

City of Port Townsend



Final Budget 2012

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City of Port Townsend

Office of the City Manager

2012 Final Budget Message

Date: December 31, 2011

To: City Council and Port Townsend Community

From: David Timmons, City Manager

Subject: 2012 Final Budget Introduction

Transmitted with this memo is the 2012 budget. The budget plan consists of 16 Operating Funds and 11 Capital, Debt and Trust Funds. Each Fund represents separate program activities and constitutes its own individual budget. A newly established Housing Trust Fund is budgeted for 2012, which creates a commitment to help develop more opportunities for affordable housing. The budget format is the same. It consists of a Budget Overview which is a simple presentation followed by a Fund Summary. The Departmental Summaries are presented in the "Program Format" wherein revenues and expenses by "program" are compared. One benefit of this presentation is the ability to track revenues and expenses by their respective relationship to one another. These summaries also present a departmental budget summary in object format. This way one can compare the different "objects" that comprise the department's budget such as personnel and operating expenses.

The final budget is not provided in the traditional line item detail format, which accounts for the detailed revenue and expenses of the entire City Budget. In addition, individual details of all payroll and benefits are not presented as they are in the Preliminary Budget. We do however manage the budget in the traditional manner on a line item basis. Also included are various other attachments to help in communicating the City's financial policies and conditions.

This 2012 budget represents a turning point for the City's financial picture.

In November 2007, the City faced a major decision by the Secretary of Transportation; the announcement that the ferry service to Port Townsend was to be terminated due to the condition of the vessels serving this route. Any hope to regain this service would require a minimum four year design and construction period at best. This news made the planned closure of the Hood Canal Bridge during the summer of 2009 even more alarming. Completing the "perfect storm" to challenge the City was the reality that the "Great Recession" was just beginning.

Responding to the first two known events (ferry and bridge), the City rallied around a strategy to maintain the City's economic base in light of the significant impacts that were expected. This strategy

involved numerous coordinated actions that were targeted at both the state and local level. At the state level, it was the success in gaining the State's commitment to restore the ferry service in a timely manner. At the local level, it involved many coordinated efforts. The City launched a successful coordinated marketing and public relations campaign to keep visitors coming and get the message out that Port Townsend was still open for business. The City adjusted its budget strategy and took several actions to address the anticipated/unanticipated financial impacts. Part of that strategy was a series of town meetings that led to the Library levy shoring up critical community services for the three years of expected impacts.

In addition, the City has continued to prepare for the future by using our bond capacity to leverage critically necessary investments in the three economic anchors of the city – Upper Sims Way, the downtown Civic District, and Fort Worden. This decision to invest in our community will benefit residents and local businesses directly and visitors indirectly long into the future. The bond initiative took advantage of record low interest rates and the City's quick action in completing this bond sale preceded the collapse of the market. Several communities with similar initiatives were delayed or forced to abandon their plans because they waited. By being proactive to our challenges, we will increase the economic stability of our community no matter what the economy brings.

With the dawn of the recession, absent this community investment, there would likely have been little to nothing developed or invested in the City during the period 2008 to 2010.

Overall, the City's 2008 capital investments are beginning to demonstrate the desired outcomes. The investment in the City's downtown maritime core has provided a new stimulus to the downtown area. The September events this year (Wooden Boat and Film Festival) witnessed a renewed energy with near record attendance. We have also seen a significant shift in pedestrian traffic at the east end of Water Street. The investment in Upper Sims is now seeing changes resulting from better access for pedestrians and traffic. One result was the completion of the second phase of the Business Park, including two new marine related businesses (light manufacturing) now located there.

In 2010, with the economy still lagging and record low interest rates, the City recognized another opportunity that was developing to further leverage investments in the City's economic future. An additional capital investment strategy was prepared and developed which is currently underway. This investment strategy has the potential of leveraging a 9:1 return on the city's investment. A key outcome in this second opportunity has been the establishment of a college presence at Fort Worden with the City's capital funds of \$500,000 leveraging \$4,300,000 of state investment in capital improvements in Building 202 to house college programs.

Since 2008, the City has maintained and accomplished a significant amount during the worst recession in recent history. Risks have been taken and there have been losses, but these investments have and will continue to provide a return on the investments made. This statement is supported in part by the data showing, among other things, that throughout the recession the City's sales, B&O, Lodging and Utility taxes revenues have maintained or shown modest growth. The only down side is the real estate market, which has yet to rebound. Recent reports have stated that this market sector may require another two

to three years before we again see any consistent activity. Therefore, we are recommending that this proposed budget be viewed as the beginning of a three to five year strategy to manage and restore the City's financial position.

The key challenges:

The key challenges addressed by the budget in 2012 rest in seven areas:

1. Stabilize payroll and benefit costs
2. Transfer funds to cover lost real estate related revenue designated to fund capital investment (Debt)
3. Lower overhead costs to the Utility to avert an expected Operation and Maintenance rate increase
4. Restore the cash reserve balance of the General Fund
5. Address the City's organizational structure to allow for a sustainable organization plan
6. The Capital Budget and Plan 2011 -2017
7. Status of the Fire Levy and Interlocal Agreement with the Fire District

Stabilize payroll and benefit costs

The first key area to address is payroll. Since it is the largest of all expenses, it affects all operating funds. Current estimates indicate that keeping status quo payroll budget would have required an additional \$415,000 expense to the budget funds. This is due to several factors:

1. Health Care costs increasing 10% to 15%
2. Pension cost to the City by State directive has doubled
3. Step/Longevity payroll increases currently provided by Union contract

To address these issues, the 2012 payroll and benefit budget plan is based upon several actions and assumptions:

- A New Health Care Plan for non-bargaining employees
- Reduction in benefit levels for all employees (subject to bargaining agreement with bargaining unit members)
 - An agreement was obtained with the General Government Bargaining unit and non-bargaining employees.
- A complete wage freeze (COLA allowances have been frozen since 2009 except for Police at 1% for 2011, again subject to collective bargaining)
 - All non-bargaining and General Government Bargaining employees have agreed to this condition.
 - Currently the Police contract is open and yet to be resolved. If the cost of the contract cannot be contained, then the policy decision to reassess level of service will be necessary to ensure the contract is cost neutral.
- Manage and/or reduce vacant positions:

- DSD
 - Temporary Transfer to Capital Projects:
 - (1 FTE) Administrative Assistant
 - (1 FTE) Building Inspector
 - Police Department
 - Reduction in Force
 - (1FTE) Sergeant (From 4 to 3)
 - (1FTE) Patrol (Beginning in last quarter 2012)
 - (2 FTE) Police Administrative Clerks
 - Public Works
 - Reduction in Force
 - (1FTE) Water Operations/Facilities Manager
 - Community Services
 - Reduction in Force
 - (1 FTE) Operations Manager – Parks and Community Services
 - (1 FTE) Maintenance Worker
 - Transfer to Water Systems
 - All Budgets
 - No funding for Seasonal Labor
- Reorganization – In the next five years, the City may see a number of retirements in key positions

The net effect of these actions will offset the expected \$415,000 and further reduce payroll for 2012 and provides the funds necessary to cover the reduced real estate income.

Transfer funds to cover lost real estate revenue designated to fund capital investment (Debt)

The second key issue relates to the decline and stagnation of the real estate market. There are several elements interrelated here. First is the direct impact of the loss of Real Estate Excise Tax (REET) income to fund capital. (REET can only fund capital.) Coupled with this is a loss of permit and land use revenues related to real estate activity. Third is the loss of the related sales tax, which is a product of new construction associated with real estate. We have estimated this to be a direct and indirect impact to the budget of a loss of \$500,000 in revenue associated with these three revenue accounts.

The City has had many partnerships to deliver services of all kinds to the community. Since 2008, many communities have eliminated their support while we not only maintained, but also increased our support following the Library Lid Lift success. Unfortunately, we have reached an impasse and cannot maintain these services in light of the loss of revenues we are experiencing. In developing last year's budget, we informed our partners to prepare for the inevitable. We also evaluated where duplication of efforts exists and how we might be able to offset our cash outlay for these partners by offering alternative strategies for 2012. It is regrettable several partners did not heed our warnings and they

may have held out for a “miracle.” The budget does include the last quarter payments for 2011 service in the first quarter, but it is impossible to fund these services without sacrificing other core services. Our only option is to find and eliminate as much duplication in services as possible and to offer administrative support to maintain programs in lieu of cash.

The budget for 2012 is predicated on the following limitations and actions:

- Reduce/Eliminate cash expenditures for contract services that have alternative delivery options and/or duplicative services
 - YMCA
 - We will be providing compensation for displacement during the relocation of the Library to Mountain View in 2012
 - Dove House
 - We will be providing in-kind support through the efforts of the Community Public Safety Office in 2012
 - Main Street
 - We will be offering an alternative compensation by an allocation of Excise Tax paid to the State that will be redirected to Main Street in 2012
- Retain certain services through internal City resources in lieu of external providers
 - Substance Abuse
 - Animal Control
 - A \$20,000 contract with the Sheriff has been agreed to support the Shelter Services provided by a Not for Profit in 2012. License fees will partially offset this expense.
- Develop three year fixed cost interlocal agreements
 - Jail
 - District Court

(Credit is due to the Sheriff and District Court for their support)
- Defer Capital replacement for General and Community Services Funds equipment and IT
 - The current balance and replacement schedules appear to be over aggressive and need to be reconsidered in 2012
- Reallocate FTE costs per the actions previously presented as part of the reorganization plan
- Evaluate temporary closure of facilities to invest capital to lower long term costs: Mountain View/Pool

These actions accomplish all that is necessary to reduce expenses to offset the loss of revenue and the need to rebuild the City’s financial position. The estimated General Fund ending reserve is well within the policy limits of 5% to 8% at 7.8%.

Lower overhead costs to the Utility to avert an expected Operation and Maintenance rate increase

Rates to Support Operations:

The budget as adopted incorporates a modest rate increase of 5% to take effect in 2012 to maintain operations and increase recovery of replacement funding.

However, the cost of the capital projects will require a separate rate allocation based upon a cost of service analysis. As projects become established, the actual outlay to finance those costs can be allocated in ways beyond a rate basis. The City can consider special “assessment” districts since they will be assigned the actual cost of service for a specific term. This can also be applied system wide. This method of cost allocation is a more transparent way to account for project management costs.

Several critical projects within the utilities will require significant capital investment. As noted in previous work sessions, these projects are designed to address ageing conditions subject to existing system breakdowns and federal and state mandated improvements to meet water quality standards.

Finally, this approach will also allow the rates to be set only to cover expenses and debt service when the projects are finalized and scheduled to begin. In other words, the rates to cover capital can be phased in as the projects begin over the next several years.

Capitalization of Labor:

When reviewing the utility’s financial performance with our rate consultants they were projecting a 30% rate increase just to cover the utilities operating cost. Upon further review, it was noted there was another cost allocation option that should be considered. Currently the entire cost of engineering and project management is cost allocated as overhead to the Public Works Funds (Water/Wastewater, Storm Water, Streets). Another way to cost allocate overhead is to “capitalize” the labor cost as a direct expense of the projects they administer. By doing so, the operating and maintenance costs stabilize and the need for a rate increase is all but eliminated.

At this point, it would be more accurate to reflect this labor as a capital cost than an operating overhead. Upon review of the Capital Plan and projects for the next five years, it is anticipated this management strategy will be sustainable. The Budget for 2012 reflects this change beginning in 2012. However 2012 has to be viewed as a transition year since a number of capital projects scheduled for 2012 are already established.

The process can be implemented by establishing the PW Administration/Engineering Fund as an “enterprise” fund rather than a “special purpose” fund. This is provided for in the 2012 budget submitted herein. Staff is already developing a series of rates for the billable hours they would spend on the capital projects as well as the work provided for Development Services.

The Utilities will still have to address cost recovery for the capital projects. However, the recommended rate model will allow the City to separate Operating Costs from Capital and allow the two to be

separated in the rate cost analysis. This will give the City greater flexibility on assignment of cost for capital, which differs from operations, such as the use of System Development Charges and/or Local Improvement Districts as methods for capital cost recovery.

Special Financing of Capital Projects:

Most, if not all, of these projects will be funded by Washington State Public Works Trust Fund loans. These loans have very favorable terms and the availability of grant funds in the near term does not seem plausible. The basic loan terms is 20 years with .005% interest. If the project can be completed in three years, the rate is reduced to .0025%.

Since the City is using PW Trust Fund Loans, the need to maintain reserves to fund debt is eliminated and this gives a certain amount of rate relief. Utility bonding requires the Utility to maintain certain debt reserve balances to guarantee at least 1 to 2 years debt service in reserve. It should also be noted use of these loans would save millions in interest expense when compared to conventional financing.

Restore the cash reserve balance of the General Fund

One of the most challenging elements for the 2012 budget is to find the capacity to restore the General Fund reserve position within the policy limits of 5 to 8 percent. This limit has been allowed to drop below the policy level due to the challenges the City has been facing. While this worked during the past three years, it is now time to begin a process to restore the fund reserve. This will be a multi-year process and may take up to five years if the economic conditions do not improve. The budget for 2012 begins this process and if our predictions hold for the year, we should be able to do this in two years.

A General Fund reserve serves two purposes. One, it acts as a contingency in case of lost revenues or emergency expenses. Two, it serves to provide cash flow for the fund since revenues and expenses are not constant. This second purpose is also accomplished by short-term borrowing, referred to as Tax Anticipation Loans. In New England, this short-term borrowing is a very common practice for communities to fund annual cash flow needs. Another method is a line of credit with a commercial bank.

Utility Fund reserves provide this same service and serve as a means to develop capital dollars for future expenditures.

The Capital Fund may require a "Grant Anticipation" short-term loan to fund the cash flow expected in the next few years due to the higher than normal leveraging of grant dollars. Many federal and state agencies only transfer grant dollars on a reimbursement basis.

The City has been facing a distressed community circumstance over the last three years and has used its reserves to help carry the situation. The City put its General Fund reserves to work to help flatten the impact of the loss of real estate revenues over the past three years. However, this can only be temporary and it is necessary to turn the situation around by adjusting revenues to expenses so that the reserve can be restored.

The 2012 budget does this for the General Fund and the only change in the combined fund balance reserve for all funds is a reduction for an allocation for capital from the Stormwater Fund. Otherwise, the situation for 2012 is stable.

The Budget as presented in its current form shows an estimated \$542,378 ending General Fund reserve balance. Since the budget's publication, several additional adjustments to the budget have been realized that will be reported in February. In the previous two years', the City projected a similar expectation only to find that this did not happen. The difference this time is the actions taken preparing for 2012 that did not occur in the previous years. Cost reductions, cost stabilization and reduced revenue projections should contribute to achievement of the stated goals for 2012.

Address the City's organizational structure to allow for a sustainable organization plan

During the presentation on the budget overview, a recommended new organizational model for implementation beginning in 2012 was outlined. This new model is designed to position the City to face what many are referring as the "new normal." Implementation will require several actions and should be put into place by the start of the 2013 budget. The following is a general outline of the recommended actions:

- Move DSD from the General Fund to Community Services Fund
- Move Planning from the General Fund to Community Services Fund
 - Name current DSD and Planning Director as Director of Community Services
 - Add GIS from Public Works Administration to be a part of Community Services - Planning
- Move General Fund - Facilities to Community Services Fund
- Create a Public Safety Fund
 - Move Police from General Fund to Public Safety Fund
 - Report Public Safety Sales Tax to Public Safety Fund
 - Show payment for Fire Suppression Costs of Utility as a payment from Public Safety Fund
 - Close and move Fire EMS Funds to the Public Safety Fund
 - Report Special Levy to Public Safety Fund
 - Report PW/Engineering as an Engineering Enterprise Fund: Engineering staff and program will be managed by a management team consisting of City Manager, Finance Director, Public Works Director, and Community Services Director

The stated benefits of these actions are summarized as:

1. Consolidates 8 Departments into 6
2. Stabilizes overhead and payroll
3. Evenly distributes/spreads workload
4. Reduces middle management
5. Allows more timely coordinated and cost effective management of capital projects
6. Development review costs can be more accurately assigned

As stated before, the 2012 Budget contains the beginning steps in this reorganization. Some of this will be implemented by separate ordinance during 2012. Management changes, however, can be implemented immediately by management directive.

The Capital Budget and Plan 2012 -2017

A distinction must be made between the “Capital Plan” and the “Capital Budget”. The “Plan” is just that, but it also serves as a five year “queue” for the City’s most critical projects. Capital expenses represent one of the core priorities of local government: investing in the community. It is critical to take a long-term approach to these often expensive, multi-year projects.

The Finance and Budget Committee has requested a report on the past three years, including a before and after action report on the capital plan and the related projects. In addition, they requested we document the “leverage dollars” that resulted from the City’s investment. This will be presented separately first to the Committee and then to the full Council.

There is no General Obligation debt associated with the proposed plan or budget for 2012. There is debt associated with the Utility projects that are underway. The vast majority are from successful applications to the State Public Works Trust Fund. As previously noted, these loans will save the City significant dollars in interest expense over conventional loans. There are no known grants for this work.

The City is poised to move forward on the repairs to the downtown sidewalk tunnel “lids.” This is funded significantly by a 75% FEMA Federal grant and a 12.5% State grant. This project will also help address several other factors such as the overhead utilities can be placed underground.

There are several projects in the development stages that will advance based upon funding being established, but that will not be likely for the 2012 budget cycle.

Projects that are in the design phase are:

- Howard Street Extension – 2012 should establish rights of way (ROW) and utility plans with the latter being scheduled for 2013. Currently the City is applying for State and Federal Highway Funding.
- Sheridan Sidewalk and the Hospital District – Transportation Improvement Board (TIB) Funds were awarded, but plans are underway to broaden the scope in cooperation with the Hospital District.
- Secondary Water Disinfection – This is a mandated project and a design will begin in 2012. PWTF Loans are in place to fund this work.
- Design of Building 202 by Peninsula College (funded in part by City capital contribution).

Projects that will be constructed in 2012 are:

- City Lake Outfall Phase 1 – This project will install valves to isolate City Lake in advance of the Outfall replacement. This is funded by PWT Fund loan and FEMA Grant.

- Seismic Upgrade Carnegie Library – This is phase 2 of the Library Capital Plan. This element is funded by FEMA and there is a possible additional pending grant award to broaden the scope to include restoration work. This will also require temporary relocation of Library services.
- Taylor and Water Street Seismic Sidewalk Upgrades – This is the lid replacement and will begin early in 2012. This too is funded in large part by a FEMA grant. Also included will be water and storm line upgrades/replacement as well as undergrounding overhead utilities.
- Waterfront completion – This is a carryover of the early Civic Plaza work that will be completed early in 2012.
- Hastings to Sheridan Sidewalk – design completed and contract ready, funded in part by WSDOT grant.
- Kanu Sewer Pump Station replacement with gravity line.
- Monroe Street Sewer Upgrade.
- City Broadband loop by NoaNet.
- Phase 2 of the Way Finding Project.

Other possible projects for 2012:

- Funding commitments from PWT Fund to loan funds for completion of the Secondary Treatment and Water Reservoir Replacement (Preliminary approval granted).
- Completion of the Bell Tower.
- Utility extension for Howard Street.

The majority of the capital projects scheduled for 2012 have been in design and permitting for a number of years and are addressing critical City needs. In addition to leveraging significant dollars from others, they are consistent with the Council's strategy established in 2008.

Status of the Fire Levy and Interlocal Agreement with the Fire District

As stated before, the 2012 Budget has been developed and presented with the Special Purpose Levy .

Based upon the figures presented for the General Fund in 2012, this amount (\$625,000) is allotted to the Fire Fund for payment to the Fire District beginning in 2012. This also releases 50% the Public Safety sales tax previously encumbered to fund fire services to now fund police services and increase the City's revenue base.

City Officials

COUNCILMEMBERS

Position #1
Michelle Sandoval
Term expiring December 2013

Position #2
Catharine Robinson
Term expiring December 2013

Position #3
Laurie Medlicott
Term expiring December 2011

Position #4
George Randels
Term expiring December 2011

Position #5
Mark Welch
Term expiring December 2013

Position #6
David King
Term expiring December 2011

Position # 7
Kris Nelson
Term expiring December 2013

CITY MANAGER

David Timmons

DEPARTMENT DIRECTORS

Public Works Director

Kenneth Clow

Development Services Director

Rick Sepler

Finance Director

Michael Legarsky

Police Chief

Conner Daily

Library Director

Theresa Percy

City Attorney

John Watts

City Clerk

Pamela Kolacy

City Council Committees

COUNCIL STANDING COMMITTEE ASSIGNMENTS

Budget and Finance: David King, Michelle Sandoval, Mark Welch

Community Development and Land Use: George Randels, Michelle Sandoval, Kris Nelson

General Services: Mark Welch, Catharine Robinson, Laurie Medicott

Special Projects: George Randels, Laurie Medicott, David King

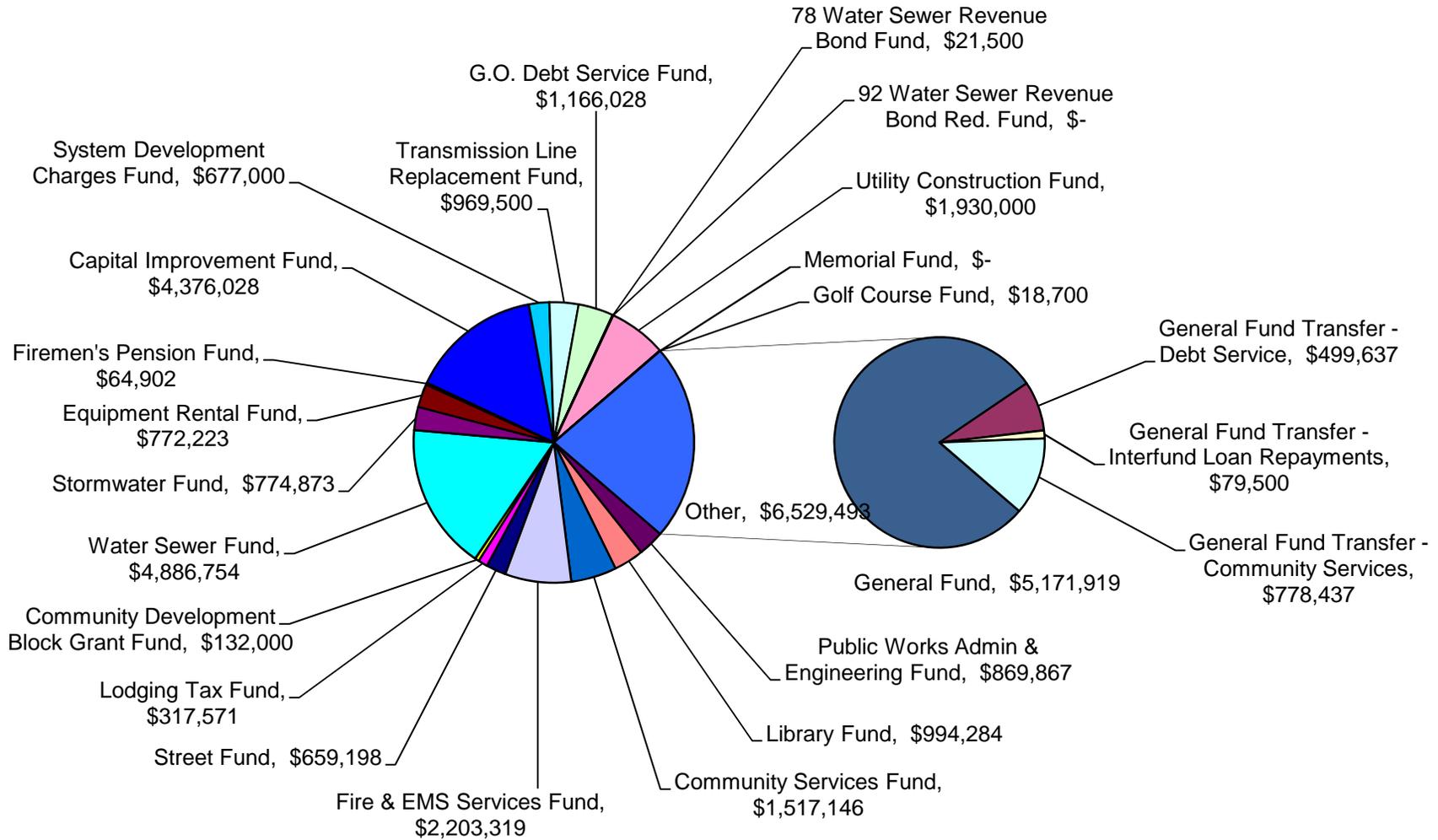
Information and Technology: Mark Welch, Kris Nelson, David King

Community Support Services: Catharine Robinson, Kris Nelson, Laurie Medicott

City of Port Townsend Citizen Advisory Boards, Task Forces, Committees (as of December 2011)

<p>Arts Commission Stanley Rubin Linda David Okasaki Kristine Morris Anne Kearson Tom Scharf Rosalind Russell Nancy Rody Erin Fristad Dan Groussman</p>	<p>Climate Action Committee Richard Dandridge Barney Burke Larry Crockett Scott Walker Stanley Willard Mark Welch John Austin Mike Pollak Annie Young Deborah Stinson</p>
<p>Non-Motorized Transportation Committee Sally Chapin Scott Walker Lys Burden Pat Teal Lowell Jons Pete Sexton Richard Williams</p>	<p>Fort Worden Lifelong Learning Center Public Development Authority Ted Springstead Tim Caldwell Norm Tonina Bill Brown Gee Heckscher Scott Wilson Lela Hilton Cindy Hill Finnie Anne Murphy</p>

Comprehensive Budget-All Funds



**City of Port Townsend
Estimated Beginning Fund Balance
Budget Overview 2012**

Funds	1/01/2012 Estimated Fund Balance	2012 Estimated Revenues	2012 Estimated Appropriation	1/01/2013 Beginning Fund Balance
Operating Funds				
General Fund	\$ 78,901	\$ 6,992,970	\$ 6,529,493	\$ 542,378
Public Works Admin & Engineering Fund	5,457	869,806	869,867	5,396
Library Fund	76,761	985,495	994,284	67,972
Community Services Fund	48,305	1,499,063	1,517,146	30,222
Fire & EMS Services Fund	-	2,203,319	2,203,319	-
Local Improvement District #1	35	-	-	35
Local Improvement District #2	20	-	-	20
Drug Enforcement	26,479	2	-	26,481
Contingency Fund	67,569	21,101	-	88,670
Street Fund	8,751	698,867	659,198	48,419
Lodging Tax Fund	4,539	340,009	317,571	26,977
Community Development Block Grant Fund	143,411	10,717	132,000	22,128
Housing Trust Fund	-	10,000	-	10,000
Water Sewer Fund	783,628	4,344,823	4,886,754	241,697
Stormwater Fund	422,274	533,264	774,873	180,665
Equipment Rental Fund	531,521	975,809	772,223	735,106
Firemen's Pension Fund	266,380	35,332	64,902	236,810
Operating Fund Subtotals	\$ 2,464,031	\$ 19,520,577	\$ 19,721,631	\$ 2,262,977
Capital, Debt, & Trust Funds				
Capital Improvement Fund	1,157,172	3,224,470	4,376,028	5,614
System Development Charges Fund	839,539	131,259	677,000	293,799
Transmission Line Replacement Fund	3,238,400	804,715	969,500	3,073,615
G.O. Debt Service Fund	165,850	1,114,957	1,166,028	114,779
78 Water Sewer Revenue Bond Fund	48,248	21,572	21,500	48,321
92/98 Water Sewer Revenue Bond Res. Fund	72,112	108	72,220	(0)
92 Water Sewer Revenue Bond Red. Fund	4,671	-	-	4,671
Utility Construction Fund	43,397	1,932,174	1,930,000	45,571
NW Maritime Center Agency Fund	2	0	-	2
Golf Course Fund	14,908	17,022	18,700	13,230
Memorial Fund	768	3	-	772
Capital, Debt, & Trust Fund Subtotals	\$ 5,585,069	\$ 7,246,281	\$ 9,230,975	\$ 3,600,374
Grand Totals	\$ 8,049,100	\$ 26,766,858	\$ 28,952,606	\$ 5,863,351

Budget Overview

The City of Port Townsend provides what are considered general governmental services authorized by state law, including public safety, streets, parks and recreation, planning and zoning, permits and inspections, general administration, water, sewer and storm services, garbage and library services.

OVERVIEW

Budgeting is an essential element of the financial planning, control, and evaluation processes of government. The planning process involves determining the types and levels of services to be provided and allocating available resources among various departments, programs or functions.

Financial control and evaluation procedures typically focus upon assuring that fixed expenditure limitations (appropriations) are not exceeded, and on comparing estimated and actual revenues and expenditures.

The budget authorizes and provides control of financial operations during the fiscal year. Upon adoption, the expenditure estimates, as modified by the Council, are enacted into law through the passage of an appropriations ordinance.

The appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot be exceeded until subsequently amended by the Council. Expenditures are monitored through the accounting system to assure budgetary compliance.

The City of Port Townsend's accounting and budgeting systems are organized and operated on a fund basis as required by state law. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial

resources.

The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds are budgeted on a cash basis in accordance with the Revised Code of Washington (RCW) 36.33.

While typically thought of as a financial activity done to satisfy state law, budgeting is a process of planning. Fiscal planning involves all elements of government and should be considered one of the most important functions for city officials.

The process of budgeting will not only allocate fiscal resources to meet needs and provide services, but will set a direction for the future. The elements of good planning include identifying community needs, city resources, the capability to meet community needs, and a plan to match such resources to the needs.

The planning for this document starts with the Council retreat in early spring. At that retreat Council discusses many issues including program priorities and capital project prioritization and timing.

The City Manager's budget is presented to the full Council during several work sessions in October and November. Two public hearings are then scheduled for November with a final public hearing and adoption date in early December.

Related to this process is the City's Capital Facilities Plan as required by the Growth Management Act (GMA). This plan has significant requirements in the area of facilities planning and capital improvement financing.

The GMA is to ensure that those public facilities and services necessary to support

Budget Overview

development shall be adequate to serve the development at the time the development is available for occupancy and use, without decreasing current levels of service below locally established minimum standards. The Capital Facilities Plan (CFP) is segregated into major categories: General Governmental, Transportation, Water, Sewer, Storm and Surface Water and Parks and Recreation.

The City adopted a Capital Facilities Plan as part of the Comprehensive Plan. Subsequent Council policy decisions and amendments to the Comprehensive Plan require periodic review and amendments to the Capital Facilities Plan.

This budget document is developed in a manner to study and review the direction of the City of Port Townsend. This document outlines the manner in which financial resources will be managed during the fiscal year.

The course the city is taking can be changed through the allocation of financial resources. The major groups who participate in the budget process are the City Manager, City Council, department directors, city committees and commissions, city staff, and interested Port Townsend citizens.

A budget document is read by a diverse group of persons. The budget must describe clearly and completely the nature and scope of policies, plans and programs for the year. It must communicate this information at different levels and for different purposes. One of the most important functions of the budget document is to describe future implications and relationships of policies, plans and programs to members of the public. The budget document is an opportunity for the public to acquire background information necessary to

provide meaningful comment and feedback to members of the City Council and City staff during the year.

The City of Port Townsend's budget process is designed to provide essential structure for the financial planning, control, and evaluation process of government, presenting a forecast of expected resources and the purposeful distribution of those revenues.

Once adopted, the budget is a formal expression of public policy on the City's objectives and priorities and on how resources will be provided to meet those objectives.

State law establishes the budget process and time limits. The calendar for the City of Port Townsend's budget can be found at the end of this document in the addendum section.

The financial aspects of the budget are monitored in regular monthly reports issued by the Finance Department comparing actual expenditures and revenues with the budget.

The budget can be changed (amended) at any time after it is adopted by the City Council passing another ordinance in an open public meeting. Normally, the budget is reviewed during the year to identify any adjustments.

In the City of Port Townsend, policy begins with general direction provided by the City Council. The City budget process serves the function of creating a framework to implement the policies set forth by that body to administer the City organization and deliver the various services to the community.

Budget Overview

Under the general guidance of the City Manager, department directors have primary responsibility for formulating budget proposals in line with Council priorities.

Budget policy begins with an understanding of the needs and issues important to the community that the government serves. General goals and priorities are identified in order to apply the available financial resources of the City for specific funding proposals. Previous budgets are considered in this process, thereby providing continuity with previous programming.

The Finance Department is responsible for coordinating all aspects of the budget process on behalf of the City Manager, analyzing department budget information, preparing budget revenue estimates, assembling the budget document and providing overview financial monitoring and reporting once the budget is adopted.

The Finance Department assists in identifying budget problems, formulating solutions and alternatives, and implementing corrective action approved by the City Manager.

The City uses a line-item budget development approach and uses that level of detail as a backbone to the actual budget document. However, the budget is formally adopted at the fund level.

This budget seeks to achieve these four interrelated functions:

A Policy Tool

The City's budget process is conducted in a manner that allows City's officials an opportunity to comprehensively review the direction of the City and to redirect its activities by means of the allocation of

financial resources. On this basis, the budget sets policy for the following year. This budget also facilitates the evaluation of City programs by providing a means to measurably examine the financial activities of the City departments over time.

An Operations Guide

This budget provides financial control by setting forth both legislative and administrative guidance to city employees regarding the character and scope of their activities. This direction is set forth in both summary and detail form in the various products of the budget process.

A Financial Plan

The budget outlines the manner in which the financial resources of the City will be managed during the budget period. This allocation of resources is based on understanding both the current year's needs and a long-term view of the development of the City's programs. The budget takes into account unforeseen contingencies and provides for the need for periodic adjustments.

As a Communication Medium

This budget provides management information as a comprehensive tabulation of information regarding both the character and scope of City activity. No budget can be effective unless it communicates. Since this budget has a diverse audience, it seeks to communicate at several levels and for several purposes. It seeks to communicate clear policy at a usable level of detail to City employees, to communicate significant policy issues and options in a form that can be acted on by officials, and to communicate the plans of the City to its constituents in a manner which affords them an opportunity

Budget Overview

to provide meaningful comments to the elected officials.

