

**CITY AUDITOR**

**Gary W. Nystul CPA CFE**  
**City Auditor**  
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August 21, 2015

Members of the Bremerton City Council  
Mayor Patty Lent

Attached is my report reviewing the land parcels owned by the city and their related entry in the financial accounting system. The tax parcel records of Kitsap County were used as the basis for comparison.

Kitsap County uses 26 different names for the city as taxpayer for city land. These include taxpayer names such as Lions Field, Kiwanis Park, Evergreen Park as well as City of Bremerton. Effort is underway to try to get the county to correct the property tax files.

There are a number of asset records which should be corrected. The significant errors noted include:

- 11 parcels still listed as city assets that have been sold (some 15 years ago)
- A parcel of about 7.26 acres which includes a storm retention pond and dam that the city thought had been transferred to a developer in 1996, but actually had been transferred back to the city in November 2007
- 40 parcels of land listed by the county as city owned but are not identified in the asset system. Some parcels may be offset by a number of assets with tax account numbers that do not match current county records
- 21 acres of land at Forest Ridge Park not listed as land in the asset records

The Department of Financial Services should update the asset records. Please contact me if you would like more information.

Sincerely,

Gary W. Nystul

cc: City Attorney  
Director of Financial Services

# **IDENTIFICATION OF CITY OWNED LAND**

## **PURPOSE**

The purpose of this review is to identify all of the parcels of land owned by the city and ensure they are recorded in the financial fixed asset records.

## **SCOPE**

The county land records and financial accounting system entries as of May 2015 were used.

## **BACKGROUND**

Kitsap County maintains a data base of all parcels of land in the county and their owners. This public record is accessible to anyone with a computer who can access the County Assessor's parcel search web site. The data available on this site include the taxpayer name, mailing address, tax account number, situs address, acreage, and property class.

City asset records are maintained on the financial accounting system which is maintained by the Department of Financial Services. These records include information filed by asset ID number and include description, location code, date acquired, cost or value, and category. Many land asset descriptions include the county tax account number. There were 267 land assets identified as belonging to the city in the financial accounting system.

## **METHODOLOGY**

The common identifier between the county records and a city land asset listing is the tax account number. County records were compared to city records to ensure all properties were identified. Many assets were easily identified between the two data bases using the tax account number. However, over time, the county has changed some of these numbers to consolidate related parcels into one account number. Many of these changes were not made in the city asset records. Some instances were noted where typographical errors were made in the city records for tax account numbers.

## **FINDINGS**

The following are issues identified with the land asset records. They are not listed in any order of significance:

1. Kitsap County uses 26 different taxpayer names in their records for the owner of city land. These name formats include: City of Bremerton, Bremerton City of, Bremerton City of Mayor; Ivy Green Cemetery; Kitsap Lake Park; East Park Nature Area, and etc. It is not clear why the various names are used. Effort is underway to simplify the names used by the county. A table of the names used by Kitsap County is attached.
2. Eleven parcels of land listed as assets in the financial accounting system were sold several years ago. These include seven lots around the wastewater treatment plant that were sold in 2000 and 2001. Although these lots did not have an asset value, they were still listed as land owned by the city. In addition, two parcels of land in the watershed were sold as part of land exchanges.
3. The city auditor has identified approximately 7.26 acres of land, known as old Reservoir Number 3, that were not included in city owned assets. In 1996 these two parcels were part of a multiyear land exchange process to improve control of access to the watershed. With city council approval, they were transferred by quitclaim deed to Port Blakely Tree Farms in 1996. However, in November 2007 the city council approved the plat of Wright Creek Business Park Phase 2, whereby West Hills Development LLC, by quitclaim deed, conveyed these parcels back to the city. City staff was not aware that these parcels have been owned by the city since November 2007. Preliminary inspection by Water Resources indicates that this area could hold 19.97 acre feet of storm water. They also identified that the city has additional responsibilities to have a dam safety manual and an emergency response plan.
4. The county has changed some tax account numbers over the years and the city records have not been updated. There are 28 land assets that require a change in the tax account number. Research has identified a county taxpayer identification number for these assets. However it needs to be verified.
5. There are 40 parcels of land which the county identifies as being owned by the city that are not assigned to an asset number. Some could be included in existing assets, but the information in the record does not match.
6. Easements should be classified in a category other than land in the accounting system. Five easements are classified as a land parcel and should be corrected.

