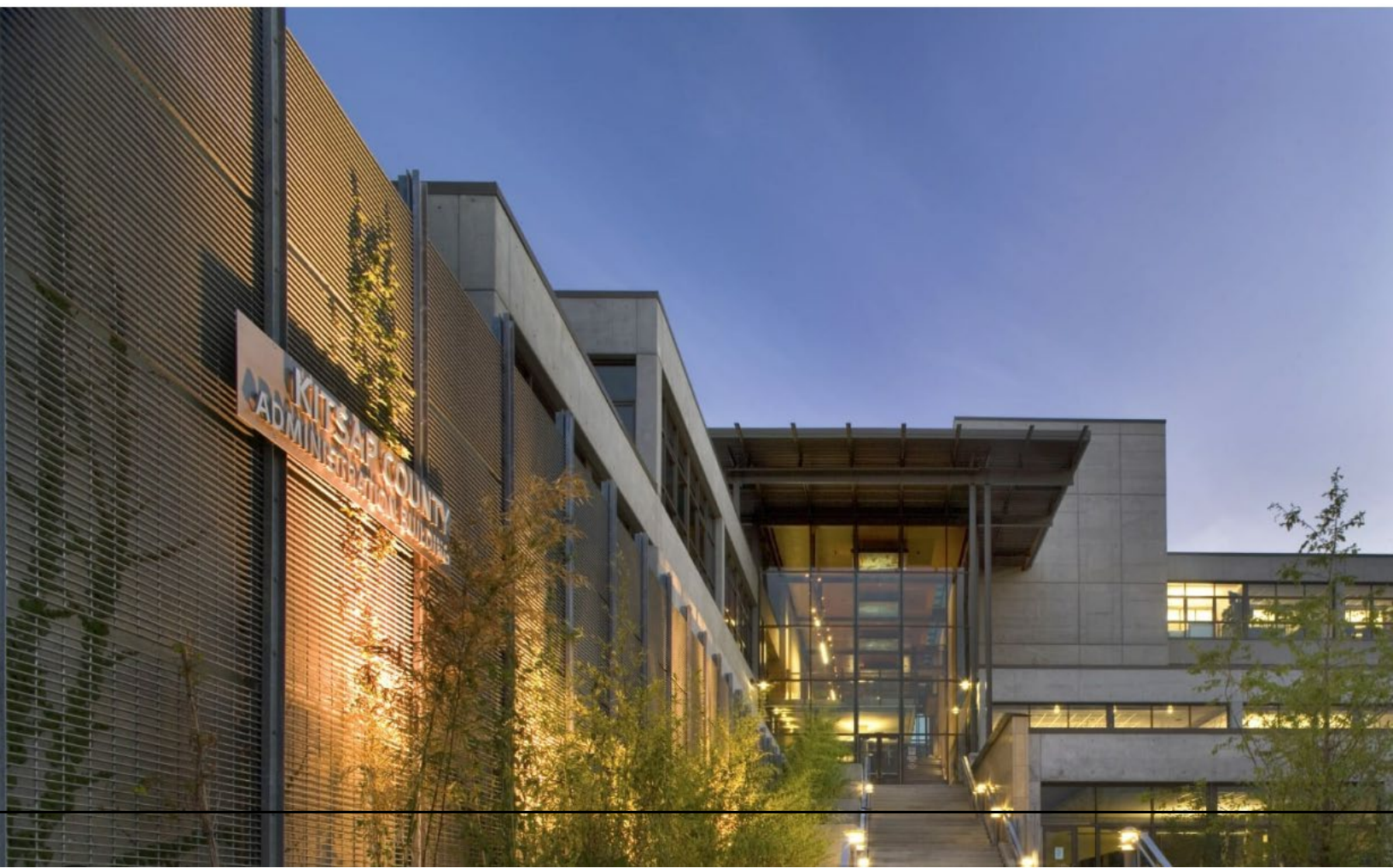


# **Kitsap County, Washington**

## **Popular Annual Financial Report**

**Paul Andrews,  
Kitsap County Auditor**

**For the year ended December 31, 2023**



# Table of Contents

---

Table of Contents .....	1
GFOA Award .....	2
Quick Facts.....	2
A Message from the Kitsap County Auditor .....	3
Profile of Kitsap County.....	4
Demographic Statistics .....	5
Governmental Functions .....	6
Elected Officials.....	7
Fiscal Responsibility.....	9
Summary of Financial Information .....	10
Governmental Activities .....	12
Business Type Operations .....	13
Investment Policy.....	14
Capital Asset Activity.....	15
Long-Term Liabilities .....	16
Kitsap County’s Property Taxes .....	17



Kitsap County Auditor’s Office  
619 Division Street Port Orchard, WA 98366  
[auditor@kitsap.gov](mailto:auditor@kitsap.gov)

## QUICK LINKS



[www.kitsap.gov](http://www.kitsap.gov)



[Kitsap County – Government](#)



[Kitsapcountywa](#)



[Kitsap County](#)

## Quick Facts

The Popular Annual Financial Report (PAFR) is an important part of the Kitsap County's continuing efforts to inform citizens about our community and county government. This report provides brief, descriptive information about the County's organizational structure and financial position. The information in this report summarizes the County's financial position and is based on the detailed financial statements found within the [2023 Annual Comprehensive Financial Report](#) (ACFR). The financial statements were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by independent auditors from Office of the Washington State Auditor. The County received an unmodified (clean) opinion for its 2023 ACFR.

This PAFR is unaudited and does not include many important disclosures and other financial information that is required by Generally Accepted Accounting Principles (GAAP). As this report is only a summary of the County's financial information, users who desire additional information should refer to the County's audited ACFR.

## GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) granted an Award for Outstanding Achievement in Popular Annual Financial Reporting to Kitsap County for its Popular Annual Financial Report for the fiscal year ended December 31, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report that conforms to program standards of creativity, presentation, understandability, and reader appeal.