BUDGET SUMMARY

While the budget planning and adoption process is discussed above, there are many issues that are important to discuss in order to understand the dynamics of this document. For financial and accounting purposes, municipal operations are divided into two broad categories: general governmental and proprietary. Budgets are established for all funds. There are 28 budgeted funds in the City of Port Townsend and they are classified within seven basic fund groups, as described below.

The first is the **General Fund** which provides basic City services such as city administration, legislative, legal, personnel services, risk management, financial services, public safety, street maintenance, planning, building, zoning, facilities, and associated support functions. The resources to support these activities are primarily taxes and user fees.

Special Revenue funds account for the proceeds of specific revenue sources other than special assessments, expendable trusts or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulations.

Debt Service funds accumulate resources and account for the payment of principal and interest for the City's general obligation long-term debt and special assessment debt. The City pledges its full faith and credit for payment of these obligations.

- Resources for redemption of Council-approved (limited) issues are usually from the general property tax levy.

- Resources for payment of special assessment debt are from assessments levied against benefited properties.
- Resources for redemption of revenue bonds are from the sales of the goods and services.

The debt service funds are the General Obligation Debt Service Funds, and the Water/Sewer Revenue Bond Funds.

Capital Project funds account for the acquisition or development of major capital facilities, except those projects financed by the enterprise funds. Sources of revenue for these funds can include bond proceeds, federal/state grants, general property taxes, interest earnings, and transfers from other funds.

Enterprise funds are established for government activities that are financed and operate in a manner similar to private business. The user primarily finances costs of providing services to the general public. There are two types of enterprise funds. They are the Water/Sewer Fund and Storm and Surface Water Fund.

Internal Service funds account for the financing of goods and services provided by one department or agency to other departments or agencies in the City. The City's internal service fund is the Equipment Rental and Reserve Fund.

Fiduciary funds include Pension Trust, Expendable Trust, and Agency Funds, which are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has five of these funds, which are:

- Firemen's Pension and Relief

Budget Overview

- Transmission Line Replacement
- Treasurer’s Agency
- Deferred Compensation-Kemper
- Deferred Compensation-ICMA
- Memorial
- Golf Course
- Northwest Maritime Center

GENERAL FUND REVENUES

The City's General Fund receives the greatest amount of its operating revenues from a variety of taxes. State law limits those taxes.

Property Tax

Property taxes are collected on 100 percent of assessed valuation (A.V.) as determined by the Jefferson County Assessor's Office in accordance with state law. Typically, the maximum that the City can levy is 101 percent of the highest of the three (3) most recent years' levies, plus the impact of new construction at the previous year's levy rate, plus miscellaneous adjustments.

In 2008, voters approved a property tax levy lid lift for the Port Townsend library. The library lid lift is \$0.75 per \$1,000 of assessed valuation.

In 2011, voters approved a property tax levy lid lift for the support of Jefferson County Fire District No. 1 (aka East Jefferson Fire Rescue). This levy lift increases Port Townsend's maximum levy amount from the current \$2.04 to \$2.49 per \$1,000 of assessed valuation. The new \$0.43 levy lid lift is restricted to fire and emergency service purposes only, and must be deposited directly into the city Fire and EMS Services Fund.

In November 2001, the voters of the state approved Initiative 747, which sets limits for annual increases in property taxes to 1% without a vote of the people. This Initiative was found unconstitutional by the state supreme court in 2007, but the legislature enacted this requirement with House Bill 2416.

In November of 1997, the voters of the state approved Referendum 47, which sets limits in three areas for property tax:

- 1) The State tax levy increases now annually limited to the lesser of the I.P.D. inflation factor or 1%;
- 2) The 1997 temporary tax reduction was made permanent; and
- 3) A new limit factor for the local jurisdictions on property tax.

Property Tax Levy Rate by District

Tax District	2011	2010	2009	2008	2007	2006
County	\$1.34024	\$1.32172	\$1.31566	\$1.29898	\$1.52245	\$1.57006
County Futures	\$0.03781	\$0.03727	\$0.03820	\$0.04054	\$0.04752	\$0.04900
Port	\$0.16054	\$0.15836	\$0.16101	\$0.17304	\$0.21000	\$0.22038
PUD	\$0.10226	\$0.07029	\$0.07275	\$0.08929	\$0.10498	\$0.10826
City General	\$2.03640	\$1.88200	\$1.94000	\$1.56180	\$1.40629	\$1.39798
State	\$2.14370	\$1.94470	\$1.94151	\$2.04050	\$2.35345	\$2.55206
Local Schools	\$1.89251	\$1.85841	\$1.99620	\$2.31895	\$2.06897	\$2.24764
City EMS	\$0.50000	\$0.27963	\$0.31637	\$0.31785	\$0.31659	\$0.31544
Hospital	\$0.23027	\$0.23001	\$0.24410	\$0.26360	\$0.34282	\$0.36373
Totals	\$8.44373	\$7.78239	\$8.02580	\$8.10455	\$8.36641	\$8.81417

City Regular Levy

	<u>Assessed Valuation</u>	<u>Property Tax</u>	<u>Rate Per \$1,000</u>
2002	\$714,495,450	\$1,365,808	\$1.91157
2003	\$730,161,880	\$1,407,511	\$1.92767
2004	\$753,279,600	\$1,465,001	\$1.94483
2005	\$775,296,585	\$1,529,923	\$1.97334
2006	\$1,156,702,595	\$1,617,047	\$1.39798
2007	\$1,193,600,895	\$1,678,549	\$1.40629
2008	\$1,221,864,640	\$1,908,308	\$1.56180
2009	\$1,239,858,735	\$2,405,326	\$1.94000
2010	\$1,455,136,315	\$2,738,566	\$1.88200
2011	\$1,463,343,405	\$2,979,953	\$2.03640
2012*	\$1,463,319,130	\$3,638,952	\$2.48680

*=estimated

Budget Overview

The City remains highly dependent on property tax revenues, as other revenue sources are not increasing sufficiently to meet the basic needs in providing necessary services.

In 2010, Port Townsend voters approved an emergency medical services levy lid lift to \$0.50 per thousand dollars of assessed valuation. These taxes are remitted directly to the East Jefferson Fire Rescue as part of an Interlocal agreement.

City EMS Levy

	<u>Assessed Valuation</u>	<u>Property Tax</u>	<u>Rate Per \$1,000</u>
2002	\$714,495,450	\$309,462	\$0.43312
2003	\$730,161,880	\$318,307	\$0.43594
2004	\$753,279,600	\$330,999	\$0.43941
2005	\$775,296,585	\$342,666	\$0.44585
2006	\$1,156,702,595	\$364,870	\$0.31544
2007	\$1,193,600,895	\$377,882	\$0.31659
2008	\$1,221,864,640	\$388,370	\$0.31785
2009	\$1,239,858,735	\$392,253	\$0.31637
2010	\$1,455,136,315	\$406,899	\$0.27963
2011	\$1,463,343,405	\$731,672	\$0.50000
2012*	\$1,463,319,130	\$735,330	\$0.50000

*=estimated

Retail Sales & Use Tax

Retail Sales and Use Tax consists of two city portions. The first portion is a local tax of one-half of one percent less fifteen percent paid to the county. The second portion includes an "optional" one-half of one percent, less the fifteen percent county share. This provides a combined city portion of 0.0085 from each dollar of local sales. This was authorized by the State Legislature in 1982 and further authorized by the city and provided for in Port Townsend's Municipal Code Title 3, Chapter 3.12. The sales tax was adopted in 1935 as an integral part of the Washington State Revenue Act.

The state's portion of the sales tax history is:

<u>Year</u>	<u>Rate</u>
1935	2.00%
1941	3.00%
1955	3.30%
1959	4.00%
1965	4.20%
1967	4.50%
1976	4.60%
1979	4.50%
1981	5.50%
1982	5.40%
1983	6.50%

There has been no adjustment to the state's portion since 1983.

City Retail Sales Tax Collections

Year Amount

2002	\$1,364,042
2003	\$1,440,383
2004	\$1,555,448
2005	\$1,701,688
2006	\$1,693,267
2007	\$1,658,833
2008	\$1,662,809
2009	\$1,669,716
2010	\$1,636,535
2011	\$1,692,660
2012*	\$1,717,000

* = estimated

In November of 2010, voters of Jefferson County approved Jefferson County Proposition No. 1 for a new special purpose sales tax of 3/10 of 1% for public safety. This new tax became effective on April 1, 2011. It is estimated this tax will generate approximately \$425,000 for the city annually. The Port Townsend City Council has designated these new taxes to be allocated 50% to East Jefferson Fire Rescue and 50% to Jefferson County for parks facilities. This is a short term arrangement which will be reviewed in future budget hearings.

Budget Overview

Business and Occupation (B&O) Tax

The business and occupation tax was imposed in 1968 with the adoption of Port Townsend Municipal Code Title 5, Chapter 5.04. This tax applies to the gross income of businesses at the rate of 0.002. This tax is due and payable in quarterly installments: March, June, September and December.

<u>Year</u>	<u>Amount</u>
2002	\$347,203
2003	\$378,963
2004	\$414,029
2005	\$536,150
2006	\$622,305
2007	\$646,752
2008	\$657,097
2009	\$662,000
2010	\$612,144
2011	\$644,330
2012*	\$638,000

* = estimated

State Shared Revenues

State shared revenues are derived from gasoline taxes, liquor receipts (profits and excise taxes) and motor vehicle fuel excise taxes. These taxes are collected by the State of Washington and shared with local governments based on population. The Office of Financial Management determines the population figures used for the distribution of state-shared revenues. Port Townsend's 2012 estimated population is 9,180.

Liquor Receipts Profits and Taxes

Cities and towns are responsible for the policing of liquor establishments located within their limits but are precluded from taxing them because of the state liquor monopoly. The law provides that a share of the state-collected profits and taxes be

returned to cities and towns to help defray the cost of policing liquor establishments.

Liquor Board profits consist of the difference between revenue from state liquor stores, taxes on wine and beer, license fees, penalties and forfeitures and board expenditures. Except for monies from administrative fees and those attributable to Class H licenses, the profits are divided among the state, counties, cities, and towns.

Cities and towns receive a 40 percent share. An additional amount is distributed to border area cities and towns. Cities and towns also receive 28 percent of the liquor excise tax receipts. To be eligible to receive liquor taxes and profits, a city or town must devote at least 2 percent of its distribution to support an approved alcoholism or drug addiction program.

Utility Tax

The City imposes a utility tax on telecommunications, electricity, and natural gas at the rate of 6 percent. The City also imposes a utility tax on city provided utilities. Beginning in April 2007, the utility tax rate on city provided utilities is 20% for water, sewer, storm and garbage utilities.

Leasehold Excise Tax

Most leases of publicly-owned real and personal property in the state are subject to a leasehold excise tax in lieu of a property tax. The State Legislature in 1976 established a 12 percent tax to be levied on the contract rent.

In 1987, the State Legislature increased the rate to a total of 12.84 percent. Cities and counties may collectively levy up to 6 percent of the 12.84 percent. The maximum rate for cities is 4 percent and, if a city levies

Budget Overview

this amount, the county can levy only 2 percent on leaseholds in the incorporated areas. If a city chooses not to levy its maximum, the county captures the difference to the 6 percent lid.

The City of Port Townsend imposes the leasehold excise tax at the rate of 4 percent. Doing so does not affect the rate that leaseholders must pay; it simply determines who receives the money.

Traffic and Parking Fines

Although the State Supreme Court establishes the schedule of fines for traffic infractions in the Washington Model Traffic Ordinance RCW Chapter 46.90, cities and towns share in the revenue for infractions committed within their boundaries. After the fines are collected, 35 percent is sent to the state. The remainder is deposited in the

General Fund to pay for law enforcement services.

Licenses, Permits & Fees

The City collects license fees, building permit fees and miscellaneous user fees.

Building Permit Fee Collections

<u>Year</u>	<u>Amount</u>
2002	\$308,034
2003	\$361,809
2004	\$461,887
2005	\$423,722
2006	\$319,738
2007	\$279,457
2008	\$212,716
2009	\$200,058
2010	\$194,763
2011	\$154,000
2012*	\$150,000

* = estimated

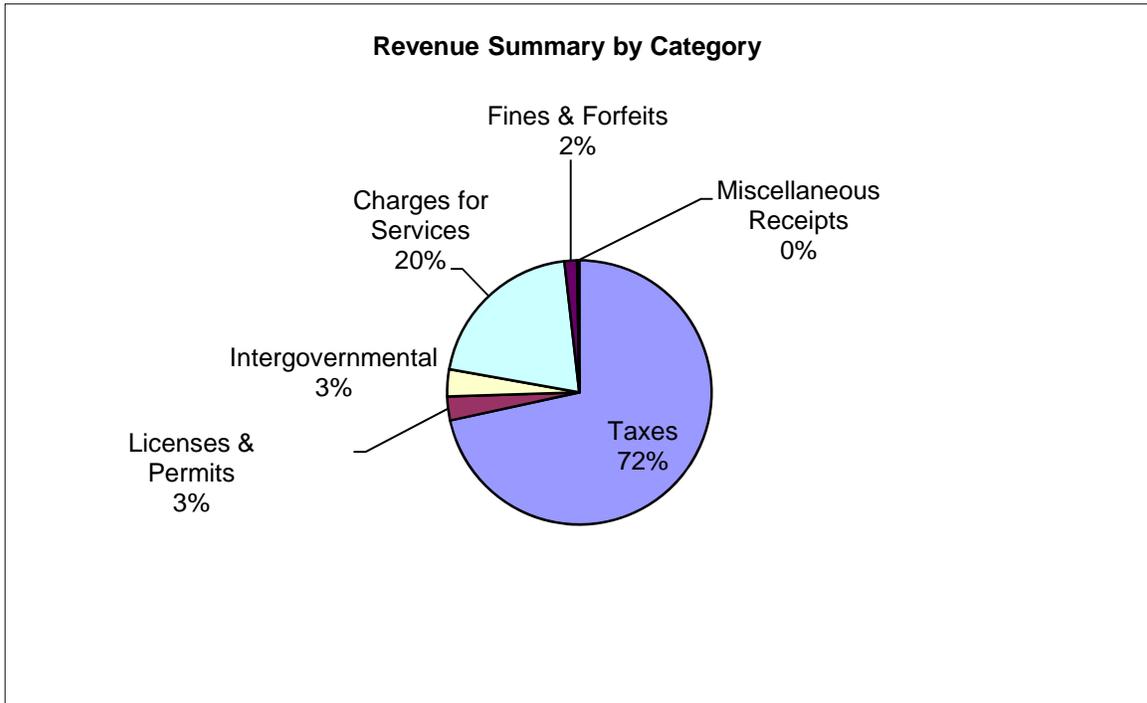
City of Port Townsend General Fund Summary

	Budget Year 2012	Budget Year 2011	Budget Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Taxes	\$ 5,006,155	\$ 4,713,705	\$ 292,450	\$ 4,342,971
Licenses & Permits	205,000	241,000	(36,000)	259,773
Intergovernmental	229,652	350,552	(120,900)	169,389
Charges for Services	1,425,800	1,550,181	(124,380)	1,573,009
Fines & Forfeits	108,808	88,808	20,000	106,067
Miscellaneous Receipts	17,556	17,030	526	23,486
Operating Transfers-in	-	-	-	-
Total Revenues	<u>\$ 6,992,970</u>	<u>\$ 6,961,274</u>	<u>\$ 31,696</u>	<u>\$ 6,474,694</u>
 <u>Expenditures By Program</u>				
Legislative	\$ 101,111	\$ 135,558	\$ (34,447)	\$ 159,931
Administrative Services	260,113	271,487	(11,374)	266,587
Legal Services	554,055	499,731	54,323	494,946
Clerk Services	266,138	274,964	(8,826)	257,051
Financial Services	438,550	414,140	24,410	397,704
Development Services	472,535	596,629	(124,094)	616,392
Planning Services	145,394	172,876	(27,482)	161,925
Law Enforcement Services	2,814,310	2,922,027	(107,717)	2,607,699
Facility Services	2,698	293,259	(290,561)	312,177
Public Access TV Station	29,962	29,963	(1)	20,276
Other Services: Non-Departmental	53,279	41,210	12,069	35,982
Grants Management Services	33,775	106,297	(72,522)	92,626
Transfers to Other Funds	1,357,574	1,160,000	197,574	1,016,544
Total Expenditures	<u>\$ 6,529,493</u>	<u>\$ 6,918,141</u>	<u>\$ (388,648)</u>	<u>\$ 6,439,842</u>
 <u>Expenditures By Object</u>				
Personnel	\$ 3,636,033	\$ 3,932,457	\$ (296,424)	\$ 3,797,188
Operating Expenditures	897,056	1,035,675	(138,619)	904,931
Intergovernmental Services	624,705	778,124	(153,419)	692,443
Debt Service	-	-	-	-
Interfund Transfers-out	1,357,574	1,160,000	197,574	1,016,544
Capital Outlay	14,125	11,886	2,239	28,736
Total Expenditures	<u>\$ 6,529,493</u>	<u>\$ 6,918,141</u>	<u>\$ (388,648)</u>	<u>\$ 6,439,842</u>
 Estimated Beginning Fund Balance				
	\$ 78,901	\$ 35,768	\$ 43,133	\$ 915
Increase<Decrease> in Fund Balance	<u>463,477</u>	<u>43,133</u>	<u>420,343</u>	<u>34,853</u>
Estimated Ending Fund Balance	<u>\$ 542,378</u>	<u>\$ 78,901</u>	<u>\$ 463,477</u>	<u>\$ 35,768</u>
 Fund Balance Reserve % =				
	7.8%	1.1%		0.6%

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

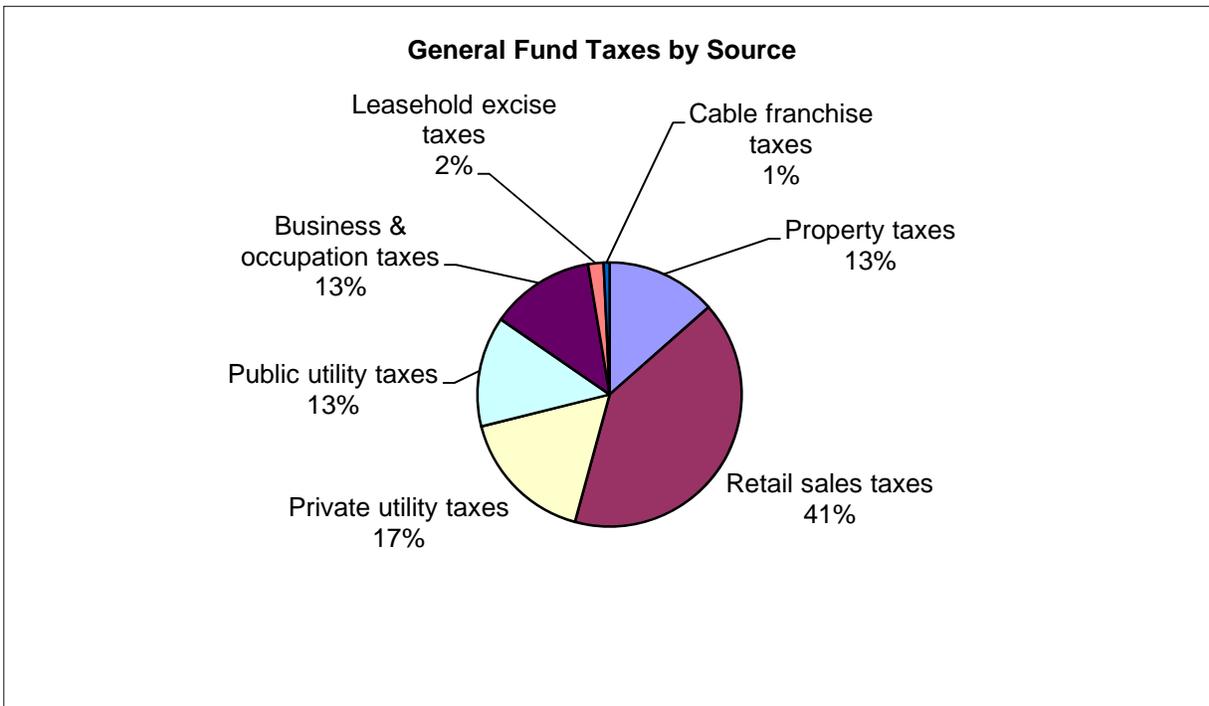
General Fund Revenue Summary by Category

Estimated Revenues	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Taxes	\$ 5,006,155	\$ 4,713,705	\$ 292,450
Licenses & Permits	205,000	241,000	(36,000)
Intergovernmental	229,652	350,552	(120,900)
Charges for Services	1,425,800	1,550,181	(124,380)
Fines & Forfeits	108,808	88,808	20,000
Miscellaneous Receipts	17,556	17,030	526
Operating Transfers-in	-	-	-
Totals	<u>\$ 6,992,970</u>	<u>\$ 6,961,274</u>	<u>\$ 31,696</u>

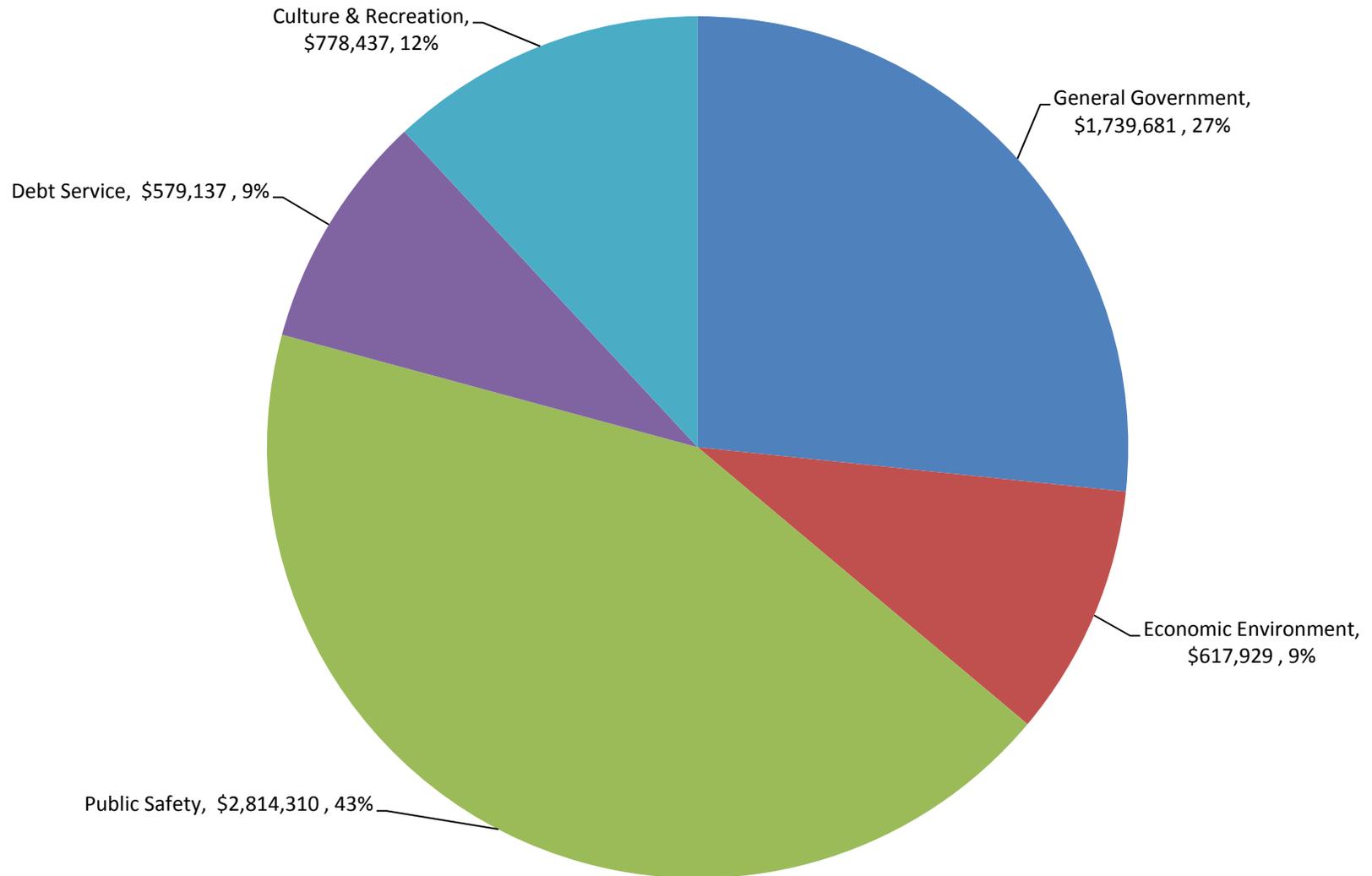


General Fund Taxes by Source

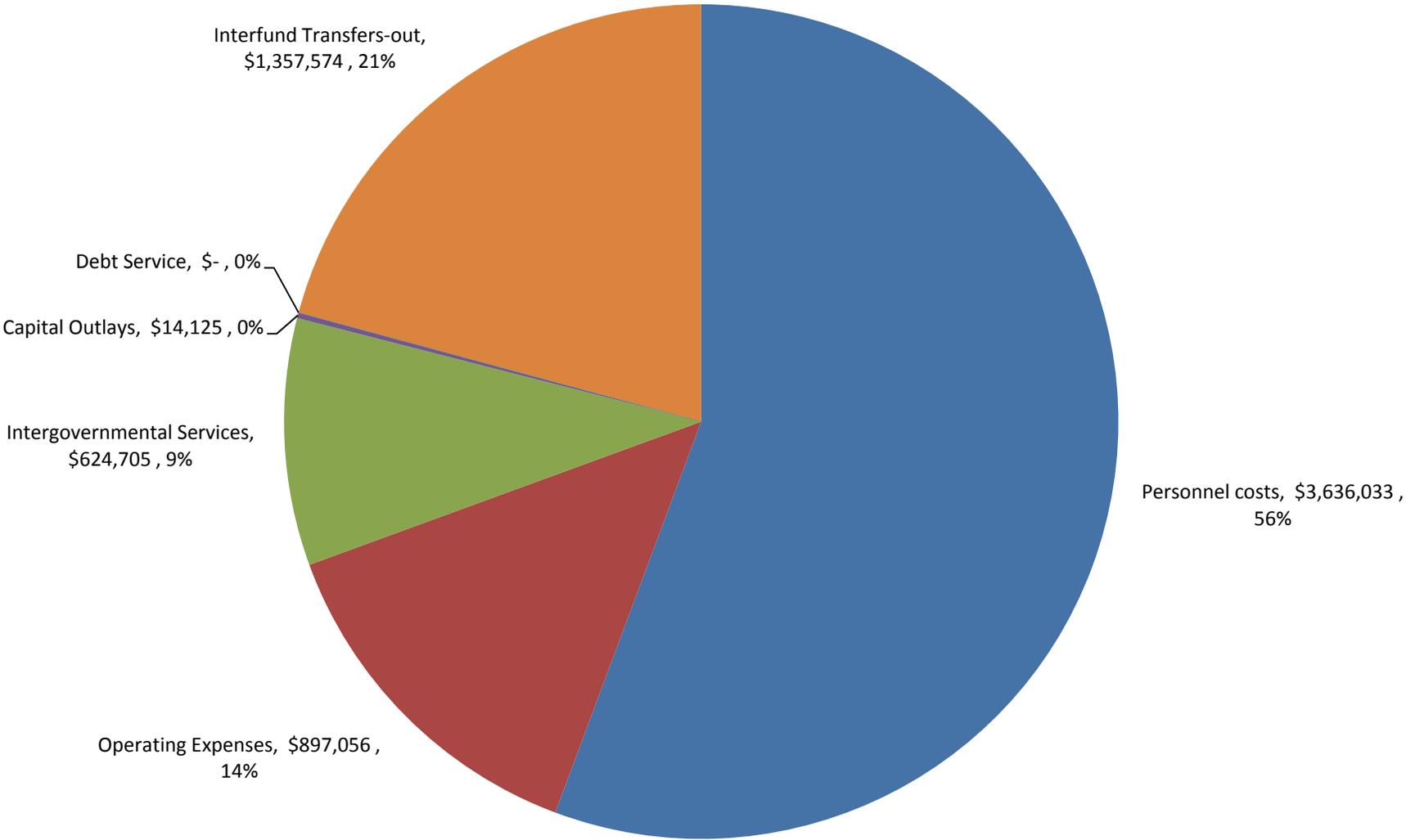
Property taxes	\$ 675,681
Retail sales taxes	2,038,434
Private utility taxes	845,323
Public utility taxes	677,888
Business & occupation taxes	638,000
Leasehold excise taxes	95,000
Cable franchise taxes	35,830
	<u>35,830</u>
Total	\$ 5,006,155



General Fund Category of Expenditure



General Fund Objects of Expenditure



**CITY OF PORT TOWNSEND
General Fund Summary**

	Budget Estimated Revenues	Budget Estimated Expenditures	Contribution To Fund Balance
Estimated Beginning Fund Balance			\$ 78,901
<u>General Fund Departments</u>			
City Council	\$ 5,267,691	\$ 101,111	\$ 5,166,580
City Manager	-	260,113	(260,113)
City Attorney	-	554,055	(554,055)
City Clerk	4,000	266,138	(262,138)
Planning Department	-	145,394	(145,394)
Development Services	242,587	472,535	(229,947)
Finance	739,187	438,550	300,638
Police Admin	279,598	549,457	(269,859)
Police Operations	416,028	2,258,613	(1,842,585)
Police Training	-	6,240	(6,240)
City Facilities	-	2,698	(2,698)
Non-Departmental	-	53,279	(53,279)
PEG TV Department	43,879	29,962	13,917
Grants Management	-	33,775	(33,775)
Transfer-out Interfund Loan Repayments	-	79,500	(79,500)
Transfer-out Debt Service	-	499,637	(499,637)
Transfer-out Community Services	-	778,437	(778,437)
Transfer-out Contingency Fund	-	-	-
Transfer-out Fire/EMS	-	-	-
	\$6,992,970	\$6,529,493	\$463,477
Estimated Ending Fund Balance			\$ 542,378
General Fund Balance Reserve % achieved			7.8%

Legislative

The City Council is the legislative branch of the city government within the City of Port Townsend. Policy-making is one of the most important responsibilities of the City Council.

The general powers and duties of this body are provided in the Revised Code of Washington Chapters 35A.11 & 35.21.

As a comprehensive policy setting directive, the Council develops various master plans. These plans are the foundation for developing the annual final budget. These plans are also opportunities for citizens to have direct input into the major policies affecting the community. City master plans include the GMA Comprehensive Plan, Water Master Plan, Transportation Master Plan, Storm Master Plan (draft), Parks & Recreation Master Plan, Non-motorized Plan, Arterial Street Master Plan, Port Townsend Shoreline Master Plan, Wastewater Collection Plan, Bio Compost Marketing Plan, Library Development Plan, and the Capital Facilities Plan.

In developing the master plans, the City Council holds public hearings to allow public input and testimony. This represents hundreds and hundreds of hours of testimony and debate. These master plans are comprehensive and provide fiscal guidance both in the annual budget and the long-term strategic budget development.

After master plans are adopted by the Council, the City's department directors develop annual budget requests to implement the master plans. Each director develops budget requests for the City Manager to review. This process results in the City Council debate and passage of the final annual budget in December each year.

In the year 2000, the City Council adopted three budget policies to guide the City toward financial stability.

Budget Policy #1 - requires the City to maintain a General Fund, beginning fund balance, between 5% to 8% of available General Fund revenues. Due to the current state of the economy, the City Council has recognized that the fund reserve goal may not be maintained at the desired level, but will work to rebuilding this goal over a few years

Budget Policy #2 - requires the City to set aside in a General Fund Council Reserve, 1% of available General Fund revenues.

Budget Policy #3 - requires the City to set aside in a Contingency Fund 2% of estimated General Fund revenues. Due to the current state of the economy, the City Council has recognized that the 2% fund reserve goal may not be maintained, but will work to rebuilding this goal over a few years

The City Manager established a process to achieve the Council budget policies. This budget has achieved those goals.

