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

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

	2019	2020	2021	2022	2023
Major Industry Sector					
Accommodation and Food Svcs.	$ 460,455	$ 391,995	$ 532,903	$ 583,624	$ 641,371
Admin, Supp, Remed Svcs	129,176	164,274	186,008	208,263	214,953
Agriculture, Forestry Fishing	4,022	2,548	2,175	2,657	1,528
Arts, Entertain, Recreation	12,413	9,996	13,098	17,226	18,177
Company Management	1	303	286	235	368
Construction	471,783	443,927	566,613	871,855	865,019
Educational Services	3,311	3,491	5,924	8,651	8,548
Finance and Insurance	17,341	17,975	23,169	28,105	10,910
Health Care and Social Assistance	50,343	19,097	18,078	32,271	21,818
Information	129,983	139,833	159,558	175,513	180,780
Manufacturing	63,609	45,134	67,599	76,119	89,103
Mining	554	2,037	1,912	(16)	455
Other Services	107,901	93,439	107,707	104,562	109,461
Prof, Scientific and Technical Svcs	69,236	64,343	88,327	92,814	113,880
Public Administration	1,519	1,513	1,069	1,178	402
Real Estate, Rental, Leasing	83,737	74,869	121,282	125,235	118,630
Retail Trade	2,420,781	2,543,855	2,890,725	2,874,539	2,821,583
Transportation and Warehousing	3,856	7,817	18,567	19,246	31,559
Unknown	37,197	51,471	58,633	59,850	80,733
Utilities	4,565	4,585	5,079	482	10,175
Wholesale Trade	208,987	202,401	228,165	251,533	237,273
Total Retail Sales Tax Revenues*	**$ 4,280,770**	**$ 4,284,903**	**$ 5,096,877**	**$ 5,533,945**	**$ 5,576,726**

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

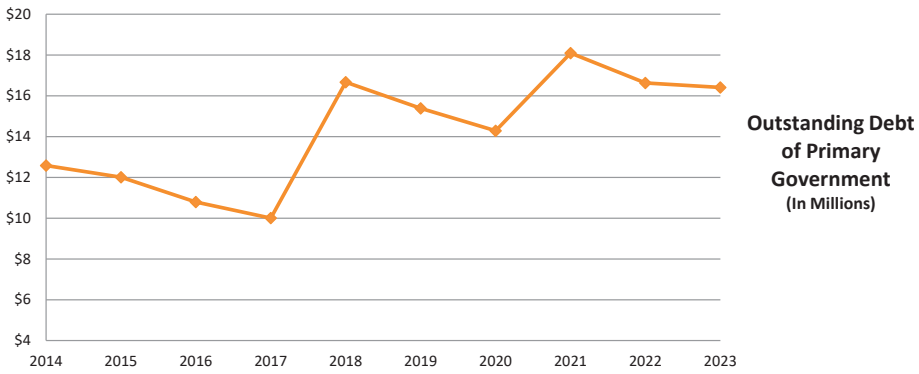
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities							
Fiscal Year	General Obligation Bonds*	Leases	Subscriptions	PWTF Loans	Water Bonds	Sewer Bonds*	Solid Waste Bonds	Storm Drain Bonds	PWTF Loans	Total Primary Government	Percentage of Personal Income[1]	Per Capita
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
2023	$ 8,052,236	$ 186,347	$ 191,285	$ -	$ 431,049	$ 6,502,712	$ 677,362	$ 369,470	$ -	$ 16,410,462	2.00%	$ 1,323