An Award of Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Kitsap County began publishing and submitting its PAFR for fiscal year 2012, and has received an Award every year since then.

We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA for consideration.



Government Finance Officers Association

### Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

### County of Kitsap Washington

For its Annual Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO

## A Message from the Kitsap County Auditor

---



To the Citizens of Kitsap County, Washington:

Here at the Kitsap County Auditor's Office, we are committed to open, transparent government that is accessible to all citizens. That is why I am proud to present our eleventh edition of the Popular Annual Financial Report (PAFR). The PAFR presents the County's financial activity for the year ended December 31, 2023.

The PAFR is a simplified financial report designed to improve your understanding of Kitsap County's finances. Within this report you will find information about the county's organizational structure, revenues, expenses and much more. Our 2022 PAFR received the award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association. I hope you find this report just as informative as last year's PAFR.

All the information in this report is derived from the County's Annual Comprehensive Financial Report (ACFR) for fiscal year ended December 31, 2023. The ACFR, which was prepared by the Kitsap County Auditor's Office, is presented in accordance with Generally Accepted Accounting Principles (GAAP). The State Auditor's Office audited the ACFR awarding it an "unmodified opinion" – the best review possible.

Every year beginning with our 1997 ACFR submission, Kitsap County has received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association. This Certificate is among the highest forms of recognition in governmental accounting and financial reporting in North America.

This report and the ACFR are available on our website or by contacting our office. Should you have any questions, comments, or suggestions about this report, please do not hesitate to contact me.

I hope you find this publication useful and informative.

Thank you for your interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Andrews". The signature is fluid and cursive, with a long horizontal stroke at the end.

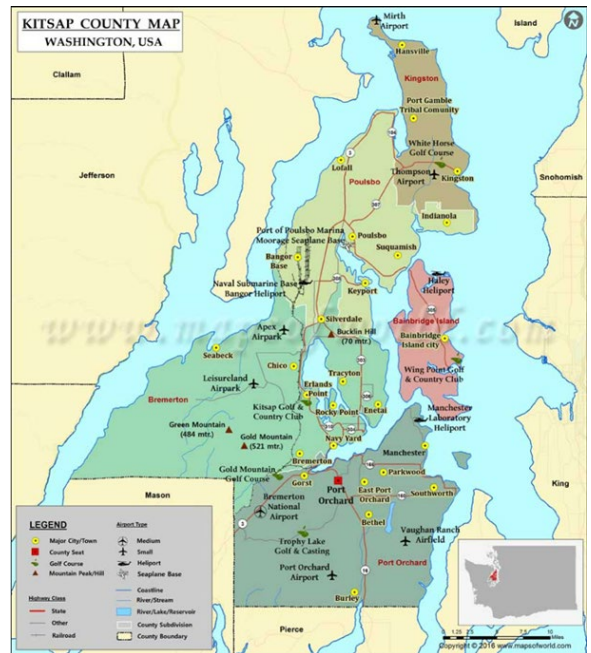
Paul Andrews



# Profile of Kitsap County

Kitsap County occupies a unique portion of the State of Washington, directly between the urban areas of Seattle and Tacoma and the wilderness of the Olympic Mountains. It is bounded by the Hood Canal on the west, Puget Sound on the east, and Mason and Pierce Counties to the south.

The topography is mostly low, flat-topped rolling hills separated by valleys and bays, with altitudes from sea level to 600 feet above, except for the Green and Gold mountains, which rise to 1,761 feet above sea level. The climate is moderate, with mild, wet winters and cool, dry summers. Average annual precipitation ranges from 26 inches in the north to nearly 80 inches in the mountains.



Kitsap County was incorporated in 1857. Locally elected officials include the County Assessor, Auditor, Clerk, Prosecuting Attorney, Sheriff, Treasurer, eight Superior Court Judges, four District Court Judges, and a three-member Board of County Commissioners. Policy-making and legislative authority are vested in the governing Board of County Commissioners, which are all elected at-large on a partisan basis for four-year terms and the chair is elected by the majority vote of the Board members. The Board appoints the County Administrator. The County Administrator serves the Board by overseeing its departments and providing leadership for the general administration of the County.

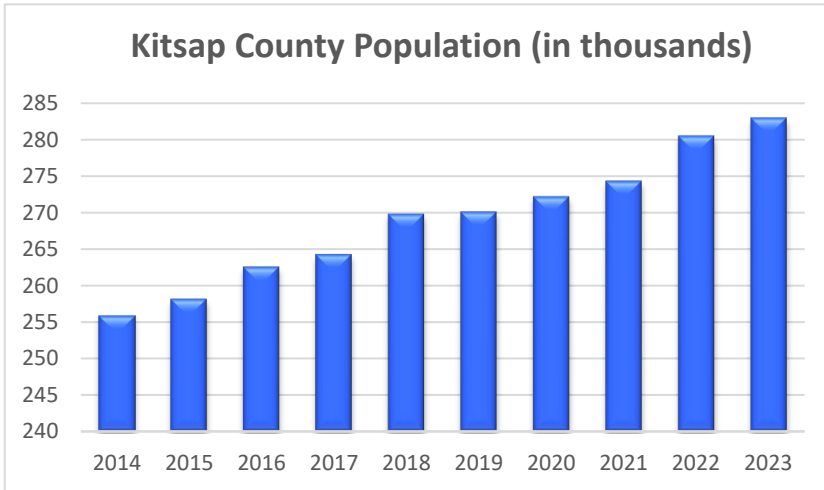
Kitsap County provides a full range of services directed by statute, including public safety; construction and maintenance of streets, and other infrastructure; judicial administration; planning and development; parks and recreation; health and social services; sewer services; representative government and ensuring the integrity of the peoples' historic birth, death, marriage, real estate and election records; and general administrative services.