CITY OF PORT TOWNSEND
Departmental Summary
City Council

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	
<u>Revenues By Program</u>				
Taxes	\$ 3,979,295	\$ 3,902,588	\$ 76,707	
Licenses & permits	-	-	-	
Intergovernmental Revenues	250	250	-	
Charges for Services	1,273,562	1,466,873	(193,310)	
Fines and Forfeits	-	-	-	
Miscellaneous Receipts	14,584	14,058	526	
Equity transfers in	-	-	-	
Less: revenue provided to departments	<u>(5,166,580)</u>	<u>(5,248,210)</u>	<u>81,630</u>	Note 1
Total Estimated Revenues	<u><u>\$ 101,111</u></u>	<u><u>\$ 135,558</u></u>	<u><u>\$ (34,447)</u></u>	

<u>Expenditures By Program</u>			
Legislative Services	<u>\$ 101,111</u>	<u>\$ 135,558</u>	<u>\$ (34,447)</u>
Total Expenditures	<u><u>\$ 101,111</u></u>	<u><u>\$ 135,558</u></u>	<u><u>\$ (34,447)</u></u>

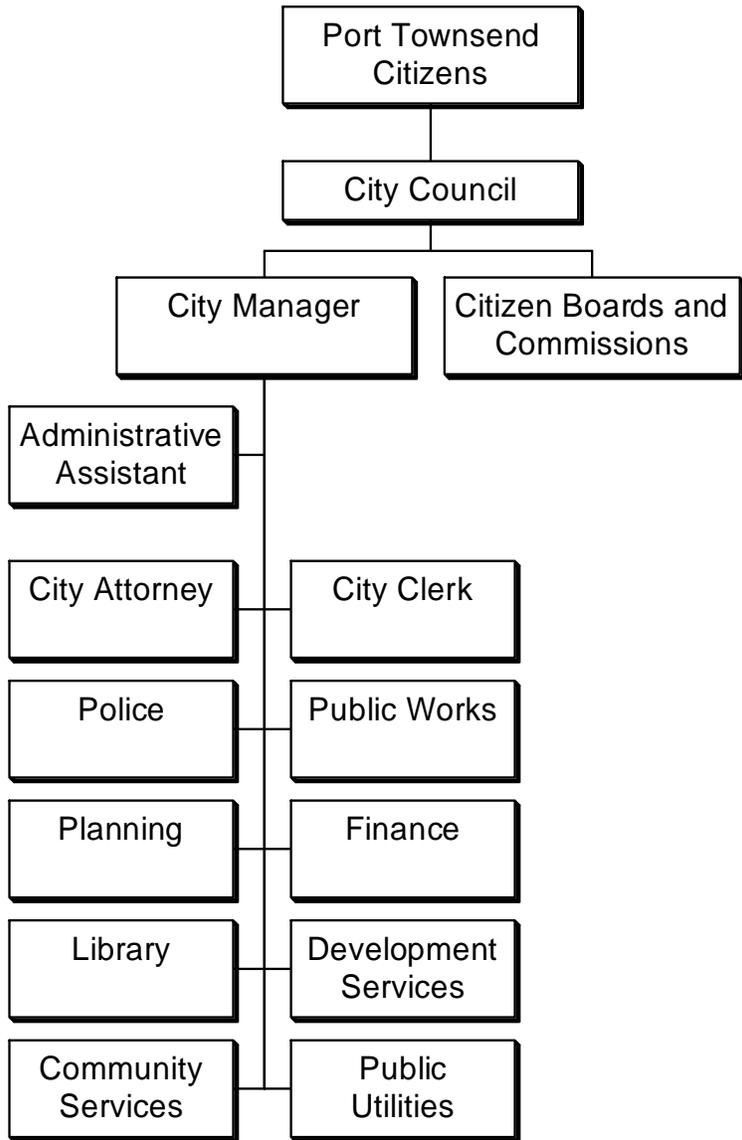
<u>Expenditures By Object</u>			
Personnel	\$ 48,560	\$ 48,560	\$ -
Operating Expenditures	52,551	86,998	(34,447)
Capital Outlay	-	-	-
Total Expenditures	<u><u>\$ 101,111</u></u>	<u><u>\$ 135,558</u></u>	<u><u>\$ (34,447)</u></u>

Performance Measures:

Ending General Fund Balance	6.8%
General Fund Balance - City Council Amount Reserved (Policy amount needed = 1%)	1.0%
General Fund Balance - total Ending Fund Balance (Policy amount needed = 5% to 8%)	<u><u>7.8%</u></u>
Contingency Fund Balance as a percent of General Fund Estimated Revenues (Policy amount needed = 2%)	1.3%

Notes:

1. These revenues are collected to provide City services through all General Fund departments, including Fund Equity Transactions.



City Manager

The City Manager is the Chief Executive and Administrative Officer, and as such, is responsible for carrying out the policies of the Council. The City Manager's department includes the City Manager and a confidential administrative assistant.

This department provides over-all administration of the city's affairs. This includes enacting the policies and

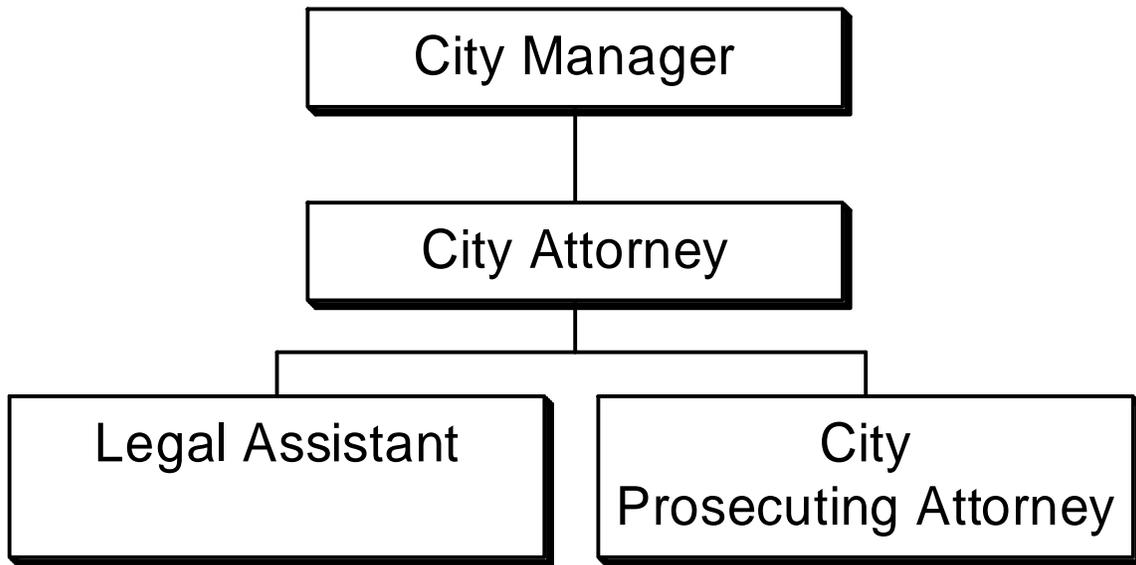
officially representing the city for the public and other governmental entities.

Mission Statement:

The administration's mission is to equitably carry out the legislative goals, policies, and programs of the City of Port Townsend within an atmosphere of mutual trust and respect.

CITY OF PORT TOWNSEND
Departmental Summary
City Manager

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Program</u>			
Executive - General Fund Support	<u>\$260,113</u>	<u>\$271,487</u>	<u>\$ (11,374)</u>
<u>Expenditures By Program</u>			
Safety Committee	\$ -	\$ -	\$ -
Administrative Services	<u>260,113</u>	<u>271,487</u>	<u>(11,374)</u>
Total Expenditures	<u>\$260,113</u>	<u>\$271,487</u>	<u>\$ (11,374)</u>
<u>Expenditures By Object</u>			
Personnel	\$243,635	\$252,827	\$ (9,192)
Operating Expenditures	15,978	18,660	(2,682)
Capital Outlay	<u>500</u>	<u>-</u>	<u>500</u>
Total Expenditures	<u>\$260,113</u>	<u>\$271,487</u>	<u>\$ (11,374)</u>



City Attorney

Functions

Provides legal advice/representation for all City Departments, officials, and employees, including civil litigation; City ordinance violation; drafting and reviewing ordinances, resolutions, agreements, contracts, and other City-related real estate and legal documents.

Prosecutes City misdemeanor criminal matters and infraction violations.

Department Mission, Goals and Objectives:

The City Attorney's Office provides legal services in a fair, efficient and effective manner. We provide legal advice, opinions and representation to the City Manager, City Council, and staff on a broad range of matters:

- General civil litigation
- Law enforcement/prosecution
- Labor law, employment, personnel issues
- Land use/environmental issues
- Risk management
- Utility and water law
- Contract drafting and negotiation
- Real estate transactions

The City prosecutor administers justice with respect to prosecutions and citations.

Risk Management Priority and Litigation Response.

The City Attorney's Office prioritizes aggressive and prompt response to lawsuits, and focuses on early pre-litigation involvement and intervention, thereby minimizing the City's litigation exposure and limiting our dependence on outside legal counsel.

Good risk management, active legal consultation with City Departments and the City Council, open channels of communication with citizens, and early legal intervention reduce the risk of litigation and limit our taxpayers' exposure to the financial liabilities associated with lawsuits against the City.

Year 2012 Goals

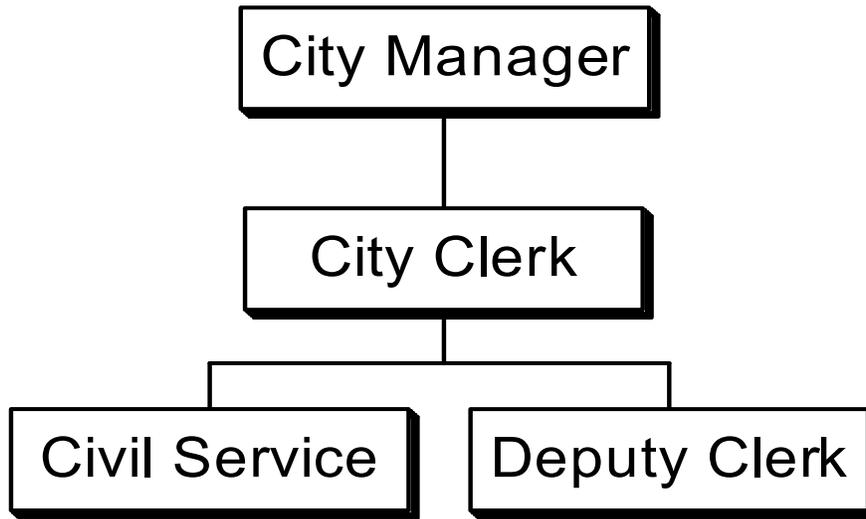
- Continue providing legal perspective and assistance to City Council, all City Departments, City Boards and Commissions
- Draft and/or review all City ordinances, resolutions
- Draft and/or review all City agreements, contracts, leases, and real estate transactions
- Review pending legislation of State Legislature and forward opinion/comments
- Review and present policy alternatives and proposed solutions to any identified issues, and recommend ordinance amendments, as necessary, in the following areas:
 - (1) Shoreline Management Act (SMA)
 - (2) State Environmental Policy Act (SEPA);
 - (3) Right-of-way/street use agreements, including vegetation management and telecommunication issues;
 - (4) Permitting and approvals under City regulatory framework, to ensure provisions in various regulations (land use, SMA, critical areas) are clear and consistent;
 - (5) Purchasing and bidding policies; and
 - (6) Surplus property issues.

CITY OF PORT TOWNSEND
Departmental Summary
City Attorney

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Program</u>			
Legal Services - General Fund Support	<u>\$554,055</u>	<u>\$499,731</u>	<u>\$ 54,323</u>
<u>Expenditures By Program</u>			
Municipal Court Administration	\$174,705	\$174,705	\$ - Note 1
Legal Services	<u>379,350</u>	<u>325,026</u>	<u>54,323</u>
Total Expenditures	<u>\$554,055</u>	<u>\$499,731</u>	<u>\$ 54,323</u>
<u>Expenditures By Object</u>			
Personnel	\$368,993	\$310,669	\$ 58,324
Operating Expenditures	10,357	14,357	(4,001)
Intergovernmental Services	174,705	174,705	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$554,055</u>	<u>\$499,731</u>	<u>\$ 54,323</u>

Note 1 Starting in 2006, the costs for Municipal Court are administered through an interlocal contract with Jefferson County in the City Attorney's budget center.

City Clerk



Function

The office of the City Clerk serves as custodian of the city's legislative history. Activities include maintenance of council minutes and other permanent city records, production of agendas and minutes for council and committee meetings, publishing required legal notices and all meeting notices required

by the Open Public Meetings Act. Public information requests are processed and monitored to assure compliance with the state public records disclosure act. The city's web site was designed and established and is maintained by the clerk's office. The clerk also assists the City Manager in risk management and personnel issues.

City Clerk

Mission Statement

The mission of the City Clerk's office is to create, maintain, preserve and provide access to the city's legislative and administrative record.

Accomplishments 2011

Provided agendas, packets, and minutes for Council, Planning Commission, and committee meetings.

Posted Council and Planning Commission packets on line linked to meeting videos. All Council and Planning Commission meetings webstreamed live.

Coordinated appointments to advisory boards and commissions.

Conducted Civil Service testing.

Processed and fulfilled requests for public records.

Coordinated recruitment and hiring process to fill staff vacancies.

Completed update of the City's personnel policies manual and associated municipal code changes.

Provided access on line to several years of public records through Laserfiche Weblink implementation.

Worked with IT to develop improvements to the website including a comprehensive city meetings calendar with links to agendas and meeting materials.

Coordinated disposition of City surplus property.

Tracked City contracts and managed contract data base.

Upgraded and organized off-site records storage.

Coordinated electronic municipal code updates as ordinances were adopted.

Archived and purged city records according to state retention schedule, consulted with state archivist on records issues.

Updated Council orientation materials.

Produced various proclamations for Council approval.

Goals and Objectives 2012

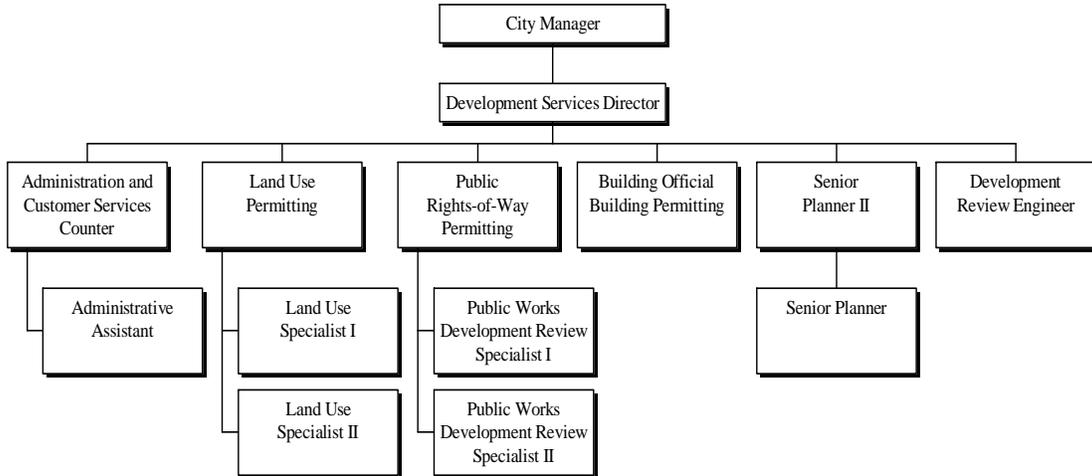
Continue all activities from 2011 in areas of council support, public records disclosure, human resources, records management, records accessibility, website, surplus property disposition.

Update and standardize City job descriptions, employment application and other personnel forms.

Review municipal code to identify outdated references and inconsistencies; draft legislation to correct.

CITY OF PORT TOWNSEND
Departmental Summary
City Clerk

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
General Fund support	\$ 262,138	\$ 270,964	\$ (8,826)
Archive Fees	4,000	4,000	-
Grants	-	-	-
Total Revenues	<u>\$ 266,138</u>	<u>\$ 274,964</u>	<u>\$ (8,826)</u>
<u>Expenditures By Program</u>			
City Clerk Services	<u>\$ 266,138</u>	<u>\$ 274,964</u>	<u>\$ (8,826)</u>
Total Expenditures	<u>\$ 266,138</u>	<u>\$ 274,964</u>	<u>\$ (8,826)</u>
<u>Expenditures by Object</u>			
Personnel	\$ 194,319	\$ 195,249	\$ (930)
Operating Expenditures	70,819	78,715	(7,896)
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Expenditures	<u>\$ 266,138</u>	<u>\$ 274,964</u>	<u>\$ (8,826)</u>
Percent of coverage of expenditures by revenues	1.50%	1.45%	0.05%



Department of Development Services

Function Descriptions:

DSD Director: Manages the department, sets goals and priorities for land use permitting, public rights-of-way permitting, and building permitting divisions. Oversees work product of these divisions. Manages the permit center, which is a one-stop counter where the public may conduct all their business and receive information regarding development projects.

Building Permitting Division: Intakes and process building permit applications. Assists the public with understanding applicable codes and regulations. Coordinates the issuance of building permits with other city permits and licenses. Enforces the City's municipal code in regards to building, land use, shoreline codes, and nuisance issues.

Land Use Permitting Division: Intakes and process land use, shoreline, and design review applications. Coordinates the issuance of these permits with other city permits and licenses. Responsible for code updates and amendments including state mandated and council directed code amendments. Coordinates with county staff regarding issues that affects both jurisdictions.

Public Rights-of-Way Permitting Division: Intakes and process building permit applications related to city rights-of-way and utilities. Assists the public with understanding applicable codes and regulations. Coordinates the issuance of building permits with other city permits and licenses.

Administration: Supports the director and all DSD staff with their work functions.

Development Services Department

Mission Statement:

The Development Services Department focuses on reviewing and issuing permits and approvals for new construction and renovation, demolition, land disturbing activities, permitted and conditional land uses and infrastructure construction.

The mission of the Development Services Department is to coordinate and manage land use, building and infrastructure development in the City and along the shoreline. This includes implementation of the Comprehensive Plan through Municipal Code regulations; administration of building, historic preservation, shoreline, environmental, subdivision and design review regulations; development review of engineering and project design; and code compliance. The Department reviews development proposals and provides information, applications, permits and inspections to guide applicants from initial ideas to finished projects.

Value Statements:

- Provide courteous service and ensure a fair process for all community members who apply for permits or approvals.
- Serve the public interest as it has been identified through adopted regulations and standards.
- Provide timely, adequate, clear and accurate information on land use, building and engineering issues to all affected persons and to governmental decision makers.
- Ensure that community members are informed on proposals and applications that may affect them.

- Promote excellence of design and endeavor to preserve and enhance the integrity and heritage of the natural and built environment.
- Strive for a high standard of professional integrity, proficiency and knowledge.
- Provide cost-effective and efficient services for the community.

Strategic Goals & Objectives for 2012

Goals:

- Ensure that applications are reviewed in a consistent, effective and timely manner.
- Ensure implementation of community goals through the consistent application of appropriate regulations.

Objectives:

- Develop and maintain constructive relationships with civic groups, other municipal departments and the public regarding land use activities.
- Provide on-going assistance to citizens, contractors, designers and project proponents in the application of specific code provisions.
- Support the City Council, Planning Commission, Historic Preservation Committee and Housing Action Partnership Network (HAPN) in land use and planning related matters.
- Facilitate the Wayfinding Project linking community, business and heritage.
- Review and revise (as warranted) current stormwater management regulations and development standards.

CITY OF PORT TOWNSEND
Departmental Summary
Development Services Department

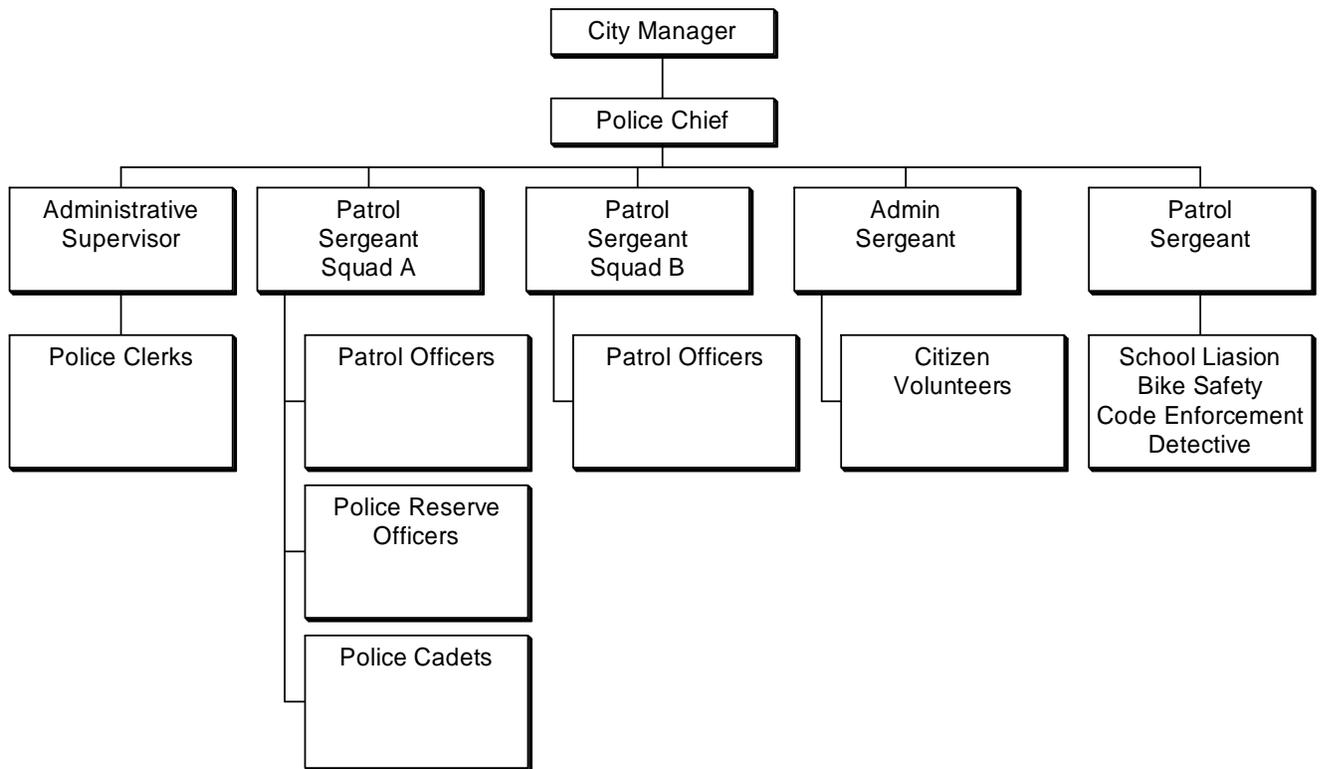
	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
General Fund support	\$ 229,947	\$ 384,479	\$ (154,531)
Building Permits	150,000	186,000	(36,000)
Zoning Fees	12,000	12,000	-
Plan Checking Fees	-	-	-
Impact Fees	-	-	-
SEPA Related Fees	-	-	-
Planning Services	80,437	14,000	66,437
Miscellaneous Revenues	150	150	-
Intergovernmental	-	-	-
Total Revenues	<u>\$ 472,535</u>	<u>\$ 596,629</u>	<u>\$ (124,094)</u>
<u>Expenditures By Program</u>			
Building & Planning Services	\$ 472,535	\$ 596,629	\$ (124,094)
Special Projects	-	-	-
Total Expenditures	<u>\$ 472,535</u>	<u>\$ 596,629</u>	<u>\$ (124,094)</u>
<u>Expenditures by Object</u>			
Personnel	\$ 391,310	\$ 509,400	\$ (118,090)
Operating Expenditures	76,225	87,229	(11,004)
Capital Outlay	5,000	-	5,000
Total Expenditures	<u>\$ 472,535</u>	<u>\$ 596,629</u>	<u>\$ (124,094)</u>
Percent coverage of expenditures by revenues	51.34%	35.56%	15.78%

Note 1

Starting in 2008, Special Projects was segregated as the new Planning Department.

CITY OF PORT TOWNSEND
Departmental Summary
Planning Department

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
General Fund support	\$ 145,394	\$ 172,876	\$ (27,482)
Planning Services	-	-	-
Misc Revenues	-	-	-
Intergovernmental	-	-	-
Total Revenues	<u>\$ 145,394</u>	<u>\$ 172,876</u>	<u>\$ (27,482)</u>
 <u>Expenditures By Program</u>			
Planning Services	\$ 145,394	\$ 172,876	\$ (27,482)
Total Expenditures	<u>\$ 145,394</u>	<u>\$ 172,876</u>	<u>\$ (27,482)</u>
 <u>Expenditures by Object</u>			
Personnel	\$ 143,694	\$ 162,679	\$ (18,985)
Operating Expenditures	1,700	10,197	(8,497)
Capital Outlay	-	-	-
Total Expenditures	<u>\$ 145,394</u>	<u>\$ 172,876</u>	<u>\$ (27,482)</u>
 Percent coverage of expenditures by revenues	 0.00%	 0.00%	 0.00%



Police Department

MISSION STATEMENT

The Police Department's mission is to build a partnership with the community by providing accountable, effective, and professional police services based upon mutual trust and respect.

MAJOR PROGRAM SERVICES

The Department is currently organized into three divisions: 1) **Administration & Support Services** 2) **Patrol** and 3) **Investigations**.

ADMINISTRATION

Consists of the Chief of Police and an Administrative Sergeant who provide the overall management and direction, planning, budgeting and training for the Department.

SUPPORT SERVICES

Consists of a Police Administrative Supervisor/Evidence Technician and one Police Clerk and a Community Resource Officer. Support Services handles telephone and personal requests for service from the public; processes and maintains all reports generated by Police Department Officers and staff; performs data entry in department database and regional/national law enforcement telecommunications systems; conducts background checks on arrested persons, processes all citations, and prepares all report packages for dissemination; produces mandated State and Federal statistical reports. The Evidence Technician is responsible for the records management, maintenance, and security of the Police Department's evidence/property room. (PTPD contracts with Jefferson County for Jail and Dispatch services.) The Community Resource Officer acts as the outreach person for the department, working with various groups within the community to achieve the department goals.

PATROL

Currently consists of two uniformed sergeants and 10 uniformed officers. The Patrol Division is the 'backbone' of the police operation. This program provides 24-hour-a-day, seven-days-a-week law enforcement coverage. The officers perform all facets of law enforcement, including responding to emergency situations and service calls. Other primary responsibilities are ensuring safety and protection of persons and property through proactive and directed patrol, conducting investigations, collecting evidence, recovering

lost or stolen property, and apprehending violators. Patrol also facilitates the safe, expeditious movement of vehicle, bicycle, and pedestrian traffic, and renders services of problem solving and community oriented policing to promote the peace and enhance the quality of life for residents and visitors. Included in the Patrol Division is The School Resource Officer Program which places an officer inside the Port Townsend School Districts campuses; The Citizen Volunteer Program which provides the department with local Volunteers who assist in clerical, parking and Special Event activities.

INVESTIGATIONS

The Investigations Division, currently consisting of one officer, conducts professional and comprehensive follow-up investigations of reported major crimes. The Investigations Division enhances contact with victims of major crimes and maintains an effective relationship with the Prosecutor, Courts, and other local, state, and national law enforcement agencies.

2012 GOALS AND OBJECTIVES

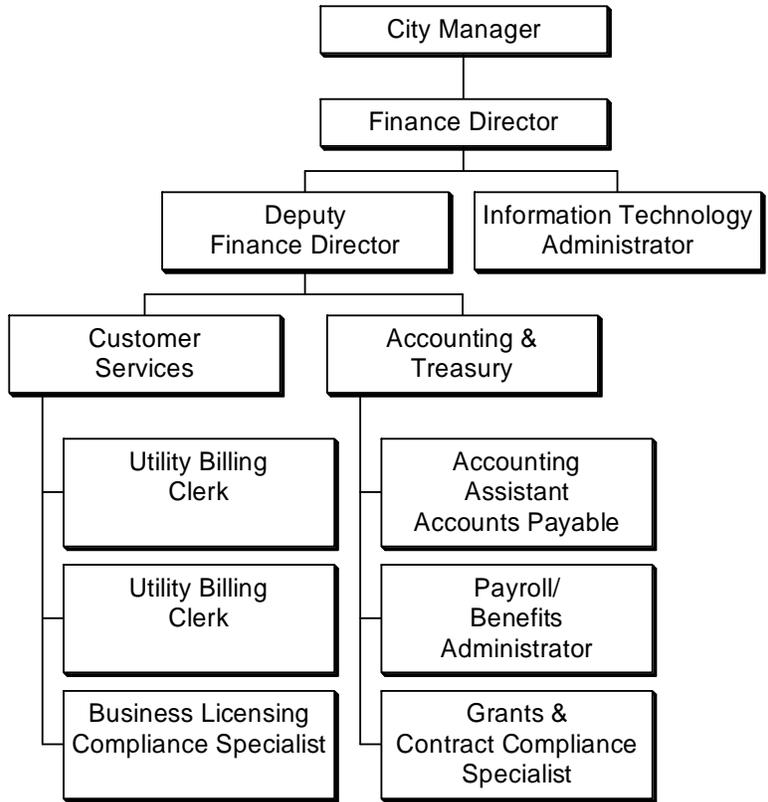
- Making ourselves more available to meet the community's needs through the various divisions within the department.
- Work to enhance our service to our community by utilizing updated technology.
- Work with all available resources to provide a community safe enough to alleviate any fears regarding crime and concerns regarding traffic.

CITY OF PORT TOWNSEND
Departmental Summary
Police Department

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
General Fund support	\$ 2,338,548	\$ 2,350,993	\$ (12,444)
Court Appointed Inmate fees	-	-	-
Fines	102,451	82,451	20,000
Grants	111,298	225,518	(114,220)
Law enforcement services	3,115	3,115	-
Retail Sales Taxes - Criminal Justice	107,148	106,087	1,061
Public Utility Taxes - Water, Sewer, Storm, Garbage	88,420	92,686	(4,265)
Criminal Justice Taxes	13,538	12,832	706
Liquor Excise Taxes	45,992	44,546	1,446
Motor Vehicle Taxes	2,000	2,000	-
Miscellaneous	1,800	1,800	-
Total Revenues	<u>\$ 2,814,310</u>	<u>\$ 2,922,027</u>	<u>\$ (107,717)</u>
 <u>Expenditures By Program</u>			
Administration	\$ 549,457	\$ 651,155	\$ (101,698)
Operations	2,258,613	2,264,632	(6,019) Note 1
Training	6,240	6,240	-
Total Expenditures	<u>\$ 2,814,310</u>	<u>\$ 2,922,027</u>	<u>\$ (107,717)</u>
 <u>Expenditures by Object</u>			
Personnel	\$ 1,848,169	\$ 1,857,031	\$ (8,862)
Operating Expenditures	516,641	460,077	56,563
Intergovernmental Services	450,000	603,419	(153,419)
Capital Outlay	1,500	1,500	-
Total Expenditures	<u>\$ 2,816,310</u>	<u>\$ 2,922,027</u>	<u>\$ (105,717)</u>
 Percent of coverage of expenditures by revenues	 16.91%	 19.54%	 -2.64%

Note 1

<p>In 2006, interlocal contracts with Jefferson County for services were relocated in the Police Department from the city contracts cost center for monitoring and control: Jail services Dispatch services</p>



Finance Department

The Finance Department provides a variety of financial services for the City, which includes:

- Cashiering services;
- Cash and investment portfolio management;
- Debt management;
- Budget preparation and administration;
- Annual financial report preparation;
- Business license issuance and monitoring;
- Business and Occupation Tax reporting;
- Grant revenue and expenditure reporting;
- Parking citation receipts;
- Local Improvement District assessment collections;
- Utility billing for water, sewer, and storm;
- Payroll and employee benefits;
- Federal and state payroll tax reporting;
- Accounts payable and audit of vendor claims;
- Project management reporting;
- Computer systems technology; and
- Monthly and annual financial reporting of all revenues and expenditures.

Departmental Mission:

The Finance mission is to manage and optimize the city's finances and provide professional, knowledgeable and courteous customer service.

2011 Accomplishments

- Successfully completed the annual audit by the State Auditor; and
- Implemented new on-line business licensing with Washington State Department of Licensing to allow master license services for city business licensing; and

- Upgraded accounting system software to implement enhancements to current accounting systems

2012 Goals and Objectives

We will implement alternative payment solutions via Internet payments, automatic bank debits and credit card payments for utility accounts.

Goal: Negotiate and implement a new banking services agreement.

- In conjunction with alternative payment solutions, the city intends to solicit banks located in Port Townsend for a new banking services agreement.

Goal: Upgrade city financial accounting systems.

- Develop systems for utility payments via other payment methods such as ACH automatic debit, credit card payments and Internet payments.

Goal: Provide Project Accounting Support for various capital projects.

- Work with Public Works to monitor project costs; and
- Maintain project accounting records; and
- Develop grant reimbursement financing schedules for projects.

Goal: Continue to improve financial reporting of the city's revenues, expenditures, and financial condition.

- Strive for excellence in both budgeting and financial reporting; and
- Continue to improve financial reporting of the city's revenues, expenditures, and financial condition.

CITY OF PORT TOWNSEND
Departmental Summary
Finance Department

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
B&O tax collections	\$ 638,000	\$ 638,000	\$ -
Business & Other Licenses	50,000	50,000	-
Interfund Services	50,687	48,195	2,492
Investment income	<u>500</u>	<u>500</u>	<u>-</u>
Total Revenues	<u>\$ 739,187</u>	<u>\$ 736,695</u>	<u>\$ 2,492</u>
<u>Expenditures By Program</u>			
City Financial Services	<u>\$ 438,550</u>	<u>\$ 414,140</u>	<u>\$ 24,410</u>
Total Expenditures	<u>\$ 438,550</u>	<u>\$ 414,140</u>	<u>\$ 24,410</u>
<u>Expenditures by Object</u>			
Personnel	\$ 363,578	\$ 329,161	\$ 34,417
Operating Expenditures	74,972	84,979	(10,007)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 438,550</u>	<u>\$ 414,140</u>	<u>\$ 24,410</u>
Percent coverage of expenditures by revenues	168.55%	177.89%	-9.33%

Non-Departmental

The General Fund cost center “Non-Departmental” is where costs, which are not directly assigned to an existing General Fund department, are summarized. In previous years, costs for contracted services to Jefferson County were listed here. In 2006, the city

assigned the county services to specific city departments to manage. The expenditures remaining are for medical benefit expenses, Association of Washington Cities membership, miscellaneous professional services, and other state agency charges.

CITY OF PORT TOWNSEND
Departmental Summary
Non-Departmental

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
General Fund support	\$ 53,279	\$ 41,210	\$ 12,069
Other	-	-	-
Total Revenues	<u>\$ 53,279</u>	<u>\$ 41,210</u>	<u>\$ 12,069</u>
 <u>Expenditures By Program</u>			
Intergovernmental Services - ORCAA	4,025	4,003	\$ 22 Note 1
Other Services - L&I Retro Program	6,147	6,147	-
Professional Services	38,107	6,060	32,047
Reserve for medical benefits	5,000	25,000	(20,000)
	-	-	-
Total Expenditures	<u>\$ 53,279</u>	<u>\$ 41,210</u>	<u>\$ 12,069</u>
 <u>Expenditures by Object</u>			
Capital Expenditures	\$ -	\$ -	\$ -
Operating Expenditures	53,279	41,210	12,069
Total Expenditures	<u>\$ 53,279</u>	<u>\$ 41,210</u>	<u>\$ 12,069</u>
 Percent of coverage of expenditures by revenues	 0.00%	 0.00%	 0.00%

Note 1 ORCAA is the state agency Olympic Region Clean Air Agency which requires an annual assessment from all municipalities.

PEG Access TV Studio

Mission Statement

The mission of the Public, Educational and Governmental (PEG) Access Studio is community through communication.