** 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.*



RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

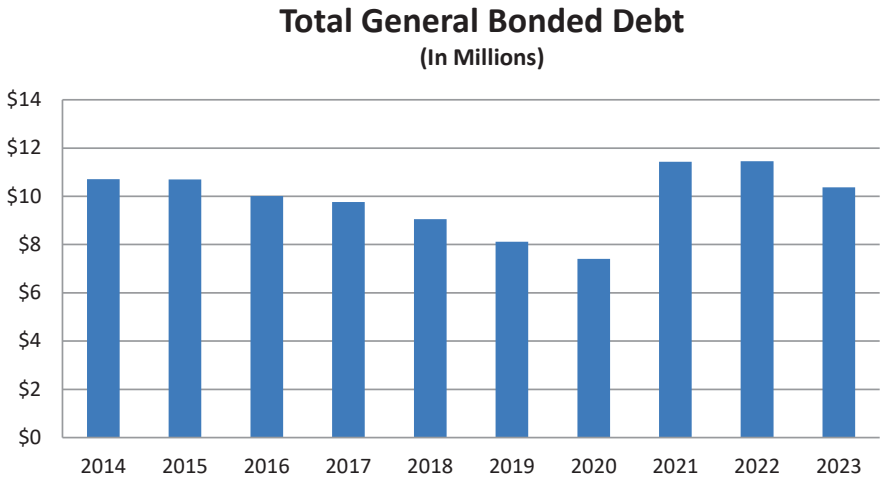
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	% of Estimated Actual Taxable Value[1] of Property	Per Capita[2]
2014	10,713,764	4,738	10,709,026	0.76%	1,089
2015	10,703,313	4,337	10,698,976	0.75%	1,075
2016	10,020,267	11,872	10,008,395	0.66%	980
2017	9,778,540	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
2023	$ 10,392,829	$ 7,637	10,385,193	0.32%	$ 838

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*



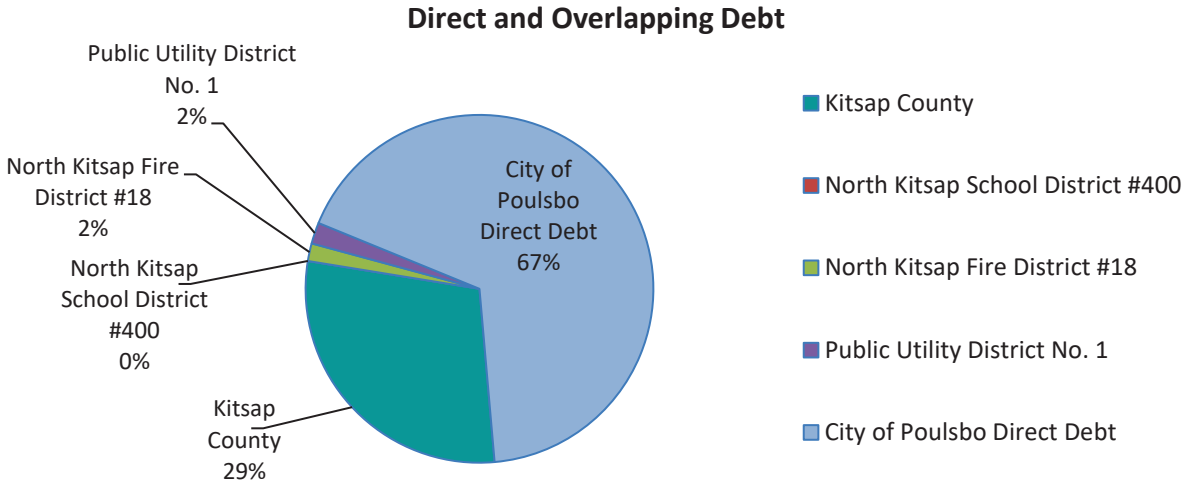
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2023

Governmental Unit	Debt Outstanding	Estimated % Applicable[1]	Estimated Share of Overlapping Debt
Kitsap County	$ 76,448,760	4.73%	$ 3,619,266
North Kitsap School District #400	-	22.63%	-
North Kitsap Fire District #18	487,768	42.18%	205,734
Public Utility District No. 1	5,209,000	4.73%	246,606
Subtotal, Overlapping Debt	82,145,528		4,071,606
City of Poulsbo Direct Debt	$ 8,429,869	100%	$ 8,429,869
Total Direct and Overlapping Debt			$ 12,501,475

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 vales. 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 units total taxable assessed value.



LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Page 1 of 2

	2014	2015	2016	2017
Debt Limit	$ 96,176,052	$ 100,957,763	$ 111,596,650	$ 122,480,124
Total net debt applicable to limit	10,640,262	9,925,663	9,283,128	9,050,075
Legal debt margin	$ 85,535,790	$ 91,032,100	$ 102,313,522	$ 113,430,049
Total net debt applicable to the limit as a % of debt limit	11.06%	9.83%	8.32%	7.39%

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

2018	2019	2020	2021	2022	2023
$ 122,480,124	$ 140,588,496	$ 167,732,732	$ 180,401,004	$ 179,528,497	$ 211,658,566
8,395,842	7,504,190	6,788,418	10,938,570	10,553,751	10,385,193
$ 114,084,281	$ 133,084,306	$ 160,944,314	$ 169,462,434	$ 168,974,746	$ 201,273,373
	5.34%	4.05%	6.06%	5.88%	4.91%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	$ 2,822,114,209
Debt Limit (7.5% of total assessed value)	211,658,566
Debt Applicable to Limit:	
General Obligation Bonds	10,392,829
Less: Amount set aside for repayment of GO Debt	7,637
Total Net Debt Applicable to Limit	10,385,193
Legal Debt Margin	$ 201,273,373

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

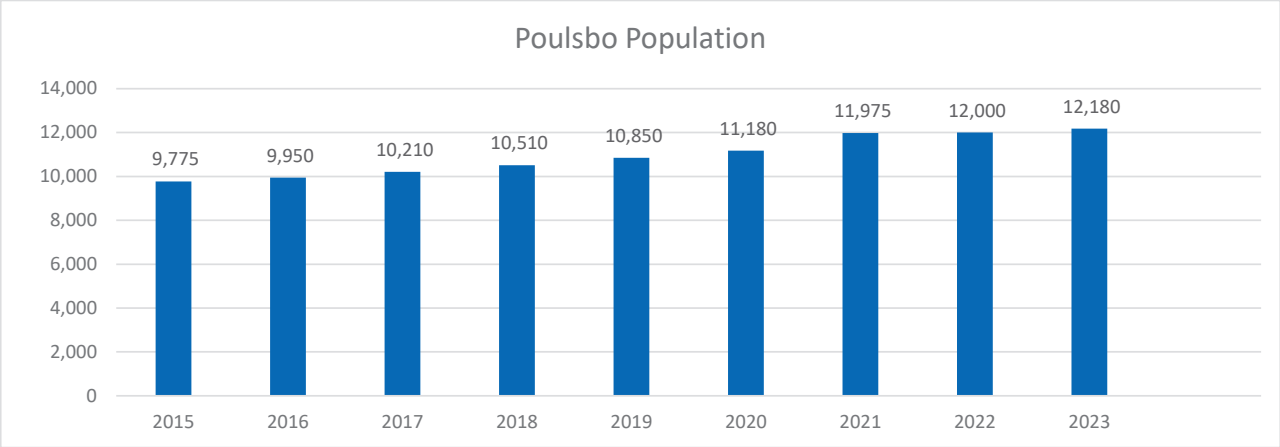
	Water and Sewer Revenue Bonds					
Fiscal Year	Charges for Services & Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	4,799,465	3,642,764	1,156,701	429,000	60,340	236%
2015	5,119,333	4,132,273	987,060	443,000	42,510	203%
2016	5,317,488	4,338,074	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%
2023	$ 7,773,501	$ 6,781,100	$ 992,400	$ 270,000	$ 239,975	195%

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 Personal Income* [1]	Poulsbo Personal Income [1]	Per Capita Income*	Kitsap County Unemployment Rate**	School Enrollment [2] ***
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	18,936,661	821,105	68,198	4.1%	2,738
2023	12,400	283,200	$ -	$ -	$ -	4.1%	2,779