Kitsap County has the seventh largest population of Washington State's 39 counties. In 2023, the County's population rose to an estimated 282,955. Although Kitsap County appears to be rural due to the vistas of water, mountains, and trees, it has the third highest population density in the state of Washington, only surpassed by Clark and King Counties.

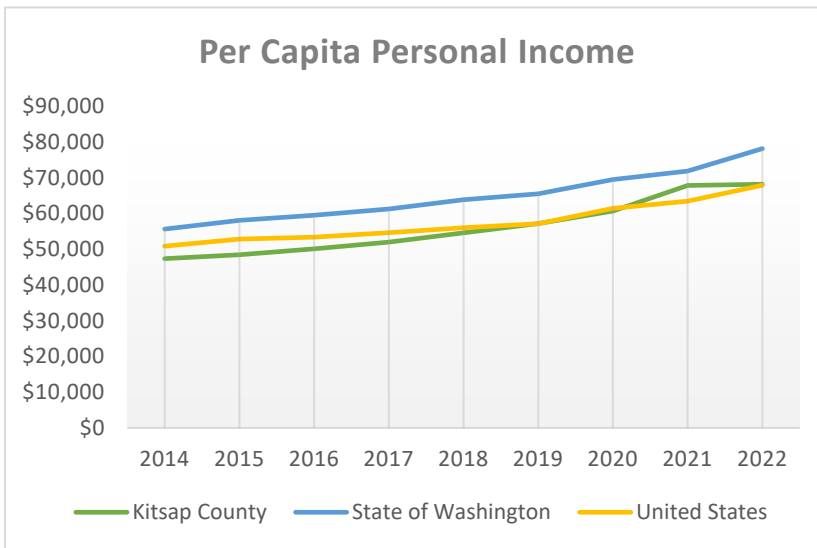
Total employment was 131,014 in 2023 and unemployment was 4.1%. The strong work ethic of a labor pool associated with military employment continues to attract attention from national employers.

# Demographic Statistics

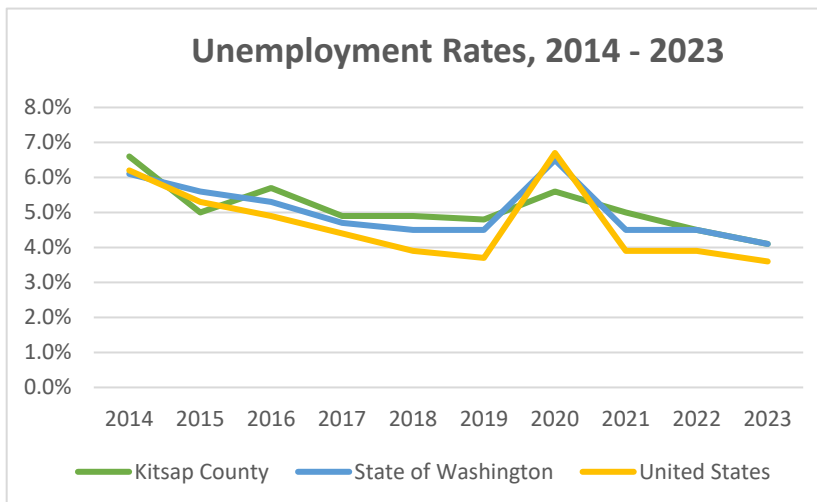
The statistics below illustrate some key economic indicators that impact the finances of the County's residents, business, and the County itself.



The population of Kitsap County, Washington was 282,955 in 2023, up 0.9% from 2022. In comparison, the US population grew 0.5% and Washington's population grew 1.1% during that period.



Per capita personal income is calculated by dividing the total personal income of a given area by its population. Kitsap County's per capita personal income was \$68,198, 14.61% lower than Washington state and 0.41% higher than the United States.



As of December 2023, the unemployment rate in Kitsap County, Washington was 4.10%. This is lower than the 10-year average of 5.10%.

# Governmental Functions

---

**General Government Services** are the general operations of the county and include **Commissioners', Assessor's, Auditor's, Prosecutor's** and **Treasurer's** office operations as well as Budget, Facilities, Human Resources and other general operations.

**Judicial Services** include operations of the Clerk's office as well as District, Juvenile and Superior Court operations.

**Public Safety Services** are law enforcement, corrections, detention, emergency services, Juvenile Services, Medical Examiner operations and boating safety.

**Physical Environment Services** include a portion of the operation of the Community Development Department as well Noxious Weed Control.

**Transportation Services** consist of the operation and maintenance of countywide road and transit systems, including construction and maintenance of roads and streets to ensure safe and proper movement of traffic.



**Health & Human Services** provide for the care, treatment, and control of human illness, injury, or disability. The County's Human Services department provides for mental health, development disabilities, substance abuse treatment, aging services, employment training, recovery center operations, and veterans' relief services for the residents of Kitsap County.

**Economic Environment Services** includes the Department of Community Development, Community Development Block Grant program (CDBG), and the HOME Entitlement program.

**Culture and Recreation Services** consist of programs provided by the County's Parks department, including the annual Kitsap County Fair and Stampede, Parks facilities, and capital costs related to Parks projects.



## Elected Officials

---



**KITSAP COUNTY BOARD OF COMMISSIONERS**

### **Christine Rolfes, Charlotte Garrido, and Katherine T. Walters, Kitsap County Commissioners**

The Board of County Commissioners governs and legislates Kitsap County. Each of its three members is elected on a countywide basis for a four-year term. The Board of County Commissioners provides budget and funding for the various county departments and offices of the other elected officials.

### **Phil Cook, Assessor**

The primary role of the Assessor is to establish an assessed valuation of all real and personal property in Kitsap County for tax purposes. The values are used to calculate and set levy rates for the various taxing districts. The Assessor's office appraises property and assesses valuation both by physical inspection and by market activity.