Summary

The PEG Access Studio fund supports the operation of PTTV Channels 47 (public) and 48 (government and educational) for non-commercial public, educational and governmental programming. Studio space is provided by Port Townsend School District No. 50.

Major capital equipment has been purchased or leased which will serve the basic needs of users for the next few years.

The PEG Access Coordinating Committee provides policy recommendations regarding the studio.

PEG funding also provides for televising of City Council and other government meetings and programs not produced in the studio.

Accomplishments

Increased PT High School sports coverage.

Goals and Objectives

Continue complying with Council directives regarding examination of:

- (1) responsibilities of stakeholders and station personnel and partners of the station;
- (2) improving and clarifying the 2001 interlocal agreement;
- (3) allocation of resources among public, educational and governmental programming
- (4) methods for providing accountability for the allocation of resources

**CITY OF PORT TOWNSEND
Departmental Summary
P.E.G. Access TV Studio**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
General Fund support	\$ -	\$ -	\$ -
Utility Tax- TV Cable Franchise Fee	35,830	40,000	(4,170)
TV Public Access Fee	5,000	5,000	-
Program Fees	<u>3,014</u>	<u>3,014</u>	<u>-</u>
Total Revenue	<u>\$ 43,844</u>	<u>\$ 48,014</u>	<u>\$ (4,170)</u>
<u>Expenditures</u>			
Operating Expenditures	\$ 23,837	\$ 23,838	\$ (1)
Capital Outlay - restricted	6,125	6,125	-
Capital Outlay - unrestricted	-	-	-
Personnel	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 29,962</u>	<u>\$ 29,963</u>	<u>\$ (1)</u>
Program Revenues in Excess of Expenditures	<u>\$ 13,882</u>	<u>\$ 18,051</u>	<u>\$ (4,169)</u>
Percent coverage of expenditures by revenues	100.0%	100.0%	0.0%

Grants Management

Functions

Starting in 2009, a new department was created for researching, applying, and coordination of various foundation, city, state and federal grant proposals.

Previously, this function was covered by the Public Safety Analyst position that was budgeted in the Police Department.

In 2009, the City received grant awards totaling \$5,325,740 to be spent over the next three years. Grants were awarded for the seismic retrofit of specific public buildings and infrastructure, the development of a Hazard Mitigation Plan for the county and city, drug use prevention education, Streetscape construction, and the development of a Wayfinding system to increase tourism.

In 2010 and 2011, the City received or was recommended for award \$11,586,583 in grants and low interest loans to be spent over a three year period. Awards were for City water system infrastructure upgrades, enhancing law enforcement and victim services to incidents of domestic violence, installing school zone flashing beacons, and continued youth substance abuse prevention.

This does not include grants that other city departments may have applied for and received on their own.

The Grants Management department also provides ad hoc consulting to other departments and agencies regarding grant opportunities.

CITY OF PORT TOWNSEND
Departmental Summary
Grants Management Department

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
Interfund Services	\$ -	\$ -	\$ -
General Fund Support	33,775	106,297	(72,522)
Total Revenues	<u>\$ 33,775</u>	<u>\$ 106,297</u>	<u>\$ (72,522)</u>
<u>Expenditures By Program</u>			
Grants Management	33,775	106,297	(72,522)
Total Expenditures	<u>\$ 33,775</u>	<u>\$ 106,297</u>	<u>\$ (72,522)</u>
<u>Expenditures by Object</u>			
Personnel	\$ 33,775	\$ 102,035	\$ (68,260)
Operating Expenditures	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>\$ 33,775</u>	<u>\$ 102,035</u>	<u>\$ (68,260)</u>

Fund Equity and Transactions

This budget summary was developed to assist the City Council with monitoring the General Fund beginning fund balance amounts.

Also, this budget summary enables the Council to provide policy guidance for budgeting a Council General Fund reserve amount in accordance with City Council policy.

This cost center is where all General Fund transfers out to other city funds shall be recorded. This budgetary provision allows the City Council and citizens to more clearly see when budgetary transfers are to occur, and where those transfers went.

Typically, transfers out to support other city operations are posted to these accounts. Current transfers out are budgeted for the following funds:

- G.O. Debt Service Fund for debt service payments; and
- Community Services Fund to support non-profit community services, city parks and pool operations; and

Finally, this summary provides the totals for the General Fund, ending fund balance as projected in the budget development.

CITY OF PORT TOWNSEND
Departmental Summary
Fund Equity and Transactions

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Ending General Fund Balance</u>			
City Council Reserved Fund Balance - (1%)	\$ 52,677	\$ 53,838	\$ (1,161) see Note 1
Unreserved Fund Balance	<u>489,701</u>	<u>25,063</u>	<u>464,638</u>
Total Ending Fund Balance	<u>\$ 542,378</u>	<u>\$ 78,901</u>	<u>\$ 463,477</u>
 <u>Other Financing Uses</u>			
Interfund Subsidies - Transfer-Out to Bond Funds	\$ 499,637	\$ 171,000	\$ 328,637
Interfund Subsidies - Transfer-Out to Street Fund	-	-	-
Interfund Subsidies - Transfer-Out to Emergency Services Fund	-	-	-
Interfund Subsidies - Transfer-Out to Library Fund	-	-	-
Interfund Subsidies - Transfer-Out ER&R Fund	79,500	-	79,500
Interfund Subsidies - Transfer-Out Transmission Line Fund	-	-	-
Interfund Subsidies - Transfer-Out Contingency Fund	-	-	-
Interfund Subsidies - Transfer-Out to Community Services Fund	<u>778,437</u>	<u>989,000</u>	<u>(210,563)</u>
Total Other Financing Uses	<u>\$ 1,357,574</u>	<u>\$ 1,160,000</u>	<u>\$ 197,574</u>
 Total Fund Equity and Other Financing Uses	 <u>\$ 1,899,952</u>	 <u>\$ 1,238,901</u>	 <u>\$ 661,051</u>
 Estimated Ending Fund Balance reserve	 7.8%	 1.1%	

Notes:

- | | |
|----|---|
| 1. | Beginning in year 2000, the City Council established a financial policy requiring a reserve in the General Fund equal to 1% of General Fund revenues. The reserve may only be spent by Council authorization through a supplemental budget. |
|----|---|

Special Revenue Funds

Special revenue fund types are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. The city presently budgets ten special revenue funds:

- Drug Enforcement and Education Fund
- Contingency Fund
- Community Development Block Grant Fund
- Lodging Tax Fund
- System Development Charge Fund
- Library Fund
- Fire and EMS Services Fund
- Public Works Administration and Engineering Fund
- Community Services Fund
- Street Fund
- Housing Trust Fund

Drug Enforcement & Education Fund

The Drug Enforcement and Education Fund receives all monies and proceeds of the sale of property seized during drug investigations and forfeitures pursuant to RCW 69.50.050.

The monies received shall be used solely for the purposes of drug enforcement, drug awareness education, and the purchase, lease and maintenance of equipment and other items necessary for drug enforcement. There are no staff assigned to operate within this fund. It is used primarily to account for earmarked monies.

Contingency Fund

Beginning in 2000, the City Council authorized a contingency fund to accumulate resources from the general property tax levy for future unforeseen needs and emergencies. The policy adopted by the City Council seeks to set aside up to 2% of General Fund revenues as a contingency reserve. This

reserve may only be used by an appropriation of the City Council. State law (RCW 35A.33.145) authorizes this fund and limits the reserve level to a maximum of \$ 0.375 per thousand dollars of assessed valuation of property within the city. There are no staff assigned to operate within this fund. It is used primarily to account for earmarked monies. Due to the current state of the economy, the City Council has recognized that the 2% fund reserve goal may not be maintained, but will work to rebuilding this goal over a few years.

Community Development Block Grant Fund

This fund accounts for the federal community development block grant (CDBG) program that provided federal aid to stimulate local development. The CDBG program provided housing and economic development grants. The federal program has long since closed, but loan repayments are deposited into this fund and become program income to the program in accordance with federal regulations. This process, in effect, recycles the original federal grant on a continual basis enabling other qualified applicants to have access to the federal program. Recommendations for applicants for this program are initiated by the Main Street organization.

Lodging Tax Fund

A lodging tax is imposed upon recommendation of the city's Lodging Tax Advisory Committee, in accordance with Port Townsend Municipal Code Title 3, Chapter 3.20.

All such taxes collected in this fund are restricted to paying all or part of the cost of tourism promotion, acquisition of tourism, related facilities, operation and maintenance of tourism, and for such other purposes as authorized in RCW Chapter 67.28.

Special Revenue Funds

Lodging tax funds may be used to pay for any engineering, planning, financial, legal and professional services incident to the development and operation of tourism-related facilities, to secure the payment of all or any portion of general obligation bonds or revenue bonds issued for such purpose as specified.

The sole source of revenue is the lodging tax. This tax is derived by taking 2% of the state's 6.5% sales tax and rebating it back to the community for local programs to promote and accommodate tourism.

On October 5, 1998, the City Council passed Ordinance 2663 authorizing an imposition of an additional "special" 2% excise tax. This special 2% excise tax was effective starting February 1, 1999. This results in a combined lodging tax of 4%.

System Development Charge Fund

The System Development Charge (SDC) Fund was created as authorized by Ordinance 2666 in November 1998. Pursuant to Chapter 13.03 PTMC, the City has determined that it is reasonable and in the public interest to collect water and wastewater system development charges for the purpose of recovering a proportionate share of the actual and projected costs of water and wastewater facilities from those properties which, as a part of their development and use, create the need for those facilities. The SDC Fund was created to account for system development charges assessed by the city's water and wastewater utilities to property developers.

Also, this fund is used to account for deferrals of system development charges for selected low-income housing projects. Those projects selected for deferral of SDC's shall be accounted for in a special account as authorized by the City Council. Authorized

deferrals of SDC charges shall be paid by a contribution from the city's General Fund with a transfer of monies to the System Development Low-Income Deferral Account.

As cities nationwide face increased costs for expanding and upgrading water and wastewater (sewer) facilities, they are looking for ways to charge the costs equitably among the utility customers who are receiving the benefits. Port Townsend is one of many cities challenged with funding the most costly capital projects in its history. State and federal regulations are forcing the city to construct expensive improvements to existing water and wastewater systems.

When new facilities are constructed, excess capacity for future growth must be included to avoid frequent costly future expansions. Historically, as new growth occurs, the existing ratepayers have subsidized these expenses. Now, as in many other communities, the City of Port Townsend has decided to more fairly charge those who are benefiting directly, by establishing System Development Charges, or SDCs. With SDCs (also known as Impact Fees for certain services), those responsible for growth pay a more realistic proportion of the costs associated with growth.

State law requires that SDCs collected be placed in a dedicated fund for use only on construction projects that are being oversized to accommodate growth. The law further states that all money be spent within five years. If it is not spent on appropriate projects within this time frame, the city is required to refund the money collected. Collections can also be used to pay for extra capacity in already constructed facilities. In essence, they help pay the debt service for those projects.

In Port Townsend's case, water SDC revenue is being spent on pipeline improvements,

Special Revenue Funds

including property purchases, which have been mandated by the State Department of Health. Wastewater SDC revenue will pay for the final stages of the wastewater treatment plant project. These fees will pay only for the excess capacity portion, offsetting debt service payments for these projects.

State law authorizes establishment of SDCs for water, wastewater and storm drainage. Impact Fees are also allowed for streets, parks, fire suppression and schools.

The citizen Impact Fee Advisory Committee originally recommended adoption of SDC/Impact Fees for all of these services except fire. Currently, only the water and wastewater recommendations have been adopted.

Library Fund

In 2005, a new accounting fund was created for the operation of the city library with enabling city Ordinance No. 2889. In prior years the library was part of the city's general fund.

On August 19, 2008, Port Townsend voters approved a property tax levy lid lift to support the Library operations. The ballot measure authorized a \$0.75 per thousand dollars of assessed valuation property tax levy restricted to the library operations. This new property tax is deposited directly in the Library Fund. Detail budget information follows.

Fire and EMS Services Fund

In 2005, a new accounting fund was created for the operation of the city fire department with enabling city Ordinance No. 2889. In prior years the fire department was part of the city's general fund.

In 2007, the city outsourced the fire and emergency medical services to Jefferson Fire

District #6 (aka East Jefferson Fire Rescue). All city fire department equipment and employees were transferred to the district, and the city contracts directly to the district for those services.

Under the terms of the Interlocal contract, the city pays a base contract amount (increased annually 1% for levy increases, plus 50% of the property taxes received from new construction property values) for fire services, and pays all of the EMS property tax revenues to the district. This fund accounts for the EMS property taxes collected and contract payments to the district. Detail budget information follows.

Public Works and Engineering Fund

In 2005, a new accounting fund was created for the operation of the city public works administration and engineering services with enabling city Ordinance No. 2889. In prior years the public works administration and engineering services was part of the city's general fund. Revenues to support this fund are derived by interfund charges to the funds which are benefiting from these public works services (streets, water, sewer, stormwater and equipment rental). Detail budget information follows.

Community Services Fund

In 2005, a new accounting fund was created for the operation of city community services (parks maintenance, pool, recreation, and community service programs) with enabling city Ordinance No. 2889. In prior years these services were included in various city general fund departments. Revenues to support this fund are derived mostly by a general fund subsidy transfer and some user fees.

Special Revenue Funds

This fund includes funding for other city services contract providers. They include Dove House for \$10,000, YMCA for \$32,000, Arts Commission for \$16,000, and Jefferson County parks and recreation facilities for \$214,286. Detail budget information follows.

Housing Trust Fund

The Housing Trust Fund was created in 2011 by the City Council (City Council Resolution 11-018) to account for revenues and expenditures related to housing grants, and other funds received or expended by the City for low income and affordable housing purposes.

Street Fund

The Street Fund is responsible for the administration and maintenance of the city's transportation network, which includes approximately 74 miles of public roadways together with roadside improvements, sidewalks, bicycle facilities, signalization and illumination systems. The work plan associated with this responsibility include:

- Street sweeping
- Roadside vegetation management and mowing
- Landscape maintenance
- Pavement and shoulder repair
- Pavement markings
- Snow and ice control
- Traffic signal and illumination system maintenance
- Signage

- Traffic counts
- Transportation planning
- Street tree maintenance

The Street Fund receives revenues from state distributions of motor vehicle fuel taxes for two programs: city streets and arterial streets. State law restricts these revenues:

- City streets: to be used for any street purposes (RCW 46.68.070.110, 47.24.040 and 35.76 RCW)
- Arterial streets: to be used for highways and arterial streets. For cities with populations less than 15,000, cities may use these monies for the maintenance of arterial highways and city streets (RCW 46.68.070).

The city consolidated its Arterial Street Fund into the Street Fund in 2000 as allowed by RCW 46.68.070 for cities with populations less than 15,000.

These state revenues distributions are not sufficient resources to maintain city streets. Prior to 2007, the city general fund provided subsidies to the street fund for its operation. In 2007, the city council authorized an increase in the city utility tax by 10% resulting in a total public utility tax of 20%. The city council restricted this 10% increase for an allocation to public safety (1.5%) and street maintenance and operation (8.5%).

Detail budget information follows.

CITY OF PORT TOWNSEND
Fund Summary
Drug Enforcement and Education Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Confiscated and Forfeited Property	\$ -	\$ -	\$ -	\$ -
Investment Interest	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>				
Supplies	\$ -	\$ -	\$ -	\$ -
Capital Outlay	<u>-</u>	<u>13,990</u>	<u>(13,990)</u>	<u>-</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 13,990</u>	<u>\$ (13,990)</u>	<u>\$ -</u>
Estimated Beginning Fund Balance	\$ 26,479	\$ 40,467	\$ (13,988)	\$ 2,541
Increase<Decrease> in Fund Balance	<u>2</u>	<u>(13,988)</u>	<u>13,990</u>	<u>-</u>
Estimated Ending Fund Balance	<u>\$ 26,481</u>	<u>\$ 26,479</u>	<u>\$ 2</u>	<u>\$ 2,541</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

CITY OF PORT TOWNSEND
Fund Summary
Contingency Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Property Tax	\$ 21,000	\$ 21,000	\$ -	\$ 9,794
Operating Transfer-in	-	-	-	-
Investment Interest	<u>101</u>	<u>185</u>	<u>(84)</u>	<u>158</u>
Total Revenues	<u>\$ 21,101</u>	<u>\$ 21,185</u>	<u>\$ (84)</u>	<u>\$ 9,952</u>
<u>Expenditures</u>				
	<u>\$ -</u>	<u>\$ 54,996</u>	<u>\$ (54,996)</u>	<u>\$ 7,458</u>
Estimated Beginning Fund Balance	\$ 67,569	\$ 101,379	\$ (33,811)	\$ 98,885
Increase<Decrease> in Fund Balance	<u>21,101</u>	<u>(33,811)</u>	<u>54,912</u>	<u>2,494</u>
Estimated Ending Fund Balance	<u>\$ 88,670</u>	<u>\$ 67,569</u>	<u>\$ 21,101</u>	<u>\$ 101,379</u>
Reserve % of General Fund Revenues	1.3%	1.0%		

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

CITY OF PORT TOWNSEND
Fund Summary
Community Development Block Grant Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Acutal Year 2010
<u>Revenues By Source</u>				
Federal Program Income	\$ 10,000	\$ 40,353	\$ (30,353)	\$ 12,507
Federal Grant Programs	-	-	-	-
Investment Interest Income	<u>717</u>	<u>317</u>	<u>400</u>	<u>416</u>
Total Revenues	<u>\$ 10,717</u>	<u>\$ 40,670</u>	<u>\$ (29,953)</u>	<u>\$ 12,923</u>
 <u>Expenditures</u>				
Community Development Loans-Other	\$ -	\$ -	\$ -	\$ -
Community Development Loans-Historic District	<u>132,000</u>	<u>50,000</u>	<u>82,000</u>	<u>12,858</u>
Total Expenditures	<u>\$ 132,000</u>	<u>\$ 50,000</u>	<u>\$ 82,000</u>	<u>\$ 12,858</u>
Estimated Beginning Fund Balance	\$ 143,411	\$ 152,742	\$ (9,330)	\$ 152,677
Increase<Decrease> in Fund Balance	<u>(121,283)</u>	<u>(9,330)</u>	<u>(111,953)</u>	<u>65</u>
Estimated Ending Fund Balance	<u>\$ 22,128</u>	<u>\$ 143,411</u>	<u>\$ (121,283)</u>	<u>\$ 152,742</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

CITY OF PORT TOWNSEND
Fund Summary
Lodging Tax Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Acutal Year 2010
<u>Revenues By Source</u>				
Hotel Motel Taxes	\$ 340,000	\$ 350,000	\$ (10,000)	\$ 322,154
Private Contributions	-	1,284	(1,284)	30,500
Miscellaneous Income	-	-	-	3
Investment Interest	<u>9</u>	<u>57</u>	<u>(48)</u>	<u>10</u>
Total Revenues	<u>\$ 340,009</u>	<u>\$ 351,341</u>	<u>\$ (11,331)</u>	<u>\$ 352,667</u>
 <u>Expenditures</u>				
Professional Services	185,000	240,000	(55,000)	190,608
Miscellaneous-Special Events	-	-	-	37,361
General Fund Overhead Charges	28,870	33,667	(4,797)	33,667
Interfund Subsidies - Waterfront debt service	97,718	69,269	28,449	69,269
Interfund Subsidies - McCurdy Pavilion debt service	-	21,414	(21,414)	21,412
Interfund Subsidies - PT Marine Science Center debt	<u>5,983</u>	<u>5,983</u>	<u>-</u>	<u>5,983</u>
Total Expenditures	<u>\$ 317,571</u>	<u>\$ 370,333</u>	<u>\$ (52,762)</u>	<u>\$ 358,299</u>
Estimated Beginning Fund Balance	\$ 4,539	\$ 23,531	\$ (18,992)	\$ 29,163
Increase<Decrease> in Fund Balance	<u>22,438</u>	<u>(18,992)</u>	<u>41,430</u>	<u>(5,632)</u>
Estimated Ending Fund Balance	<u>\$ 26,977</u>	<u>\$ 4,539</u>	<u>\$ 22,438</u>	<u>\$ 23,531</u>
 Estimated Ending Fund Balance Reserve	 7.9%	 1.3%		 6.7%

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

CITY OF PORT TOWNSEND
Fund Summary
System Development Charges Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Acutal Year 2010
<u>Revenues By Source</u>				
Interest Income	\$ 1,259	\$ 15,660	\$ (14,400)	\$ 1,778
Water System Development Charges-City	70,000	74,000	(4,000)	70,616
Water System Development Charges-Outside city	5,000	20,000	(15,000)	8,566
Sewer System Development Charges	<u>55,000</u>	<u>69,000</u>	<u>(14,000)</u>	<u>55,478</u>
Total Revenues	<u>\$131,259</u>	<u>\$178,660</u>	<u>\$ (47,400)</u>	<u>\$ 136,438</u>
 <u>Expenditures</u>				
Interfund Subsidies (Water)	\$492,000	\$126,500	\$ 365,500	\$ 42,718
Interfund Subsidies (Sewer)	<u>185,000</u>	<u>22,000</u>	<u>163,000</u>	<u>-</u>
Total Expenditures	<u>\$677,000</u>	<u>\$148,500</u>	<u>\$ 528,500</u>	<u>\$ 42,718</u>
Estimated Beginning Fund Balance	\$839,539	\$809,380	\$ 30,160	\$ 715,660
Increase<Decrease> in Fund Balance	<u>(545,741)</u>	<u>30,160</u>	<u>(575,900)</u>	<u>93,720</u>
Estimated Ending Fund Balance	<u>\$293,799</u>	<u>\$839,539</u>	<u>\$ (545,741)</u>	<u>\$ 809,380</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Community Services Fund – City Parks & Recreation Division

Mission: The mission of the City of Port Townsend Parks & Recreation Division is to preserve and enhance natural resources and open space for future generations, to develop and maintain quality park spaces and recreation facilities and to provide diverse recreation & leisure programs.

2012 Goals and Objectives

Goal: Provide facilities for the public that are aesthetically pleasing, well-maintained and safe.

Continue to document maintenance at the parks, facilities and pool to allow better accounting of work activities and maintenance performed.

Increase emphasis on maintenance of City facility and park landscaping.

Finish replacing the rose arbor at Chetzemoka Park.

Temporarily close the Mountain View Pool for capital improvements to include replacement of the pool liner, deck repair work, HVAC improvements and possible upgrading the pool water heater.

Goal: Provide play equipment that is well maintained in an environment that addresses safety concerns.

Review the condition of all play equipment at least once a month and replace or repair any equipment that presents a safety hazard. Monitor the depth and condition of the surfacing under the equipment for fall protection. Renew or replace surfacing material when and if necessary.

Goal: Maintain current plans related to the operation of City parks.

Finish updating Parks, Recreation and Open Space Functional Plan to reflect current conditions and interests of the park users.

Goal: Continue to establish an effective, identifiable brand/image for the Parks & Recreation Division to assist in marketing our facilities and services.

Continue to use a standard/consistent style for park signs that easily identifies the facility or park as a City of Port Townsend property.

Continue to use the division logo/mark to be used in addition to the city logo to brand our programs and publicity items.

Update the pool website to include photos of facility & staff, descriptions of programs, program fees and up to date schedule.

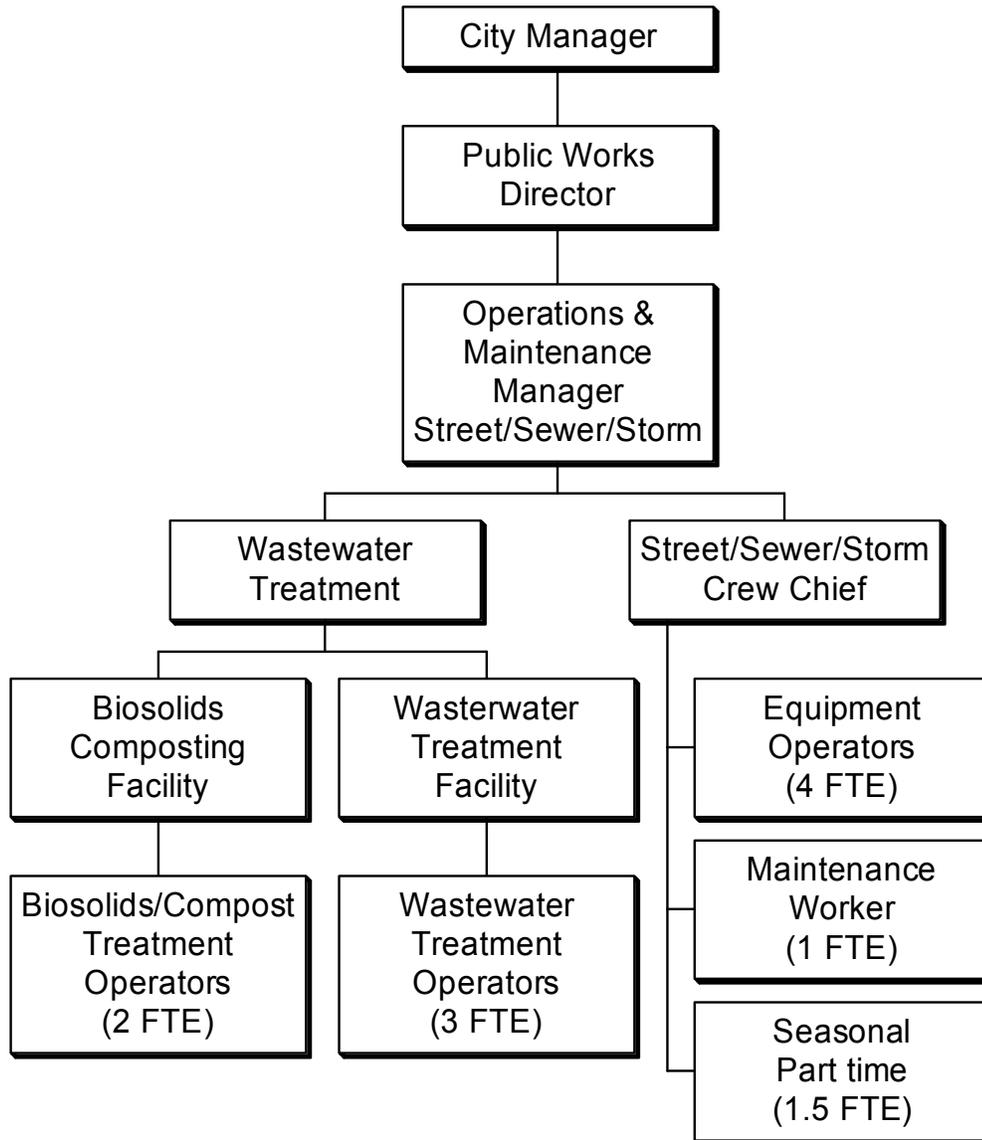
Improve marketing of recreation programs (especially youth), by working with Jefferson County to produce a webpage with program links and information.

**City of Port Townsend
Fund Summary
Community Services Fund**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
General Fund support	\$ 778,437	\$ 989,000	\$ (210,563)	\$ 845,544
General Property Taxes	400,000	400,000	-	391,495
Special Purpose Taxes	214,286	125,000	89,286	-
Charges for services - pool services	52,500	115,000	(62,500)	119,363
Sublease income - Mountain View Campus	42,356	9,120	33,236	10,115
Rental income	7,000	13,750	(6,750)	7,230
Miscellaneous revenues	4,485	4,485	-	6,245
Donations	-	3,425	(3,425)	1,895
Total Revenues	<u>\$ 1,499,063</u>	<u>\$ 1,659,780</u>	<u>\$ (160,717)</u>	<u>\$ 1,381,887</u>
 <u>Expenditures By Program</u>				
Contract Community Service Providers	\$ 26,600	\$ 123,076	\$ (96,476)	\$ 138,330
Jefferson County-Parks & Recreation Facilities	214,286	125,000	89,286	-
Mountain View Campus	215,646	220,743	(5,097)	168,795
Parks Maintenance	471,232	636,818	(165,585)	554,001
Recreation	32,000	125,500	(93,500)	88,500
Pool	215,052	293,983	(78,931)	246,964
City Facilities	232,550	-	232,550	-
Interfund Charges	109,780	150,107	(40,327)	131,694
Events Coordination	-	-	-	2,764
Total Expenditures	<u>\$ 1,517,146</u>	<u>\$ 1,675,228</u>	<u>\$ (158,081)</u>	<u>\$ 1,331,048</u>
 <u>Expenditures by Object</u>				
Personnel	\$ 740,735	\$ 754,577	\$ (13,842)	\$ 635,528
Operating Expenditures	774,511	902,851	(128,339)	694,613
Interfund Loan Repayments	-	-	-	-
Capital Outlay	1,900	17,800	(15,900)	908
Total Expenditures	<u>\$ 1,517,146</u>	<u>\$ 1,675,228</u>	<u>\$ (158,081)</u>	<u>\$ 1,331,048</u>
 Actual Beginning Fund Balance	 \$ 48,305	 \$ 63,752	 \$ (15,448)	 \$ 12,914
Increase<Decrease> in Fund Balance	<u>(18,083)</u>	<u>(15,448)</u>	<u>(2,635)</u>	<u>50,839</u>
Estimated Ending Fund Balance	<u>\$ 30,222</u>	<u>\$ 48,305</u>	<u>\$ (18,083)</u>	<u>\$ 63,752</u>
 Estimated Ending Fund Balance reserve	 2.0%	 2.9%		 4.6%

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Street/Sewer/Storm Divisions



Street Fund

(In conjunction with Wastewater/Storm)

Function: The Street Fund provides the resources for the Street Operating Division of Public Works. The Street Division is responsible for the maintenance of streets, gravel roads, alleys, sidewalks and shoulders within the City of Port Townsend. This includes street sweeping, vegetation management, tree removal, grading, pavement and shoulder repair, snow and ice removal, pavement markings and signage.

The Arterial Street Fund is incorporated within the Street Fund for the construction, improvement, chip sealing, overlaying with asphalt, seal coating and repair of arterial highway and city streets.

Goals and Objectives

Goal: Evaluate, identify and prioritize failed road surfaces for reconstruction or overlay and develop an overall Street Operations & Maintenance Plan.

Develop a pavement management program using the City's GIS system to identify and map locations of failing roads to create a priority list for repairs.

Develop an O & M Plan for Streets.

Goal: Continue to work on overlaying the streets and the surfacing of gravel roads throughout the City of Port Townsend.

Identify streets that need to be resurfaced with the money that is appropriated for making these improvements.

Reduce the number of miles of gravel roads needed to be maintained by resurfacing them using either chip sealing or asphalt. This will reduce our maintenance cost and the dust concerns raised by the residents on these types of roads.

Goal: Continue to work on replacing problem sidewalks.

Identify and replace critical sidewalks with the money appropriated for doing this through the CIP program.

Goal: Implement the Streets Capital Improvement Program.

2011 Accomplishments

- Continued to install hot tape for crosswalks on the streets that were previously painted to reduce the labor hours to maintain the paint.
- Continued making spot repairs to the downtown and uptown sidewalks to prevent tripping hazards. Spent approximately 80 + hours doing this work.

Street Fund

Street Division Performance Measures	2009	2010	2011 As of 12/09/2011	2012 Est.
Citizen concern/requests received	340	326	214 As of 8/31/2011	200
Painting of crosswalks, curbs, and parking stalls (Time Spent, Hrs.)	500	500	500	500
Miles of gravel road maintained twice a year	3.51	3.51	3.51	3.51
Miles of roadway maintained in the City.	76.83*	76.83	80	80
Miles of road re-striped –one time per year	40	40	40	40
Street Shoulders - Miles pulled	0.5	10	10	10
Right-of-Way chip sealed or Paved (Miles)	0.78 Chip Sealed	0.0	0.0	0.0 Depending on Funding

*=Better information in the City's GIS system.

