



Kitsap 911 Board of Directors Meeting on February 03, 2026

Via Virtual Meeting and Norm Dicks Government Building

ATTENDING:

Board of Directors:

Jennifer Chamberlin, City of Bremerton
David Ellingson, Fire Commissioner (Chair)
John Gese, Kitsap County Sheriff's Office
Clarence Moriwaki, City of Bainbridge Island
Bob Muhleman, Fire Commissioner
Gerald Preuss, Fire Commissioner
Rob Putaansuu, City of Port Orchard
Jane Rebelowski, City of Bremerton
Christine Rolfes, Kitsap County Commissioner
Ed Stern, City of Poulsbo Mayor
Katie Walters, Kitsap County Commissioner
Greg Wheeler, City of Bremerton Mayor (Vice Chair)

Staff:

Brandon Wecker, Deputy Director
Rachael Taylor, Human Resources Manager
Steve Rogers, Finance Manager
John Higashi, Technical Services Manager
Scott Peabody, Radio Program Manager
Barrie Hillman, Executive Assistant

Absent:

Maria Jameson-Owens, Executive Director
Oran Root, Kitsap County Commissioner

Guests:

Ken Bagwell

Grace Owens

Chief Joe Clark, Bainbridge Island Police Department

Chief Rick LaGrandeur, North Kitsap Fire & Rescue

Chief Jim Gillard, Poulsbo Fire Department

MJ

Alex Boeddeker

Mark Nelson

Call to Order: Chair David Ellingson called the meeting to order at 1231.

Welcome New Board Members

Chair Ellingson welcomed Bremerton City Council President, Jane Rebelowski to the Board.

Additions:

None.

Public Comment:

None.

Consent Agenda

Chair Ellingson introduced the consent agenda items.

Director Ed Stern moved to approve the Consent Agenda including approval of minutes from the Board of Directors 01-06-2026 meeting; the approval of payment of claims for A/P Warrant Numbers 7758 through 7820 totaling \$1,439,679.86; ACH payments December 27, 2025 through January 27, 2026, totaling \$21,493.77; payroll dated 01-02-2026 and 01-16-2026 totaling \$1,431, 869.26; and the Use Tax dated December 2025 with a total increase of \$7,857.62. Director Clarence Moriwaki seconds. Motion passed unanimously.

Employee Recognition – 4th Quarter 2025 Employee of the Quarter

Deputy Director Brandon Wecker indicated that Grace Owens has been selected as Employee of the Quarter for her exceptional initiative, expertise, and positive impact across all aspects of Kitsap 911. Over the past year, she has taken on her role with remarkable initiative. Becoming a subject matter expert in Public Disclosure Requests, training multiple staff members, and helping develop a resolution related to the Public Disclosure Record Index. Grace has also transformed Kitsap 911's social media presence, creating engaging content that has significantly increased community visibility as recognized by the board at January's meeting.

In addition to this, Grace is celebrated for the relationships she builds at Kitsap 911. She consistently goes above and beyond to connect with employees in every department, showing genuine interest in their work and lives. Her kindness, creativity, and commitment to fostering engagement embodies the intentional culture we strive for at Kitsap 911. Grace's work not only strengthens our internal community but also helps the public better understand who we are and what we do.

Ms. Owens thanked the management staff for their support and recognition and is thankful to be a part of an amazing group.

Chair Ellingson indicated that Ms. Owens epitomizes the role that everyone at Kitsap 911 carries out day in and day out seven days a week and thanked her for all she does.

Action Items

Approval of Adding to the Executive Director Hiring Committee (EDHC)

Human Resources Manager, Rachael Taylor shared that during the January 6th Board of Directors meeting, the Board approved forming an Executive Director Hiring Committee, which includes Chair Ellingson, Vice Chair Greg Wheeler, and Directors Clarence Morawaki and Oran Root, to serve as the finalist group review panel and to make the final hiring recommendation to the Board for the Executive Director position. At the kickoff meeting, Marissa Karras of Karras Consulting, who has been contracted to conduct the search, made the strong recommendation that two members of the Strategic Advisory Board (SAB) be included on the hiring committee. She recommended that one member should represent a law enforcement agency, and one member should represent a fire agency. To keep the process moving, this was presented to the SAB at their January meeting, and they named Chief Rick LaGrandeur and Chief Joe Clark to serve on the EDHC if the Board approves. Karras Consulting also recommended that a project manager from Kitsap 911 who is not intending to apply for the position serve in a non-voting advisory capacity. Ms. Taylor volunteered to serve in that role and does not intend to apply for the position.

Director Moriwaki moved to approve the addition of the Chair of the SAB and Vice Chair of the SAB to the EDHC as voting members and Human Resources Manager, Rachael Taylor, as a non-voting member. Director Christine Rolfes seconded the motion. Motion passed unanimously.

Chair Ellingson indicated that he learned at the recent Washington Fire Commissioners' meeting that King County is also hiring an Executive Director and they received 68 applications.

Approval of Hiring T4 Position

Mr. Wecker indicated that during initial planning for the Radio Project, Kitsap 911 anticipated the need for additional staffing to support implementation and long-term maintenance, but the timing was uncertain. The project has now progressed to a point where workload has increased significantly, and additional support is needed.

Director Katie Walters asked how the position will be funded if it is a permanent position. Mr. Wecker indicated that all the technology staff is funded from Proposition 2 (Prop 2) funds.

Director Ed Stern asked how soon more expansion in staffing is anticipated. Mr. Wecker said this depends on the support model that hasn't been completed yet and is dependent upon how many of the radio tasks Kitsap 911 takes on and how much is done by the contractor or member agencies.

Director Stern what is the financial impact. Mr. Wecker indicated this position's financial impact is \$154,000 and while it was not included in the 2026 operating budget, it can be fully funded from the Prop 2 sales tax revenues received in excess of the 2025 budget.

Director Christine Rolfes asked if we would be anticipating that there always be \$154,000 more in Prop 2 revenues to fund the position. Mr. Wecker indicated that once the radio project is completed, there will be funds available to continue to fund the position.

Director Rolfes asked if this is a different fund than the one where the agency fees were increased because we had agreed that once we see 2025 actuals we would see whether we wanted to adjust our fee increases. When we have more revenue, we tend to spend it as opposed to having the leeway to examine whether we want a rebate fee increase. Mr. Wecker indicated that this is separate because the Board chose not to combine the Prop 2 revenues with the original 1/10th of 1% sales tax revenues used for operations so the funding for this position will come out of the separate Prop 2 revenues which is separate from where the fees are applied.

Chair Ellingson indicated we are still waiting for the 2025 actuals and to determine whether there will be rebates or not.

Director Moriwaki moved to approve the hiring of a full-time T4 technician for the on-going radio project. Director Bob Muhleman seconded the motion. Motion passed unanimously.

Discussion Items

Annual Audit Report for Fiscal Year 2024

Finance Manager, Steve Rogers, introduced Cheryl Friesen and Colleen Williams from the State Auditor's Office (SAO).

Ms. Friesen indicated that audits are designed to increase trust in government and the public trusts that the SAO is an independent organization that provides transparent examinations of overall operations for state and local governments. Audits also identify areas where efficiencies can be improved and be more effective.

