

# RESIDENT'S GUIDE TO THE 2026 BUDGET



# 2026 KITSAP COUNTY BUDGET

TOTAL BUDGET: \$651.01 MILLION

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## GENERAL FUND: \$137.9 MILLION

This single fund receives undesignated revenues which can be budgeted for any appropriate County purpose. It finances the majority of the traditional services associated with County government. Most of the budget deliberations center around this fund since it provides resource allocation flexibility. Additional detail about the General Fund's budget is shown in the graph below.

## ENTERPRISE FUNDS: \$174.4 MILLION

Kitsap County has 13 funds operated in a manner like private business. These funds are administered by the Public Works Department; their operations rely on fees collected for services provided to our citizens. These services include Solid Waste, Landfill Operations, Sewer (Utility, Improvement, & Construction) as well as the Surface and Stormwater Management.

## SPECIAL REVENUE FUNDS: \$230.4 MILLION

There are 59 special revenue funds that have combined expenditures exceeding the General Fund budget. The nature of the revenue sources mandate that these monies can only be used for specific purposes. The County Road Fund is the largest fund in this category.

## CAPITAL & DEBT BUDGET: \$21.2 MILLION

The capital budget represents the amount of funds allocated for long-term investments in our facilities, including buildings, construction and renovation, and infrastructure. This money is largely raised through the issuance of bonds for long-term debt.

## INTERNAL SERVICE FUNDS: \$87.1 MILLION

These funds operate like enterprise funds and serve County Departments as their customers. Their goal is to establish rates which will pay all operating and capital costs and ensure the General Fund does not subsidize these activities.

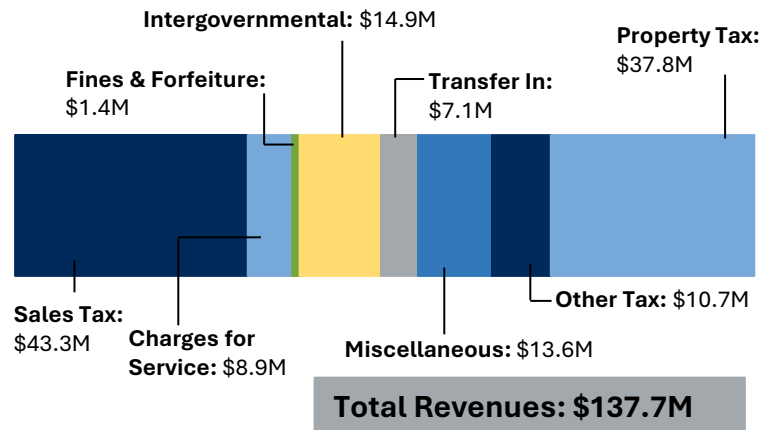
## KITSAP COUNTY AT A GLANCE

Kitsap County government exists to protect and promote the safety, health, and welfare of our citizens in an efficient, accessible, and effective manner.

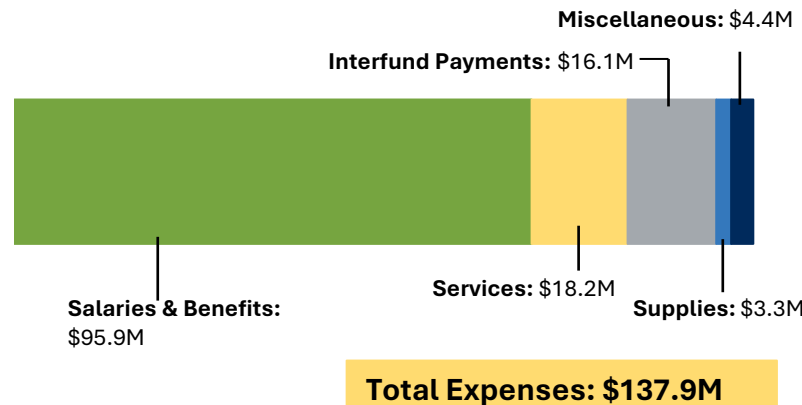
We are a unique and growing community, widely known for:

- Safe and healthy community
- Protected natural resources and systems
- Thriving local economy
- Inclusive government
- Effective and efficient county services

### GENERAL FUND REVENUES



### GENERAL FUND EXPENSES



### OUR COUNTY

1857

Founded

U.S. Navy

Largest County

Employer

566 Square Miles

Total County Area

697 people/sq mi

Density

### OUR RESIDENTS

283,374

Estimated Total  
Population

4.8%

Average Annual  
Unemployment

### OUR EMPLOYEES

1,289.85

Total FTE

821.10

FTE Represented by  
Unions

## WHO ARE OUR EMPLOYEES?

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### General Fund Employees

The budget is mostly people providing services where more than 70% of costs are salaries or indirect costs from other funds and departments that support people too. These positions are clerks, administrative staff, law enforcement officers, attorneys, appraisers, and maintenance workers.