CITY OF PORT TOWNSEND
Fund Summary
Street Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Acutal Year 2010
<u>Revenues By Source</u>				
State Grants	\$ -	11,365	\$ (11,365)	\$ -
Federal Grants (Indirect)	-	-	-	100
Motor Vehicle Fuel Tax	194,157	191,781	2,376	192,664
Public Utility Taxes - Water, Sewer, Storm, Garbage	501,047	506,552	(5,504)	496,505
Street Development Permits	-	10,000	(10,000)	21,937
Investment Interest	263	44	218	-
Street Payback Collection	3,100	3,100	-	-
Miscellaneous Income	300	300	-	35
Operating Transfers- In	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 698,867</u>	<u>\$ 723,142</u>	<u>\$ (24,275)</u>	<u>\$ 711,240</u>
<u>Expenditures by program</u>				
Operations	\$ 659,198	\$ 706,121	\$ (46,922)	\$ 709,587
Capital Improvement Projects	-	11,995	(11,995)	289
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 659,198</u>	<u>\$ 718,116</u>	<u>\$ (58,917)</u>	<u>\$ 709,875</u>
<u>Expenditures by object</u>				
Repairs & Maintenance	\$ -	\$ -	\$ -	\$ -
Utility Services	106,000	96,000	10,000	93,395
Supplies	51,000	41,000	10,000	38,264
Services & Charges	92,105	106,332	(14,227)	113,407
Personnel	177,650	186,366	(8,716)	164,198
Capital Outlay	-	11,995	(11,995)	289
Interfund Services	232,443	276,423	(43,979)	300,323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 659,198</u>	<u>\$ 718,116</u>	<u>\$ (58,917)</u>	<u>\$ 709,875</u>
Actual Beginning Fund Balance	\$ 8,751	\$ 3,724	\$ 5,026	\$ 2,360
Increase<Decrease> in Fund Balance	39,668	5,026	34,642	1,365
Estimated Ending Fund Balance	<u>\$ 48,419</u>	<u>\$ 8,751</u>	<u>\$ 39,668</u>	<u>\$ 3,724</u>
Fund Balance Reserve % =	6.9%	1.2%		0.5%

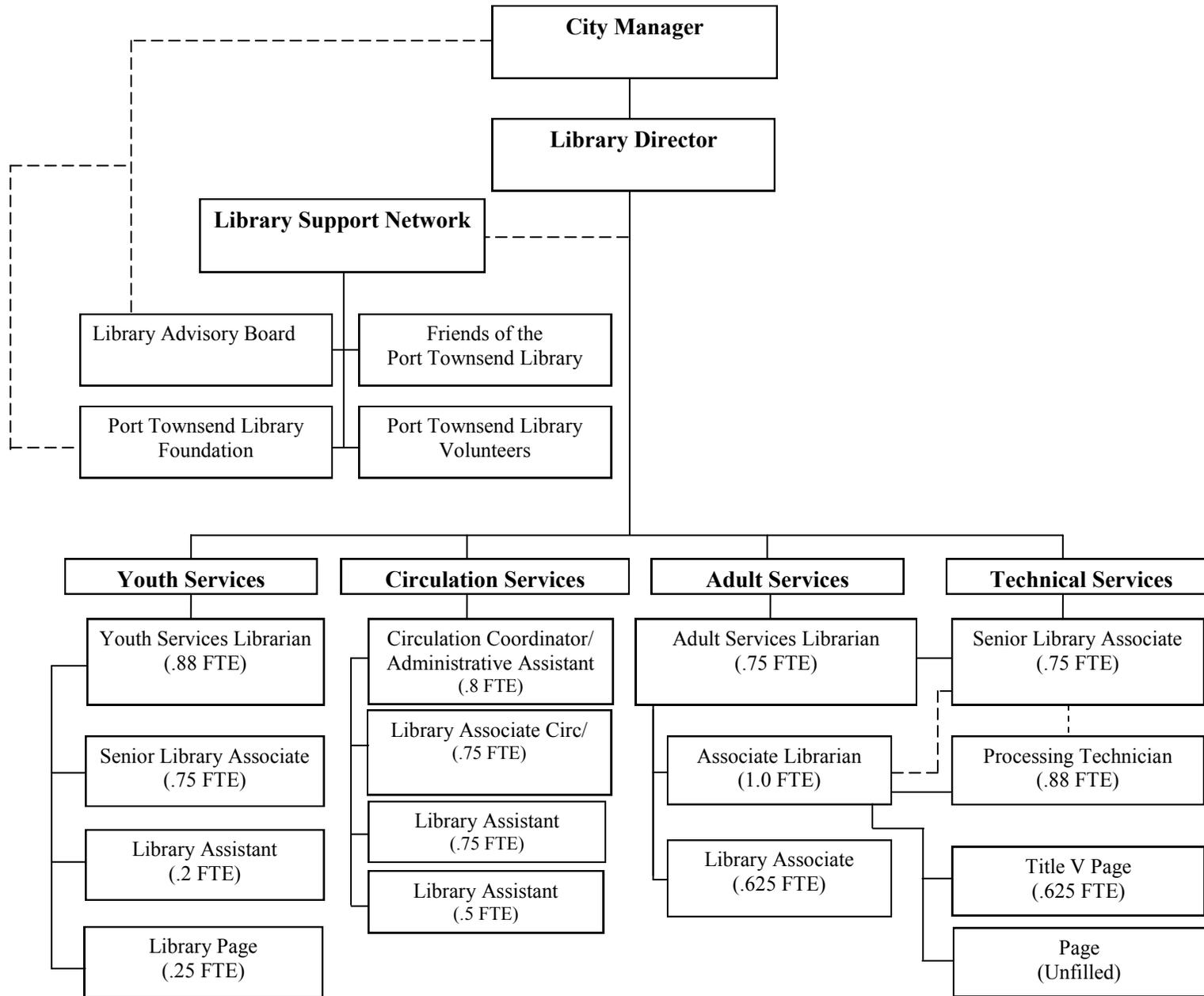
Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

**City of Port Townsend
Fund Summary
Fire and Emergency Services Fund**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
Revenues By Source				
General Fund support	\$ -	\$ 54,996	\$ (54,996)	\$ -
General Property Taxes	1,463,319	848,039	615,280	815,270
Special Purpose Taxes	-	125,000	(125,000)	-
EMS Property Taxes	740,000	740,000	-	400,893
Operating Transfer in	-	-	-	-
Total Revenues	<u>\$ 2,203,319</u>	<u>\$ 1,768,034</u>	<u>\$ 435,284</u>	<u>\$ 1,216,163</u>
 Expenditures By Program				
Fire	\$ 1,463,319	\$ 1,011,134	\$ 452,185	\$ 832,171
Emergency Medical Services (EMS)	740,000	740,000	-	400,893
	-	-	-	-
Total Expenditures	<u>\$ 2,203,319</u>	<u>\$ 1,751,134</u>	<u>\$ 452,185</u>	<u>\$ 1,233,064</u>
 Expenditures by Object				
Personnel	\$ -	\$ -	\$ -	\$ -
Operating Expenditures	-	-	-	-
Intergovernmental Charges-EJFR	2,203,319	1,751,134	452,185	1,233,064
Capital Outlay	-	-	-	-
Total Expenditures	<u>\$ 2,203,319</u>	<u>\$ 1,751,134</u>	<u>\$ 452,185</u>	<u>\$ 1,233,064</u>
 Estimated Beginning Fund Balance	 \$ -	 \$ (16,901)	 \$ 16,901	 \$ -
Increase<Decrease> in Fund Balance	<u>-</u>	<u>16,900</u>	<u>(16,900)</u>	<u>(16,901)</u>
Estimated Ending Fund Balance	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ (16,901)</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Library Fund



Library Fund

MISSION

The Port Townsend Public Library encourages a lifelong love of reading and learning, and supports the quest for knowledge, creativity, and adventure by providing free and open access to information and ideas.

RESOURCES AND SERVICES

The Port Townsend Public Library was awarded a three star rating by the Library Journal Index of Public Library Service 2011. This distinction is based on expenditure category (PT is in the \$400,000-999,999 category) and per capita measurements of circulation, visits, programs attendance, and public internet terminal users. The Port Townsend Public Library is one of only 262 Star Libraries in the nation and one of only three in Washington State (the others are Seattle Public Library and Lopez Island Public Library). Such recognition underscores the Port Townsend community's high level of usage and support for its library and validates the high level of services and programs delivered by an exceptional, dedicated, and very knowledgeable staff.

Collections

The library has over 60,000 items including books, magazines, digital media, and online resources. The library participates and shares an automated card catalog and circulation system with CLAN (Cooperative Libraries Automated Network), a consortium which includes the Jefferson County Library, and Quilcene and Brinnon School libraries. The library shares in providing courier services between the two public libraries. Interlibrary loan items may be borrowed from libraries outside CLAN through OCLC, a national interlibrary loan network.

The maritime collection of the Wooden Boat Foundation, located in the H.W. McCurdy Library at the Northwest Maritime Center, is now included in the CLAN online catalog, greatly expanding the availability of both

libraries' significant maritime resources to the community at large.

Technology

The library provides computer software and public access to the Internet. Information about the library, access to the library catalog, useful links, current information about special programs and upcoming events, and additional library services are made available on the library's web site. The library upgraded to Polaris, a more robust, expansive, and user friendly library information system. This system delivers improved service for both internal staff operations and public access needs.

Public Programs

The library offers a continuing series of programs for adults, teens, and children including a community read, special interest topics, workshops, story hours, concerts, well-known authors and illustrators, book discussion groups, summer reading, homework help, and curriculum support.

Information Services

The library has a knowledgeable staff that provides reference and research assistance including help using the resources of the Early Literacy Center and the new Job Search and Grant Resource Centers, readers' advisory for popular materials, and training in the use of reference and specialized databases.

Operations

The library's collection management and administrative teams provide collection development, book processing, cataloging, outreach and program planning, and fund raising.

In 2011, usage figures continue to rise as the library becomes the first resource for authoritative information vital for people who are without support from traditional community networks. The library provides help to navigate e-government services, to find authoritative

Library Fund

health information, and to understand personal finance and legal problems. The library provides accesses to relevant learning/enrichment materials for all ages.

Our rising usage is in direct response to the library's expanded services to address critical community needs for: internet access and social networking; jobs; school/library collaboration; early literacy interactive classes; teen reading and writing programs; grant and fundraising sources; cultural and creative opportunities; print and digital materials; and a safe and reliable community space for everyone.

Library statistics bear witness to this increased activity. Overall circulation is up by over 4,000 items compared to last year, along with an increase in daily attendance from an average of 500 to almost 550. Public programs continue to expand in scope. One new program was the teen community read, funded by the Paul G. Allen Family Foundation. This initiative encompassed new partnerships with the schools and the health department and reached over 550 teens in Port Townsend.

Our collections inventory was expanded to the digital format by offering downloadable e-books from the library website and digital devices available for check out. Overall, this ongoing increase in usage and collections underscores the need for more space to accommodate the current level of service but also to allow for future initiatives and growth as the library prepares itself for the future.

In light of challenging economic and political times, the Port Townsend Public Library campus expansion and improvement project moved significantly ahead in 2011. While the project scope remains the same, the funding and construction strategy is proceeding steadily and systemically in separately funded stages. Stage one, funded by the capital campaign, is the renovation of the Charles Pink House's interior into the new Library Learning Center, the site for

a wide range of educational and cultural programs for the community.

The second stage is the seismic retrofit of the historic Carnegie Library. This work, scheduled for 2012, is funded by FEMA with a 25% city matching contribution and will require the library to relocate to the Mountain View campus, a temporary space, for several months. The final and most important stage, when funds are available, is the restoration of the interior of the Carnegie building and the construction of the new addition. The balance of the project funding will continue to be raised from a combination of federal, state, local, and private sources as opportunities become available.

The year 2012 will be a year of transition as the library moves to temporary quarters at Mountain View campus for 6 to 8 months while the seismic work is completed on the Carnegie building. During this exodus, every effort will be made to maintain current levels of service. Additionally, fundraising will continue for the new wing in light of the completion of the first two phases of the project.

This year will also be a time of gathering a group of community "futurists" to help the library move its strategic plan forward. The library world is changing rapidly with new technology and expanded community expectations of the mission and core operations of a public library. The Port Townsend Public Library needs to understand these changes and adapt them to meet the specific culture and profile of its community. In addition, this new vision of the future will clarify the role of the expanded facility as new goals and objectives are defined. This is an exciting time for the Port Townsend Public Library as it deals with relocation, capturing capital resources, and becoming "future ready" for the next 100 years.

Library Fund

Performance Measure	2010 Actual (55 hr/wk)	2011 Actual (55 hr/wk)
Circulation total	275,381	279,416
Reference Questions	15,881	15,396
Interlibrary Loans	1,782	1,618
Public Computer Use (logins)	45,378	45,993
Total Library Cardholders	9,503	10,394
Residents	8,143	8,792
Non-Residents	1,360	1,602
Collections size (books, videos, dvds, books on tape & cds; music cds, periodicals)	63,353	63,716
Periodical subscriptions	160	177
Online databases	28	25
Youth Programs (includes outreach)	374	281*
Young Adult Programs	132	136
Adult Programs (includes outreach)	198	193
Library Attendance	182,985	187,735

*Youth programs reflects decrease in public school classroom visits.

City of Port Townsend Fund Summary Library Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Acutal Year 2010
<u>Revenues By Source</u>				
General Fund support	\$ -	\$ -	\$ -	\$ -
Property Taxes	960,000	944,778	15,222	929,726
Federal grants	-	6,641	(6,641)	4,833
State grants	9,865	18,000	(8,135)	6,924
Private grants	-	9,870	(9,870)	3,938
Fines	13,130	13,130	-	14,476
Donations				5,481
Miscellaneous	2,500	5,000	(2,500)	1,784
Total Revenues	<u>\$ 985,495</u>	<u>\$ 997,419</u>	<u>\$ (11,924)</u>	<u>\$ 967,161</u>
 <u>Expenditures By Program</u>				
Library Services	\$ 994,284	\$ 967,000	\$ 27,284	\$ 912,824
Total Expenditures	<u>\$ 994,284</u>	<u>\$ 967,000</u>	<u>\$ 27,284</u>	<u>\$ 912,824</u>
 <u>Expenditures by Object</u>				
Personnel	\$ 609,693	\$ 630,848	\$ (21,155)	\$ 583,394
Operating Expenditures	261,591	256,152	5,439	246,467
Operating Transfer-out - debt service	15,000	-	15,000	-
Capital Outlay - Acquisitions	80,000	80,000	-	80,764
Capital Outlay - Furniture, Fixtures & Software	28,000	-	28,000	2,200
Total Expenditures	<u>\$ 994,284</u>	<u>\$ 967,000</u>	<u>\$ 27,284</u>	<u>\$ 912,824</u>
Estimated Beginning Fund Balance	\$ 76,761	\$ 46,342	\$ 30,419	\$ -
Increase<Decrease> in Fund Balance	(8,789)	30,419	(39,208)	54,336
Estimated Ending Fund Balance	<u>\$ 67,972</u>	<u>\$ 76,761</u>	<u>\$ (8,789)</u>	<u>\$ 54,336</u>
 Fund Balance Reserve % =	 6.9%	 7.7%		 5.6%

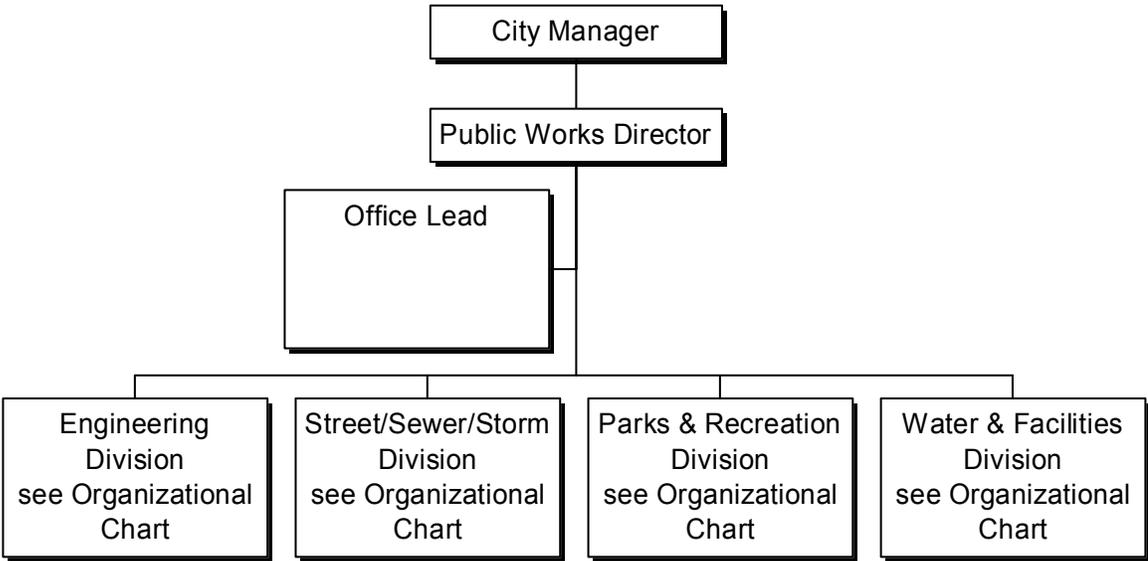
Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

**CITY OF PORT TOWNSEND
Fund Summary
Housing Trust Fund**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues</u>			
Real Property Taxes	\$ 10,000	\$ -	\$ 10,000
Donations	-	-	-
Micellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 10,000	\$ -	\$ 10,000
	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>			
Housing Permit Deferrals	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Estimated Beginning Fund Balance	\$ -	\$ -	\$ -
Increase<Decrease> in Fund Balance	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
Estimated Ending Fund Balance	\$ 10,000	\$ -	\$ 10,000
	<hr/>	<hr/>	<hr/>

Note 1. This is a newly created fund in 2011 by Resolution No. 11-018.

Public Works Administration



Public Works Administration and Engineering

Mission Statement: To provide overall leadership, management, administration, and support for all the divisions of the Public Works Department. To provide safe, reliable, efficient Public Works services to the community. To provide sound technical advice to the City Manager, City Council, City staff, and the public. To ensure the effective and efficient integration of Public Works efforts into the overall operation of the City as well as appropriate County/State plans.

2012 Goals and Objectives

Goal: Develop and manage plans and execute programs that aid in the informed decision making by Public Works divisions, other City Departments, City Manager, and Council.

Provide improved management reports to better track execution of the City's Capital Improvement Program.

Manage utility system upgrades to ensure regulatory compliance and the safe, reliable provision of essential City services including improvements to the water distribution and wastewater collection systems, sewer trunk line improvements and continued planning and design efforts on other elements of the water and waste water systems. Projects include Secondary Water Treatment Facility, Wastewater Treatment Plant Outfall, Kanu Drive Pump Station Replacement, and the City Lake Pipeline Repair.

Manage transportation improvements to ensure the safe and efficient flow of vehicle, pedestrian, and other non-motorized traffic while reducing the

impacts to adjacent businesses and residents to the greatest extent possible. Projects include the Taylor and Water Street Sidewalk Repairs, Hastings Avenue Sidewalk, and the completion of the Waterfront Esplanade.

Manage major repairs and improvements to the City's facilities to include the Carnegie Library Building Seismic Upgrade and emergency repairs to the Bell Tower.

Ensure continued reliable, safe water supply through continued planning to meet federally mandated secondary disinfection standards.

Improve the quality of life in Port Townsend through continual review and improvement of City parks, recreation, and swimming pool services.

Provide engineering review of proposed development projects in support of the Development Services Department and update the Engineering Design Standards as needed.

Increase emphasis on identifying funding for transportation planning and street maintenance and improvements consistent with the adopted Transportation Functional Plan.

Support the activities of all Public Works elements and other City departments by providing current, accurate GIS data to fullest extent possible.

Goal: Oversee the development and timely, cost-efficient administration of capital projects.

Public Works Administration and Engineering

Provide project management and technical support for the development, bidding, and contract compliance for Downtown Streetscape, Waterfront Esplanade, Water and Taylor Street Sidewalk Repairs, and other major projects.

Implement the transition of engineering services to an enterprise operation funded by support to the Capital Improvement Program. Develop an accurate, efficient tracking system to document services provided to on-going capital projects.

Integrate the Mountain View complex into City facility operations and maintenance schedules.

Goal: Secure the means to finance capital projects necessary to a healthy infrastructure by careful management of current resources and a continuing vigilance for favorable financing.

Continue search for grant funding opportunities and low interest loans consistent with the City's capacity to finance the loans.

Provide assistance in grant and loan preparation to all Public Works divisions and City departments.

Goal: Create administrative systems to increase efficiencies and save tax- and rate-payers money.

Update procurement policies and methods that assure the best value at the best price while maintaining strict compliance with state and city bidding and procurement laws.

Continue working towards full compliance on budget and bidding processes on an ongoing basis.

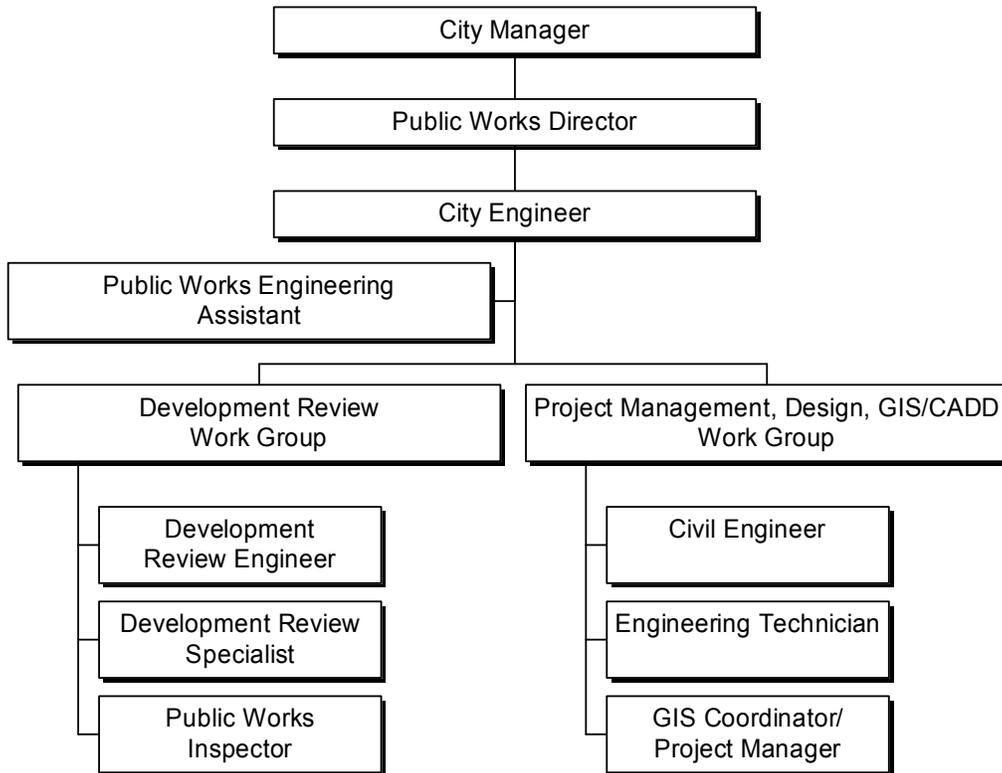
Provide updates and training on the latest procurement methods, laws, and policies.

Ensure the efficient and effective organization of critical information through daily emphasis on the Records Management Program.

Goal: Work toward increased customer satisfaction with Public Works services.

Continue to support and improve the Customer Concern/Request Program.

Public Works Engineering Department



**City of Port Townsend
Fund Summary
Public Works Admin and Engineering Fund**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Interfund Services	\$ 254,234	\$ 1,034,732	\$ (780,499)	\$ 1,130,417
Charges for Engineering Services	615,572	-	615,572	-
General Fund support	-	-	-	-
Total Revenues	<u>\$ 869,806</u>	<u>\$ 1,034,732</u>	<u>\$ (164,927)</u>	<u>\$ 1,130,417</u>
 <u>Expenditures By Program</u>				
Administration	\$ 254,295	\$ 280,806	\$ (26,512)	\$ 273,238
Engineering Services	615,572	794,562	(178,990)	822,850
Total Expenditures	<u>\$ 869,867</u>	<u>\$ 1,075,368</u>	<u>\$ (205,502)</u>	<u>\$ 1,096,088</u>
 <u>Expenditures by Object</u>				
Personnel	\$ 741,635	\$ 951,907	\$ (210,272)	\$ 979,175
Operating Expenditures	111,572	110,591	981	108,155
Interfund Charges	11,660	7,870	3,789	8,107
Capital Outlay	5,000	5,000	-	650
Total Expenditures	<u>\$ 869,867</u>	<u>\$ 1,075,368</u>	<u>\$ (205,502)</u>	<u>\$ 1,096,088</u>
Actual Beginning Fund Balance	\$ 5,457	\$ 46,093	\$ (40,636)	\$ 11,763
Increase<Decrease> in Fund Balance	<u>(61)</u>	<u>(40,636)</u>	<u>40,575</u>	<u>34,330</u>
Estimated Ending Fund Balance	<u>\$ 5,396</u>	<u>\$ 5,457</u>	<u>\$ (61)</u>	<u>\$ 46,093</u>
 Fund Balance Reserve % =	 0.6%	 0.5%		 4.1%

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

General Government Debt Service

The city issues long term debt instruments to finance large capital projects. These are typically for items that have long useful lives for which this financing method will reduce the annual debt service burden on its citizens. Since local governments are permitted to issue tax-exempt bonds, this financing option helps reduce the cost of borrowing.

State law limits general obligation bond issues. These bonds may be issued in two different methods: voted bonds and non-voted bonds. Washington State law limits the voted bond indebtedness to two and one-half percent (2.5%), including non-voted debt, of the city's current assessed valuation (A.V.).

Cities are also authorized to issue general obligation bonds for an additional two and one-half percent (2.5%) of the city's current assessed valuation for parks and open spaces and utilities. Both of these bond issues must be voted and approved by a 60 percent majority vote of the registered voters.

Bonds of this type are unlimited tax obligations of the city, and are backed by the full faith and credit of the city. The city presently has no voted bonds outstanding.

Non-voted bonds are called "Councilmanic" bonds and are limited by state law to one and one-half percent (1.5%) of the city's current assessed valuation. The city currently has six general government Councilmanic bonds outstanding totaling \$17,225,976.

In 1999, the city issued \$645,000 limited tax general obligation bonds for various capital improvements. These capital

items include: library improvements, police station improvements, fire station improvements, city hall facilities and Port Townsend Marine Science Center improvements as authorized by Ordinance 2709. The source of monies to repay the debt service for this issue comes from a portion of the city's general property tax levy and annual operating transfers from the Lodging Tax Fund.

In 2002, the city issued \$3,465,000 limited tax general obligation bonds for the construction of the city hall annex building and remodel of old city hall as authorized by Ordinance 2812. The source of monies to repay the debt service for this issue comes from a portion of the city's general property tax levy and real estate excise tax revenues.

In 2003, the city issued \$2,390,000 in limited tax general obligation bonds for the construction of the city hall annex building and remodel of old city hall as authorized by Ordinance 2844. The source of monies to repay the debt service for this issue comes from a portion of the city's general property tax levy and real estate excise tax revenues.

In 2005, the city issued \$1,525,000 in limited tax general obligation bonds for the construction of the city hall annex building and remodel of old city hall as authorized by Ordinance 2908. The source of monies to repay the debt service for this issue comes from a portion of the city's general property tax levy and real estate excise tax revenues.

On July 1 2008, the city issued \$7,500,000 in limited tax general obligation bonds for the construction of

General Government Debt Service

city street and park facility improvements as authorized by Ordinance 2978. The source of monies to repay the debt service for this issue comes from a portion of the city's general property tax levy, real estate excise tax revenues, and hotel/motel tax revenues.

On December 20, 2010 the city issued \$3,740,000 in limited tax general obligation bonds for improvements to sidewalks and utilities, the library expansion, Way Finding Project, broadband and wireless improvements, refurbishing the Fort Worden Building

202, improvements to Howard Street, and other capital projects approved by the City Council as authorized by Ordinance 3050. The source of monies to repay the debt service for this issue comes from a portion of the city's general property tax levy, real estate excise tax revenues, and hotel/motel tax revenues.

Accompanying the debt service information is a schedule that computes the city's legal debt limitation as established by state law.

Utility Debt Service

The city's utility funds may also issue long-term debt instruments to finance large capital projects. These are typically for utility plant improvements that have long useful lives for which this financing method will reduce the annual debt service burden on its utility customers (ratepayers). Since local governments are permitted to issue tax-exempt bonds, this financing option helps reduce the cost of borrowing. These debt instruments are usually issued as revenue bonds.

The source of monies to repay the revenue bond debt service comes from utility revenues, not property taxes.

In addition to revenue bonds, cities may apply to Washington State for low interest and/or interest-free loans. This is a competitive process that involves city staff presenting a proposal in Olympia for an application for Public Works Trust Fund Loans and State Revolving Fund Loans. Because of the low interest and interest-free loans, this method of financing public works is very beneficial to the city's ratepayers. The application process is comprehensive and competitive. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to:

- Impose the ¼ of one percent real estate excise tax
- Develop a long-term plan for financing public work needs
- Use all local revenue sources which are reasonably available for funding public works
- Adopt a comprehensive plan

- Demonstrate a history of maintaining the city's utility system
- Demonstrate a commitment to professional management

The evaluating criteria are weighted 60% professional management and 40% city need.

The city has received four Public Works Trust Fund (PWTF) low interest State loans. One is a PWTF 1998 loan for water projects totaling \$2,138,740, for 20 years at an interest rate of 1%. Another is a PWTF 1999 loan for sewer projects totaling \$1,593,739 at an interest rate of 1%. The third is a PWTF 2001 loan for sewer outfall totaling \$1,153,350 at an interest rate of 0.5% for 19 years. A fourth is a PWTF 2002 loan for Morgan Hill water system upgrades totaling \$1,242,743, for 20 years at an interest rate of 0.5%.

There is one low interest State Revolving Fund (SRF) loan for a wastewater conveyance system totaling \$1,000,000, for 19.5 years at 1.5%.

Two Washington State Public Works Board loans will be converted from construction servicing to loans in 2013 for City Lake project amounting to \$1,000,000 and First LT2 project amounting to \$1,896,000. Currently these two loans are not budgeted for debt service.

In 1978, the city utility issued \$395,000 revenue bonds for capital improvements to the utility as authorized by Ordinance 1798. The source of monies to repay the debt service for this issue comes from the revenues of the utility.

Utility Debt Service

The source of monies to repay the debt service for this issue comes from the revenues of the utility.

The utility debt service payments for the revenue bonds are budgeted in a utility

debt service fund as listed below. The debt service payments for the State trust and revolving loans are budgeted as a debt service line item in the Water/Sewer Fund. A debt service fund for the State loans is not necessary.

CITY OF PORT TOWNSEND
Fund Summary
G.O. Bond Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Property Taxes	\$ 101,000	\$ 150,000	\$ (49,000)	\$ 146,907
Investment Interest	249	219	30	567
Intergovernmental Charges	-	-	-	60,000
Operating Transfers- In	<u>1,013,708</u>	<u>1,142,927</u>	<u>(129,219)</u>	<u>836,227</u>
Total Revenues	<u>\$ 1,114,957</u>	<u>\$ 1,293,146</u>	<u>\$ (178,189)</u>	<u>\$1,043,701</u>
 <u>Expenditures</u>				
Debt Service Principal	\$ 395,500	\$ 392,951	\$ 2,549	\$ 369,855
Debt Service Interest	768,208	773,632	(5,424)	629,538
Professional Services	<u>2,320</u>	<u>2,320</u>	<u>-</u>	<u>2,119</u>
Total Expenditures	<u>\$ 1,166,028</u>	<u>\$ 1,168,903</u>	<u>\$ (2,875)</u>	<u>\$1,001,513</u>
Estimated Beginning Fund Balance	\$ 165,850	\$ 41,608	\$ 124,243	\$ (580)
Increase<Decrease> in Fund Balance	<u>(51,071)</u>	<u>124,243</u>	<u>(175,314)</u>	<u>42,188</u>
Estimated Ending Fund Balance	<u>\$ 114,779</u>	<u>\$ 165,850</u>	<u>\$ (51,071)</u>	<u>\$ 41,608</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

**CITY OF PORT TOWNSEND
Fund Summary
Water/Sewer Bond Funds
Debt Service**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Investment Interest	\$ 181	\$ 2,337	\$ (2,157)	\$ 1,752
Operating Transfers- In from Water Utility	21,500	22,250	(750)	65,455
Operating Transfers- In from Sewer Utility	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,045</u>
Total Revenues	<u>\$ 21,681</u>	<u>\$ 24,587</u>	<u>\$ (2,907)</u>	<u>\$ 631,252</u>
 <u>Expenditures</u>				
Debt Service Principal	\$ 15,000	\$ 455,000	\$ (440,000)	\$ 575,000
Debt Service Interest	6,500	27,710	(21,210)	54,500
Residual Equity Transfer-out	72,220	-	72,220	-
Professional Services	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>	<u>605</u>
Total Expenditures	<u>\$ 93,720</u>	<u>483,710</u>	<u>\$ (389,990)</u>	<u>\$ 630,105</u>
Estimated Beginning Fund Balance	\$ 125,031	\$ 584,154	\$ (459,123)	\$ 583,007
Increase<Decrease> in Fund Balance	<u>(72,039)</u>	<u>(459,123)</u>	<u>387,083</u>	<u>1,147</u>
Estimated Ending Fund Balance	<u>\$ 52,992</u>	<u>\$ 125,031</u>	<u>\$ (72,039)</u>	<u>\$ 584,154</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Statutory Legal Debt Margin

Computation of Statutory Debt Limitation

2011 Assessed Valuation per County Assessor \$ 1,463,343,405

General Purpose - Non-Voted

Limited Tax (Non-voted) General Obligation Debt Capacity:	
1.5% of value of taxable property(per RCW 39.36.02) =	\$ 21,950,151
Less: Outstanding Limited Tax General Obligation Debt	\$(17,618,451)

Remaining Nonvoted Debt Capacity =	\$ <u>4,331,700</u>
Percent of Limited Tax Debt Capacity Used =	80.27%

General Purpose - Requires Voter Approval

Unlimited Tax (Voted) General Obligation Debt Capacity:	
2.5% of value of taxable property(per RCW 39.36.02) =	\$ 36,583,585
Less: Outstanding Unlimited Tax General Obligation Debt	\$ -
Less: Outstanding Limited Tax General Obligation Debt	\$(17,618,451)

Remaining Voted and Non-Voted Debt Capacity =	\$ <u>18,965,134</u>
Percent of Limited Tax Debt Capacity Used =	48.16%

Parks and Open Space Purposes - Requires Voter Approval

Unlimited Tax (Voted) General Obligation Debt Capacity:	
2.5% of value of taxable property(per RCW 39.36.02) =	\$ 36,583,585
Less: Outstanding Unlimited Tax General Obligation Debt	\$ -

Remaining Voted Debt Capacity for Parks and Open Space Purposes =	\$ <u>36,583,585</u>

Utility Purpose - Requires Voter Approval

Unlimited Tax (Voted) General Obligation Debt Capacity:	
2.5% of value of taxable property(per RCW 39.36.02) =	\$ 36,583,585
Less: Outstanding Unlimited Tax General Obligation Debt	\$ -

Remaining Voted Debt Capacity for Parks and Open Space Purposes =	\$ <u>36,583,585</u>

Capital Project Funds

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The City has one non-utility capital project funds called the Capital Improvement Fund, and one utility capital improvement fund called the Utility Construction Fund.

Capital Improvement Fund

Revenues come from several different sources for this fund. The real estate excise tax, bond proceeds, and fund transfers are major sources of revenue for this fund. Some transfers from other funds like the General Fund and Street Fund. Some are revenues deposited into this fund from grants via state and federal sources, "fee in lieu of," "mitigation fees," "impact fees" for applicable projects, and interest income.

The real estate excise tax (R.E.E.T.) that is levied by the State is deposited into this fund. This tax is levied on all sales of real estate, measured by the full selling price, including any liens, mortgages and other debts given to secure the purchase.