### **Paul Andrews, Auditor**

The Auditor has several functions to perform. The first is to conduct all elections in Kitsap County, whether national, state, or local. The Auditor is also the recorder of deeds and other instruments in writing which by law are to be filed and recorded in and for the county for which he is elected. The Auditor prepares and files annual financial statements with the state auditor and oversees the payroll and accounts payable functions of the County.

### **David T. Lewis III, Clerk**

The Clerk serves as the official record keeper for Superior Court. The Clerk also manages the jury system as well as public defenders and passport services.





# Elected Officials

---

## **Chad M. Enright, Prosecutor**

The Prosecutor is responsible for trying all felonies and misdemeanors in Kitsap County and advising and representing all County elected officials and departments heads. In addition, the Prosecutor provides legal advice to all county law enforcement agencies, establishes and enforces child support obligations, and provides witness assistance services.

## **John Gese, Sheriff**

The Sheriff provides a full range of range of law enforcement services including uniformed police response service, a correctional facility, a work release facility, traffic enforcement and collision investigation, criminal records and civil service processing, property and evidence security, criminal investigations, court security, and special enforcement programs.

## **Peter J. Boissonneau, Treasurer**

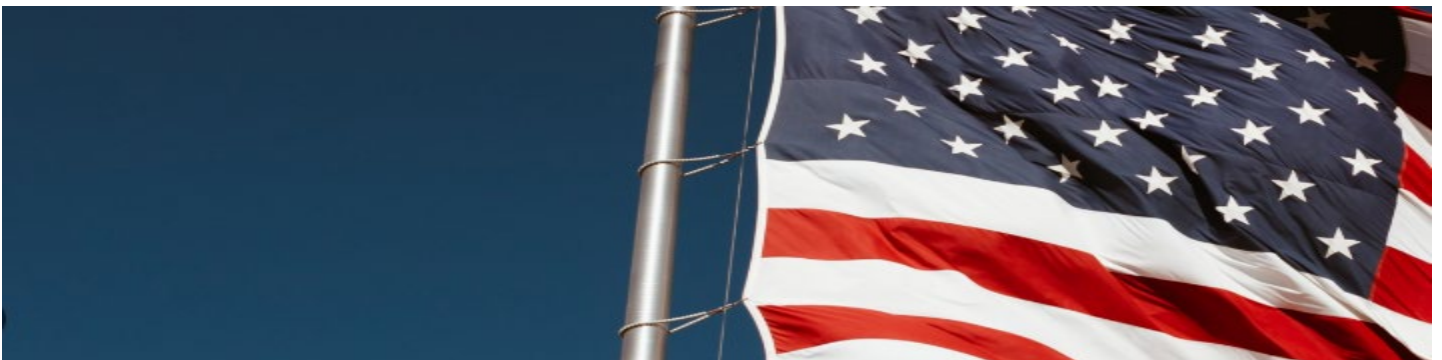
The Treasurer acts as the bank for the county, school districts, fire districts, water districts, and other local governments. The Treasurer receipts, disburses, invests, and accounts for the funds of each entity within the county's jurisdiction.

## **Claire A. Bradley, Jeffrey J. Jahns, Shane R. Seaman and Kevin P. Kelly, District Court Judges**

The District Court judges oversee the district court system which has long been called the "peoples' court." District court has a wide variety of matters over which they have jurisdiction, including misdemeanors and gross misdemeanor crimes. The most common criminal charges include domestic violence, assault, theft, DUIs, and driving without a license. Traffic infractions include speeding, license tab, and equipment violations. District Court also oversees probation services. The Civil division processes small claims not exceeding \$5,000 and civil actions not exceeding \$75,000.

## **Tina Robinson, Michelle Adams, Melissa A. Hemstreet, William C. Houser, Jeffrey P. Bassett, Kevin D. Hull, Jennifer A. Forbes, Cadine Ferguson-Brown, Superior Court Judges**

Superior Court has general jurisdiction as authorized by the constitution and laws of the State of Washington. This means that there is no limit on the types of civil and criminal cases heard. The Court resolves felony matters, civil matters, juvenile matters, domestic relations cases, adoptions, guardianship and probate matters, domestic violence, mental health cases, and appeals from courts of limited jurisdiction.



# Fiscal Responsibility

The county's annual budget serves as the foundation of Kitsap's financial planning and control. State law (RCW36.40) establishes the general requirements of Kitsap County's budget process.

The law requires that the Board of Commissioners adopt a final budget by no later than the close of the fiscal year.

The budget is adopted and systematically monitored at the fund level for special revenue and capital project funds and on a departmental level for the general fund.

Personnel service costs in each fund are controlled by position. The acquisition of capital items is approved on an item-by-item basis in accordance with a long-term capital acquisition plan.

The Annual Comprehensive Financial Report (ACFR) includes budget-to-actual comparisons. These comparisons examine budgeted revenue and expenses with actual revenue and expenses.

Kitsap's annual budget is audited every year by the State Auditor's Office to ensure it is compliant with state law and Generally Accepted Accounting Principles (GAAP).

<b>Kitsap County - Adopted Budget</b>		
<i>(in millions)</i>		
<b>Fund or Activity (Function)</b>	<b>FY 2023</b>	<b>FY 2022</b>
<b>General Fund</b>	<b>\$ 117.70</b>	<b>\$ 113.32</b>
<b>Special Revenue Funds (by Activity)</b>		
Transportation	49.34	48.07
Emergency Services	16.00	9.50
Special Revenue Grants <sup>1</sup>	108.75	78.95
Community Development	14.97	9.56
Public Safety	12.93	10.17
Real Estate Excise Tax	12.48	10.07
Impact Fees	1.60	1.53
Other	12.99	11.53
<b>Debt Service</b>	<b>10.80</b>	<b>9.55</b>
<b>Capital Projects</b>	<b>6.86</b>	<b>6.50</b>
<b>Business-Type Activities</b>		
Solid Waste	44.62	25.83
Sewer Utility <sup>2</sup>	58.97	63.57
Surface Water	19.41	14.60
<b>Internal Service Funds</b>	<b>60.63</b>	<b>56.82</b>
<b>Totals</b>	<b>\$ 548.07</b>	<b>\$ 469.57</b>

<sup>1</sup> Special Revenue Grants budget increased because of State and Local Fiscal Recovery Funds (SLFRF) funding, \$29.5.