Ms. Williams shared information about the Accountability Audit for January 1, 2024 to December 31, 2024. This audit is to ascertain whether Kitsap 911 complied with state laws, regulations, contracts, grant agreements as well as its own policies and procedures. It also examines whether Kitsap 911 has adequate controls to safeguard its public funds. The audit found that the authority's operations complied in all material respects with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of its public resources.

Ms. Williams said they use a risk-based approach to select areas for further testing based which were: Accounts Payable, Open Public Meetings and Financial Condition. She summarized the processes for further testing in each area. Accounts Payable focused on credit card practices and all tests resulted in that these expenditures were supported with documentation, allowable by both state law and Kitsap 911's policies and were approved in accordance with those policies. Kitsap 911 is in compliance with the Open Public Meetings Act. They did not find any indications of financial stress for the Authority's 2024 financial year, but she cautions that a government entity's financial health can fluctuate quickly and can deteriorate by the time the office performs this analysis again. As such, the SAO highly encourages governments to monitor its financial health throughout the year. Ms. Williams recommended using SAO's online Financial Intelligence Tool (FIT) to assist with monitoring. Ms. Williams shared the FIT results for Kitsap 911, and these indicators were taken as part of the review.

Ms. Williams shared information on the Financial Audit. The objective of the financial statement audit is to issue an opinion as to whether the information included in the financial statements can be relied upon to make decisions. We are pleased to report that we are issuing an unmodified clean audit opinion on Kitsap 911's financial statements. This provides assurance that the financial statements are stated fairly and are materially correct. Kitsap 911 prepares its financial statements using a cash basis method under the State of Washington through the BARS Manual. This method of reporting is utilized by a majority of local governments across the state due to its simplified reporting requirements and is allowable by use but the auditor is required to disclose that in their report because US Generally Accepted Accounting Principles

(GAAP) is considered a more comprehensive reporting model. They are required to issue a dual opinion noting that Kitsap 911 has chosen not to use GAAP. While an adverse opinion sounds negative it does not indicate any noncompliance with state or local law.

Ms. Williams shared that the audit is conducted in accordance with government auditing standards which require them to gain an understanding of Kitsap 911's internal controls and processes for preparing financial statements. She reported that no concerns in the processes were identified and there were no instances of noncompliance with applicable laws, regulations, contracts, and grant agreements in the financial statements. She reported there were no material misstatements and no uncorrected misstatements in the audit. She reported that there were no instances of management overriding controls.

Ms. Williams indicated it was a very smooth and quick audit which excellent help from Mr. Rogers and Finance Specialist, Alex Boeddeker.

Ms. Friesen indicated that the cost for the audit was in alignment with the original cost estimate and that the audit for 2025 is scheduled for fall 2026. They encouraged us to provide feedback on a survey link in the [final report](#).

Chair Ellingson asked if the auditors were given access to all reports and information required to conduct the audit. Ms. Williams confirmed she was given everything she requested.

Chair Ellingson said that one of the FIT graphs indicated a cautionary note and Ms. Williams indicated that was due to the change in cash position which is trending downward. It doesn't necessarily mean there is a problem because it could be due to big expenditures, but the tool allows Kitsap 911 to monitor these trends.

Director Rob Putaansuu indicated it is likely our spending of Proposition 2 funds on the radio project.

The report was emailed to all Board Members.

Board Retreat Reminders

Mr. Wecker reminded Board members that the Kitsap 911 Board Retreat is coming up on February 10, 2026 at 12:30 p.m. at Kitsap 911. The focus will be the Board Composition and Effectiveness Report, followed by the remaining agenda items as time allows. Please review the report that was emailed on January 7, along with the agenda, so we can have a thoughtful and in-depth discussion together.

Strategic Initiative #5 Progress Report

Mr. Wecker reported that for the goal of Managing Service Complexity the Scheduler position

has already assisted with many scheduling tasks including shift bids, fair share, Technology Services Group (TSG) vacation bidding, and TSG on-call rotation which freed up time for other departments. Additionally, we are nearly complete with all Stay Interviews with employees. At this time 64 of 68 interviews have been completed and the rest will be done by the end of February.

For the goal of Enhancing Call and Workflow Management we have taken a step back to review the proposed non-emergency plan and how it could partner with the Artificial Intelligence (AI) solutions under review. We are reworking the plan with a goal of going live with a pilot before the summer. As part of this we are looking at partnering with our public education committee, our member agencies, and the public relations firm used by the AI vendor to develop content and support the rollout of the new non-emergency number and to help the community better understand how Kitsap 911 fits into the broader public safety and emergency response system

Strategic Initiative #1 Progress Report

Mr. Wecker reported that for the Board education goal, we have put together an onboarding notebook and made it available to all board members following our January board meeting. Two of our new board members visited Kitsap 911 in January and were able to sit and observe with our call taking and dispatch staff. This invitation is open to all board members.

We are also working on completing our annual report and our annual Performance Measures presentation. We expect to present Performance Measures at the March board meeting, we also traditionally do this at the Fire Commissioners' meeting, and we have been requested to do it for South Kitsap Rotary late in the year.

Standing Reports

Strategic Advisory Board (SAB) Report

Chief Rick LaGrandeur reported that the SAB has planned to have a World Cup planning meeting on February 17 with all the agencies and the Department of Emergency Management (DEM) so they can share information about resources and planning going on individually. The activity in the region will certainly impact Kitsap County so we want to make sure we are prepared for it and any information we have is not kept in silos.

Also discussed in the last SAB meeting is how some agencies are getting to a critical point with their aging portable radios and they discussed the priority of who would be first to receive new portable radios. It was decided that Bremerton Police and Bremerton Fire would be the first and then they will continue to discuss the priority from there.

Chief LaGrandeur also reported that he was re-elected as Chair of the SAB and Chief Joe Clark

was re-elected as the Vice Chair of the SAB.

Director Greg Wheeler indicated that there has been discussion about having agencies focus on Kitsap County and Bremerton as a designated Fan Zone as opposed to being recruited out to King County. He asked if there is a policy in place on this? Will they keep everyone local as opposed to loaning out personnel. Chief LaGrandeur said there hasn't been a collective discussion yet but will add it to the planning meeting agenda.

Director Wheeler said that this is hope with the Sheriff's department as well.

Chief LaGrandeur said to the best of his knowledge there hasn't been any request or regionalization of resources yet. He said he would add it to the planning meeting agenda.

Director Walters also indicated there was concern that people would take vacations during those six weeks and try not to add events to what is already planned.

Director LaGrandeur said he can't comment on vacation planning for all the agencies, but it is similar to wild land fire season trying to not spread ourselves too thin.

Director Walters added, and hurting all the agency overtime budgets.

Director Rolfes asked how the SAB manages their meetings and minutes. Chief LaGrandeur indicated they meet online and that Executive Assistant, Barrie Hillman, takes the minutes.

Director Gese indicated that Kitsap County Sheriff's Office (KCSO) has received a letter from Seattle Police Department asking for mutual aid and that some of their regional assets such as SWAT teams and bomb teams will probably travel there as part of the original agreement. What is critical for KCSO is knowing what is planned for the events.

Director Walters asked Director Wheeler if the City of Bremerton had received security funds from the state. Director Wheeler said that funding is still in competition.

Chair Ellingson appreciated the continuity of leadership on the part of SAB and the expertise that Chief LaGrandeur and Chief Clark bring every month to the Board.