	General Fund (GF) or Significant Interfund Cost					
	Headcount - Point in Time - Last 5 Years				Budget	
	Min	Max	Average	Current	GF	NON
Administrative Services	14	19	17.1	18	7.75	10.25
Assessor	19	26	23	22	23	
Auditor	26	31	29.4	28	18.05	10.95
Capital Facilities	19	35	26	35		34.9
Clerk	34	40	37.9	36	36.2	
County Commissioners	10	19	15	13	12.7	0.1
District Court	20	30	25.2	28	27.5	
Emergency Management	4	6	5	4	5	
General Admin & Ops	0	5	0.9	5	6.67	
Human Resources	11	16	15	15	12.05	1.95
Information Services	39	44	41.5	40		43
Juvenile	50	58	53	52	55	
Medical Examiner	8	11	10.2	10	9.5	
Parks	22	40	34	35	38	
Prosecutor	59	77	72.4	72	72	2.75
Public Defense	13	28	19	26	27	
Sheriff	236	266	254.8	255	262.6	3
Superior Court	21	25	23	22	22.35	0.15
Treasurer	11	14	12.4	12	10	3
	<b>616</b>	<b>790</b>	<b>713.6</b>	<b>728</b>	<b>645.37</b>	<b>110.05</b>

### Non - General Fund Employees

Some government functions run like a business and charge fees. Others are supported by state and federal grants. These positions are not funded by the General Fund or have a smaller impact.

	Grants - Projects - Utilities - Fees					
	Headcount - Point in Time - Last 5 Years				Budget	
	Min	Max	Average	Current	GF	NON
County Roads	122	140	134.4	122		148.415
Human Services	84	116	102	112	2.75	121.465
Community Development	61	88	75.2	83	16.85	73.55
Equipment Rental & Revolving	13	17	15.2	17		16
Sewer Utility	61	75	69.1	75		79.63
Solid Waste	29	37	32.9	37		39.34
Stormwater	31	38	34.9	35		36.33
	<b>401</b>	<b>511</b>	<b>463.7</b>	<b>481</b>	<b>19.60</b>	<b>514.73</b>

Note: The County consistently analyzes the cost of direct hiring employees versus paying contractors and only hires full-time employees if appropriate. As an example, the County has recently hired more public defenders and onboarded custodial staff because it is more efficient to hire these positions than to pay contractors to do the same work.



## WHAT CAN WE SPEND MONEY ON?

All of the money the County receives is separated into different buckets called funds. Some revenue sources, like federal grants, fees, and various taxes are restricted, and can only support specific services. Most sales tax revenue, however, is unrestricted, and can support all government services.

**75% of the revenue that comes into the county is restricted in some way. The other 25% is the center of County budget challenges.**

**Example 1:** Your apartment is on the county sewer system -> You pay a sewer bill -> That money goes into the Sewer Fund and can ONLY be spent to maintain/improve sewer operations.

**Example 2:** You buy a house in unincorporated Kitsap County -> You pay Real Estate Excise Tax (REET) when you purchase the home -> That money goes into the REET Fund and can ONLY be spent on capital projects and maintenance related to capital projects.

**Example 3:** You buy a new TV and have it shipped to your house in unincorporated Kitsap County -> You pay sales tax on that purchase, a portion of which the county receives -> This revenue is unrestricted and could support the hire of a clerk to help resident's get a new passport.

Parks Maintenance  
Jail/Juvenile Sales Tax  
Mental Health Sales Tax  
Lodging Tax Fund  
Real Estate Excise Tax  
County Road Fund  
Noxious Weed Control  
Kitsap Recovery Center  
Area Agency on Aging  
SBHASO Mental Health

## WHERE DOES OUR FUNDING COME FROM?



### TAXES

- **Sales Tax** (43.3M) is the largest funding source in the General Fund, which is unusual in county governments. Much of the sales tax revenue is driven by construction, general merchandise stores, trade contractors, and other miscellaneous retailers. Online retail has become a large part of total revenues with the majority of the population living in the unincorporated areas.
- **Property Tax** (37.8M) is the second largest revenue source. For most counties, it is typically the largest revenue source. The General Fund receives \$0.08 of every \$1.00 of property tax billed. Property tax increases are limited to 1% per year plus new construction unless approved by vote.
- **Other Taxes** (10.7M), such as Real Estate Excise Tax, Gambling Taxes, and Admissions tax, also contribute to county operations.