<sup>2</sup> Sewer Utility budget increased because of Bangor/Keyport Forcemain Replacement project estimated to cost \$8.96, and Pump Stations 19,31 Conveyance project with an estimated cost of \$3.50.

# Summary of Financial Information

## Condensed Statement of Net Position

This statement includes information about all assets and deferred outflows, and liabilities and deferred inflows of the County, with the difference between assets and deferred outflows, and liabilities and deferred inflows reported as Net Position.

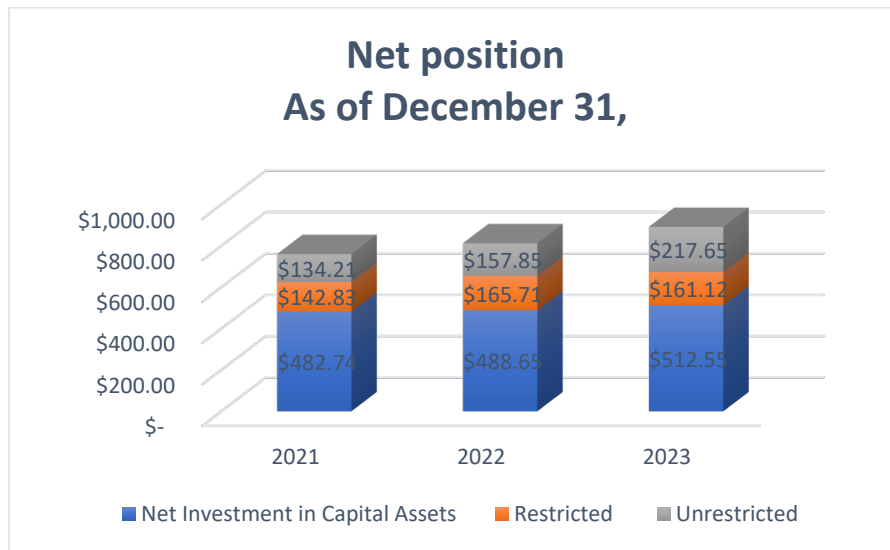
Condensed Statement of Net Position (in millions)	Governmental Activities 2023	Business-Type Activities 2023	Total 2023	Total 2022
<b>Assets</b>				
Cash and investments	\$ 290.30	\$ 127.21	\$ 417.52	\$ 399.32
Receivables, net	19.40	6.79	26.19	26.62
Capital assets, net	420.62	200.45	621.07	582.67
Other assets	69.12	6.97	76.08	78.45
<b>Total Assets</b>	<b>799.44</b>	<b>341.42</b>	<b>1,140.86</b>	<b>1,087.05</b>
Deferred Outflows	23.00	3.02	26.02	27.46
<b>Total Assets and Deferred Outflows</b>	<b>\$ 822.44</b>	<b>\$ 344.44</b>	<b>\$ 1,166.88</b>	<b>\$ 1,114.51</b>
<b>Liabilities</b>				
Short-Term Liabilities	80.88	10.63	91.51	103.84
Long-term Liabilities	81.21	84.30	165.51	168.98
<b>Total Liabilities</b>	<b>162.09</b>	<b>94.92</b>	<b>257.02</b>	<b>272.82</b>
Deferred Inflows	16.54	2.01	18.54	29.48
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 178.63</b>	<b>\$ 96.93</b>	<b>\$ 275.56</b>	<b>\$ 302.31</b>
<b>Net Position</b>				
Net Investment in Capital Assets	384.05	128.50	512.55	488.65
Restricted	152.95	8.17	161.12	165.71
Unrestricted	106.81	110.85	217.65	157.85
<b>Total Net Position</b>	<b>\$ 643.81</b>	<b>\$ 247.51</b>	<b>\$ 891.32</b>	<b>\$ 812.20</b>



# Summary of Financial Information

The government's total net position increased \$79.12 with a \$51.85 net change in governmental activities and a \$27.26 increase in business-type activities mainly because of:

- A \$9.29 increase in investment earnings, an \$8.50 increase in operating grant revenue, a \$6.66 in Opioid Settlement proceeds, and a \$3.78 increase in sales & use taxes. Total expenditures also decreased by \$4.55.
- The Sanitary Sewer fund and Solid Waste fund increased utilities rates.



## Condensed Statement of Activities

The Condensed Statement of Activities below presents information about all revenues and expenses of the county and the change in Net Position.

Condensed Statement of Activities (in millions)	Governmental Activities 2023	Business- Type Activities 2023	Total 2023	Total 2022
Revenues	\$ 308.85	\$ 87.55	\$ 396.40	\$ 370.94
Expenses	(257.00)	(60.28)	(317.28)	(317.66)
<b>Change in Net Position</b>	<b>51.85</b>	<b>27.26</b>	<b>79.12</b>	<b>53.28</b>
Prior Period Adjustment	-	-	-	(0.84)
<b>Total Change in Net Position</b>	<b>\$ 51.85</b>	<b>\$ 27.26</b>	<b>\$ 76.12</b>	<b>\$ 52.44</b>