Land Mobile Radio Project

Radio Program Manager, Scott Peabody shared a [slide deck](#) to report on the status of the project. The mobile radio replacements and Central Kitsap Fire and Rescue (CKFR) will be completed by February 14 with Poulsbo Fire next up. North Kitsap Fire and Rescue (NKFR) and Bainbridge Fire are the last two agencies to get mobile replacements by early spring. The agencies have been discussing portable radio replacements as well. There are 1,100 portable

radios that need to be replaced but they need to be tested, uniquely programmed and several other tasks before they can be distributed. We predict we can do 200 portable replacements each month. Each agency will also get a few radios ahead of time for testing which will provide feedback for programming.

Mr. Peabody shared the current schedule for the project broken up by radio replacements, infrastructure tasks and training. The radio replacements will continue into the Fall. The coverage acceptance report has just been completed and that will result in some more configuration of the overall system into the summer. System acceptance will most likely require two attempts at reaching a 30-day period of fault-free operations. Once the system is accepted, then the maintenance and reoccurring costs start so that is financial milestone. All of this should be wrapped up in October. However, this puts cutover right in the middle of the holidays, so he recommends we commit to delivering the system in early 2027.

Mr. Peabody indicated that training will consume a significant amount of logistics and time to train hundreds of users on 24-hour shifts but they are using videos and train the trainer models to help with that.

Chair Ellingson asked if Mr. Peabody can predict if additional antennas will be needed yet in specific areas of the county? He said that now that he has the coverage report they will be able to determine the additional site needs. However, it is possible and part of the plan to launch without those new sites.

Director Rolfes commented that she had underestimated the number of radios needed and asked if we are confident that we have budgeted for the maintenance and replacement costs of the radios. Mr. Peabody indicated that yes, he was very comfortable with the projected budgets and forecasts. Replacement costs for dropped or broken radios were included.

Monthly Financial Report

Financial Manager, Steve Rogers, reported that the end of year financial snapshot is a bit of a mixed bag, but reviewed some of the highlights from 2025 first.

- We modernized our funding formula. The inflationary boom in sales tax revenues that we all enjoyed during the Covid era temporarily masked the erosion that we had been seeing in our operating margin since at least 2018, but with the new formula in place, we can now keep pace with inflation.
- We switched back to the workshop format we used to use to develop our annual budget. This led to a lot more engagement and scrutiny by more board members and

other stakeholders, which are hallmarks of good, collaborative financial governance. The result was a budget for 2026 that is of a much higher quality and caliber than what we've had in previous years.

- The finance group started working on the initiatives we developed following the Strategic Positioning Workshop. Most of our efforts during 2025 were focused on the funding formula and the new budget process. Next is a review and update of our finance policies and procedures, the development of improved financial presentations, and the possible replacement of our accounting system.
- December, we closed on our \$10 million line of credit, which allows us to keep the radio project on track. We have a Master Financing Agreement already in place, which gives this board additional financial agility for funding critical capital projects without delay.
- We completed our 9th audit in a row without a single finding or management letter. We separated from Kitsap County in 2016, and we are very proud of the fact that we have maintained a perfect audit record since day one.

Mr. Rogers continued reporting that on the revenue side, sales tax came in at just under 7% above expectations for the year. We used the same number for 2025 that we did in 2024. Our assumption was that growth would start to slow toward the end of 2024 and flatten in the first months of 2025. The year-over-year growth curve has been essentially flat since April. Since its peak of 7.19% in March, the year-over-year growth rate has declined to 4.59% in December, which suggests an economic softening of some sort. For 2026, we forecasted a small increase in sales tax revenues, to account for the ongoing fight with inflation and tariffs.

For other revenue sources, excise taxes ended at about 1% above budget, user fees and tower lease revenues were a little higher due to the timing of when we receive those scheduled payments, and other revenues came in about a million dollars higher than expected. Just to recap where that \$1 million came from: \$604,000 of it was a one-time equipment grant we received in July, and another \$340,000 was from unbudgeted investment interest that we received from our Prop 2 money staying invested for longer than originally anticipated. Neither of these will be funding sources for us in 2026. Excluding those two, other revenues received for the year are only about \$152,000 over our forecast, and nearly all of that is just due to reimbursements for MCT expenses, which we do not profit from, and monthly fluctuations in user fee and tower lease revenue payments.

As for our labor budget, we had to use about \$53,000 of our budgeted attrition reserve, but that was only 0.41% of what we budgeted, which is very accurate for a \$13.5 million line item like labor. With December's final numbers in, we have completed the analysis of personnel

costs that is required under Section B, part 1e, subpart 3, and since budgeted costs did not exceed actuals by more than 6%, no refund will be issued.

Mr. Rogers also revisited the topic of the Consumer Price Index (CPI). The Collective Bargaining Agreements (CBAs) explicitly require using the October CPI number for cost-of-living increases, but due to the government shutdown, the Bureau of Labor Statistics (BLS) never released a number for October. Based on research, we proposed 3% as the de facto number for the annual Cost of Living Increases (COLAs), and Director Rolfes requested that we report on the accuracy of that estimate during this meeting. The BLS recently published their numbers for 2025, and December was at 3.1%, which was up from 2.8% in August, suggesting our number was exactly in line with the periodic inflationary trend during the last part of the year.

Mr. Rogers reported that with non-labor operating costs, we ended the year about \$1.9 million or 45% under budget, but almost all of that was due to the radio project and other things funded by Proposition 2 revenues. We did not have the half a million dollars in debt service costs that we thought we would have in 2025, and because of the revision to the radio project timeline, we also did not have \$400,000 in additional facilities costs from new tower sites, \$600,000 from additional hardware and software, and \$300,000 in additional LTE connection and other costs. The short version of this story is that if we take out everything we budgeted for in operational costs related to the radio project, we spent 99.05% of our operating budget. In 2023, we were under our operating budget by 2.53%, in 2024, it was 2.18% under, and last year, we were left with around \$30K as a cushion, which is about 0.05%. The changes made to the funding formula were vitally important, since we currently can't use Prop 2 revenues to pick up any slack in the operating budget.

Moving on to the non-operating budget, our Prop 2-funded capital projects are moving along nicely, and we spent about \$8 million on them for the year, which is about 53% of the \$15M allocation. For our other projects, we spent about \$73,000, or 96% of the annual allocation.

Looking at our fund balances, our Prop 2 cash balance dropped by about \$2 million due to some expected milestone payments down to \$6 million to end the year, and our balance from all other revenue sources is right around \$3.6 million. From that \$3.6 million, we were able to keep the \$3.1 million stabilization fund fully funded without relying on Prop 2 revenues, but we could not have done that without unbudgeted revenues. For 2026, we will have less investment interest income, but with the additional revenues from the new funding formula, we should be ok.

Mr. Rogers summarized that sales tax growth is slowing, our CPI estimation was accurate, we had to use some of our labor cost reserve, and excluding Prop 2 and the radio project, we ended the year with about \$30,000 left over from our operating budget.

Director Rolfes asked what we do with regular funds in excess of requirements. Mr. Rogers indicated that it is carried over to the next year and can pay for things not fundable by Prop 2.

Director Rolfes asked if when we are doing our 2027 budget that \$559,000 is reserves that could be allocated. Mr. Rogers indicated he would hesitate to do that. Essentially, we got \$285,000 in bonus money from investment income, but these are funds that can't be relied on because we are spending down our Prop 2 money on the radio project. We have \$30,000 that we can reliably count on as a carryover to 2027. Director Rolfes indicated we would still have \$559,000 in excess.