7. Fourteen assets list a tax account number that is not valid. Some parcels may have been combined and some could have been sold.
8. There are additional assets numbers that need to be researched.
  - Two asset numbers appear to be duplicate asset numbers for the same parcel of land.
  - One parcel appears to have been assigned two tax account numbers by the county.
  - Several tax account numbers are not valid and appear to have been included in other parcels.
9. Some asset records are lacking in complete information. For example, asset number 08291 is classified in the category of land acquired 12/31/95 for \$250,000. It gives a location of 680 Lebo which is the Sheridan Park Community Center. However, there are other asset numbers assigned to the land at this location. There is insufficient information to correctly identify this asset. After considerable searching, the Finance Department has been able to identify the land and correct the location code.

## **RECOMMENDATIONS**

The Department of Financial Services maintains the fixed asset records. They should review the items noted and make adjustments and/or corrections as appropriate.

The Department of Public Works & Utilities should determine which division is responsible for the old Reservoir 3 site and ensure the city is in compliance with state and federal regulations.



**FINANCE DEPARTMENT**

**Director of Financial Services** | Catherine Johnson  
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July 22, 2015

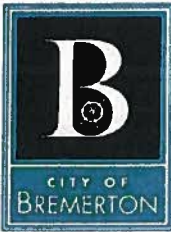
To: Gary Nystul, Internal Auditor

From: Cathy Johnson, Director of Financial Services

RE: Draft Audit Report – Identification of City Owned Land

Response to your draft audit report is as follows:

The City's revenue and expenditure records are reviewed annually to identify the purchase and sale of property. Council minutes, deed files and system conveyance records are also reviewed to locate other non-monetary property transactions. Comparison to county records should be done at least every five years to verify that all transactions have been captured and properly recorded. Financial Services agrees with the recommendations in the draft report and appreciates the efforts of the Auditor. The department will work with him to address all of the items presented in the draft report and update the City's capital assets records as required. This effort will be completed by the end of the third quarter of 2015. A regular review will be incorporated into the departments future work plan.



Public Works and Utilities Department

100 Oyster Bay Ave. N. • Bremerton, WA 98312 • (360) 473-5315 • FAX (360) 473-5380

## MEMORANDUM

**DATE:** July 21, 2015

**TO:** Gary Nystul, Auditor

**FROM:** Chal Martin, Public Works & Utilities Director

*Chal Martin 7/21/15*

**SUBJECT:** Identification of City Owned Land – Draft Audit Report Response

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### Status of Audit Findings & Recommendations

#### 1. Reservoir Number 3

**Recommendation:** The Department of Public Works & Utilities should determine which division is responsible for the old Reservoir 3 site and ensure the city is in compliance with state and federal regulations.

**Response:** Public Works and Utility staff is working with the city's Legal Department to determine the responsibilities of the city and the current owner's compliance with the provisions of the plat.

**TAXPAYER NAMES USED BY KITSAP COUNTY  
FOR LAND OWNED BY THE CITY OF BREMERTON**

- 1 CITY OF BREMERTON
- 2 CITY OF BREMERTON ACCOUNTS PAYABLE
- 3 BREMERTON CITY OF
- 4 BREMERTON CITY OF MAYOR
- 5 BACHMAN PARK
- 6 BATAAN PARK
- 7 BLUEBERRY PARK
- 8 BREMERTON CITY OF & KITSAP COUNTY
- 9 BREMERTON WATERSHED
- 10 EAST PARK NATURE AREA
- 11 EASTPARK & SWIMMING POOL
- 12 EVERGREEN PARK
- 13 FOREST RIDGE PARK
- 14 IVY GREEN CEMETERY
- 15 IVY GREEN CEM PERP CARE NO2
- 16 KITSAP LAKE PARK
- 17 KIWANIS PARK
- 18 LENT PARK
- 19 LIONS FIELD
- 20 MANETTE PLAYFIELD & BREMERTON SENIOR CITIZENS CNTR
- 21 NAD MARINE PARK
- 22 PENDERGAST REGIONAL PARK
- 23 SHERIDAN COMMUNITY CENTER
- 24 SHERIDAN PARK
- 25 SOUTH CHARLESTON CEMETERY
- 26 WARREN AVE PLAYFIELD