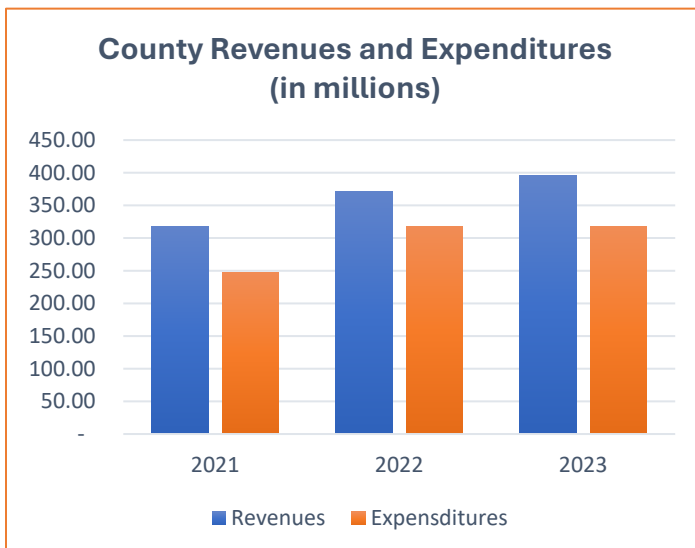
# Governmental Activities

## Governmental Revenues & Expenditures

Kitsap County's operations are divided into two categories for reporting purposes: Governmental and Business Type. Governmental functions include general government, judicial services, public safety, physical environment, transportation, health & human services, economic environment, and culture & recreation. Business Type functions (utilities) are fully supported by user fees. The fund financial statements in the ACFR present financial information for the County's various funds.

<b>Governmental Revenues</b>	
For the Year Ended December 31, 2023	
<i>(in millions)</i>	
Revenue Source	
Intergovernmental	\$ 121.76
Property Taxes	71.20
Retail Sales Taxes	81.02
Other Taxes	10.55
Investment Earnings	13.96
Opioid Settlement Proceeds	6.66
Miscellaneous	4.60
Transfers	(0.89)
<b>Total</b>	<b>\$ 308.85</b>

<b>Governmental Expenditures</b>	
For the Year Ended December 31, 2023	
<i>(in millions)</i>	
Expenditures	
Public Safety	\$ 73.45
General Government	49.87
Transportation	42.64
Health & Human Services	48.64
Judicial Services	18.00
Economic Environment	10.56
Culture & Recreation	7.97
Physical Environment	3.69
Interest on Long-term Debt	2.18
<b>Total</b>	<b>\$ 257.00</b>



### Revenues

Total revenues increased by \$17.87 or 5.79%, mainly due to the following:

- Investment Earnings increased by \$9.29 or 66.53% due to market performance and fair value adjustment.
- Intergovernmental Revenues increased by \$7 or 5.79% due to operating grants and contributions.

### Expenditures

Total expenses decreased by \$4.55 or 1.77% mainly due to general government expenses.

# Business Type Operations

Kitsap County Public Works department provides solid waste, sewer and surface and stormwater services to all the unincorporated areas of the County. These services are paid for entirely by user fees and the activity of the department is known as Business-Type Operations.

## Solid Waste

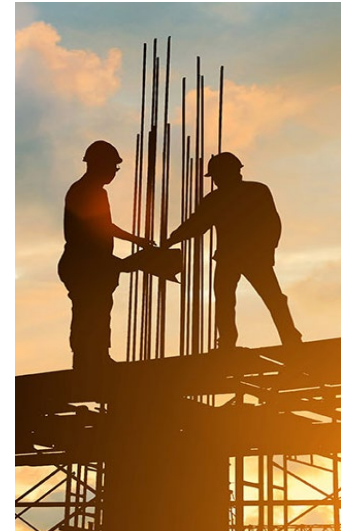
The Solid Waste Division plans, develops and implements solid waste management programs which conserve natural resources and minimize impacts to land, water, air, and climate.

## Sanitary Sewer

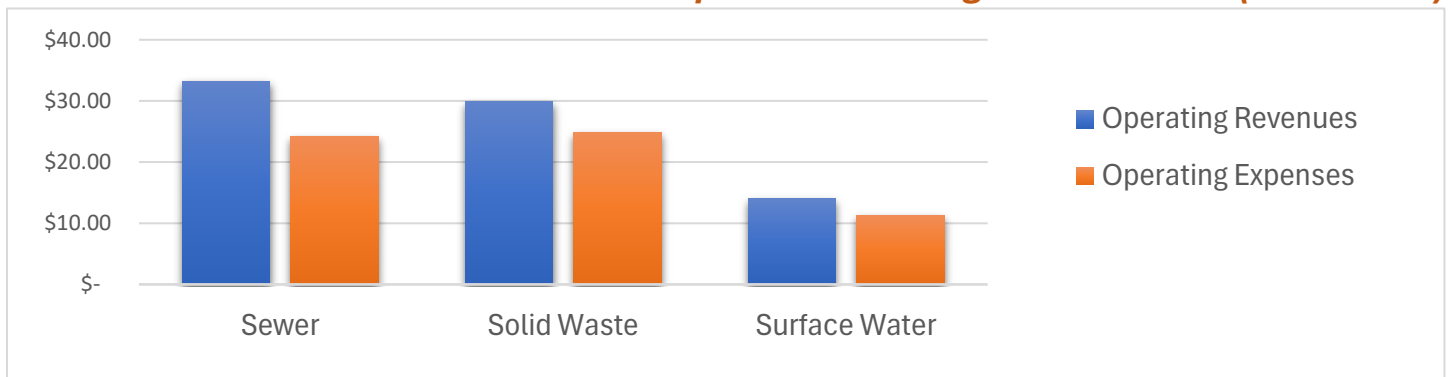
The Sewer Utility Division provides sanitary sewer service for various unincorporated areas of the county as well as the City of Poulsbo, the Suquamish Tribe and the Bangor and Keyport Naval facilities. The Sewer Utility is supported by user fees.