### MISCELLANEOUS

- **Investment Interest** (12.6M) Kitsap County manages a diversified investment portfolio and receives interest earnings on these investments.
- **Transfers from Other Funding Sources** (7.1M) occur when another county fund, such as a special revenue fund, provides money to the general fund, often as a payment for a service.
- **Leases and Rentals** (0.9M) The county has a variety of equipment, facilities, and other items that it leases or rents out to other agencies and individuals for revenue.



### INTERGOVERNMENTAL

- **State** (13.1M) grants, shared revenues, entitlements and interlocal and intergovernmental services support various departments. Cities pay for the booking of misdemeanor charges at the jail.
- **Federal** (1.8M) direct grants, federal entitlement and impact, and other miscellaneous sources make up another portion of intergovernmental revenues.



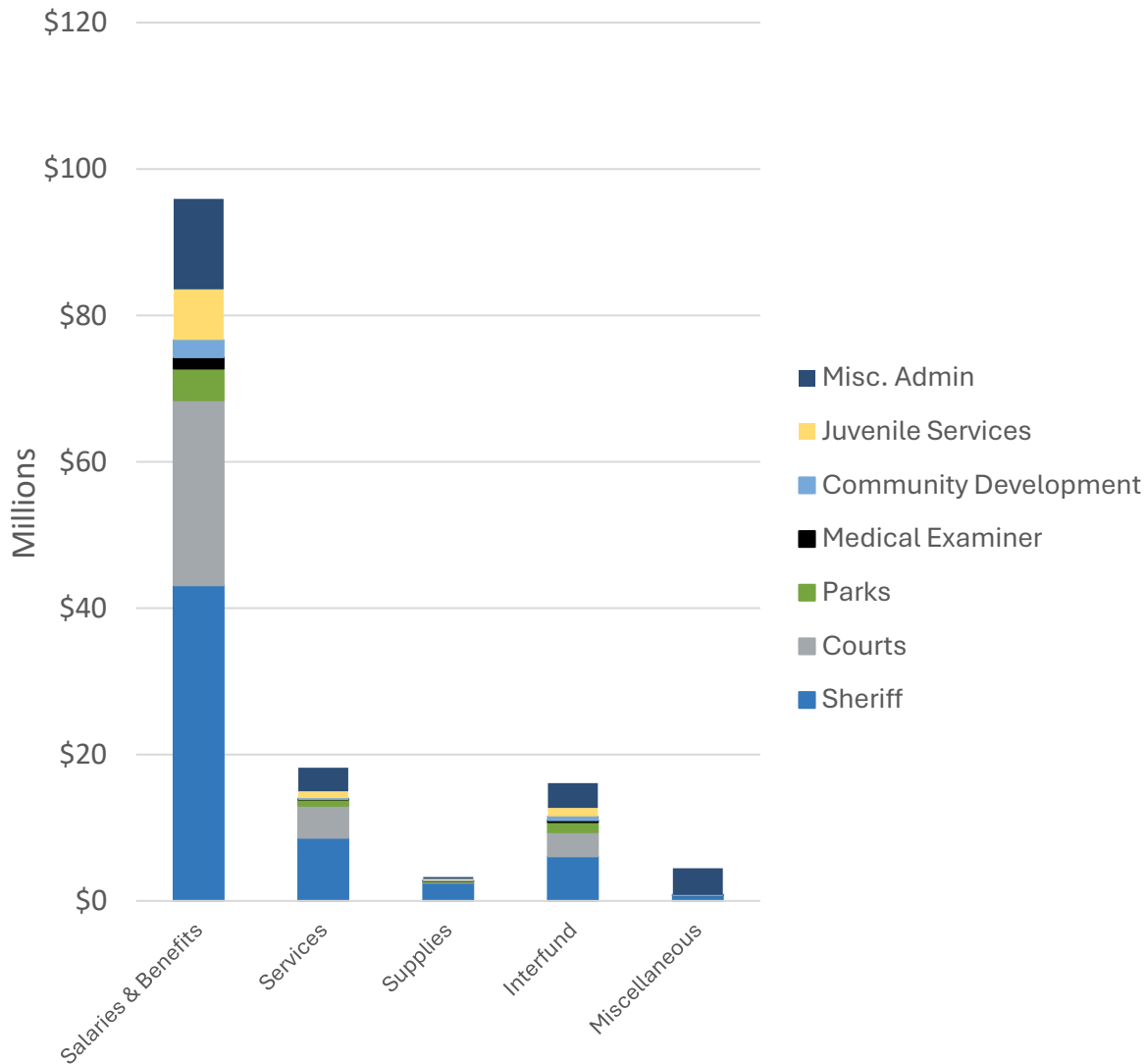
### SERVICES, FINES & FEES

- **Charges for Service** (8.9M) consists of fees charged for specific services rendered. Examples include document recording, motor vehicle licensing, and passport services.
- **Fines and Forfeits** (1.4M) includes items like traffic and parking infractions, criminal non-traffic penalties, and civil penalties.
- **Licenses and Permits** (0.1M) includes items such as gun permits, marriage licenses, and family support service fees.