Mr. Rogers indicated this is true and he understands the point but for budgeting purposes, we should not use unbudgeted revenues as a rationale for modifying the standard approach to the budget. However, yes, we do have \$559,00 in excess of our stabilization fund from other revenue sources that we can use in 2027.

Director Rolfes said if everything goes according to budget, we will have \$559,000 in the stabilization fund in excess of what we need. Mr. Rogers confirmed that is correct.

Director Stern said this was a very thorough and well-presented report.

Director Rolfes commented that we are one month in for the 2026 budget and have just approved a new staff member. What is the policy for budget amendments because it seems we should have anticipated the radio staff person and built that into the budget.

Chair Ellingson indicated we discussed the rationale at the last Board meeting. Director Rolfes asked again why we didn't budget for it because if we have excess \$500,000, she is nervous that more FTE requests are coming. Chair Ellingson indicated that the excess \$559,000 is the first 1/10th of 1% sales tax money and the radio tech is funded by the Prop 2 money devoted to the radio project.

Director Rolfes asked if we would be seeing more staff increase this year. Mr. Wecker indicated there are many factors that could impact that, but we do have a process for Budget Amendments. Mr. Rogers indicated that Mr. Peabody will be with us only through the completion of the project and we need someone in place for continuity.

Mr. Wheeler recalled that when we got Prop 2, we had to make big decisions about the sales tax revenues, and it was decided we would keep the 1st 1/10th of 1% sales tax and Prop 2 money separate on the books. Chair Ellingson confirmed we are still doing that.

Director Walters congratulated Mr. Rogers on a clean audit for so many years. Mr. Rogers indicated it was a strong team effort.

Goals and Tech Project Report

Technical Services Manager, John Higashi, [reported](#) that the Backup Center - Phase 1 goal was to bring online the new alternate location that meets or slightly exceeds the current Kitsap 911 backup functionality at the courthouse. This is now complete.

Mr. Higashi indicated that the majority of the 2025 projects were completed on time, but two projects carried over into 2026. To improve on that we have implemented a new project planning process to keep projects on track. Also, the project numbers are always updated at the start of the new year.

2025-2 SonicWall Replacement

This replaces the equipment that establishes the Fire Department Purvis automated alerting network securely. All the firewalls at the fire stations have been completed and the final step is to decommission the old primary unit later this month.

2025-3 CAD Upgrade Part 2

This project updates the legacy computer-aided dispatch system with a modern system that is able to work in current and future changes in technology, operational needs, and compliance requirements. The contract was approved and signed in December 2025 and the kickoff meeting is scheduled for mid-February.

2025-4 Backup Center Phase 2

With the completion of Phase 1, we have started planning Phase 2 to improve connectivity and functionality to improve backup 911 and dispatch operations.

2026-6 Kitsap 911 Website Rebuild

This project modernizes and updates Kitsap 911's website to be Americans with Disability Act (ADA) compliant. This project has completed the Request for Qualifications (RFQ) and moved into contract negotiations. The goal is to have the website updated in Quarter 2 2026.

Chair Ellingson asked what the On column means. Mr. Higashi indicated it cut off the rest of the column header of "completion".

Director Walters asked if the Backup Center will be used regularly. Mr. Wecker said we have already been using the building for training and will use it for large projects that might impact the dispatch floor such as a large cutover.

Director Walters asked if DEM could use it for training. Mr. Wecker indicated it is possible for other agencies to use the space, and we will probably be using it for radio training with the agencies.

Staffing Report

Human Resources Manager, Rachael Taylor, reported that since the last board meeting, we lost one radio employee, who has retired. We had planned for this by already hiring a replacement to work alongside him. The Primary Call Receiver Academy began on January 12, and we have four new employees in the classroom. We have six vacant positions in operations now. We posted the telecommunicator trainee position earlier this month and plan to hire four more telecommunicators in April. On February 11th we are holding an assessment center for the Assistant Director of Operations position. We have invited assessors from Law, Fire and other 911 agencies to participate and help determine the best internal candidate. We hope to have this position filled by the end of February.

Chair Ellingson shared that from the Washington Fire Commissioner's meeting it was reported that the analysis of the cost of the program is running at 113%. The 15% increase was very accurate as they must absorb any unforeseen costs. All healthcare costs are going up.

Director Rolfes asked if the four employees in training fill four of the six vacant positions. Ms. Taylor confirmed that the six vacant is after counting the four new. She confirmed we hope to hire four more in April and that we consider six vacancies quite an improvement from prior years when we have had 20 vacancies. We hope to fill these and keep up with retirements this year.

Good of the Order

Chair Ellingson indicated that yesterday was Groundhog Day.

The Meeting adjourned at 1356.

The next scheduled meeting of the Kitsap 911 Board of Directors is March 3, 2026, at 1230 Virtually or In-Person at Norm Dicks Government Chambers.



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Kitsap 911 Public Authority

For the period January 1, 2024 through December 31, 2024

Published February 12, 2026

Report No. 1039054



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**Office of the Washington State Auditor
Pat McCarthy**

February 12, 2026

Board of Directors
Kitsap 911 Public Authority
Bremerton, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Authority's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Authority operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Kitsap 911 Public Authority from January 1, 2024 through December 31, 2024.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Authority's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2024, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements and credit cards
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

Our opinion on the Authority's financial statements is provided in a separate report, which includes the Authority's financial statements. That report is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

INFORMATION ABOUT THE AUTHORITY

Kitsap 911 Public Authority began operations as a separate organization on December 26, 2016. The Authority was previously a department of Kitsap County, Central Communication (CENCOM).

Kitsap 911 provides public safety emergency communications services and is governed by a Board of Directors. The Board is comprised of the three Kitsap County commissioners and the sheriff, the mayors of the Cities of Bainbridge Island, Bremerton, Port Orchard, and Poulsbo, three fire commissioners, and two City of Bremerton Council members. The Authority reported about \$20.6 million in revenues in 2024.

Contact information related to this report

Contact:	Steve Rogers, Finance Manager
Telephone:	(360) 307-5802
Website:	www.kitsap911.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Kitsap 911 Public Authority at <https://portal.sao.wa.gov//ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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(564) 999-0950
- Toll-free Citizen Hotline:
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- Email:
webmaster@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Kitsap 911 Public Authority

For the period January 1, 2024 through December 31, 2024

Published February 12, 2026

Report No. 1039053



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**Office of the Washington State Auditor
Pat McCarthy**

February 12, 2026

Board of Directors
Kitsap 911 Public Authority
Bremerton, Washington

Report on Financial Statements

Please find attached our report on the Kitsap 911 Public Authority's financial statements.

We are issuing this report in order to provide information on the Authority's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Kitsap 911 Public Authority January 1, 2024 through December 31, 2024

Board of Directors
Kitsap 911 Public Authority
Bremerton, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Kitsap 911 Public Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated February 3, 2026.