The state levies this tax at the rate of 1.28 percent. A locally imposed tax is also authorized. In 1990 and 1992, the State Legislature made a number of changes in the locally imposed R.E.E.T.

As Port Townsend is required to plan under the Growth Management Act (GMA), new language was enacted regarding the first quarter (.025) percent of the tax. Based on the GMA, Port Townsend was given the option of levying a second quarter percent to help

defray the costs of implementing the Growth Management Act. The city receives the second quarter of R.E.E.T, which results in a combined rate of 1.78%.

The first quarter percent of the R.E.E.T. receipts must be spent solely on capital projects that are listed in the Capital Facilities Plan element of the comprehensive plan. Capital projects are defined as:

"Those public works projects of a local government for planning acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems; traffic signals; bridges; domestic water systems; storm and parks recreational facilities; fire/protection facilities; trails; libraries; administrative judicial facilities; and river and/or waterway flood control."

The second quarter percent of the R.E.E.T. that is levied and is part of this budget can only be levied by those cities that are required to plan under GMA. In this quarter percent of R.E.E.T. "capital projects" mean:

"Those public works projects of a local government for planning acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems and planning, construction, reconstruction, repair, rehabilitation, or improvement to parks." When other operating divisions or funds expend monies for qualified projects,

Capital Project Funds

transfers-out of the R.E.E.T. Fund are used to reimburse the operating division. The interest income is based on prudent investing with the inclusion of construction project scheduling and cash flow analysis.

Utility Construction Fund

The Utility Construction Fund is a capital project fund restricted to expenditures for approved utility improvements. The interest earnings on this fund are also restricted to the approved utility improvement.

**CITY OF PORT TOWNSEND
Fund Summary
Capital Improvement Fund**

	Budget Year 2012	Budget Year 2011	Increase <Decrease>
<u>Revenues By Source</u>			
Real Estate Excise Tax #1	\$ 100,000	\$ 115,000	\$ (15,000)
Real Estate Excise Tax #2	100,000	115,000	(15,000)
Federal Grants	2,918,825	1,105,203	1,813,622
State Grants	-	50,930	(50,930)
State Grants-Transportation Improvement Board	-	405,000	(405,000)
Public Works Board - Department of Commerce	-	441,494	(441,494)
Public Infrastructure Funds	-	569,694	(569,694)
Right-of-way Proceeds	50,000	-	50,000
Bond Proceeds	-	-	-
Investment Interest	4,029	-	4,029
Miscellaneous Income	-	-	-
Interfund Transfer-in Street Fund	-	5,000	(5,000)
Other Financing Sources	-	-	-
Donations & Developer Contributions	51,616	31,827	19,789
	<u>51,616</u>	<u>31,827</u>	<u>19,789</u>
Total Revenues	<u>\$ 3,224,470</u>	<u>\$ 2,839,149</u>	<u>\$ 385,321</u>
<u>Capital Project Expenditures</u>			
Personnel	\$ -	\$ -	\$ -
Interfund Engineering Services	280,000	-	280,000
Building & Structures	953,000	959,497	(6,497)
Streets Capital Improvements	2,295,100	2,669,417	(374,317)
Parks Capital Improvements	550,000	1,048,438	(498,438)
Operating Transfer 2002 Bond Payment	28,078	27,693	385
Operating Transfer 2003/2004 Bond Payment	25,000	-	25,000
Operating Transfer 1999 Bond Payment	15,000	21,745	(6,745)
Operating Transfer 2005 Bond Payment	31,922	90,128	(58,206)
Operating Transfer 2003/2008 Bond Payment	100,000	75,000	25,000
Interfund Charges	97,928	291,188	(193,260)
Other Financing Uses	-	404,699	(404,699)
Intergovernmental Loans - Recreation Center	-	12,500	(12,500)
Miscellaneous Expense	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 4,376,028</u>	<u>\$ 5,600,305</u>	<u>\$ (1,224,278)</u>
Estimated Beginning Fund Balance	1,157,172	3,918,328	\$ (2,761,156)
Increase<Decrease> in Fund Balance	<u>(1,151,558)</u>	<u>(2,761,156)</u>	<u>1,609,599</u>
Estimated Ending Fund Balance	<u>\$ 5,614</u>	<u>\$ 1,157,172</u>	<u>\$ (1,151,558)</u>

CITY OF PORT TOWNSEND
Fund Summary
Water/Sewer Capital Improvement Fund

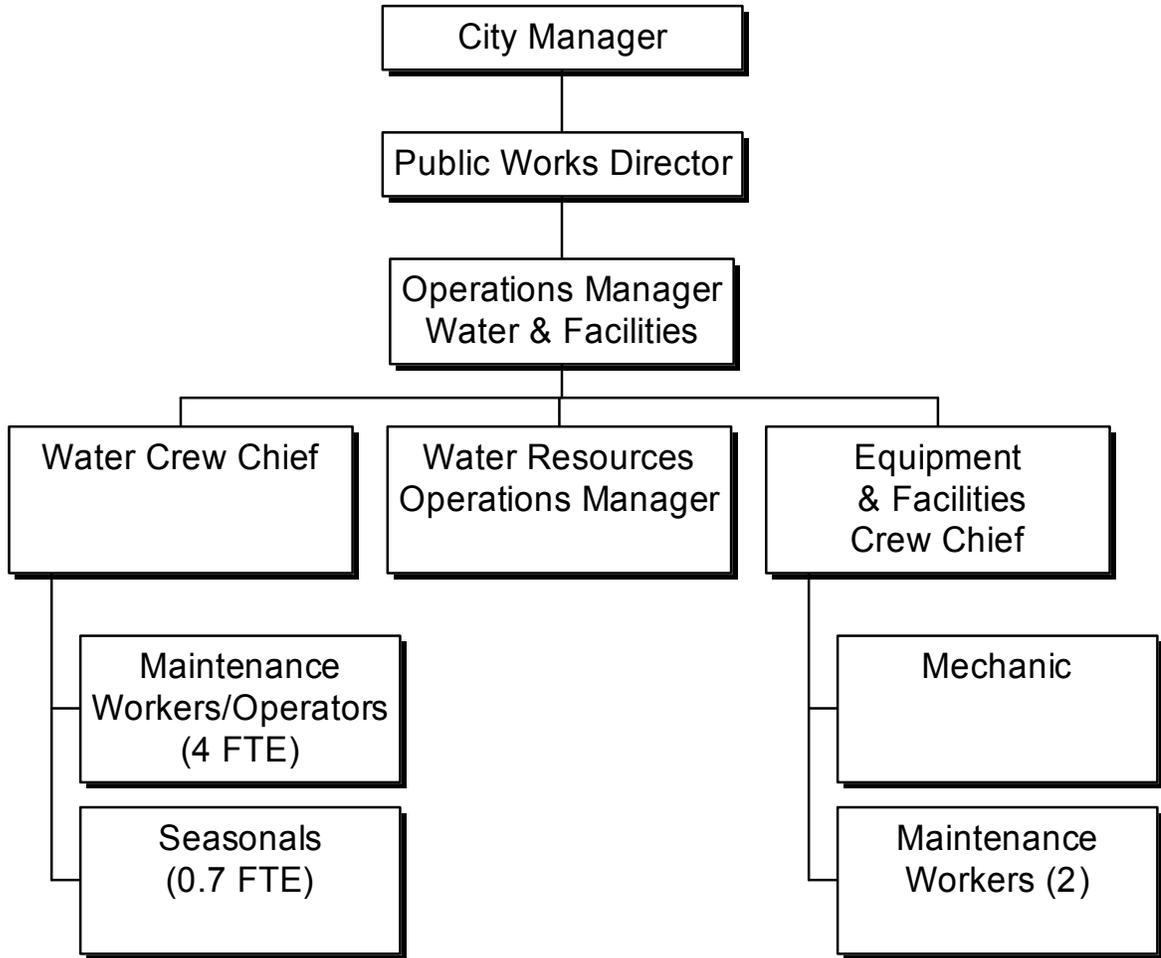
	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Investment Interest	\$ 174	\$ 13	\$ 161	\$ -
Public Works Trust Fund Loan Proceeds	800,000	500,000	300,000	-
Utility Local Improvement District Proceeds	-	-	-	-
Operating Transfers-In from Water Fund	87,000	154,000	(67,000)	-
Operating Transfers-In from Sewer Fund	368,000	73,000	295,000	132,652
Operating Transfers-In from OGWS Pipeline Trust Fund	-	105,000	(105,000)	-
Operating Transfers-In from System Development Charges Fund	677,000	148,500	528,500	42,718
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 1,932,174</u>	<u>\$ 980,513</u>	<u>\$ 951,661</u>	<u>\$ 175,370</u>
<u>Capital Project Expenditures</u>				
General Fund Overhead Expenditures	\$ 150,200	\$ 85,500	\$ 64,700	\$ 15,843
Improvements - Water	1,268,900	805,000	463,900	38,926
Improvements - Sewer	510,900	50,000	460,900	119,509
Total Expenditures	<u>\$ 1,930,000</u>	<u>\$ 940,500</u>	<u>\$ 989,500</u>	<u>\$ 174,278</u>
Estimated Beginning Fund Balance	\$ 43,397	\$ 3,384	\$ 40,013	\$ 2,292
Increase<Decrease> in Fund Balance	2,174	40,013	(37,839)	1,092
Estimated Ending Fund Balance	<u>\$ 45,571</u>	<u>\$ 43,397</u>	<u>\$ 2,174</u>	<u>\$ 3,384</u>

Notes:

The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Starting in 2002, all capital improvements for water/sewer are budgeted in a new fund (Fund 415).
In prior years capital improvements were budgeted directly in the Water/Sewer Fund.

Water/Facilities/Equipment Divisions



Water/Sewer Utility Fund

Water Utility Division

Mission Statement:

The water utility shall provide a safe, reliable water supply that meets all federal and state standards and shall provide high quality service to its customers.

Goals for 2012

- The water utility will stay informed on state and federal issues and regulatory trends.
- The utility will plan for compliance with new regulations on water quality.
- The utility will stay involved in the regional water resource planning process.
- The water utility will concentrate capital improvement programs on design of LT2 secondary disinfection, City Lake outlet pipeline replacement.
- The water utility will improve its cross connection control program.

Water Distribution

Year 2011 accomplishments

- Reliably delivered safe clean drinking water to 4904 taps / 8925 customers at up to 2,000,000 gallons per day.
- Reliably delivered safe clean drinking water to Fort Worden State Park and to P.U.D. Number One of Jefferson County.
- Accurately read 4836 meters each month.
- Flushed the entire distribution system to remove accumulated sediment and stale water.

- Completed touch read meter replacement program.
- Installed 27 new water taps and meters.
- Installed 213 replacement meters.
- Repaired 12 water main breaks.
- Installed 1 new fire hydrant.
- Replaced 0 feet of old, undersized, galvanized water main.
- Tested flow and residual pressure on 173 fire hydrants.
- Completed an inventory of cross connection control devices.
- Performed extensive fire hydrant and valve maintenance.
- Built slow sand filtration pilot plant.

Water Quality and Treatment

- Treated an average of 15.4 million gallons per day.
- Delivered an average of 900,000 gallons a day to the distribution system and 14.5 million gallons a day to Port Townsend Paper Company.
- Conducted pilot testing for Long Term Two Enhanced Surface Water Treatment Rule compliance. City Council decided to proceed with construction of new ultraviolet (UV) water treatment plant. Plant expected to be operational in 2014.
- Designed City Lake outlet pipeline replacement. Replacement of pipeline to begin in 2012 and finish in 2013.
- Continued monitoring and testing programs to maintain and document water quality, at the source, after treatment, and in the distribution system.

Water/Sewer Utility Fund

- Continued watershed control program in cooperation with the U.S. Forest Service.
- Continued to meet the stringent water quality criteria for avoidance of filtration.
- Continued participation in regional water resource planning efforts.

Water/Sewer Utility Fund

Wastewater Collection Division (In conjunction with Street/Storm Funds)

Function: To maintain the Wastewater Collection System in order to provide for the safe transmission of wastewater from the source to the Wastewater Treatment Facility.

Goals and Objectives

Goal: Reduce the number of sewer overflows and back-ups, emergency calls and liability to the City.

Rehabilitate or replace failing portions of the collection system as CIP funding allows.

Adhere to the three month, six-month and annual sewer cleaning schedule of problem lines.

Clean one complete sewer basin as established in the yearly basin-by-basin cleaning schedule. This is to clean all sewer lines throughout the collection system over a five-year schedule. This effort is in addition to the six-month cleaning of problem sewer lines.

Perform maintenance and treatment of known grease problem sewer lines.

To work cooperatively with the businesses on reducing the discharge of grease into the wastewater collection system. This will be done by enforcement

of the City's sewer ordinance and working with the businesses on the installation and maintenance of grease traps.

To root cut approximately 2,000 feet of sewer line as identified in the Wastewater Comprehensive Master Plan and known lines with root problems.

2011 Accomplishments

- Cleaned all sewer lines on the list of problem lines that require a three month, six-month and annual cleaning schedule.
- Cleaned 15 % of one of the five basins as identified in the five year cleaning program.
- Root cut approximately 2,000 feet of problem sewer lines.
- Installed three (3) new maintenance holes into the existing collection for better access to perform maintenance on the main line. By contract.
- Replaced approximately 360 feet of mainline (clay and concrete) with new PVC pipe. By contract.

Performance Indicators	2009	2010	2011 As of 12/09/2011	2012 Est.
Number of citizen concern/requests received	23	22	16 As of 8/31/2011	15
Number of feet of line cleaned on 6 month and one year schedule	7,500	7,500	7,500	7,500
Maintenance holes installed/rebuilt	5	4	3	5
Complete cleaning of one sewer basin (five year program)	10%	10%	15%	50%
Length of sewer lines (feet) performed root cutting	3,000	2,000	2,000	2,000
Length of sewer lines (miles) in the city	75	76	76.5	76.5
Hours spent on televising sewer lines (inspecting)	75	100	125	100
Sewer Backups in collection system	2	3	2	0

Water/Sewer Utility Fund

Wastewater Treatment Division

Function: To provide for the treatment of wastewater and the operating, monitoring and maintenance of the facilities in compliance with federal and state laws and regulations and in agreement with the City's concerns for public safety and health and environmental quality.

The wastewater treatment facility (WWTF) is responsible for the operation and maintenance of eight sewage lift stations that support the City's wastewater collection system and is responsible for one storm water lift station.

Goals and Objectives

Goals:

- Operate the wastewater treatment facility within all limits required by our N.P.D.E.S. (National Pollution Discharge Elimination System) permit.
- Operate and maintain all of the lift stations to assure optimal performance and reliability.

Objectives:

- Continue to operate the wastewater treatment facility to prevent violations of the N.P.D.E.S. Permit by providing monitoring and maintenance of the facility and by enforcement of the City's sewer use ordinance (PTMC 13.21 through PTMC 13.24).
- Continue to operate and maintain the lift stations to provide optimal performance and reliability by performing regular

scheduled maintenance on all of the equipment.

- Continue to implement the approved capital improvement program (CIP).
- Continue to work with the wastewater collection division in the removal of infiltration and inflow (rain) from the collection system.
- Continue to operate the facilities as efficiently and economically as possible to produce the best effluent quality possible within the available resources.
- Maintain the facility to ensure the prolonged life of the capital investment.

2011 Accomplishments

- We have operated the WWTF within all the N.P.D.E.S. permit limits.
- All maintenance activities were performed on all of the equipment at the wastewater facility and sewage lift stations and we had no failures in our system.
- Received operations award for 2010 from the Washington State Department of Ecology for exemplary performance in the operation of the City's Wastewater Treatment and Collection systems.
- Successfully passed both (2/year) lab accreditation performance evaluation studies in order to maintain our lab accreditation.

Water/Sewer Utility Fund

<u>Performance Indicators</u>	2009	2010	2011 as of 12/09/11	2012 Est.
Oversee the treatment facility within the N.P.D.E.S. permit limits. (1)	100 %	100 %	100 %	100 %
Wastewater treatment facility capacity (% used) Flow based on the new rating of the facility (2)	62.5 %	59.6 %	59.4 %	61 %
Wastewater treatment facility capacity (% used) BOD based on the new rating of the facility (2)	63.5 %	61.8 %	59.0 %	62 %
Wastewater treatment facility capacity (% used) TSS based on the new rating of the facility (2)	50.7 %	51.9 %	50.2 %	52 %
Average flow rate per day (million gallons)	0.900	0.858	0.856	0.950
Cost to treat the wastewater (per gallon)	\$ 0.0039	\$ 0.0031	\$ 0.0040	\$ 0.0040
Population from OFM (Facility is rated for 12,000 people)	8,895	8,945	9,180	9,200

(1) N.P.D.E.S. is National Pollution Discharge Elimination System.

(2) When the facility reaches 85% the City is required to submit a plan and a schedule for continuing to maintain capacity at the facility sufficient to achieve the effluent limitations and other conditions of the N.P.D.E.S. Permit.

Water/Sewer Utility Fund

Biosolids Composting Division

Function: To provide biosolids, septage and yard waste composting treatment and the operation, monitoring and maintenance of such facilities in compliance with federal and state laws and regulations and in agreement with the City's concerns for public safety, health and environmental quality.

Goals

Operate the biosolids composting facility within all limits required by our State Waste Discharge permit. This is the liquid portion of our process.

To produce Class "A" exceptional quality compost materials that meets all federal and state regulations for distribution to the public.

Operate and maintain all of the equipment at the facility to assure optimal performance and reliability.

Operate the biosolids composting facility in a fiscally responsible manner to reduce the costs to the utility rate-payers.

In 2012 renegotiate agreement with Jefferson County for land on which the Compost Facility is currently for an additional 20 year period.

Objectives

Continue to efficiently operate the biosolids composting facility to prevent violations of the State Waste Discharge permit by providing continued monitoring and maintenance of the facility.

Continue to operate and maintain the equipment to provide optimal performance and reliability by performing regular scheduled maintenance on all of the equipment.

Continue to operate the wastewater treatment facility as efficiently and economically as possible to produce the best effluent quality possible within the available resources.

Monitor and test the compost materials for compliance with all federal and state regulations to be classified as Class "A" exceptional quality compost materials for distribution to the public.

2011 Accomplishments

- The facility has been operated 100 % within the State Waste Discharge permit limits.
- To 10/31/2011 we have produced two batches of compost for distribution to the public.
- To 10/31/2011 we have sold 2,963 cubic yards of compost to the public.
- As of 10/31/2011 we have received 475,439 gallons of septage.
- Started charging for yard waste materials as of October 20, 2008 to help offset the cost of processing and handling of the yard debris materials coming into the facility. This has produced \$55,613 in revenue as of the budget report of October 2011.

Water/Sewer Utility Fund

Performance Indicators	2009	2010	2011 as of 12/09/11	2012 Est.
Oversee the treatment facility within the N.P.D.E.S. permit limits. (1)	100%	100%	100%	100%
To produce class "A" compost for distribution to the public with a goal of having at least three sale events during the year. Batches produced are:	2	2	2	3
Septage received (Gallons)	816,516	730,673	475,439	700,000
Dry Tons of biosolids processed	278.59	261.90	234.68	270
Yard Waste Received (Tons)	2,630.89	2,692.82	2,259.54	2,700
Finished Compost Produced (cubic yards)	3,871	3,235	3,400	3,500

(1) N.P.D.E.S. is National Pollution Discharge Elimination System.

Water/Sewer Utility Fund

Solid Waste Utility

Function: To provide efficient solid waste collection for the residents of Port Townsend with uniform, managed collection for the preservation of public health and safety. The Solid Waste Utility collection and billing services are contracted to DM Disposal, Inc.

Customer charges are collected to recover the costs of this service contract and the costs associated with the disposal of solid waste at the Jefferson County Waste Management Facility. The contractor bills the customers directly for the services provided based upon the current contract agreement rates.

Goals and Objectives

Goal: Provide an efficient and cost-effective solid waste collection system that meets essential health standards to preserve sanitary conditions throughout the city.

Goal: To promote curbside recycling as a way to reduce the city's waste stream to solid waste landfills.

2011 Accomplishments

Continued to provide the administrative functions needed by the Public Works Department and the city Finance Department in the management of the agreement between the City and DM Disposal, Inc.

CITY OF PORT TOWNSEND
Fund Summary
Water/Sewer Utility Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Revenues from Utility Sales	\$ 4,120,697	\$ 4,068,194	\$ 52,503	\$ 3,978,589
Miscellaneous Operating Revenues	115,359	51,118	64,241	61,242
Engineering Fees	-	-	-	-
Investment Interest	3,135	3,175	(41)	15,760
Biosolids Compost Fees	91,018	90,810	208	87,921
Wholesale Biosolids Compost Fees	2,600	2,600	-	2,789
System Development Charges Equity Transfers	-	-	-	-
Water/Sewer Latecomer Fees	12,014	12,014	-	11,511
System Development Charges	-	-	-	-
Total Revenues	<u>\$ 4,344,823</u>	<u>\$ 4,227,912</u>	<u>\$ 116,910</u>	<u>\$ 4,157,812</u>
<u>Expenditures by Program</u>				
Utility Billing	\$ 540,308	\$ 464,725	\$ 75,582	\$ 455,588
City Water Operations	1,324,064	1,618,550	(294,486)	1,355,012
City Water Supply	375,217	423,199	(47,982)	431,301
Wastewater Treatment	1,117,452	758,946	358,506	1,377,731
Wastewater Collection	913,404	1,350,873	(437,469)	1,334,855
Biosolids	471,909	454,900	17,009	455,605
Water Resources	144,401	118,790	25,611	115,821
Total Expenditures	<u>\$ 4,886,754</u>	<u>\$ 5,189,983</u>	<u>\$ (303,229)</u>	<u>\$ 5,525,913</u>
<u>Expenditures by Object</u>				
Personnel	\$ 1,671,966	\$ 1,666,069	\$ 5,897	\$ 1,631,756
Supplies & Services	916,912	836,724	80,187	732,187
Utility Taxes	197,189	199,591	(2,402)	164,336
Intergovernmental Services	16,500	16,500	-	14,684
Interfund Services	599,855	1,212,015	(612,161)	1,338,266
Equipment Rental	382,995	382,995	-	407,362
Debt Service	314,688	315,438	(751)	924,341
Transfers Out	505,000	254,000	251,000	182,652
Capital Outlay	281,650	306,650	(25,000)	130,329
Total Expenditures	<u>\$ 4,886,754</u>	<u>\$ 5,189,983</u>	<u>\$ (303,229)</u>	<u>\$ 5,525,913</u>
Estimated Beginning Fund Balance	\$ 783,628	\$ 1,745,699	\$ (962,071)	\$ 3,113,800
Increase (Decrease) in Fund Balance	(541,931)	(962,071)	420,139	(1,368,101)
Estimated Ending Fund Balance	<u>\$ 241,697</u>	<u>\$ 783,628</u>	<u>\$ (541,931)</u>	<u>\$ 1,745,699</u>
Fund Balance Reserve % =	5.6%	18.5%		42.0%

Note: The budget increase <decrease> column is the change from 2010 to 2012 budget estimates.

Storm Water Utility Fund

Storm Water Division (In conjunction with Streets/Wastewater)

Function: To clean and maintain the Stormwater Collection System to provide for the safe and efficient transmission of stormwater to prevent damage to public and private property.

Goals and Objectives

Goal: Continue to maintain the Stormwater Collection System in the most efficient and cost-effective manner possible.

- Continue the installation of new catch basins that are needed throughout the system for better treatment of storm water.
- Continue to assist the Engineering Department in evaluating stormwater issues.
- Identify shoulders that need to be pulled to allow water to get into drainage ditches (swales). This is to prevent damage to the streets by

allowing the water to get away from the asphalt area.

Goal: Adopt a Stormwater Master Plan and implement approach decided by Council

- Prepare a scope of work to develop a draft Stormwater Master Plan.

Goal: Increase the percentage of storm systems cleaned annually.

2011 Accomplishments

- Cleaned 75% of the system using a basin by basin approach to cleaning the entire storm water system.
- Provide routine maintenance inspections for stormwater collection facilities.
- Mowed Froggy Bottoms stormwater basin two times to maintain growth and noxious weeds.

Performance Indicators	2009	2010	2011 as of 12/09/11	2012 Est.
Number of citizen concerns received	20	12	24 As of 08/31/2011	15
Number of catch basins cleaned (in percent)	85	85	75	85
Number of Catch Basins (new or replaced)	12	3	2	5
Miles of street shoulders pulled for stormwater control	1	10	0	5
Stormwater piping installed, new or replaced, (Feet)	60	50	150	400
Number of catch basins in the stormwater system	1279	1282	1300	1300

* = Updated information in the GIS System.

CITY OF PORT TOWNSEND
Fund Summary
Stormwater Utility Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Revenues from Utility Sales	\$ 529,575	\$ 524,331	\$ 5,243	\$ 516,681
Engineering Fees	2,000	2,000	-	1,600
Investment Interest	1,689	893	796	1,347
Miscellaneous Receipts	-	-	-	-
State Grant	-	-	-	-
	-	-	-	-
	-	-	-	-
Total Revenues	<u>\$ 533,264</u>	<u>\$ 527,224</u>	<u>\$ 6,039</u>	<u>\$ 519,627</u>
 <u>Expenditures by Program</u>				
Stormwater Operations	\$ 519,873	\$ 567,842	\$ (47,970)	\$ 564,149
Capital Improvement Projects	<u>255,000</u>	<u>35,000</u>	<u>220,000</u>	<u>-</u>
Total Expenditures	<u>\$ 774,873</u>	<u>\$ 602,842</u>	<u>\$ 172,030</u>	<u>\$ 564,149</u>
 <u>Expenditures by Object</u>				
Personnel	\$ 284,701	\$ 287,295	\$ (2,594)	\$ 266,910
Supplies & Services	53,866	24,471	29,395	21,361
Utility Taxes	12,000	10,500	1,500	8,810
Interfund Services	97,388	173,659	(76,271)	186,722
Equipment Rental	71,918	71,918	(0)	80,347
Debt Service	-	-	-	-
Capital Outlay	<u>255,000</u>	<u>35,000</u>	<u>220,000</u>	<u>-</u>
Total Expenditures	<u>\$ 774,873</u>	<u>\$ 602,842</u>	<u>\$ 172,030</u>	<u>\$ 564,149</u>
Estimated Beginning Fund Balance	422,274	497,892	\$ (75,618)	542,414
Increase<Decrease> in Fund Balance	<u>(241,609)</u>	<u>(75,618)</u>	<u>(165,991)</u>	<u>(44,522)</u>
Estimated Ending Fund Balance	<u>\$ 180,665</u>	<u>\$ 422,274</u>	<u>\$ (241,609)</u>	<u>\$ 497,892</u>
 Fund Balance Reserve % =	 33.9%	 80.1%		 95.8%

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Transmission Line Replacement Fund

The city established the Transmission Line Replacement Fund in 1956 to set aside moneys held in trust for system replacements or betterments to the Olympic Gravity Water System pipeline. This pipeline carries water from the Quilcene Rivers to the city. The trust fund was established 1956 for specific capital improvement purposes (Ordinance 1321). The Water Utility Fund contributes moneys each year to this trust fund to build up resources for future needs of the pipeline.

CITY OF PORT TOWNSEND
Fund Summary
Transmission Line Replacement Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Operating Transfers-in	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Federal grants - FEMA	550,000	-	550,000	-
Loan proceeds - PWTF	195,000	-	195,000	-
Interfund Loan Repayments	-	404,699	(404,699)	-
Investment Interest	9,715	10,964	(1,249)	18,398
Total Revenues	<u>\$ 804,715</u>	<u>\$ 465,663</u>	<u>\$ 339,052</u>	<u>\$ 68,398</u>
<u>Expenditures by Program</u>				
Capital Improvements	\$ 895,000	\$ 385,091	\$ 509,909	\$ 291,464
Interfund Loan to Golf Course	-	-	-	50,000
Operations	74,500	55,509	18,991	4,273
Total Expenditures	<u>\$ 969,500</u>	<u>\$ 440,600</u>	<u>\$ 528,900</u>	<u>\$ 345,737</u>
<u>Expenditures by Object</u>				
Professional Services	\$ 150,000	\$ 25,000	\$ 125,000	\$ 1,273
Interfund Charges	74,500	30,509	43,991	3,000
Interfund Loans Issued	-	-	-	50,000
Capital Outlay	745,000	385,091	359,909	291,464
Total Expenditures	<u>\$ 969,500</u>	<u>\$ 440,600</u>	<u>\$ 528,900</u>	<u>\$ 345,737</u>
Estimated Beginning Fund Balance	\$ 3,238,400	\$ 3,213,337	\$ 25,063	\$ 3,490,677
Increase<Decrease> in Fund Balance	<u>(164,785)</u>	<u>25,063</u>	<u>(189,847)</u>	<u>(277,339)</u>
Estimated Ending Fund Balance	<u>\$ 3,073,615</u>	<u>\$ 3,238,400</u>	<u>\$ (164,785)</u>	<u>\$ 3,213,337</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Equipment Rental Fund

Equipment Rental Fund has two divisions. The first is the Fleet Division. This division manages the vehicle and heavy equipment rental, repair, and replacement for each city department (inspection, excavation, grading, paving, sewer maintenance, etc.).

The Fleet Division is supervised by a Crew Chief, who also has responsibilities for city facilities. The division has one mechanic. The fleet currently consists of approximately 60 vehicles and 70 other pieces of motorized or hydraulic equipment.

The second division is the Information Technology Division, which operates under the Finance Director's administration. Starting in 2006, the Equipment Rental Fund has added a new division for Information Technology (IT). The IT division will be responsible for all city computer information systems as well as other technology equipment.

CITY OF PORT TOWNSEND
Fund Summary
Equipment Rental and Revolving Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Revenues from Equipment Rentals-Fleet	\$ 723,050	\$ 578,855	\$ 144,195	\$ 573,156
Revenues from Equipment Rentals-Information Technology	167,728	123,738	43,990	249,644
Sale of Surplus Equipment	-	-	-	19,665
Interfund Loan Repayments	79,500	-	79,500	-
Miscellaneous Receipts	5,000	5,000	-	9,562
Investment Interest	<u>532</u>	<u>4,066</u>	<u>(3,535)</u>	<u>5,480</u>
Total Revenues	<u>\$ 975,809</u>	<u>\$ 711,659</u>	<u>\$ 264,150</u>	<u>\$ 857,507</u>
<u>Expenditures by Program</u>				
Operations and Maintenance-Fleet Division	\$ 494,750	\$ 602,261	\$ (107,510)	\$ 586,189
Operations and Maintenance-Information Tech Division	227,913	130,183	97,729	134,639
Capital Asset Additions-Fleet Division	25,000	85,000	(60,000)	176,383
Capital Asset Additions-Information Tech Division	<u>24,560</u>	<u>70,360</u>	<u>(45,800)</u>	<u>64,326</u>
Total Expenditures	<u>\$ 772,223</u>	<u>\$ 887,804</u>	<u>\$ (115,581)</u>	<u>\$ 961,536</u>
<u>Expenditures by Object</u>				
Personnel	\$ 337,276	\$ 243,277	\$ 93,999	\$ 221,490
Supplies & Services	269,034	273,327	(4,293)	263,603
Interfund Services	116,353	215,840	(99,487)	235,735
Capital Outlay	<u>49,560</u>	<u>155,360</u>	<u>(105,800)</u>	<u>240,708</u>
Total Expenditures	<u>\$ 772,223</u>	<u>\$ 887,804</u>	<u>\$ (115,581)</u>	<u>\$ 961,536</u>
Estimated Beginning Fund Balance	\$ 531,521	\$ 707,666	\$ (176,145)	\$ 811,695
Increase<Decrease> in Fund Balance	<u>203,586</u>	<u>(176,145)</u>	<u>379,731</u>	<u>(104,030)</u>
Estimated Ending Fund Balance	<u>\$ 735,106</u>	<u>\$ 531,521</u>	<u>\$ 203,586</u>	<u>\$ 707,666</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Firemen's Pension and Relief Fund

Pension funds are used to account for financial resources to pay retiree benefits.

“In order to make provisions for retirement and pension for members of the Port Townsend volunteer fire department” (Ord 1294 § 2, 1953), this fund was created to accumulate monies for pension benefits for members of the volunteer fire department that existed prior to the creation of the State's Law Enforcement Officer's and Fire Fighters'

(LEOFF) Retirement System. The City has five remaining Fire Department retirees covered under this pension system (five persons are entitled to pension benefits and four are entitled to medical benefits).

The remainder of the Fire Department firefighters are covered under the State's Retirement system.

CITY OF PORT TOWNSEND
Fund Summary
Firemen's Pension Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Real Property Tax	\$ 34,000	\$ 34,000	\$ -	\$ 33,299
Fire Insurance Premium Tax	-	-	-	4,236
Investment Interest	<u>1,332</u>	<u>1,408</u>	<u>(76)</u>	<u>319</u>
Total Revenues	<u>\$ 35,332</u>	<u>\$ 35,408</u>	<u>\$ (76)</u>	<u>\$ 37,854</u>
 <u>Expenditures by Program</u>				
Pension Benefits	<u>\$ 64,902</u>	<u>\$ 83,561</u>	<u>\$ (18,659)</u>	<u>\$ 70,196</u>
Total Expenditures	<u>\$ 64,902</u>	<u>\$ 83,561</u>	<u>\$ (18,659)</u>	<u>\$ 70,196</u>
 <u>Expenditures by Object</u>				
Professional Services	\$ -	\$ -	\$ -	\$ -
Interfund Services	9,112	11,307	(2,195)	12,618
Pension Benefits	<u>55,790</u>	<u>72,254</u>	<u>(16,464)</u>	<u>57,578</u>
Total Expenditures	<u>\$ 64,902</u>	<u>\$ 83,561</u>	<u>\$ (18,659)</u>	<u>\$ 70,196</u>
Estimated Beginning Fund Balance	\$ 266,380	\$ 314,534	\$ (48,154)	\$ 346,876
Increase<Decrease> in Fund Balance	<u>(29,570)</u>	<u>(48,154)</u>	<u>18,583</u>	<u>(32,342)</u>
Estimated Ending Fund Balance	<u>\$ 236,810</u>	<u>\$ 266,380</u>	<u>\$ (29,570)</u>	<u>\$ 314,534</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Memorial Fund

The city established the Memorial Fund in 1988 to accept any money or property donated, devised or bequeathed to it. This is a trust fund

established to carry out the terms of the donation, devise or bequest if within the powers granted by law (Ordinance 2016 and 1933).