## Surface & Stormwater Management

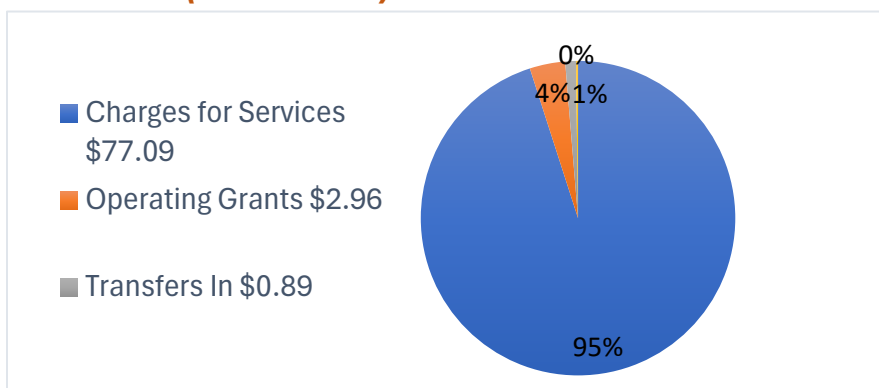
The Surface & Stormwater Management Division of Kitsap County promotes public health, safety, and welfare by establishing a comprehensive, sustainable approach to surface and stormwater management.



## Expenses and Program Revenues (In millions)



## Revenues (in millions)

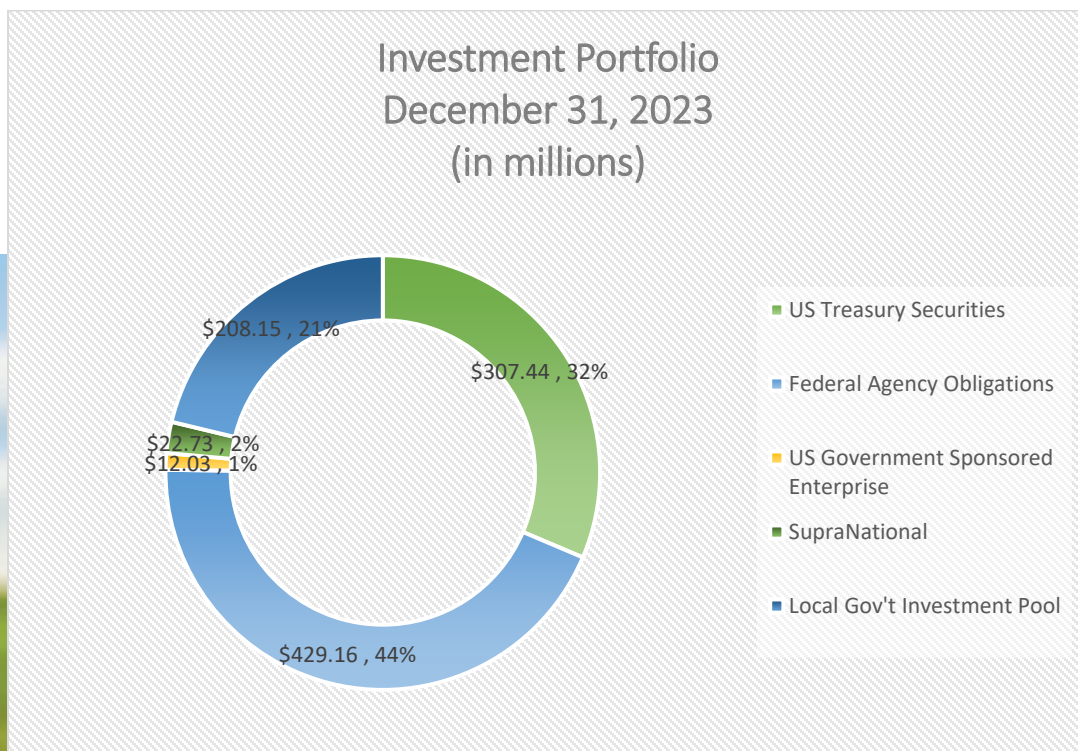


# Investment Policy

Kitsap County's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool. This pool is administered by the Washington Public Deposit Protection Commission (PDPC).

As allowed by the state statute, all investments of the County's funds are obligations of the U.S. Government, U.S. agency issues, the Washington State Local Government Investment Pool (LGIP), certificates of deposit, municipal obligations or money market deposits with Washington State banks and savings and loan institutions.

At year-end, Kitsap held the following investment balances. These balances include investments held by the county as agent for other local governments:



# Capital Asset Activity

The County’s total investment in capital assets as of December 31, 2023, amounted to \$1.30 billion, and \$811.81 million net of accumulated depreciation. This investment includes land, infrastructure, buildings and improvements, machinery and equipment and construction in progress.



<i>Book Value (in millions)</i>		
<b>Capital Assets</b>	<b>12/31/2023</b>	<b>12/31/2022</b>
Land	\$ 160.58	\$ 154.24
Infrastructure	511.84	511.39
Buildings	199.81	199.80
Building Improvements	214.24	209.92
Machinery & Equipment	85.82	80.88
Construction in Progress	126.98	87.35
<b>Total</b>	<b>\$ 1,299.28</b>	<b>\$ 1,243.58</b>

## **Major additions for the year included:**

- 40 road construction projects with a total cost of \$13.54.
- The County purchased 27.1 acres of from the Washington State Department of Natural Resources, located on Ridgetop Boulevard, for \$5.63.
- The County’s equipment rental fleet was updated at a cost of \$3.39.
- Bangor/Keyport Forcemain Replacement project, \$24.10; project costs were \$13.17 during the year.
- Bay Shore, Washington & Byron Improvement Project (Sewer & Stormwater) \$13.47. Project costs were \$0.64 during the year.
- Pump Stations 19,31 Conveyance \$6.18, the County spent \$1.15 in 2023.



# Long-Term Liabilities

There are numerous types of long-term liabilities – or debts – the county is required to pay. The County acquires debt as part of its regular operations. These long-term liabilities are paid over a period one year or more.

As of December 31, 2023, the County had \$179.87 million in outstanding debt of which \$14.36 million will mature during fiscal year 2023.