We issued an unmodified opinion on the fair presentation of the Authority's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Authority using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

February 3, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Kitsap 911 Public Authority January 1, 2024 through December 31, 2024

Board of Directors
Kitsap 911 Public Authority
Bremerton, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the Kitsap 911 Public Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Authority has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Kitsap 911 Public Authority, and its changes in cash and investments, for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Kitsap 911 Public Authority, as of December 31, 2024, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the Authority in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Matters of Emphasis

As discussed in Note 9 to the financial statements, in 2024, the Authority adopted new accounting guidance for presentation and disclosure of compensated absences as required by the BARS Manual. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026 on our consideration of the Authority's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

February 3, 2026

FINANCIAL SECTION

Kitsap 911 Public Authority January 1, 2024 through December 31, 2024

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2024
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2024
Notes to Financial Statements – 2024

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2024

Kitsap 911 Public Authority
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

Beginning Cash and Investments

308	Beginning Cash and Investments	12,143,414
388 / 588	Net Adjustments	-

Revenues

310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	17,100,306
340	Charges for Goods and Services	2,375,715
350	Fines and Penalties	-
360	Miscellaneous Revenues	1,077,096
Total Revenues:		20,553,117

Expenditures

510	General Government	-
520	Public Safety	15,008,788
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		15,008,788
Excess (Deficiency) Revenues over Expenditures:		5,544,329

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-

Other Decreases in Fund Resources

594-595	Capital Expenditures	6,614,845
591-593, 599	Debt Service	146,130
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	47,374
Total Other Decreases in Fund Resources:		6,808,349

Increase (Decrease) in Cash and Investments: **(1,264,020)**

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	7,253,472
50851	Assigned	963,979
50891	Unassigned	2,661,945
Total Ending Cash and Investments		10,879,396

The accompanying notes are an integral part of this statement.

Kitsap 911 Public Authority
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		<u>Custodial</u>
308	Beginning Cash and Investments	16,390
388 & 588	Net Adjustments	-
310-390	Additions	48,327
510-590	Deductions	54,191
	Net Increase (Decrease) in Cash and Investments:	(5,864)
508	Ending Cash and Investments	10,526

The accompanying notes are an integral part of this statement.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 - Summary of Significant Accounting Policies

Kitsap 911 Public Authority (“Kitsap 911” or the “Authority”) was incorporated on December 26th, 2016, and operates under the laws of the state of Washington applicable to a Public Development Authority. The Authority is a special purpose local government and provides Enhanced 911 Operations and Emergency Dispatch Services to local governments and residents in Kitsap County, Washington.

The Authority reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (“BARS”) Manual prescribed by the State Auditor’s Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (“GAAP”) in the following manner:

- Financial transactions are recognized on the cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see Notes to the Financial Statements).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the Authority are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The Authority’s resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as “memo only” because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund - This fund is the primary operating fund of the Authority. It accounts for all financial resources, except those required or elected to be accounted for in another fund.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the Authority in a trustee capacity or as a custodian on behalf of others.

Custodial Fund – These funds are used to account assets that the Authority holds on behalf of others in a custodial capacity.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

C. Cash and Investments

See Note 3 - Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year. Infrastructure assets are considered capital assets when the cost exceeds \$25,000 with an estimated useful life of more than 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

See Note 9 – Compensated Absences

Annual Leave

Annual leave may be accumulated up to three hundred sixty (360) hours and is payable upon resignation or retirement (with at least two weeks' notice), death, or termination initiated by the Authority.

Compensatory Time

Compensatory time ("Comp Time") is leave that may be accrued in lieu of receiving overtime pay. The employee may accrue any amount of Comp Time, and at the discretion of the employee, he/she may cash-out their unused Comp Time at any point during the year, but it does not accumulate. The employee may reserve any amount of Comp Time for use during December; any Comp Time not reserved, or taken as leave by November 30, will be automatically cashed out on the first pay cycle in December, or upon separation or retirement. Any Comp Time earned during December, as well as any previously reserved Comp Time that is not used on or before December 31, will be cashed out on the first pay cycle in the following year. Since expenditures are recognized only when paid, as well as due to the variable timing of pay periods, a future liability for unpaid Comp Time is common.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Schedule Correction Hours

The Authority also tracks schedule-correction hours to adjust for certain work shifts. Qualifying employees may use up to thirty (30) schedule-correction hours each calendar year; the number of hours is prorated based on the employee's FTE status and hire date (in the employee's first year of employment only). Schedule correction hours do not accumulate, and unless reserved by the employee for use in December, any unused schedule-correction hours earned during the year will be automatically cashed out on the first pay cycle in December, or upon separation or retirement. Any schedule correction hours not taken as leave on or before December 31 will be cashed out on the first pay cycle in the following year. Schedule correction hours are immediately available for use each year; however, an exiting employee is required to repay the Authority for any unaccrued hours used prior to their separation from employment. Since expenditures are recognized only when paid, as well as due to the variable timing of pay periods, a future liability for unpaid Comp Time is common.

Sick Leave

Non-exempt employees have two sick leave banks, designated as "Regular Sick Leave" ("Regular") and "Washington Sick Leave" ("WASL"), while exempt employees have only the Regular bank. A full-time employee ("FTE") hired before 2004 accrues 4.62 hours per pay period (120 hours annually) while an FTE hired thereafter accrues 3.69 hours per pay period (96 hours annually). The rate of accrual is prorated based on the employee's FTE status.

For every 40 hours worked by a non-exempt employee (excluding any leave taken), the Authority fractionally deducts one hour from the employee's total sick leave accrual and credits an equal amount of time to the employee's WASL bank, not to exceed the employee's total accrual, except when the WASL hours earned would exceed the total accrual. Up to a combined one thousand two hundred (1,200) hours may be accumulated and carried over to the following year. By no later than December 31 of each year, the Authority will transfer any balance in excess of 40 hours in each non-exempt employee's WASL bank to their Regular bank.

At the discretion of the employee, and subject to certain contractual criteria, he/she may convert up to 120 hours of unused Regular sick leave to annual leave on a 3:1 ratio; no such leave is eligible for a cash-out option, whether upon separation or retirement. Additionally, on the first pay cycle in December, the Authority offers to buy back unused Regular sick leave at the employee's then-current hourly rate subject to the following limits during the trailing 12-month period between November 16 and November 15 ("Buy Back Option"). An employee that uses:

1. Zero hours of regular sick leave in that calendar year may sell back up to 30 hours of regular sick leave.
2. One to 15 hours of regular sick leave in that calendar year may sell back up to 20 hours of regular sick leave.
3. 16 to 30 hours of regular sick leave in that calendar year may sell back up to 10 hours of regular sick leave.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

F. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when they are subject to restrictions on use imposed by external parties or due to internal commitments established by the Authority's Board of Directors. When expenditures that meet restrictions are incurred, the Authority intends to use the most restricted resources first.

As of December 31, 2024, restrictions and commitments of Ending Cash and Investments in the Authority's General Fund consisted of:

Fund Name	Restricted Portion of Ending Balance	Committed Portion of Ending Balance	Combined	Reason for Restriction or Commitment
001 - Operating Fund	-	7,253,472	7,253,472	This is the amount committed by the Authority's Board of Directors, primarily for the Radio Replacement Project, as well as various technical systems upgrades and other projects which are non-operational in nature.

G. Leases and Subscription Based Information Technology Arrangements (SBITA)

Lease liabilities consist of amounts recorded in compliance with GASB 87, *Leases*. Agreements with a non-cancelable term greater than one year are reported as long-term liabilities if the total payments are over \$5,000 within a calendar year, or \$25,000 over the life of the non-cancelable term. Expenditures from short-term agreements, as well as the variable portion of any long-term leases, are excluded from future long-term lease liability estimates and are recorded as operating expenditures. See Note 6 for additional information.