# WHAT DO WE SPEND MONEY ON?

## RESIDENT'S GUIDE TO THE 2026 BUDGET



**Salaries and benefits** are 70% of the General Fund budget. This includes all pays, medical benefits, overtime, and extra help for county employees. Salaries and benefits are constantly increasing due to union contract negotiations and general cost-of-living adjustments.



**Services** includes all contracts and utilities cost, including insurance, communications, consulting, and more. These contracts can increase significantly every year, and the county may be obligated to pay them to maintain compliance with state laws – for example providing medical services in the county jail.



**Supplies** items are often discretionary in nature, such as office/operating supplies, small tools, and equipment. The largest expense in this category is our body-worn camera program.



**Interfund payments** are paid by departments to other internal county departments for their services, such as risk management, IT, and fleet vehicle usage. As the cost of insurance, technology, and supplies increases, the cost of interfund payments will continue to increase.

# YOUR PROPERTY TAX DOLLAR

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The examples below are from two properties in Kitsap County. Individual tax distributions may look different for where you live.

## UNINCORPORATED KITSAP COUNTY RESIDENT



COUNTY ROADS STATE EDUCATION LOCAL SCHOOLS FIRE DISTRICTS OTHER

## CITY-DWELLING KITSAP COUNTY RESIDENT



COUNTY CITY STATE EDUCATION LOCAL SCHOOLS FIRE DISTRICTS OTHER

We commit ourselves to ensuring every dollar we spend goes the furthest for our citizens. Of every property tax dollar, less than \$0.08 goes directly to the county to support the general fund operations. If you live in unincorporated Kitsap County, almost \$0.11 goes to Kitsap County Public Works for roadwork. The remaining \$0.92, or \$0.81, goes to other taxing authorities to provide public services.

## GOVERNMENT IN A HIGH INFLATION ENVIRONMENT

Over the last few years, county expenditures have grown rapidly due to **inflation raising costs** on most county services and supplies.

Additionally, the need to hire and retain staff with competitive salaries and comply with union contracts has caused a significant **increase in salaries and benefits costs** across the county.

The county has been able to maintain staffing and service levels largely due to anomalous revenues. Mainly, **investment earnings surged** from our typical budgeted \$2 Million to an all-time high of \$14 Million in 2025. We expect these revenues to decline over the next several years.

**Revenues have otherwise stagnated** over the last three years. Sales tax revenues increased by 1.5% in 2023, 3% in 2024 and 4% in 2025.

We have been able to mitigate the budget deficit to some extent through cost saving measures – limiting requested expansion of staffing or services and not adding to our base operating budget.