CITY OF PORT TOWNSEND
Fund Summary
Memorial Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Contributions and Donations	\$ -	\$ -	\$ -	\$ 3,049
Investment Interest	<u>3</u>	<u>18</u>	<u>(15)</u>	<u>15</u>
Total Revenues	<u>\$ 3</u>	<u>\$ 18</u>	<u>\$ (15)</u>	<u>\$ 3,064</u>
 <u>Expenditures by Program</u>				
Operations & Maintenance	\$ -	\$ -	\$ -	\$ 3,870
Capital Improvements	<u>-</u>	<u>3,000</u>	<u>(3,000)</u>	<u>2,945</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ (3,000)</u>	<u>\$ 6,815</u>
 <u>Expenditures by Object</u>				
Professional Services	\$ -	\$ -	\$ -	\$ -
Capital Outlay	<u>-</u>	<u>3,000</u>	<u>(3,000)</u>	<u>6,815</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ (3,000)</u>	<u>\$ 6,815</u>
Estimated Beginning Fund Balance	\$ 768	\$ 3,750	\$ (2,982)	\$ 7,501
Increase<Decrease> in Fund Balance	<u>3</u>	<u>(2,982)</u>	<u>2,985</u>	<u>(3,751)</u>
Estimated Ending Fund Balance	<u>\$ 772</u>	<u>\$ 768</u>	<u>\$ 3</u>	<u>\$ 3,750</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Golf Course Fund

The City established the Golf Course Fund in 2006 to set aside moneys for long-term care and maintenance of the city golf course. Lease income from lease of the golf facilities is deposited into this fund.

CITY OF PORT TOWNSEND
Fund Summary
Golf Course Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Facility Rentals - Long Term	\$ 17,000	\$ 17,000	\$ -	\$ 17,217
Interfund Loans Received	-	-	-	-
Contributions and Donations	-	2,257	(2,257)	-
Investment Interest	<u>22</u>	<u>38</u>	<u>(15)</u>	<u>-</u>
Total Revenues	<u>\$ 17,022</u>	<u>\$ 19,294</u>	<u>\$ (2,272)</u>	<u>\$ 17,217</u>
 <u>Expenditures by Program</u>				
Operations & Maintenance	\$ 18,700	\$ 19,800	\$ (1,100)	\$ 13,536
Operating Transfers-Capital Improvement Fund	-	-	-	-
Capital Improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,107</u>
Total Expenditures	<u>\$ 18,700</u>	<u>\$ 19,800</u>	<u>\$ (1,100)</u>	<u>\$ 17,643</u>
 <u>Expenditures by Object</u>				
Professional Services	\$ -	\$ -	\$ -	\$ -
Operating Transfers	-	-	-	-
Repairs and Maintenance	17,000	18,000	(1,000)	12,336
Interfund Charges	1,700	1,800	(100)	1,200
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,107</u>
Total Expenditures	<u>\$ 18,700</u>	<u>\$ 19,800</u>	<u>\$ (1,100)</u>	<u>\$ 17,643</u>
Estimated Beginning Fund Balance	\$ 14,908	\$ 15,414	\$ (506)	\$ 15,839
Increase<Decrease> in Fund Balance	<u>(1,678)</u>	<u>(506)</u>	<u>(1,172)</u>	<u>(426)</u>
Estimated Ending Fund Balance	<u>\$ 13,230</u>	<u>\$ 14,908</u>	<u>\$ (1,678)</u>	<u>\$ 15,414</u>

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

NW Maritime Fund

The city established the NW Maritime Fund to account for any money or grants passed through to the NW Maritime Center non-profit organization. This is a trust fund established to carry out the terms of the grant and contract requirements for the fund. The city has been

working with the NW Maritime Center for the development of the new center located on the city waterfront. Through these efforts, citizens will have perpetual access to these unique waterfront properties.

CITY OF PORT TOWNSEND
Fund Summary
NW Maritime Agency Fund

	Budget Year 2012	Budget Year 2011	Increase <Decrease>	Actual Year 2010
<u>Revenues By Source</u>				
Federal Grants - Pass Through	-	-	\$ -	-
State IAC grant - Pass Through	-	-	-	-
Investment Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures by Program</u>				
Subrecipient Pass Through	\$ -	\$ -	\$ -	\$ -
Capital Improvements	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ -	\$ -	\$ -	\$ -
Estimated Beginning Fund Balance	\$ 2	\$ 2	\$ 0	\$ 2
Increase<Decrease> in Fund Balance	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Estimated Ending Fund Balance	\$ 2	\$ 2	\$ 0	\$ 2

Note: The budget increase <decrease> column is the change from 2011 to 2012 budget estimates.

Appendices

Budget Summary – Revenues, Expenditures and Fund Balances – Actual to Budget 2006 to 2012

City Tax Levy Rate History 1994 to 2012

Property Tax Levy Rate by Tax District 2011

Personnel Services

Employee FTE (full time equivalences) staffing table

2012 Budget Ordinance No. 3069

2012 Property Tax Levy Ordinance No. 3067

Glossary

City of Port Townsend
Budget Summary-Revenues, Expenditures and Fund Balances
Actuals to Budget 2006 to 2012

<u>City Fund</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>Budget</u> <u>Change</u>	<u>Per cent</u> <u>Change</u>
General Fund									
Beginning Fund Balance	\$ 479,127	\$ 271,032	\$ 295,590	\$ 267,032	\$ 915	\$ 35,768	\$ 78,901	\$ 43,133	120.6%
Revenues	6,781,342	7,348,818	7,526,759	7,314,745	6,474,694	6,961,274	6,992,970	31,696	0.5%
Expenditures	6,986,143	7,313,853	7,591,373	7,580,861	6,439,842	6,918,141	6,529,493	(388,648)	-5.6%
Ending Fund Balance	\$ 274,326	\$ 305,998	\$ 230,976	\$ 915	\$ 35,768	\$ 78,901	\$ 542,378	\$ 463,477	
Public Works Admin & Engineering Fund									
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 12,505	\$ 11,763	\$ 46,093	\$ 5,456	\$ (40,637)	-88.2%
Revenues	805,536	939,386	1,080,404	1,269,827	1,130,417	1,034,731	869,806	(164,926)	-15.9%
Expenditures	805,536	939,386	1,067,899	1,098,671	279,320	1,075,368	869,867	(205,502)	-19.1%
Ending Fund Balance	\$ -	\$ 0	\$ 12,505	\$ 183,661	\$ 862,861	\$ 5,456	\$ 5,395	\$ (61)	
Library Fund									
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 54,336	\$ 46,342	\$ 76,761	\$ 30,419	65.6%
Revenues	670,641	737,547	797,458	967,161	1,010,946	997,419	985,495	(11,924)	-1.2%
Expenditures	670,641	737,547	797,458	912,824	1,018,940	967,000	994,284	27,284	2.8%
Ending Fund Balance	\$ -	\$ -	\$ -	\$ 54,336	\$ 46,342	\$ 76,761	\$ 67,972	\$ (8,789)	
Community Services Fund									
Beginning Fund Balance	\$ -	\$ -	\$ (0)	\$ 143	\$ 12,914	\$ 63,752	\$ 48,305	\$ (15,448)	-24.2%
Revenues	739,308	777,901	821,150	1,100,541	1,379,737	1,659,780	1,499,063	(160,717)	-9.7%
Expenditures	739,308	777,901	821,006	1,087,771	1,331,048	1,675,228	1,517,146	(158,081)	-9.4%
Ending Fund Balance	\$ -	\$ -	\$ 143	\$ 12,914	\$ 61,602	\$ 48,305	\$ 30,222	\$ (18,083)	
Fire & EMS Services Fund									
Beginning Fund Balance	\$ -	\$ 17,094	\$ 3,442	\$ -	\$ -	\$ (16,901)	\$ -	\$ 16,901	-100.0%
Revenues	1,546,215	1,205,440	1,199,339	1,226,585	1,216,163	1,768,035	2,203,319	435,284	24.6%
Expenditures	1,529,121	1,219,092	1,199,339	1,226,585	1,233,064	1,751,134	2,203,319	452,185	25.8%
Ending Fund Balance	\$ 17,094	\$ 3,442	\$ 3,442	\$ -	\$ (16,901)	\$ -	\$ -	\$ -	

**City of Port Townsend
Budget Summary-Revenues, Expenditures and Fund Balances
Actuals to Budget 2006 to 2012**

<u>City Fund</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>Budget</u> <u>Change</u>	<u>Per cent</u> <u>Change</u>
Local Improvement District #1									
Beginning Fund Balance	\$ 2,260	\$ -	\$ -	\$ -	\$ -	\$ 35	\$ 35	\$ -	0.0%
Revenues									
Expenditures	2,260	-	-	-	-	-	-	-	
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35	\$ 35	\$ -	
Local Improvement District #2									
Beginning Fund Balance	\$ 3,052	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ -	0.0%
Revenues									
Expenditures	3,052	-	-	-	-	-	-	-	
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ -	
Drug Enforcement & Education									
Beginning Fund Balance	\$ 64	\$ 659	\$ 659	\$ 2,541	\$ 2,541	\$ 40,467	\$ 26,479	\$ (13,988)	-34.6%
Revenues	-	-	1,882	-	41,002	2	2	-	0.0%
Expenditures	-	-	-	-	3,075	13,990	-	(13,990)	-100.0%
Ending Fund Balance	\$ 64	\$ 659	\$ 2,541	\$ 2,541	\$ 40,467	\$ 26,479	\$ 26,481	\$ 2	
Contingency Fund									
Beginning Fund Balance	\$ 151,494	\$ 160,876	\$ 168,602	\$ 73,444	\$ 98,885	\$ 101,379	\$ 67,569	\$ (33,811)	-33.4%
Revenues	6,381	7,725	3,849	25,441	9,952	21,185	21,101	(84)	-0.4%
Expenditures	-	-	99,006	-	7,458	54,996	-	(54,996)	-100.0%
Ending Fund Balance	\$ 157,875	\$ 168,602	\$ 73,444	\$ 98,885	\$ 101,379	\$ 67,569	\$ 88,670	\$ 21,101	
Street Fund									
Beginning Fund Balance	\$ 147,878	\$ 142,606	\$ 146,671	\$ 163,326	\$ 2,360	\$ 3,724	\$ 8,751	\$ 5,026	135.0%
Revenues	430,536	639,832	735,242	735,748	711,240	723,142	698,867	(24,275)	-3.4%
Expenditures	495,364	544,521	718,587	896,715	709,875	718,116	659,198	(58,917)	-8.2%
Ending Fund Balance	\$ 83,051	\$ 237,917	\$ 163,326	\$ 2,360	\$ 3,724	\$ 8,751	\$ 48,419	\$ 39,668	
Housing Trust Fund									
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Revenues							10,000	10,000	
Expenditures							-	-	
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	

City of Port Townsend
Budget Summary-Revenues, Expenditures and Fund Balances
Actuals to Budget 2006 to 2012

<u>City Fund</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>Budget</u> <u>Change</u>	<u>Per cent</u> <u>Change</u>
Lodging Tax Fund									
Beginning Fund Balance	\$ 176,186	\$ 213,385	\$ 231,342	\$ 133,684	\$ 29,163	\$ 23,531	\$ 4,539	\$ (18,992)	-80.7%
Revenues	340,739	360,289	354,157	338,703	352,667	351,341	340,009	(11,331)	-3.2%
Expenditures	303,540	342,331	451,815	443,224	358,299	370,333	317,571	(52,762)	-14.2%
Ending Fund Balance	<u>\$ 213,385</u>	<u>\$ 231,343</u>	<u>\$ 133,684</u>	<u>\$ 29,163</u>	<u>\$ 23,531</u>	<u>\$ 4,539</u>	<u>\$ 26,977</u>	<u>\$ 22,438</u>	
Community Development Block Grant Fund									
Beginning Fund Balance	\$ 65,243	\$ 80,241	\$ 132,071	\$ 149,988	\$ 152,677	\$ 152,742	\$ 143,411	\$ (9,330)	-6.1%
Revenues	37,349	51,830	43,042	473,429	12,923	40,670	10,717	(29,953)	-73.6%
Expenditures	22,351	-	25,125	470,740	12,858	50,000	132,000	82,000	164.0%
Ending Fund Balance	<u>\$ 80,241</u>	<u>\$ 132,071</u>	<u>\$ 149,988</u>	<u>\$ 152,677</u>	<u>\$ 152,742</u>	<u>\$ 143,411</u>	<u>\$ 22,128</u>	<u>\$ (121,283)</u>	
Water Sewer Fund									
Beginning Fund Balance	\$ 4,992,135	\$ 5,134,029	\$ 4,196,742	\$ 4,214,696	\$ 3,113,800	\$ 1,745,699	\$ 783,628	\$ (962,071)	-55.1%
Revenues	4,705,618	5,079,065	4,919,724	4,368,830	4,157,812	4,227,912	4,344,823	116,910	2.8%
Expenditures	4,590,915	5,548,531	4,897,667	5,469,726	5,525,913	5,189,983	4,886,754	(303,229)	-5.8%
Ending Fund Balance	<u>\$ 5,106,839</u>	<u>\$ 4,664,562</u>	<u>\$ 4,218,799</u>	<u>\$ 3,113,800</u>	<u>\$ 1,745,699</u>	<u>\$ 783,628</u>	<u>\$ 241,697</u>	<u>\$ (541,931)</u>	
Stormwater Fund									
Beginning Fund Balance	\$ 369,021	\$ 501,531	\$ 443,119	\$ 545,131	\$ 542,414	\$ 497,892	\$ 422,274	\$ (75,618)	-15.2%
Revenues	559,614	638,628	601,770	515,519	519,627	527,224	533,264	6,039	1.1%
Expenditures	427,104	631,842	499,758	518,236	564,149	602,842	774,873	172,030	28.5%
Ending Fund Balance	<u>\$ 501,531</u>	<u>\$ 508,317</u>	<u>\$ 545,131</u>	<u>\$ 542,414</u>	<u>\$ 497,892</u>	<u>\$ 422,274</u>	<u>\$ 180,665</u>	<u>\$ (241,609)</u>	
Equipment Rental Fund									
Beginning Fund Balance	\$ 921,755	\$ 908,894	\$ 507,167	\$ 755,180	\$ 811,695	\$ 707,666	\$ 531,521	\$ (176,145)	-24.9%
Revenues	712,761	879,660	1,116,506	1,039,996	857,507	711,659	975,809	264,150	37.1%
Expenditures	725,622	1,284,515	868,493	983,480	961,536	887,804	772,223	(115,581)	-13.0%
Ending Fund Balance	<u>\$ 908,894</u>	<u>\$ 504,039</u>	<u>\$ 755,180</u>	<u>\$ 811,695</u>	<u>\$ 707,666</u>	<u>\$ 531,521</u>	<u>\$ 735,106</u>	<u>\$ 203,586</u>	

City of Port Townsend
Budget Summary-Revenues, Expenditures and Fund Balances
Actuals to Budget 2006 to 2012

<u>City Fund</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>Budget</u> <u>Change</u>	<u>Per cent</u> <u>Change</u>
Firemen's Pension Fund									
Beginning Fund Balance	\$ 276,943	\$ 296,382	\$ 314,731	\$ 345,133	\$ 346,876	\$ 314,534	\$ 266,380	\$ (48,154)	-15.3%
Revenues	92,402	91,578	103,055	77,040	37,854	35,408	35,332	(76)	-0.2%
Expenditures	72,962	73,229	72,653	75,297	70,196	83,561	64,902	(18,659)	-22.3%
Ending Fund Balance	<u>\$ 296,382</u>	<u>\$ 314,731</u>	<u>\$ 345,133</u>	<u>\$ 346,876</u>	<u>\$ 314,534</u>	<u>\$ 266,380</u>	<u>\$ 236,810</u>	<u>\$ (29,570)</u>	
Capital Improvement Fund - General Government (prior to 2011 totals included transfers between bond funds)									
Beginning Fund Balance	\$ 645,396	\$ 396,357	\$ 80,969	\$ 6,450,145	\$ 2,633,080	\$ 3,918,328	\$ 1,157,172	\$ (869,037)	-22.2%
Revenues	2,059,184	1,076,402	9,087,015	4,428,900	10,199,139	2,839,149	3,224,470	382,452	13.5%
Expenditures	2,308,223	1,421,728	2,643,215	8,245,964	8,743,199	5,600,305	4,376,028	(454,334)	-8.1%
Ending Fund Balance	<u>\$ 396,357</u>	<u>\$ 51,032</u>	<u>\$ 6,524,769</u>	<u>\$ 2,633,081</u>	<u>\$ 4,089,021</u>	<u>\$ 1,157,172</u>	<u>\$ 5,614</u>	<u>\$ (32,252)</u>	
System Development Charges Fund									
Beginning Fund Balance	\$ 412,015	\$ 589,640	\$ 613,018	\$ 594,984	\$ 715,660	\$ 809,380	\$ 839,539	\$ 30,160	3.7%
Revenues	312,625	392,695	237,034	312,638	136,438	178,660	131,259	(47,400)	-26.5%
Expenditures	135,000	351,368	255,069	191,961	42,718	148,500	677,000	528,500	355.9%
Ending Fund Balance	<u>\$ 589,640</u>	<u>\$ 630,968</u>	<u>\$ 594,984</u>	<u>\$ 715,660</u>	<u>\$ 809,380</u>	<u>\$ 839,539</u>	<u>\$ 293,799</u>	<u>\$ (545,741)</u>	
Transmission Line Replacement Fund									
Beginning Fund Balance	\$ 3,237,983	\$ 3,093,228	\$ 3,288,285	\$ 3,400,812	\$ 3,490,677	\$ 3,213,337	\$ 3,238,400	\$ 25,063	0.8%
Revenues	229,856	206,290	117,845	219,343	68,398	465,663	804,715	339,052	72.8%
Expenditures	374,611	11,233	5,318	129,478	345,737	440,600	969,500	528,900	120.0%
Ending Fund Balance	<u>\$ 3,093,228</u>	<u>\$ 3,288,285</u>	<u>\$ 3,400,812</u>	<u>\$ 3,490,677</u>	<u>\$ 3,213,337</u>	<u>\$ 3,238,400</u>	<u>\$ 3,073,615</u>	<u>\$ (164,785)</u>	
G.O. Debt Service Fund									
Beginning Fund Balance	\$ 51,168	\$ 53,975	\$ 19,510	\$ 3,572	\$ (580)	\$ 41,608	\$ 165,850	\$ 124,243	298.6%
Revenues	628,511	604,874	784,469	993,034	1,043,701	1,293,146	1,114,957	(178,189)	-13.8%
Expenditures	625,703	639,338	800,407	997,187	1,001,513	1,168,903	1,166,028	(2,875)	-0.2%
Ending Fund Balance	<u>\$ 53,975</u>	<u>\$ 19,510</u>	<u>\$ 3,572</u>	<u>\$ (580)</u>	<u>\$ 41,608</u>	<u>\$ 165,850</u>	<u>\$ 114,779</u>	<u>\$ (51,071)</u>	

City of Port Townsend
Budget Summary-Revenues, Expenditures and Fund Balances
Actuals to Budget 2006 to 2012

<u>City Fund</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>Budget</u> <u>Change</u>	<u>Per cent</u> <u>Change</u>
78 Water Sewer Revenue Bond Fund									
Beginning Fund Balance	\$ 46,191	\$ 45,456	\$ 46,271	\$ 46,547	\$ 47,979	\$ 48,056	\$ 48,248	\$ 193	0.4%
Revenues	20,014	26,065	24,776	25,182	23,077	22,443	21,572	(870)	-3.9%
Expenditures	20,750	25,250	24,500	23,750	23,000	22,250	21,500	(750)	-3.4%
Ending Fund Balance	\$ 45,456	\$ 46,271	\$ 46,547	\$ 47,979	\$ 48,056	\$ 48,248	\$ 48,321	\$ 72	
92/98 Water Sewer Revenue Bond Res. Fund									
Beginning Fund Balance	\$ 401,754	\$ 431,064	\$ 453,410	\$ 465,632	\$ 469,047	\$ 470,228	\$ 72,112	\$ (398,116)	-84.7%
Revenues	29,310	22,346	12,222	3,415	1,180	1,884	108	(1,776)	-94.3%
Expenditures	-	-	-	-	-	400,000	72,220	(327,780)	-81.9%
Ending Fund Balance	\$ 431,064	\$ 453,410	\$ 465,632	\$ 469,047	\$ 470,228	\$ 72,112	\$ (0)	\$ (72,112)	
92 Water Sewer Revenue Bond Red. Fund									
Beginning Fund Balance	\$ 44,586	\$ 52,232	\$ 59,852	\$ 65,871	\$ 65,981	\$ 65,870	\$ 4,671	\$ (61,199)	-92.9%
Revenues	610,598	605,830	608,374	600,534	606,995	400,261	-	(400,261)	-100.0%
Expenditures	602,952	598,210	602,355	600,424	607,105	461,460	-	(461,460)	-100.0%
Ending Fund Balance	\$ 52,232	\$ 59,852	\$ 65,871	\$ 65,981	\$ 65,870	\$ 4,671	\$ 4,671	\$ -	
Utility Construction Fund									
Beginning Fund Balance	\$ 114,405	\$ 46,196	\$ 36,672	\$ 2,292	\$ 2,292	\$ 3,384	\$ 43,397	\$ 40,013	1182.2%
Revenues	76,859	492,534	345,389	273,130	175,370	980,513	1,932,174	951,661	97.1%
Expenditures	145,068	502,058	379,769	273,130	174,278	940,500	1,930,000	989,500	105.2%
Ending Fund Balance	\$ 46,196	\$ 36,672	\$ 2,292	\$ 2,292	\$ 3,384	\$ 43,397	\$ 45,571	\$ 2,174	
NW Maritime Center Agency Fund									
Beginning Fund Balance	\$ 3,028	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 0	0.4%
Revenues	2	72,402	329,999	577,990	-	0	0	0	0.4%
Expenditures	3,027	72,401	330,000	577,990	-	-	-	-	
Ending Fund Balance	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 0	

City of Port Townsend
Budget Summary-Revenues, Expenditures and Fund Balances
Actuals to Budget 2006 to 2012

<u>City Fund</u>	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>	<u>2012</u> <u>Budget</u>	<u>Budget</u> <u>Change</u>	<u>Per cent</u> <u>Change</u>
Golf Course Fund									
Beginning Fund Balance	\$ -	\$ (834)	\$ 8,021	\$ 12,234	\$ 15,839	\$ 15,414	\$ 14,908	\$ (506)	-3.3%
Revenues	19,327	17,708	19,861	19,133	17,217	19,294	17,022	(2,272)	-11.8%
Expenditures	20,161	8,853	15,648	15,527	17,643	19,800	18,700	(1,100)	-5.6%
Ending Fund Balance	\$ (834)	\$ 8,021	\$ 12,234	\$ 15,839	\$ 15,414	\$ 14,908	\$ 13,230	\$ (1,678)	
Memorial Fund									
Beginning Fund Balance	\$ 4,396	\$ 27,290	\$ 20,130	\$ 7,653	\$ 7,501	\$ 3,750	\$ 768	\$ (2,982)	-79.5%
Revenues	24,297	8,147	6,085	1,004	3,064	18	3	(15)	-83.0%
Expenditures	1,404	15,307	18,562	1,155	6,815	3,000	-	(3,000)	-100.0%
Ending Fund Balance	\$ 27,290	\$ 20,130	\$ 7,652	\$ 7,501	\$ 3,750	\$ 768	\$ 772	\$ 3	

Notes:

Some of the beginning and ending fund balance may differ do to differences in accounting for refundable deposits, accounts receivables, defferals or corrections for prior errors.

General Fund: 2006 to 2008 refundable deposits.

Street Fund: 2007 and 2008 refundable deposits.

Water/Sewer Fund: 2007 to 2009 accounting changes for converting from accrual basis to cash basis.

Stormwater Fund: 2008 accounting changes for converting to cash basis.

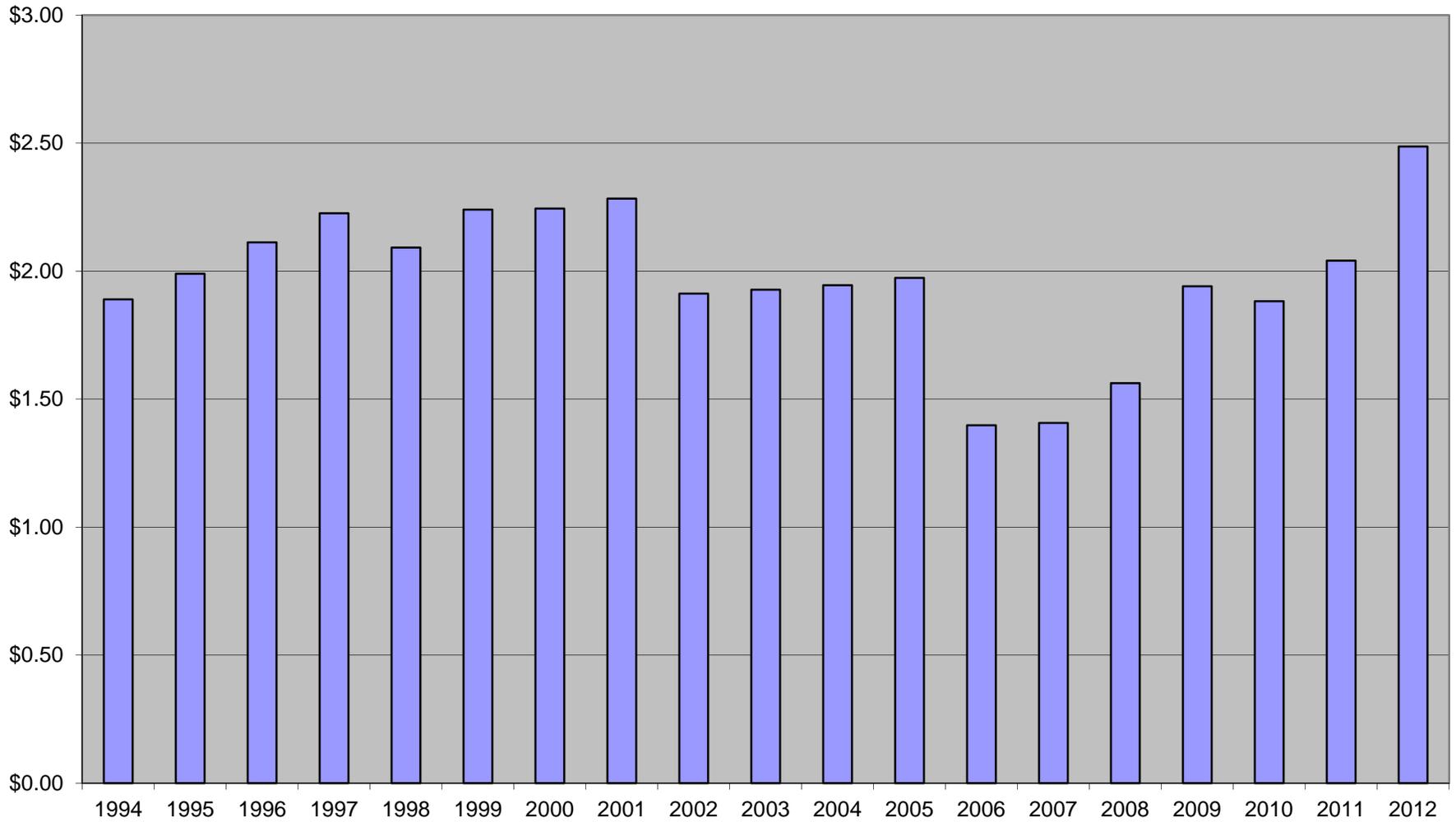
Equipment Rental and Revolving Fund: 2009 posting error.

Capital Improvement Fund: prior to 2011, totals included transfers between bond funds which amounts to double counting in the summary.

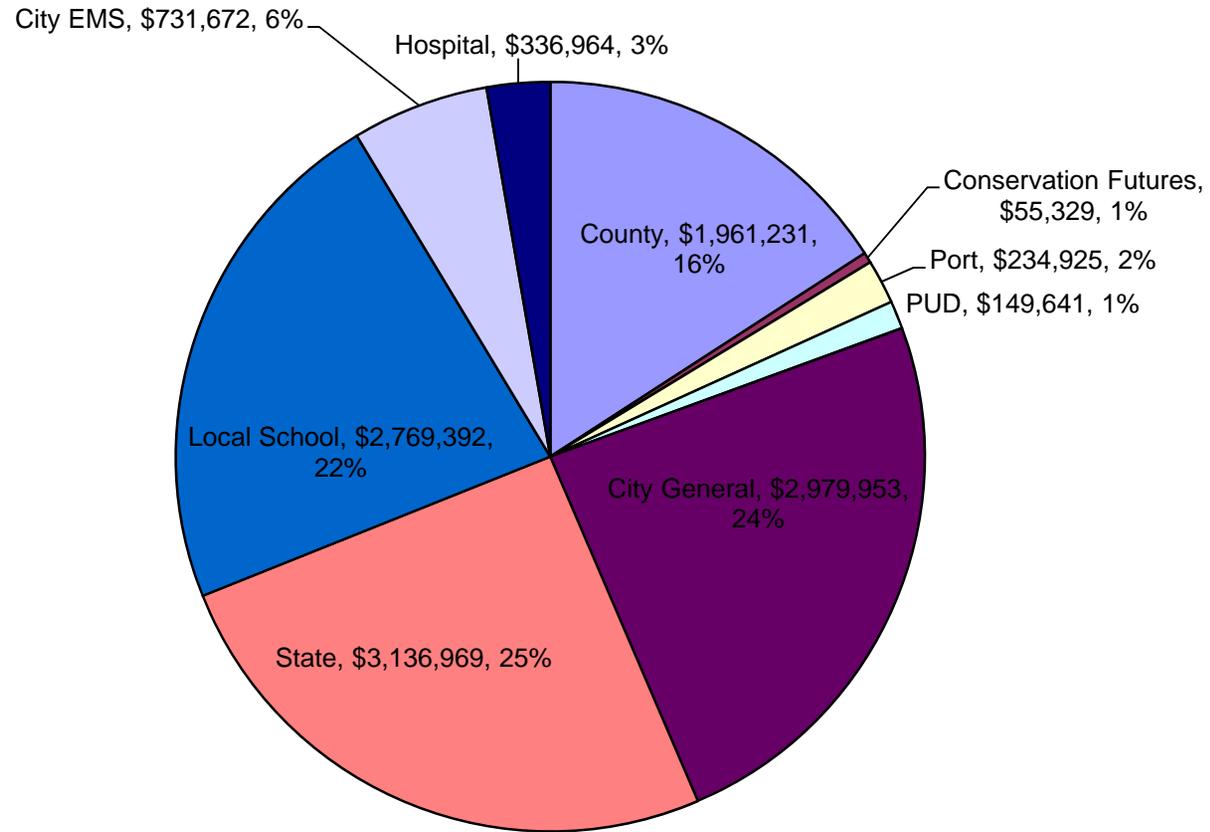
Capital Improvement Fund: 2008 to 2009 accounting differences for accounts receivable.

System Development Fund: 2007 to 2008 system development fees deferred.

City Tax Levy Rate History per \$1,000 Assessed Value



Total City Property Tax Levy by District 2011



Tax levy data not available for 2012 at this time

Personnel Services

The City of Port Townsend provides quality services and programs for its citizens with a responsive staff of 82 full-time and 39 part-time budgeted positions for 2011. Port Townsend has a competitive, market-based salary and benefits. Salary and benefits make up a major portion of the operating budgets.

The General and Police bargaining unit employees did not receive a COLA increase for 2012.

Non-represented employees did not receive a COLA increase in 2012.

Benefits for regular status full-time employees include vacation, sick leave and paid holidays. Employees may qualify for additional types of leave such as jury, bereavement, military and family medical leave.

The City provides comprehensive benefits to its retired LEOFF I employees. Police, bargaining unit employees and non-represented employees participate in the Social Security program and the City matches their contributions (7.65%).

Substantially all City full-time and qualifying part-time employees participate in either the Public Employees Retirement System (PERS) or the Law Enforcement Officers and Firefighters Retirement System (LEOFF). PERS and LEOFF are statewide local government retirement systems administered by the Washington State Department of Retirement Systems.

<u>Plan</u>	<u>Pension Rate of Contribution</u>		
	<u>City</u>	<u>Employee</u>	<u>Total</u>
LEOFF II	5.24%	8.46%	13.70%
PERS I	7.25%	6.00%	13.25%
PERS II	7.25%	4.64%	11.89%
PERS III	7.25%	variable	variable

The City of Port Townsend pays \$1064.20 for medical, dental and vision coverage for employees in the general government and \$1144.37 for police bargaining units. Police and General government employees pay 10% towards their medical premiums.

The City funds positions at their full annual cost for budgetary purposes even if it is projected that vacancies might occur. It is the City Council's objective to provide sufficient funding for recruiting and maintaining highly qualified personnel.

BARGAINING UNITS

- General Government Teamsters Local 589 (43 members, contract for 2012 not available.)
- Police Department Teamsters Local 589 (14 members, contract for 2012 not settled.)

LABOR RELATIONS

The City employees who are eligible under state law to be represented by a Labor organization are employed under provisions on such matters as salaries, vacation, sick leave, medical and dental insurance, working conditions and grievance procedures.

The City strives to complete these agreements in a timely manner, consistent with all applicable state laws and promote labor relations policies mutually beneficial to administrative management and employees.