[1] *Thousands of Dollars and information only available through 2022*
[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

		2023			2015		
Taxpayer	**Type of Business**	**TOTAL EMPLOYEES [1]**	**Rank**	**% of Total City Employment**	**TOTAL EMPLOYEES [1]**	**Rank**	**% of Total City Employment**
North Kitsap School District	Public Education	857	1	10.88%	826	1	13.05%
Martha & Mary Health Services	Social Services	372	2	4.72%	565	2	8.93%
Walmart [1]	Retail Trade	325	3	4.13%	336	3	5.31%
Town & Country Market [1]	Retail Trade	233	4	2.96%	240	4	3.79%
Watson Furniture Group	Manufacturing	225	5	2.86%	-		0.00%
Gateway Fellowship & School/Christ Memorial Childrens Learning Center	Religious & Private Education	197	6	2.50%	152	5	2.40%
Safeway/Albertsons	Retail Trade	170	7	2.16%	115	6	1.82%
Home Depot	Retail Trade	125	8	1.59%	96	8	1.52%
City of Poulsbo [1]	Municipal Government	107	9	1.36%	90	9	1.42%
Liberty Shores / Harbor House	Healthcare	105	10	1.33%	102	7	1.61%
Marine View Beverage	Distribution	-	-	0.00%	82	10	1.30%
Subtotal of Ten Largest Employers		2,716		34.49%	2,604		41.14%
All Other Employers		5,159		65.51%	3,725		58.86%
Total Poulsbo Employment		7,875		100.00%	6,329		100.00%

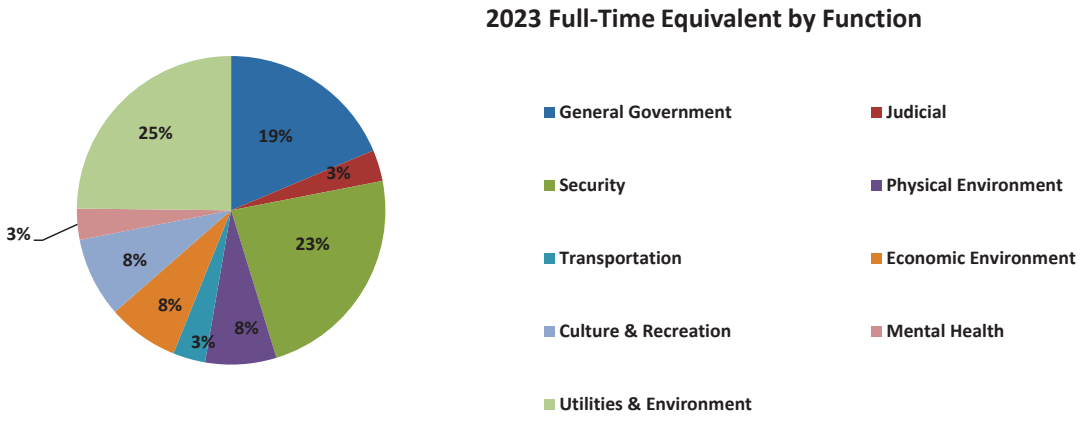
[1] *Full and part-time employees are tracked*