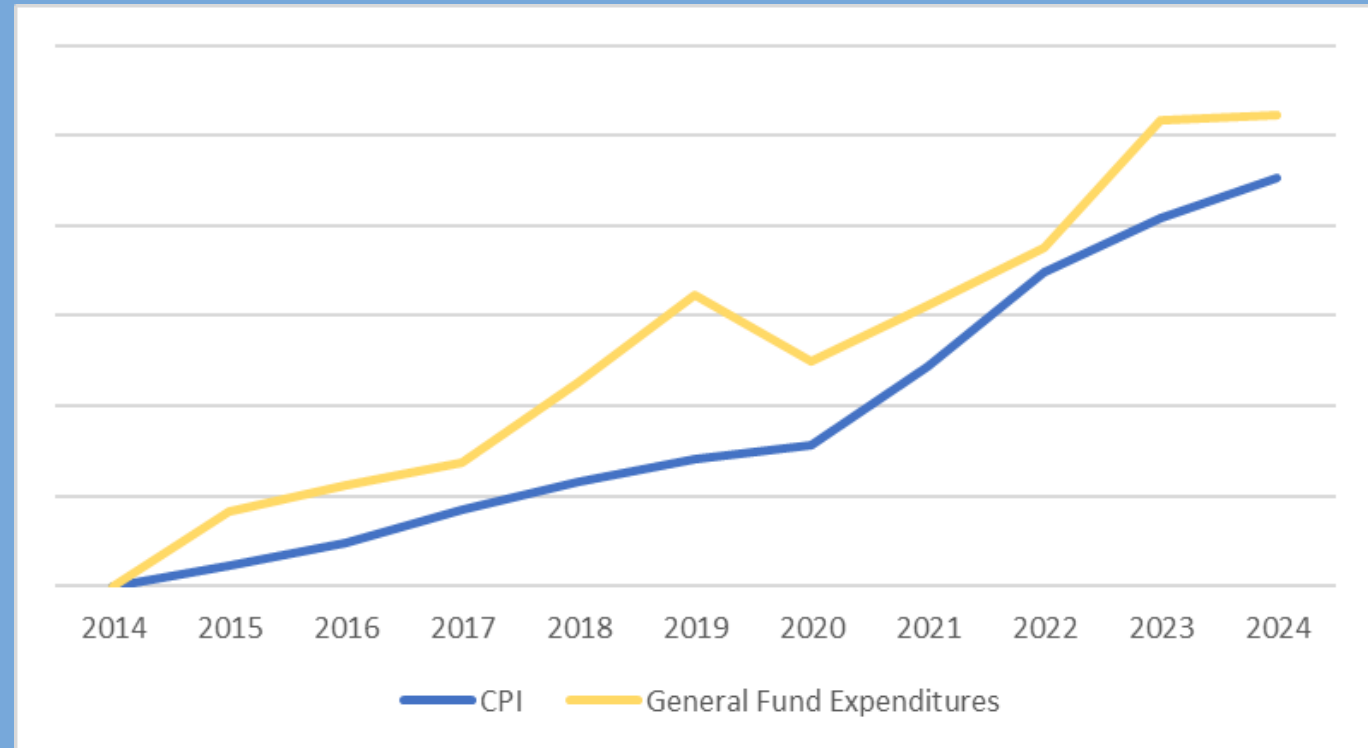
For the 2026 budget, our expenditures exceed our revenues by \$350,000. We will utilize our healthy general fund reserves to balance our budget for this year.

In the coming years, as expenses continue to rise and existing revenues decline or flatten, **the county will be required to cut costs by increasing efficiencies, eliminating staff or services, and pursuing additional revenue opportunities.**

## RESIDENT'S GUIDE TO THE 2026 BUDGET



KITSAP COUNTY EXPENDITURES AS COMPARED TO LOCAL CPI



\*Expenditure increases in 2019 & 2023 are related to one-time capital project funding.





**2023 – 2025 Budgets:** In anticipation of budget shortfalls, General Fund departments were directed to maintain operations, absorb many inflationary increases to supplies and services. Increases were extremely limited to planned salaries & benefits costs such as union contract negotiations.



**2026 Budget:** As growth in revenues declined and ongoing expenditures exceeded ongoing revenues, General Fund departments were directed to make cuts by an amount equal to 3% of their 2025 budgets - shared equally. This included:

- 2.5 Million in staffing reductions – 22.15 Positions
- 1.7M in new revenues – Jail bed revenues, Medicaid reimbursement, and various smaller adjustments
- Reallocation of staff costs – 4.15 positions funded by grants or other funds
- Interfund departments absorbed costs and limited rate increases
- A hiring freeze created short term savings & the opportunity of cuts through attrition - \$944,000
- Conducted a community survey for direct resident input on priorities and experiences



**2027 Budget:** In addition to the following options, we have continued the hiring freeze. There is potential to save an additional \$810,000 this year. Additionally, departments are continuing to look for ways to reorganize and create efficiencies. There has been a few successful changes in 2026 already that resulted in reducing unnecessary vacant positions.





**LONG TERM FINANCIAL PLANNING**

**First Quarter**

Evaluate processes and policies, collaborate internally, and forecast.

**Second Quarter**

Public communication and planning. Release budget direction for next year.

**Third Quarter**

Analyze program budgets and review impacts. Update forecasts.

**Fourth Quarter**

Review options for long term health with the Board and finalize 2027 budget.

JAN    FEB    MAR    APR    MAY    JUN    JUL    AUG    SEP    OCT    NOV    DEC

# Long Term Plan

- Evaluate/update current processes and priorities
- Formalize new and existing financial policies
- Explore spending cuts, service reductions and revenue options
- Public communication and impacts
- Develop budget to enable long term stability for the 2027 budget and beyond



# GET INVOLVED

# RESIDENT'S GUIDE TO THE 2026 BUDGET



## FOR QUESTIONS & MORE INFORMATION CONTACT US!

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

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