SBITA liabilities consist of amounts recorded in compliance with GASB 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). Agreements with a non-cancelable term greater than one year are reported as liabilities if the total payments are over \$3,000 within a calendar year, or \$15,000 over the life of the non-cancelable term. Payments are expensed as incurred for both long- and short-terms SBITAs. See Note 8 for additional information.

H. Asset Retirement Obligations

See Note 7, Asset Retirement Obligations.

Note 2 – Budget Compliance

The Authority adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted 2024 budget were as follows:

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Fund	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variances
001 - Operating Fund	29,402,316	21,817,134	7,585,183	Of this variance, \$5.9M is due to the uncertain milestone payment timing for the Radio Replacement Project, \$1.3M was due to other capital projects not completed in the current year, and \$0.2M in operating costs that were lower than anticipated, primarily driven by payroll costs.

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Authority's legislative body.

Note 3 – Deposits and Investments

Investments are reported at fair market value. As of December 31, 2024, deposits and investments by type were as follows:

Type of Deposit or Investment	The Authority's own deposits & investments	Deposits & investments held by the Authority as custodian for other local governments, individuals, or private organizations.	Combined
Kitsap County Investment Pool	\$ 9,165,106	\$ -	\$ 9,165,106
Bank Deposits	1,714,290	10,526	1,724,816
Total	\$ 10,879,396	\$ 10,526	\$ 10,889,922

It is the Authority's policy to invest all temporary cash surpluses, and the interest earnings from these investments are prorated to the various funds, as applicable.

Investments in the Kitsap County Investment Pool

The Authority is an involuntary participant in the Kitsap County Investment Pool ("KCIP" or "Pool"), an external investment pool operated by the Kitsap County Treasurer. The Pool is not rated and not registered with the SEC. Rather; oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the Pool per share. The KCIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the Pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Authority's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered, or held by the Authority or its agent in the Authority's name.

Note 4 – Pension Plans

Substantially all the Authority's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (the "DRS"), under cost-sharing, multiple-employer public employee defined benefit retirement plans PERS 1, PERS 2, PERS 3, and PSERS 2.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The DRS, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report ("ACFR") that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

As of June 30, 2024 (the measurement date of the plans), the Authority had its proportionate share of the collective net pension asset ("NPA") and net pension liability ("NPL") as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	\$ 250,768	0.04189100%	\$ 1,776,838,000	\$ 744,335	\$ -
PERS 2/3	535,082	0.05436300%	(3,296,573,000)	-	1,792,116
Totals	\$ 785,850		\$ (1,519,735,000)	\$ 744,335	\$ 1,792,116

Qualifying employees began making contributions to PSERS Plan 2 in June 2024, however because remittance and reporting of such contributions did not occur until after DRS' measurement period, those contributions were excluded by DRS on the Participating Employer Financial Information ("PEFI") report.

The Authority's NPL is reported on the Schedule of Liabilities.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 5 – Risk Management

Kitsap 911 Public Authority is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. As of December 31, 2024, WCIA had a total of 168 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, with deductibles of \$25,000 and \$1,000 for the Property Program and Automobile Physical Damage Program, respectively. Coverage includes general, automobile, police errors or omissions, stop gap, employment practices, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage:

- Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits.
- Automobile physical damage coverage is self-funded from the members' deductible to \$1,000 and insured above that to the actual cash value for scheduled vehicles subject to aggregates and sublimits.

Insurance for equipment breakdown, pollution liability, crime/fidelity, and information security coverage are purchased on an individual basis. Various deductibles apply by type of coverage:

- Equipment breakdown (boiler and machinery) coverage is self-funded from the members' deductible to \$50,000 and insured above that to a maximum limit of \$100 million subject to aggregates and sublimits.
- Pollution liability coverage is self-funded from the members' deductible to \$100,000 and five days and insured above that to \$2 million per condition subject to aggregates and sublimits.
- Crime/fidelity coverage is self-funded from the members' deductible to \$50,000 and insured above that to \$2.5 million per occurrence subject to aggregates and sublimits.
- Information security coverage is self-insured from the members' deductible to \$50,000 and insured above that to \$1 million subject to aggregates and sublimits.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Note 6 - Leases

As of December 31, 2024, long-term leases were as follows:

- The Authority leases land, buildings, and other structures from various vendors and government agencies to facilitate the use of its emergency telecommunication equipment ("Tower Site"). The duration of each Tower Site agreement term varies but as of the date of this report, all extensions are likely, and no early terminations are expected.
 - Gold Mountain Tower – WA State Department of Natural Resources
 - The annual payment of \$55,938 is subject to a 3.0% increase per year. The length of the initial term, which began in 2020, is 20 years, after which the State may extend the lease for a period not exceeding one year. Upon expiration of the extension period, the State may issue a temporary permit not to extend beyond a five-year period.
 - The Authority may terminate this lease at any time with 180 days' notice, provided no amounts are due to the State and all applicable equipment and improvements have been removed.
 - Simon Point Tower - WA State Department of Natural Resources
 - The annual payment of \$18,365 is subject to a 3.0% increase per year. The length of the term, which began in 2010, is 20 years, after which there is no explicit option to extend.
 - The Authority may terminate this lease at any time with 360 days' notice, provided no amounts are due to the State and all applicable equipment and improvements have been removed.
 - View Park Tower – GTP Towers I, LLC
 - The monthly payments of \$5,058 are subject to a 4.25% increase per year. The length of the initial term, which began in 2005, is 15 years, followed by up to two additional five-year terms which renew automatically, unless the Authority notifies the lessor of its intent not to renew at least ninety days prior to the end of the then-current term, followed by month-to-month terms.
 - The Authority may terminate this lease with 90 days' notice, provided that the termination is necessitated by any governmental action resulting in the withdrawal of funding which supports the lease.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

- Teal Lake Tower – Rayonier
 - The annual payment of \$2,750 is subject to a 5.0% increase per year. The length of the initial term, which began in 2003, is 10 years, after which the lease automatically renews for up to three five-year terms, unless the Authority notifies the lessor of its intent not to renew at least ninety days prior to the end of the then-current term. Upon the expiration of the third renewal period, the lease may be extended for up to two additional five-year renewal periods upon mutual agreement.
 - The Authority may terminate the lease if due to certain materially significant conditions, subject to various prior notice requirements.
- Suquamish Tower – Suquamish Tribe
 - The annual payment of \$32,892 (paid in January 2025) is subject to a 2.25% increase per year. The length of the initial term, which began in 2006, is 30 years and upon expiration, may be extended by one additional 30-year term with 360 days' prior notice, provided first that the Authority is not in default of any material term of the lease and then that the lessor has no other preferred use for the tower or tower site; the lessor shall provide one year's advance written notice to the Authority, if the lessor has some other preferred use at the end of the initial term.
 - The Authority may terminate the lease if due to certain materially significant conditions, subject to various prior notice requirements.
- Mandus Olson Tower – Bainbridge Island School District
 - The annual payment of \$1 (paid in June 2025) is due on or before the first day of each year. The length of the initial term, which began in 1996, is 99 years and upon expiration, may be "held over" on a month-to-month basis. If held over, which is subject to the implied or express consent of the Lessor, all other terms remain in effect and the month-to-month rate transitions to 1.25 times the fair market rent as of the termination date.
 - The Authority may terminate the lease with one year's written notice and removal of all equipment identified in the agreement.
- Newberry Hill Backup Center
 - The lease will begin on 01/01/2025. The first month's rent (\$3,050) was paid in August 2023, which leaves a remaining balance of \$33,550 to be paid in January 2025. Subsequent years are subject to a 3.00% increase per year. There is no option to terminate the agreement prior to the end of the lease term (December 31, 2029).
- The Authority leases a Toshiba photocopier from Kelley Connect for approximately \$243 per month. The lease's 60-month term, which began in December 2021, is non-cancelable, irrevocable, and cannot be terminated prior to the end of the term.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