Long-Term Liabilities						
	<i>(in millions)</i>					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Bonds payable</b>	\$ 55.21	\$ 60.50	\$ 66.56	\$ 68.86	\$ 121.77	\$ 129.36
<b>Notes Payable</b>	1.25	1.34	-	-	1.25	1.34
<b>Pension Liability<sup>1</sup></b>	9.50	11.43	1.27	1.51	10.77	12.94
<b>OPEB Liability<sup>2</sup></b>	13.98	15.32	-	-	13.98	15.32
<b>Other Liabilities</b>	10.64	9.15	21.47	13.99	32.11	23.13
<b>Total</b>	<b>\$ 90.58</b>	<b>\$ 97.73</b>	<b>\$ 89.29</b>	<b>\$ 84.36</b>	<b>\$ 179.87</b>	<b>\$ 182.09</b>

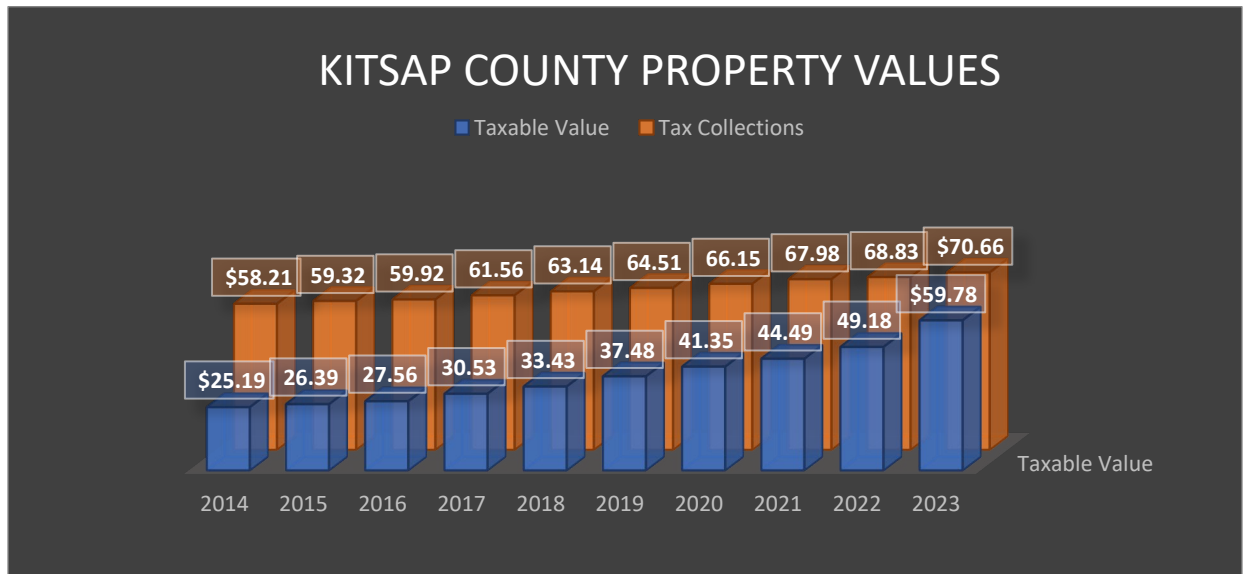
<sup>1</sup>Pension Liability represents Kitsap County's share of the State of Washington's Retirement Plan liability. The State is responsible for providing retirement benefits for participating County employees.

<sup>2</sup>Other Post Employment Benefits (OPEB) Liability is the estimated future cost to the County, to provide health care to members of the Law Enforcement and Firefighters Retirement System (LEOFF) as established by RCW 41.26. The OPEB Plan is closed to new members.

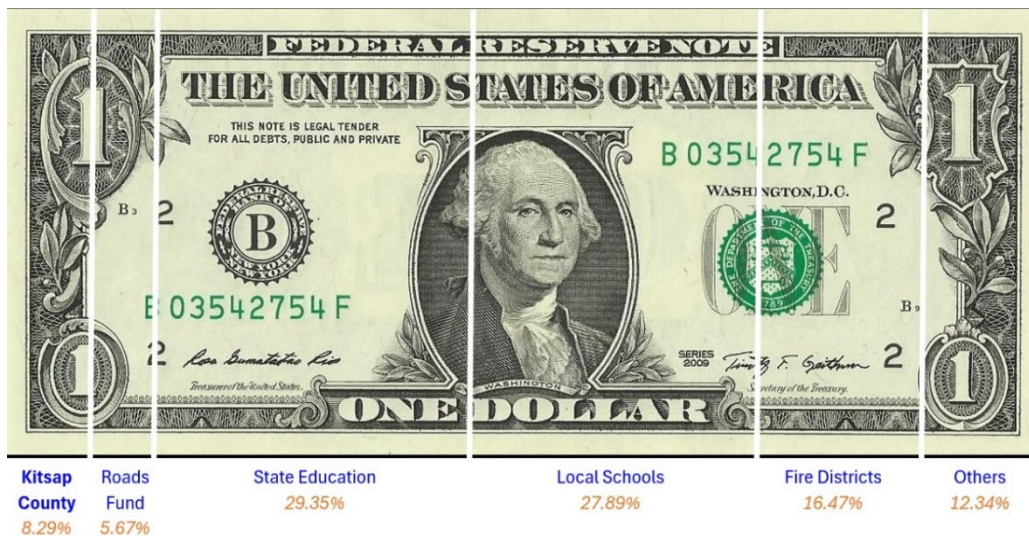


# Kitsap County's Property Taxes

The Kitsap County Assessor's Office establishes the assessed value of all real and personal property for tax purposes. The values are used to calculate and set levy rates for the various taxing districts. The Assessor's Office appraises property both by physical inspection and by market activity.



## Your Property Tax Dollar – 2023



The rate is calculated based on Property Tax Levies which consist of property taxes from unincorporated areas and cities.

# Kitsap County's Property Taxes

## Kitsap County's Highest Taxable Property Values