Source: Washington State Employment Security Department
City of Poulsbo Finance Department
Kitsap Economic Development Alliance
Town & Country 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		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	2.00	2.00	2.00	2.00	2.83	3.00	3.00	2.25	2.00	4.00
	Finance Department	7.00	7.00	8.00	8.00	7.83	8.00	8.00	8.17	8.00	9.00
	Information Services	1.50	1.50	1.50	1.50	1.50	1.50	1.50	2.00	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	2.55	2.55	2.55	2.52	2.52	2.52	2.52	2.23	2.02	3.02
Judicial:	Municipal Court	3.39	3.39	3.39	3.39	3.48	3.52	3.52	3.77	4.02	3.52
Security:	Police Department	20.80	20.82	21.50	23.00	23.25	24.33	24.33	22.09	21.50	25.00
Physical Environ.:	Engineering	5.95	6.45	6.33	10.30	7.30	9.30	9.30	7.00	6.75	8.00
Transportation:	Streets	4.40	3.15	2.70	2.64	2.64	2.64	2.64	2.64	2.64	3.64
Economic Environ.:	Planning & Building	7.00	7.92	8.00	5.00	8.00	8.00	8.00	7.59	7.00	8.00
Culture & Recreation:	Parks & Recreation	5.95	6.17	6.17	6.17	6.17	6.17	6.17	3.65	4.47	5.75
	Parks & Cemetery	2.30	2.30	2.25	2.22	2.22	3.22	3.22	2.64	2.22	3.22
Mental & Physical Health	Mental Health	-	-	-	4.00	3.17	4.00	4.00	1.00	2.00	3.50
Utilities & Environ.:	Water	3.65	5.90	5.90	5.82	5.90	5.87	5.87	5.72	5.72	5.97
	Sewer	3.40	3.65	3.65	3.63	3.71	3.68	3.68	3.53	3.53	3.78
	Solid Waste	3.32	4.32	4.32	4.62	4.62	4.62	4.62	5.54	4.87	6.12
	Storm Drain	3.45	5.87	6.20	5.93	5.86	5.83	5.83	5.93	5.93	6.18
	General Facilities	-	-	-	-	-	-	-	-	-	-
	Administration	3.48	3.48	4.10	4.32	4.32	4.32	4.32	4.32	4.32	4.57
Total Number of Full-Time Equivalent Employees:		83.14	89.97	92.06	99.06	99.32	104.52	105.06	94.07	93.00	107.27

Source: City of Poulsbo,
Human Resources



PRINCIPAL CUSTOMER BY AMOUNT BILLED
FOR THE YEAR ENDED DECEMBER 31, 2023

Individual Water Customers

Customer	Type of Business	Amount Billed
1800 Poulsbo LLC	Mobile Home Park	$ 26,805
Vikings Crests Owners Association	Condominiums	16,681
Hostmark Village Cove	Apartments	16,621
Car Wash Enterprises Inc	Car Wash	13,825
Poulsbo Holdings LLC	Car Wash	13,485
Town & Country Markets Inc	Grocery Store	10,955
Safeway Inc #3148	Grocery Store	10,445
Martha & Mary Health Services	Senior Assisted Living	9,985
Market Place Hospitality LLC	Hotel	9,813
Emeritus Senior Living Site 0642	Senior Assisted Living	9,442
Total of Ten Largest Water Customers		**$ 138,055**

Individual Sewer Customers

Customer	Type of Business	Amount Billed
1800 Poulsbo LLC	Mobile Home Park	$ 88,861
Hostmark Village Cove	Apartments	52,074
Vikings Crests Owners Association	Condominiums	50,287
Car Wash Enterprises Inc	Car Wash	45,625
Poulsbo Holdings LLC	Car Wash	44,160
Town & Country Markets Inc	Grocery Store	35,458
Safeway Inc #3148	Grocery Store	34,185
Martha & Mary Health Services	Senior Assisted Living	33,086
Laurelhurst Apartments Co	Apartments	30,435
Car Wash Enterprises Inc	Car Wash	29,623
Total of Ten Largest Sewer Customers		**$ 443,793**