The total amount paid for leases in 2024 was approximately \$140,454, and the Authority's estimated future lease payment obligations are as follows:

Year	Lease Payments
2025	212,118
2026	194,052
2027	187,141
2028	192,848
2029	198,759
2030-2034	595,660
2035-2039	645,663
2040-2044	722,167
2045-2049	274,500
2050-2054	306,802
2055-2059	342,906
2060-2064	383,257
2065-2069	27,304
Total	4,283,179

Certain of our lease agreements contain provisions which allow for a periodic market rate reassessment, as well as for the inclusion of variable costs which cannot be reasonably determined in advance (e.g., utilities, permitting, administrative fees). While inherent, the financial impact of this variability is expected to be immaterial, and future lease payments may differ from our current expectations as a result.

Note 7 – Asset Retirement Obligations

The Authority's Tower Site agreements contain various contractual requirements that, upon termination, the site will be decommissioned to a certain degree. While the Authority does not expect to decommission any of its Tower Sites due to their integral roles in ensuring the continuity and reliability of the telecommunications network they support, the following are the significant elements of what would be required upon termination of each respective agreement:

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

- Gold Mountain Tower Site
 - The leased area must be returned to the same or better condition as on the effective date, reasonable wear and damage from casualty or natural disaster excepted. All equipment and improvements constructed or installed must be removed, except as otherwise agreed.
 - The State may require the Authority to provide a Phase I – environmental site assessment or equivalent to identify any environmental contamination.
- Simon Point Tower Site
 - All lease-owned improvements, including fixtures, must be removed from the site within 60 days of the termination date.
- View Park Tower Site
 - All equipment must be removed from the site within 60 days of the termination or expiration of the lease term, and the property must be surrendered in as good a condition as when initially leased, normal wear and tear excepted.
- Teal Lake Tower Site
 - Any antennae and other equipment that is not a fixture to the property must be removed; however, within 30 days after expiration or termination, the lessor will provide notice to the Authority as to whether the facility, road, fence, concrete pad, tower, and utility facilities may remain and be assumed by the lessor.
 - The easement, as well as any areas not included in the notification from the lessor, must be restored to a condition suitable for the planting and cultivation of trees for timber harvesting purposes.
- Suquamish Tribe Tower Site
 - Within 30 days of expiration or termination, all communications equipment must be removed, and the leased facilities must be surrendered in as good a condition as when initially leased, normal wear and tear excepted, as well as any damage caused by casualty or by intentional misconduct or negligence of other lessees or the lessor.
- Apple Cove Tower Site
 - All personal property and fixtures must be removed from the site within 60 days of the termination date and restore the site to its original condition, reasonable wear and tear excepted.
- Mandus Olson Tower Site
 - The radio transmitter building and antenna, and any other fixtures furnishings, or equipment must be removed from the site without notice upon the termination date. Any property not removed by the Authority becomes property of the Lessor and any subsequent removal, disposal, and repair costs associated with the property shall be borne by the Authority.
- Newberry Hill Backup Center
 - Upon termination or default, the Authority must peacefully quit and surrender the premises without notice, leaving the premises neat and clean. The Lessor may require that any or all alterations, additions, or improvements made by the Authority be removed, and the premises must be restored to their previous condition, less reasonable wear and tear.

While these obligations would represent a significant cost if undertaken, no circumstances exist within the foreseeable future that suggest that any such location would cease to be considered integral. Consequently, it is not practicable to provide an estimate.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 8 – Subscription-Based Information Technology Arrangements (SBITAs)

As of December 31, 2024, all software arrangements have been evaluated, and the following agreement(s) met the Authority’s definition of a long-term SBITA liability:

- Power DMS – Effective 11/07/2021
 - This agreement has a noncancellable initial term of 60 months, and thereafter a noncancellable term of 30 days for each successive 12-month renewal period. While renewal is likely, the agreement is subject to repricing at the beginning of the renewal period. The cost basis for initial term is approximately \$25K.

The total amount paid for SBITAs in 2024 was approximately \$6K, and the last payment for the agreement above (approximately \$7K) will be paid in 2025.

Note 9 – Long-Term Liabilities

During the year ended December 31, 2024, the following changes occurred in compensated absences:

	Beginning Balance as of 01/01/2024		Additions	Reductions	Ending Balance as of 12/31/2024	
Compensated Absences	\$	572,089	\$ -	\$ (57,408)	\$	514,681

Note 10 - Other Disclosures

Radio Replacement Project

The Authority is currently in the process of a large, multi-year project to replace its radio and microwave system (the “Radio Project”). Primarily for this purpose, on November 2, 2021, voters in Kitsap County approved Proposition 2, which increased the Authority’s allocation of total sales tax revenues from 1/10th of 1.0% to 2/10ths (or 1/5th) of 1.0%. The Authority began receiving this additional allocation in June 2022 and all revenues have been assigned for the purpose of funding the Radio Project. The total capital outlay for the Radio Project is estimated to be approximately \$41M, of which approximately \$11-16M will likely need to be financed through a loan in the latter part of 2025.

On March 7, 2023, Resolution 2023-002 was adopted. This resolution did not obligate the Authority to any specific financing action, but instead, it merely served as the Authority’s official intent to reimburse up to \$6.0M in expenditures with proceeds from a tax-exempt bond, if the decision to issue a bond was made.

In 2025, the Authority determined that a direct loan, as opposed to a bond, would be the more appropriate financing option. All remaining costs for the Radio Project will be paid for using a combination of revenues, reserves, and the loan proceeds from Holman Capital. See “*Debt Issuance*” in the “Subsequent Events” footnote below for additional detail.

“Phase 1” of the Radio Project is expected to be complete in Q1 2026, and the subsequent and final two phases are expected to be completed by 2028.

Alerting Project

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

In 2018, the Authority began work to deploy a digital alerting solution ("Alerting Project") in all career fire stations, which includes a text-to-speech component to voice call details. The Alerting Project was completed in the Fall of 2022, and the remaining unspent funds allocated to this project were spent in 2024 on software as requested by the fire agencies.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

Senate Bill 5808

Senate Bill 5808 became effective on June 6, 2024, and grants interest arbitration rights to Public Safety Telecommunicators in Washington State. The term of the Authority's current collective bargaining agreement ends on December 31, 2025, and negotiations for the subsequent agreement are ongoing as of the date of this report. No matters have yet risen or are expected to rise to the level of arbitration; as a result, while the possibility of such a circumstance does exist, it is not practicable to estimate its financial impact.

Changes in Management

On January 30, 2024, Richard Kirton resigned from his position as Executive Director. Maria Jameson-Owens, the then-current Deputy Director, was appointed as the interim Executive Director until May 1, 2024, when the Authority's Board of Directors made this appointment permanent.

On October 7, 2024, Brandon Wecker was hired as Deputy Director to fill the vacancy left by Maria Jameson-Owens' appointment as Executive Director. This was a promotion from his previous position as Technology Services Manager.