Personnel Services

Police Department Officer Salary Schedule

Classification	Minimum	Maximum
Police Sergeant	\$28.97	\$36.88
Police Officer	\$24.55	\$31.26

Elected Officials Salary Schedule

Classification	Annual Salary
Mayor	\$9,000
Council Members	\$6,000

Library Department Non-represented Salary Schedule

Classification	Minimum	Maximum
Sr. Associate II	\$18.28	\$23.54
Senior Associate	\$15.92	\$20.51
Library Associate	\$14.58	\$18.78
Library Assistant	\$13.09	\$17.44
Processing Tech.	\$12.34	\$15.88
Courier/Page	\$9.04	\$11.30
Page	\$9.04	\$11.30

General Government Salary Schedule

Classification	Minimum	Maximum
Maintenance Worker 1	\$18.74	\$23.76
Maintenance Worker 2	\$19.35	\$24.53
Operator 1	\$21.90	\$27.76
Operator 2	\$23.30	\$29.53
Lead Operator	\$25.06	\$31.76
Crew Chief	\$26.94	\$34.15
Mechanic	\$23.93	\$30.34
Administrative Assistant 1	\$16.29	\$20.65
Administrative Assistant 2	\$18.60	\$23.58
Administrative Assistant 3	\$24.35	\$30.86
Building Official	\$32.97	\$41.79
Development Review Spec.	\$24.64	\$31.23
GIS Coordinator	\$26.43	\$33.51
Inspector	\$25.81	\$32.72
IS Network Administrator	\$30.45	\$38.60
Accounting Assistant 1	\$18.60	\$23.58
Lead Utility Billing Clerk	\$20.28	\$25.70
Accounting Assistant 2	\$21.09	\$26.73
Project/Grant Accountant	\$22.80	\$28.90

Personnel Services

Non-represented Staff Salary Schedule

Classification	Minimum Monthly	Maximum Monthly
City Manager	\$7844.35	\$10589.88
City Attorney	\$6332.30	\$8548.60
Deputy Prosecuting Attorney	\$4296.30	\$5800.01
City Clerk	\$4849.82	\$6547.25
Deputy City Clerk	\$4087.64	\$5518.31
Administrative Assistant 1	\$3102.71	\$4188.66
Administrative Assistant 2	\$3468.83	\$4682.92
Administrative Assistant 3	\$3834.96	\$5177.20
DSD Director	\$6004.72	\$8106.37
DSD Assist. Director	\$5545.44	\$7486.34
Planning Director	\$6004.72	\$8106.37
Senior Planner/Plan Manager	\$5245.23	\$7081.06
Building Official	\$5175.78	\$6987.30
Planner 2	\$4221.52	\$5699.05
Business Sys Analyst/Grants	\$4319.34	\$5831.10
Finance Director	\$6765.64	\$9133.61
Deputy Finance Director	\$5295.30	\$7148.65
Payroll/Benefits Admin.	\$3466.02	\$4679.13
Library Director	\$5484.90	\$7404.61
Library Dept. Manager	\$4025.32	\$5434.18
Associate Librarian	\$3419.32	\$4616.08
Police Chief	\$5650.03	\$7627.54
Deputy Police Chief	\$5324.54	\$7188.12
Public Works Director	\$7035.87	\$9498.43
Op Mgr, Water Res Mgr, Park/Rec Mgr - Class 1	\$4957.84	\$6693.08
Op Mgr, Water Res Mgr, Park/Rec Mgr - Class 2	\$5453.63	\$7362.40
City Engineer	\$5561.22	\$7507.64
Project/Civil Engineer	\$5378.50	\$7260.97
Develop. Review Engineer I	\$4986.05	\$6731.16
Develop. Review Engineer II	\$5361.65	\$7238.22
Project Manager	\$5584.14	\$7538.59
Civil Engineer/EIT	\$5378.50	\$7260.97
Pool Manager	\$3076.70	\$4153.55

City Staffing

Authorization in FTE's

Authorization in FTE (full-time equivalents)

Department/Division	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
General Fund:															
Mayor/Council	1.0	0.0	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Manager	1.0	2.0	2.1	2.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0
City Attorney	2.6	1.5	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	4.0	1.0
Development Service Department	8.9	8.5	7.5	7.8	7.9	8.0	8.0	8.0	8.0	8.0	5.2	6.0	6.0	4.3	-1.7
Planning Department								2.0	2.0	2.0	1.5	1.5	1.5	1.3	-0.2
Finance	9.0	9.0	9.1	2.3	2.3	2.3	2.3	3.6	3.6	3.5	4.5	4.1	4.1	4.4	0.3
Police Administration			4.0	4.0	5.0	6.0	5.0	4.1	5.0	5.0	5.0	5.0	5.0	3.7	-1.3
Police Operations	16.5	16.5	12.0	13.0	12.3	13.0	14.3	13.2	15.5	15.5	14.5	14.5	15.5	14.0	-1.5
City Clerk	1.4	1.4	2.1	2.1	2.0	2.5	2.5	2.3	2.3	2.3	2.0	2.0	2.0	2.0	0.0
PEG TV Studio	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Events	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
City Facilities	0.6	0.0	0.0	0.2	0.3	0.3	0.3	1.3	1.3	1.3	2.3	2.3	2.4	0.0	-2.4
Public Restrooms	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grant Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.3	-0.7
Subtotal - General Fund	41.3	38.9	39.3	35.0	34.4	36.8	36.7	39.5	42.6	42.5	39.9	41.3	42.4	36.0	-6.4
Other Funds:															
Street	2.4	4.9	3.3	1.7	2.1	2.9	1.9	1.9	2.5	2.5	2.3	2.5	2.5	2.0	-0.5
Fire/EMS	11.0	10.0	4.2	3.8	3.8	5.0	4.2	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EMS			8.8	8.2	8.2	10.5	8.8	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Parks Maintenance	3.5	3.7	2.0	2.5	3.3	4.0	3.3	3.3	3.3	3.3	5.3	6.3	6.8	4.5	-2.3
Recreation *	2.5	2.4	2.6	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pool	4.5	6.2	3.7	3.7	4.5	4.1	4.5	4.9	4.1	4.5	4.7	6.2	7.2	4.8	-2.3
City Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.6
Public Works Administration	5.0	4.1	3.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.7	-0.3
Public Works Engineering	7.5	6.0	5.0	4.5	6.5	5.3	8.3	7.3	7.8	8.5	10.5	10.0	8.3	6.3	-2.0
Library	7.6	8.5	7.3	8.3	8.3	9.7	10.4	10.1	9.6	9.8	10.9	11.7	11.8	10.9	-0.9
Capital Improvement					0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

City Staffing

Authorization in FTE's

Authorization in FTE (full-time equivalents)

Department/Division	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
Water/Sewer:															
Utility Billing				5.5	5.5	5.5	5.5	4.6	4.6	3.7	3.7	5.1	4.1	5.0	0.9
Water Distribution	5.7	7.5	4.0	6.0	6.1	5.8	5.8	5.8	5.6	5.6	5.6	5.6	5.6	5.0	-0.6
Water Quality	4.3	4.0	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8	0.5	-0.3
Wastewater Collection	2.3	1.5	1.7	1.7	2.5	3.3	2.5	3.2	3.2	3.2	3.2	3.2	3.2	2.4	-0.8
Wastewater Treatment	3.5	3.5	3.3	3.3	3.6	4.6	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.2	0.0
Biosolids	2.5	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	0.0
Facilities Locates			1.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water Resources			0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	0.5
Stormwater	2.3	1.5	1.7	3.3	3.8	4.5	3.4	2.8	2.8	3.8	3.8	3.8	3.8	3.3	-0.5
Equipment Rental	2.3	2.0	2.0	1.8	1.5	1.5	1.5	2.5	2.5	2.5	2.5	2.5	2.3	3.6	1.3
Totals	108.2	107.1	97.2	99.0	100.5	110.0	106.7	106.7	97.9	99.3	101.7	107.5	107.0	95.2	-11.8

*This includes an average of seasonal employees

ORDINANCE NO. 3069

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF PORT TOWNSEND,
WASHINGTON, FOR THE FISCAL YEAR ENDING
DECEMBER 31, 2012**

WHEREAS, the City Manager of the City of Port Townsend, Washington, completed and placed on file with the City Clerk a proposed budget and estimate of the amount of monies required to meet the public expenses, bond retirement and interest, reserve funds and expenses of government of the City for the fiscal year ending December 31, 2012 (the “2012 Preliminary Budget”), and a notice was published that the City Council would meet on the 21st of November 2011 at the hour of 6:30 p.m., at City Hall for the purpose of making and adopting a budget for the fiscal year 2012 and giving taxpayers within the city limits of the City an opportunity to be heard about the Preliminary Budget; and

WHEREAS, the City Council did meet in City Council Chambers on November 21, 2011 and December 5, 2011, and consider the matter of the 2012 Preliminary Budget; and

WHEREAS, the 2012 Preliminary Budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Port Townsend for the purposes set forth in the 2012 Preliminary Budget, and the estimated expenditures in each fund set forth in the 2012 Preliminary Budget are all necessary to carry on the government of the City for fiscal year 2012, and are all necessary to meet the various needs of the City during the period,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PORT TOWNSEND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The budget for the City of Port Townsend, Washington, for the fiscal year 2012, is hereby adopted at fund level as set forth in the document entitled “City of Port Townsend Final Budget 2012” three copies of which are on file with the City Clerk.

Section 2. Estimated resources, including fund balances for working capital for each separate fund of the City of Port Townsend, and aggregate totals for all such funds combined, for the year 2012, are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2012:

<u>OPERATING FUNDS</u>	<u>APPROPRIATION</u>
General	\$6,529,493
Public Works Admin & Engineering	\$ 869,867
Library	\$ 994,284
Community Services	\$1,517,146
Fire & EMS Services	\$2,203,319
Local Improvement District #1	-
Local Improvement District #2	-

Drug Enforcement and Education -

<u>OPERATING FUNDS</u>	<u>APPROPRIATION</u>
Contingency	-
Street	\$ 659,198
Lodging Tax	\$ 317,571
Community Development Block Grant	\$ 132,000
Water/Sewer Utility	\$4,886,754
Stormwater Utility	\$ 774,873
Equipment Rental	\$ 772,223
Firemen's Pension	<u>\$ 64,902</u>
Operating Fund Subtotals	\$19,721,631

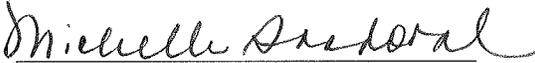
<u>CAPITAL, DEBT, AND TRUST FUNDS</u>	<u>APPROPRIATION</u>
Capital Improvement	\$ 4,376,028
System Development Charges	\$ 677,000
Transmission Line Replacement	\$ 969,500
G.O. Debt Service	\$ 1,166,028
1978 Water Sewer Revenue Bond Fund	\$ 21,500
1992/1998 Water/Sewer Revenue Bond Reserve Fund	\$ 72,220
Utility Construction Fund	\$ 1,930,000
Golf Course	\$ 18,700
Memorial	<u>\$ 0</u>
Capital, Debt & Trust Fund Subtotals	\$ 9,230,975

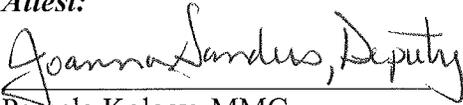
GRAND TOTAL \$28,952,606

Section 3. The City Clerk is directed to transmit a certified copy of the City of Port Townsend Final Budget 2012 to the Office of State Auditor and to the Association of Washington Cities.

Section 4. This ordinance shall take effect upon its passage, approval, and publication in the form and manner provided by law.

ADOPTED by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 12th day of December 2011.


Michelle Sandoval, Mayor

Attest:

Pamela Kolacy, MMC
City Clerk

Approved as to form:

John Watts
City Attorney

ORDINANCE NO. 3067

AN ORDINANCE OF THE CITY OF PORT TOWNSEND FIXING AND ADOPTING 2012 PROPERTY TAX LEVIES FOR THE GENERAL LEVY WITH AN INCREASE OF ONE PERCENT (1.00%) IF THE CITY'S FIRE AND EMERGENCY LEVY LID LIFT DOES NOT PASS AND TWENTY-TWO AND NINETY-NINE HUNDREDTHS PERCENT (22.99%) IF THE CITY'S FIRE AND EMERGENCY LEVY LID LIFT PASSES AND FOR THE EMERGENCY MEDICAL SERVICES LEVY AN INCREASE OF ONE PERCENT (1.00%)

WHEREAS, as provided by and pursuant to RCW 84.55.120 and other applicable statutes, the City of Port Townsend has properly given notice of the public hearing held on November 14, 2011, to consider the City of Port Townsend's General Fund, Contingency Fund, Library Fund, Fire and Emergency Medical Services Fund, Community Services Fund, Debt Service Fund and Firemen Pension Fund budget for the 2012 calendar year, pursuant to RCW 84.55.120; and

WHEREAS, an election was held November 8, 2011 on a ballot measure to authorize a maximum levy rate for collection in 2012 of \$2.4868 per \$1,000 assessed value which is an increase of \$0.43 /\$1,000. This amount, together with the 1% increase authorized by law, totals \$3,665,000.00 as a general tax levy, which is a percentage increase of 22.99%, resulting in an increase of \$685,047.55 from the previous year. The amounts collected from the levy increase of \$0.43 /\$1,000 are dedicated to be used solely for fire protection, prevention and emergency service purposes at all times, and automatically terminate ("sunset") if the City annexes to the Fire District (East Jefferson Fire Rescue). As of the date this Ordinance was adopted, the measure is passing, but the auditor is not scheduled to certify election results until November 29, 2011. Thereafter, state law allows for a recount and legal contest; and

WHEREAS, RCW 84.52.070 requires the City to certify to the County the amount of taxes to be levied upon the property within the City by November 30 of each year.

WHEREAS, the City Council declares its intent as follows:

1. If the November 8, 2011 levy lid lift passes, the City Council hereby declares its intent to levy the maximum amount that the City could levy given the passage of the levy lid lift.
2. If the November 8, 2011 levy lid lift does not pass, the City Council hereby declares its intent to levy the maximum amount that the City could levy given the failure of the levy lid lift to pass.
3. In addition, the City Council intends to levy the maximum amount that the City could levy for an emergency medical services property tax levy.
4. There is no intent to levy any amount over the maximum amount allowed by law.

WHEREAS, the City of Port Townsend, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Port Townsend

requires an increase in real property tax revenue from the previous year, in addition to the increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the City of Port Townsend and in its best interest,

NOW THEREFORE, the City Council of the City of Port Townsend does ordain that an increase in the regular property tax levy, in addition to any amount resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, and any increase due to re-levying for any refunds made in the previous year, is hereby authorized for the 2012 levy in amounts as follows:

Section 1. There is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2012, the sum of \$ 3,009,751.97 as a general tax levy, which is a percentage increase of 1.00%, resulting in an increase of \$29,799.52 from the previous year.

Section 2. In addition to the levy in Section 1, if the November 8, 2011 levy lid lift for fire protection, prevention and emergency service purposes passes, there is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2012, the additional sum of \$655,248.03 as a general tax levy. This amount, together with the amount in Section 1, totals \$3,665,000.00 as a general tax levy, which is a percentage increase of 22.99%, resulting in an increase of \$685,047.55 from the previous year.

Section 3. In addition to the above, there is hereby levied upon all taxable property in the City of Port Townsend, for the year of 2012, the sum of \$738,988.42 as an emergency medical services property tax levy, which is a percentage increase of 1.00%, resulting in an increase of \$7,316.72 from the previous year.

Section 4. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance, or the application of the provision to other persons or circumstances, is not affected.

Section 5. This ordinance shall take effect upon its passage, approval, and publication in the form and manner provided by law.

Adopted by the City Council of the City of Port Townsend, Washington, at a regular meeting thereof, held this 21st day of November 2011.


Michelle Sandoval, Mayor

Attest:


Pamela Kolacy, MMC
City Clerk

Approved as to form:


John Watts
City Attorney

Glossary

ACCOUNTING SYSTEM: The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity.

ACCOUNTS PAYABLE: A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE: An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS OF

ACCOUNTING: The method of accounting under which revenues are recorded when they are earned (whether or not cash is received (whether cash disbursements are made at that time or not).

ACCUMULATED DEPRECIATION: A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of fixed accounts.

AD VALOREM TAXES: A tax levied on the assessed value of real property.

AGENCY FUND: A fund used to account for assets held by a government as an agent for individuals, private organizations, other governments and/or other funds.

ALLOCATION: To set aside or designate funds for specific purposes. An allocation does not authorize the expenditure of funds.

AMORTIZATION: (1) The portion of the cost of a limited life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL DEBT SERVICE: The amount required to be paid in a calendar year for (1) interest on all Parity Bonds then outstanding; (2) principal of all Parity Bonds then outstanding, but excluding any outstanding Term Bonds, and (3) payments into any Sinking Fund Account for the amortization of outstanding Parity Bonds divided by the number of calendar years to the last maturity or mandatory redemption date thereof.

ANNUAL FINANCIAL REPORT: The official annual report of a government. It includes (a) the five combined financial statements in the combined statements - overview and their related notes and (b) combined statements by fund type and individual fund and account group financial statements prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-regulated legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section.

APPROPRIATION: An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

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APPROPRIATIONS ORDINANCE:

The official enactment by the City Council establishing the legal authority for City officials to obligate and expend resources.

ASSESSED VALUATION: The estimated value placed upon real and personal property by the Jefferson County Assessor as the basis for levying property taxes.

ASSETS: Property owned by a government, which has monetary value.

AUDIT: A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- * ascertain whether financial statements fairly present financial position and result of operations;
- * test whether transactions have been legally performed;
- * identify areas for possible improvements in accounting practices and procedures,
- * ascertain whether transactions have been recorded accurately and consistently; and
- * ascertain the stewardship of officials responsible for governmental resources.

AUDITOR'S REPORT: In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with generally accepted

accounting practices or some other comprehensive basis system of accounting.

BALANCE SHEET: A statement presenting the financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date.

BARS: The State of Washington prescribed Budgeting, Accounting Reporting System Manual required for all governmental entities in the state of Washington.

BASE BUDGET: Ongoing expense for personnel, contractual services, and the replacement of supplies and equipment required to maintain service levels previously authorized by the City Council.

BASIC FINANCIAL STATEMENTS:

Those financial statements, including notes thereto, necessary for the fair presentation of the financial position and results of operations of an entity in conformity with GAAP. The basic financial statements include a balance sheet, an "all-inclusive" operating statement, a budget comparison statement (for all government funds for which annual appropriated budgets are adopted), and a statement of changes in financial position (for proprietary funds, pension trust funds and non-expendable trust funds).

BASIS OF ACCOUNTING: A term used to refer to when revenues, expenditures, expenses and transfers - and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the

Glossary

nature of the measurement, on either the cash or accrual method.

BOND: (Debt Instrument) A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

BOND ANTICIPATION NOTES: (BANS) Short-term interest-bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue from which they are related.

BOND REGISTRAR: The fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, for the purposes of registering and authenticating the bonds, maintaining the bonds, maintaining the bond register, effecting transfer of ownership of the bonds and paying interest on the principal of (and any premium pursuant to call on) the bonds.

BUDGET (Operating): A plan of financial operation embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceilings under which the City and its departments operate.

BUDGET CALENDAR: The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

BUDGET DOCUMENT: The official written statement prepared by the Finance Department and supporting staff for the city manager to present the proposed budget to the City Council.

CAPITAL ASSETS: Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

CAPITAL BUDGET: A plan of proposed capital expenditures and the means of financing them. The capital budget may be enacted as part of the complete annual budget including both operating and capital outlays. The capital budget is based on the Capital Improvement Plan (CIP).

CAPITAL IMPROVEMENT PROGRAM: A plan of proposed capital expenditures to be incurred each year over a period of six future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

CAPITAL PROGRAM: A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected public facilities.

CAPITAL OUTLAY: Expenditures, which result in the acquisition of or additions to fixed assets. Examples include land, buildings, machinery and equipment, and construction projects.

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CAPITAL PROJECTS: Projects, which purchase or construct capital assets. Typically, a capital project encompasses a purchase of land or construction of a building or facility, with a life expectancy of more than 10 years.

CASH BASIS: The method of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.

CASH FLOW BUDGET: (CASH BUDGET) A projection of the cash receipts and disbursements anticipated during a given time period.

CDBG: Community Development Block Grants - grant funds administered through Department of Community Trade and Economic Development (CTED) of the State of Washington.

CENTENNIAL CLEAN WATER PROGRAM: (CCWP) In 1986, legislation was passed which provides grants to public entities for financing water pollution control activities and facilities to protect surface and underground water from pollution. In addition, a state revolving loan program was established to provide loans or combinations of grants/loans to finance public facilities.

CERTIFICATE OF DEPOSIT: A negotiable or non-negotiable receipt for monies deposited in a bank or other financial institution for a specified period for a specified rate of interest.

COLA: Cost of Living Allowance.

COMMUNITY PARK: Those parks so designated in the City of Port Townsend Parks and Recreation Plan.

CONCURRENT OR CONCURRENCY: The improvements that are in place at the time the impacts of development occur, or that the necessary financial commitments are in place. Public facilities and services shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

CONTINGENCY: A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted for.

COST ACCOUNTING: Accounting that assembles and records all costs incurred to carry out a particular activity or to deliver a particular service.

COUNCILMANIC BONDS: Councilmanic bonds refer to bonds issued with the approval of the Council, as opposed to voted bonds that must be approved by vote of the public. Councilmanic bonds must not exceed 1.50 percent of the assessed valuation, and voted bonds 2.50 percent.

CPI: Consumer Price Index is a measure of the change in prices over time for a fixed market basket of goods and services.

DEBT: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

DEBT LIMITS: The maximum amount of gross or net debt, which is legally permitted.

DEBT SERVICE: Payment of interest and repayment of principal to holders of

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the City's debt instruments.

DEBT SERVICE FUND: A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFICIT: (1) The excess of an entity's liabilities over its assets (See Fund Balances). (2) The excess of expenditures or expenses over revenues during a single accounting period.

DELINQUENT TAXES: Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

DEMAND DEPOSIT: A bank deposit of monies that are payable by the bank upon demand to the depositor.

DEPRECIATION: (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset, which is charged as an expense during a particular period.

DEVELOPMENT ACTIVITY: Any construction or expansion of a building, structure, or use, any change in use of a building or structure, or any change in the use of land, that creates additional demand and need for public facilities.

DOUBLE BUDGETING: The result of having funds or departments within a government purchase services from one another rather than from outside

vendors. When internal purchasing occurs, both funds must budget the expenditure (one to buy the service and the other to add the resources to its budget so they have something to sell). This type of transaction results in inflated budget values because the same expenditure dollar is budgeted twice: once in each fund's budget. The revenue side of both funds is similarly inflated.

DUE FROM OTHER FUNDS: An asset account used to indicate amounts owed to a particular fund by another fund for goods or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ENCUMBRANCES: Obligations in the form of purchase orders, contracts or salary commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

ENDING FUND BALANCE: The cash balance remaining at the end of the fiscal year available for appropriation in future years.

ENTERPRISE FUND: Separate financial accounting used for government operations that are financed and operate in a manner similar to business enterprises, and for which preparation of an income statement is desirable.

EQUIPMENT RENTAL: The Equipment Rental Fund operates as a self-sufficient motor and equipment pool. Customer departments pay for the equipment used through charges billed monthly. These charges include a form of depreciation, which is accumulated as

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a sinking fund for future asset replacement, a factor for maintenance of the equipment, and charges for fuel (if applicable).

EXPENDITURES: Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

FEDERAL AID URBAN SYSTEM: (FAUS) Provides funds for the construction, reconstruction, and improvement of urban streets and roads. A local match of 16.6 percent is required.

FEE IN LIEU OF: (FILO) Charges are contributions made by developers toward future improvements of City facilities resulting from the additional demand on the City's facilities generated from the development.

FISCAL YEAR: A twelve (12) month period designated as the operating year by an entity. For Port Townsend, the fiscal year is the same as the calendar year (also called budget year).

FIXED ASSETS: Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include buildings, equipment, improvements other than buildings and land.

FLOAT: The amount of money represented by warrants outstanding and in the process of collection.

FULL FAITH AND CREDIT: A

pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

FTE: Full-time equivalent employee.

FUND: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

FUND BALANCE: The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit.

GAAFR: Governmental Accounting, Auditing and Financial Reporting. The "blue book" published by the Government Finance Officers Association to provide guidance for the application of accounting principles for governments.

GAAP: Generally Accepted Accounting Principles are standards used for accounting and reporting used for both private industry and governments.

GASB: Government Accounting Standards Board, established in 1985, to regulate the rules and standards for all governmental units.

GENERAL FIXED ASSETS: Capital assets that are not a part of any fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds.

GENERAL FUND: The fund supported by taxes, fees and other revenues that

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may be used for any lawful purpose.

GENERAL OBLIGATION BONDS: Bonds for which the full faith and credit of the insuring government are pledged for payment.

GOALS: The objective of specific tasks and endeavors.

GRANT: A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments. Grants are usually made for specified purposes.

GUARANTY FUND: A fund established by a bond issuer, which is pledged, as security for the payment of one or more bond issues. Normally used for local improvement districts (LID).

IAC: Interagency Committee for Outdoor Recreation.

IMPACT FEES: A fee assessed on new development that creates additional demand and need for public facilities.

INFRASTRUCTURE: Assets that are the underlying foundation especially the basic installations and facilities on which the continuance and growth of a jurisdiction depends (streets, roads, sewer, and water systems).

INTERFUND PAYMENTS: Expenditures made to other funds for services rendered. This category includes interfund repairs and maintenance.

INTERGOVERNMENTAL COSTS: Costs or expenses paid from one government to another government for services. These costs include but are not

limited to such things as: dispatch and jail services, animal control services, audit and voter costs.

INTERGOVERNMENTAL SERVICES: Intergovernmental purchases of those specialized services typically performed by local governments.

INTERNAL CONTROL: A plan of organization for purchasing, accounting, and other financial activities, which, among other things, provides that:

- * The duties of employees are subdivided so that no single employee handles financial action from beginning to end,

- * Proper authorization from specific responsible officials are obtained before key steps in the processing of a transaction are completed.

- * Records and procedures are arranged appropriately to facilitate effective control.

INTERNAL SERVICE FUND: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

INVESTMENT: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals and base payments.

IPD: Implicit Price Deflator.

LATECOMER FEES: Fees paid by developers or future service users for their share of past improvements

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financed by others.

LEASING: A financial technique whereby ownership of the project or equipment remains with the financing entity, and where title may or may not transfer to the City at the end of the lease.

LEOFF: Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.

LEVY: (1) To impose taxes, special assessments or service charges for the support of government activities. (2) The total amount of taxes, special assessments or service charges imposed by a government.

LEVY LID: A statutory restriction on the annual increase in the amount of property tax a given public jurisdiction can assess on regular or excess levies.

LIABILITY: Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

LID: Local Improvement District for special assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

MATURITIES: The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

MILL: The property tax rate, which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of property valuation.

MITIGATION FEES: Contributions made by developers toward future improvements of city facilities resulting from the additional demand on the city's facilities generated from the development.

MODIFIED ACCRUAL BASIS: The basis of accounting under which expenditures, other than accrued interest on general long-term debt, are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

NET REVENUE: The revenue of the system less the cost of maintenance and operation of the system.

NOTES TO THE FINANCIAL STATEMENTS: The disclosures required for a fair presentation of the financial statements of government in conformity with GAAP and not included on the face of the financial statements themselves. The notes to the financial part of the GPFS/CUFS.

OBJECT: As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures).

OPERATING FUNDS: Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

OPERATING TRANSFER: Routine and/or recurring transfers of assets between funds.

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ORDINANCE: A statute or regulation enacted by City Council.

OTHER SERVICES AND

CHARGES: A basic classification for services, other than personnel services, which are needed by the City. This item includes professional services, communication, travel, advertising, training, dues and subscriptions, printing, equipment rental and costs (ER&R), insurance, public utility services, repairs and maintenance.

PARITY BOND: Any and all water and sewer revenue bonds of the City the payment of which, both principal and interest, constitutes a lien and charge upon the revenue of the system and upon assessments equal in rank with the lien and charge on such revenue of the system and assessments for payments required to pay and secure the payment of the bonds.

PERS: Public Employees Retirement System provided for, other than Police and Fire, by the State of Washington.

PERSONNEL BENEFITS: Those benefits paid by the City as part of the conditions of employment. Examples include insurance & retirement benefits.

PERSONNEL COSTS: Costs that include all salaries, wages, and benefits for all part-time, full-time, seasonal and temporary employee costs.

PROCLAMATION: An official act by the Mayor or Executive Officer made through a public forum.

PROGRAM: A specific and distinguishable unit of work or service performed.

PROGRAM ENHANCEMENT:

Programs, activities or personnel requested to improve or add to the current baseline services.

PROGRAM MEASURES: A unit of standard used for the quantitative comparison in the manner of functioning to capacity or quantity as determined.

PROGRAM REVENUE: These are revenues that are produced as a result of an activity of a program and are subject to quantity of services provided to the public or governmental units (i.e. permits, charges for fire services, recreational activities), or revenues dedicated to a specific use (i.e. grants taxes or debt funds).

PROPRIETARY FUND TYPES: Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position.

PUBLIC FACILITIES: The capital owned or operated by the City or other governmental entities.

PUBLIC WORKS TRUST FUND: (PWTF) Is a low-interest revolving loan fund which helps local governments finance critical public works needs. To be eligible for trust fund financing, the applicant must be a local government entity, with a long-term plan for financing public works needs. If the applicant is a city or county, it must be imposing the optional one-quarter

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percent real estate excise tax for capital purposes. Eligible projects include streets and roads, bridges, storm sewers, sanitary sewers, and water systems. Loans will only be made for the purpose of repair, replacement, reconstruction, or improvement of existing eligible public works systems to meet current standards and to adequately serve the needs of the existing populations. New capital improvement projects are not eligible. The maximum loan amount has been two million with a minimum local match of ten percent. Interest rates vary from one to three percent, depending on the match.

RCW: Revised Code of Washington. Laws of the State of Washington enacted by the State Legislature.

REET: (Real Estate Excise Tax) A tax upon the sale of real property from one person or company to another.

RESERVE: An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

RESOLUTION: A formal statement of a decision or expression of an opinion of the City Council.

RESOURCES: Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.

RETAINED EARNINGS: An equity account reflecting the accumulated earnings of the City's proprietary funds.

REVENUE: income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income

and miscellaneous revenue.

REVENUE BONDS: Bond issued pledging future revenues, usually water, sewer or drainage charges, to cover debt payments.

REVENUE ESTIMATE: A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically, a future fiscal year.

STP: Surface Transportation Program.

STPE: Surface Transportation Program - Enhancement.

STPH: Surface Transportation Program - Hazard Elimination

STPUS: Surface Transportation Program - Urban Small.

SALARIES AND WAGES: Amounts paid for personal services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts.

SERVICE MEASURES: Specific quantitative measures of work performed within an activity or program (e.g., total miles of street cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program).

SINGLE AUDIT: An audit performed in accordance with the Single Audit Act of 1984 and office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. The Single Audit Act allows or requires governments (depending on the amount

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of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

SINKING FUND ACCOUNT: An account created in the bond fund to amortize the principal of term bonds.

SPECIAL ASSESSMENT: A compulsory levy made against certain properties from earnings of enterprise funds. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

SPECIAL REVENUE FUND: A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure or specified purposes.

SUPPLEMENTAL APPROPRIATION: An appropriation approved by the Council after the initial budget appropriation.

SUPPLIES: A basic classification of expenditures for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory or resale items, and small tools and equipment.

SURETY BOND: Any letter of credit, insurance policy, surety bond or other equivalent credit facility or any combination thereof issued to the City to satisfy all or part of the amount required to be maintained in the Reserve Account to make such payments of principal and interest as the same become due at maturity or on any mandatory redemption date.

TIA: Transportation Improvement

Account.

TAX: Charge levied by a government to finance services performed for the common benefit.

TAX ANTICIPATION NOTES: (TANS) Notes issued in anticipation of taxes, which are retired usually from taxes collected (typically by school by school districts).

TAX LEVY ORDINANCE: An ordinance through which taxes are levied.

TAX RATE LIMIT: The maximum legal rate at which a municipality may levy a tax. The limit may apply to taxes raised for a particular purpose or for general purposes.

TERM BONDS: Any parity bonds designated by the Council as "term bonds" pursuant to an ordinance which authorizes the issuance of parity bonds and provides for mandatory payments into a sinking fund account established for the term bonds so designated and provides for mandatory redemption of such term bonds from such sinking fund account.

THIRTEENTH MONTH: This is the month (January) following the end of the fiscal year in which prior expenditures shall be charged against the prior year's budget. This is a budgetary provision in state law (35A.33.150 RCW). It requires cities to charge the previous budget for items purchased before year-end, but not yet invoiced to the city up to the twentieth day in January. This provision is similar to accounts payable accruals in the private business community.

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TRANSPORTATION IMPROVEMENT ACCOUNT (TIA):

Provides funding for transportation projects through two urban programs. Urban projects must be attributable to congestion caused by economic growth. They must be consistent with state, regional and local selection processes. The TIB requires multi-agency planning and coordination and public/private cooperation to further the goal of achieving a balanced transportation system in Washington State.

TRANSPORTATION IMPROVEMENT BOARD (TIB):

The purpose of the TIB is to administer funding for local governments for transportation projects. This is accomplished through the Transportation Improvement Account Program and the Urban Arterial Trust Account Program. Revenues are from the state fuel tax, local matching funds, and private sector contributions.

TRUST FUND: Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, and/or other funds.

UATA: Urban Arterial Trust Account.

UTILITY LOCAL IMPROVEMENT DISTRICTS: (ULID) Created only for improvement to sewer, water, and other utilities and differs from a LID in that all assessment revenues must be pledged for payment of debt service of bonds issued to finance the improvements.

WAC: Washington Administrative Code.

WARRANT: An order drawn by a municipal officer(s) directing the treasurer of the municipality to pay a

specified amount to the bearer, either after the current or some future date.

WCIA: Washington Cities Insurance Authority is a group of cities across the state that provides pooled and self-insurance services for liability, auto, property, and all other insurance coverage.

YIELD: The rate earned on an investment based on the price paid for the investment, the interest earned during the period held, and the selling price or redemption value of the investment.