CAPITAL ASSETS STATISTICS BY FUNCTION
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Functions										
General Government										
Number of City vehicles (not listed below)	12	12	12	9	10	11	11	11	9	9
Generators	2	2	4	4	4	4	4	4	4	4
Public Safety										
Number of police vehicles	25	24	25	26	25	26	26	26	28	30
Number of police boats	1	1	1	1	1	1	1	1	1	1
Transportation										
Number of vehicles (not specified below)	6	6	7	6	8	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	7	7	7	7	7	7	7
Construction equipment	10	11	13	15	14	16	16	16	17	16
Miles of streets	48	**56	56	56	56	56	55	56	***59	60
Number of traffic signals	9	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	-	-	-	-	-	-	-	-	-
Number of boats[1]	32	34	13	13	13	12	30	30	30	30
Number of neighborhood parks[2]	11	11	9	9	9	9	9	9	9	9
Number of community parks[2]	5	5	2	2	2	2	2	2	3	3
Number of regional parks[2]			3	3	3	4	4	4	4	4
Number of natural/open space sites[2]			6	6	6	6	6	6	6	6
Miles of trails[2]			6	6	6	6	6	6	6	6
Total park acreage[3]			127	127	129	130	130	130	141	141
Maintenance equipment	6	6	8	10	9	11	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	2	1	1	1	1	1	1
Physical Environment										
Number of engineering dept vehicles	1	1	1	1	1	1	2	2	6	7
Business-Type Functions										
Water										
Generators	2	2	3	3	3	3	3	3	4	5
Miles of water mains	64	**67	67	68	69	69	72	73	***93	95
Number of vehicles	4	5	6	9	10	10	9	9	8	8
Number of hydrants	433	**538	538	551	615	633	658	666	***736	751
Sewer										
Generators	4	4	7	7	8	8	7	7	7	7
Number of vehicles	5	4	4	3	4	4	4	4	4	4
Number of construction vehicles	2	2	3	3	3	3	3	3	3	3
Sewer inspection camera	2	2	2	1	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	**53	53	54	56	57	58.5	59.5	66	66
Solid Waste										
Number of vehicles				1	1	2	2	2	2	3
Number of garbage trucks	7	5	5	6	5	5	5	5	6	6
Storm Drain										
Number of vehicles	4	2	3	3	3	3	3	3	3	3
Number of vacuum trucks		1	1	1	1	1	1	1	1	1
Maintenance equipment	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

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

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

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

[1] Un-Classified includes Light Industrial, Park, Business Park, Office Commercial Industrial a

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

Last Ten Fiscal Years

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2018	2019	2020	2021	2022	2023
2	2	2	2	2	2
41	33	38	37	36	35
624	710	620	565	679	829
235	278	151	385	200	143
2,261	1,814	2,110	1,927	872	941
544	580	155	331	684	693
5	11	7	7	8	24
-	2	-	1	1	2
411	415	282	156	157	236
4,750	4,543	6,465	3,134	3,104	2,220
14	5	4	-	2	-
1	-	-	-	1	3
13,238	11,647	8,425	8,706	9,436	13,933
3,477	2,107	653	420	706	2,216
1,742	1,948	1,495	1,211	1,634	1,331
1,101	564	239	145	314	336
402	436	301	347	120	331
186	200	148	150	120	147
59	44	25	10	26	29
154	207	173	129	150	95
176	165	152	66	91	24
56	56	55	56	***59	60
65	65	66	67	67	75
581	480	448	562	566	816
3,170	3,170	3,180	3,200	3,200	3,300
18	19	19	22	22	22
71	71	71	72	72	136
75	51	12	74	72	175
1	4	7	8	4	5
6	35	139	222	248	221
33	61	73	65	63	59
368	323	81	83	81	53
78	65	97	92	113	69
5	2	9	16	13	17
33	36	20	17	26	25
20	17	21	5	9	54
11	24	26	12	18	23
16	9	7	11	13	26
4,013	4,100	4,139	4,191	4,270	4,454
68	70	72	73	***93	95
4,082	4,165	4,209	4,248	4,390	4,550
3,803	3,895	3,916	3,966	4,041	4,178
56	57	59	60	66	66
9	9	9	9	9	8
3,500	3,584	3,599	3,636	3,687	3,820
1,076	1,163	1,181	1,219	1,289	1,335
344	384	336	349	352	350
6,409	6,446	6,420	6,783	6,802	6,960
278	288	291	273	251	255
29	31	32	34	36	39

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