Dissolution of the Executive Committee

On December 3, 2024, the Board of Directors approved Resolution 2024-010, which dissolved the Executive Committee. The Executive Committee, which was appointed when the Authority was created, exercised certain, limited authority and made such decisions that were necessary to ensure its efficient operation. Beginning with the effective date of the resolution, January 6, 2025, most of what was previously handled by the Executive Committee is now approved through a "consent agenda," with all other decisions requiring a vote by a quorum of the full board, ordinarily following non-actionable discussion in a previous board meeting.

Subsequent Events

- Bylaws Amendment
 - On April 7, 2025, the Authority issued a 60-day notice to all agencies for which the Authority provides dispatch services ("Partner Agencies"), that the Authority's Board of Directors is considering a potential amendment to *Section IX b. Service Fee Formula* of its bylaws ("Funding Formula"), which would require a 2/3rds vote. If approved, the methodology used to calculate the amounts charged to Partner Agencies for dispatch services would materially change and ultimately increase. A decision by the Board of Directors was expected during the board meeting on July 1, 2025.
 - On July 8, 2025, a special Board of Directors meeting was held to discuss and vote on the proposed changes to the Funding Formula. During this meeting, the Board approved Resolution 2024-004 with a vote of 10-3, with one director voting "no" by abstention. Following this vote, the interlocal agreements (listed below) were updated with an effective date of January 1, 2026, consistent with the language of the revised Funding Formula.
- Backup Center Lease
 - On January 1, 2025, the lease for Kitsap 911's backup dispatch center began, as renovations sufficient for occupancy had been completed by the end of December 2024. *Note 6* and *Note 7* contain the significant terms of the agreement; however, the backup center is omitted from Schedule 09, as its future lease liability was not measurable as of December 31, 2024.

Kitsap 911 Public Authority
Notes to the Financial Statements
For the Year Ended December 31, 2024

- Collective Bargaining Agreements
 - On November 4, 2025, the Board of Directors approved separate collective bargaining agreements (“CBA” or “Agreement”) for the Operations and Technical Services employees; this was the first time that the Kitsap 911 management and guild have negotiated separate agreements for the two bargaining units. While most of the aspects of the Agreements consistent, there are several key differences related to work schedules, wages, the retention bonus, and incentives for overtime and training; additionally, the term of the Operations Agreement was changed from three years to two. In the aggregate, the negotiated CBA changes are expected to cost approximately \$750K per year.
- Debt Issuance
 - On September 2, 2025, the Board of Directors approved a Master Financing Agreement (“MFA”) with Holman Capital, which established a “guidance line of credit,” from which the Authority can drawdown for use on any capital project. Under the MFA, and with prior approval by the Board of Directors, the Authority may enter into separate loan agreements against the line of credit, each with payment terms that align with the estimated cost and useful life of the underlying assets. The MFA included an estimate of \$11M for the first tranche.
 - On November 4, 2025, the Board of Directors approved a new MFA, which included a revised loan request of \$10M and other minor changes to the language which are immaterial in nature. The estimated closing date for this loan is December 3, 2025, the interest rate is fixed at 5.90% over the 15-year term, and payments of \$506,900.68 will be due on June 3rd and December 3rd each year starting in 2026, unless the Authority elects to pay the “Purchase Option” price on any of the scheduled payment dates.

Interlocal Agreements

The Authority enters into interlocal agreements with other governments, primarily for the provision of dispatch services. The following are those agencies for whom dispatch services are provided and with whom such agreements were in effect as of December 31, 2024:

- Bainbridge Island Fire Department
- City of Bainbridge Island
- Central Kitsap Fire & Rescue
- City of Port Orchard
- City of Poulsbo
- City of Bremerton
- Kitsap County
- Kitsap County Fire District #18/Poulsbo Fire Department
- Kitsap County Humane Society
- North Kitsap Fire & Rescue
- Port Gamble S’Klallam Tribe
- South Kitsap Fire & Rescue
- Suquamish Tribal Council

Kitsap 911 Public Authority
Schedule of Liabilities
For the Year Ended December 31, 2024

ID. No.	Debt ID Title	Description	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences	Compensated Absences	572,089	-	57,408	514,681
264.30	Pension Liabilities	Pension Liabilities	1,049,418	-	305,083	744,335
263.57	Leases, SBITA, and PPPs	Gold Mountain Tower Site Lease	1,604,098	-	55,938	1,548,160
263.57	Leases, SBITA, and PPPs	Simon Point Tower Site Lease	131,251	-	18,365	112,886
263.57	Leases, SBITA, and PPPs	View Park Tower Site Lease	416,553	-	60,489	356,064
263.57	Leases, SBITA, and PPPs	Teal Lake Tower Site Lease	56,103	-	2,750	53,353
263.57	Leases, SBITA, and PPPs	Suquamish Tribe Tower Site Lease	2,205,470	-	-	2,205,470
263.57	Leases, SBITA, and PPPs	Mandus Olson Tower Site	72	-	-	72
263.57	Leases, SBITA, and PPPs	Toshiba Photocopier	10,086	-	2,912	7,174
263.57	Leases, SBITA, and PPPs	SBITAs	12,398	-	5,676	6,722
Total Revenue and Other (non G.O.) Debt/Liabilities:			6,057,538	-	508,621	5,548,917
Total Liabilities:			6,057,538	-	508,621	5,548,917

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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webmaster@sao.wa.gov

Board of Directors Radio Program Update

February 3, 2025

R. Scott Peabody, P.E.

speabody@kitsap911.org

360 552-8402

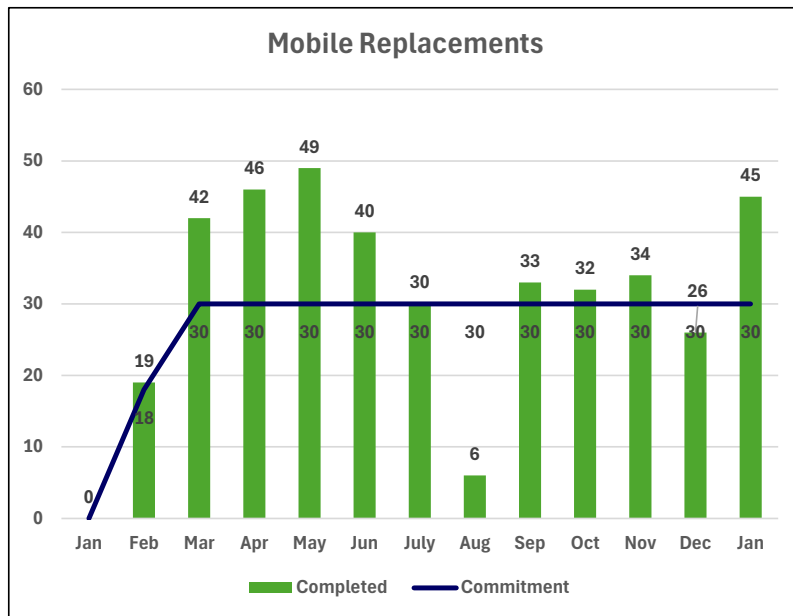


Topics

- Mobile Radio Replacement Progress
- Portable Radio Replacements Plans
- Schedule Discussion



Mobile Radio Replacement Progress



**Mobile Replacements are Two Months Ahead of Plan
Despite Quality Problem – “IP Address Unassigned”**

- **Law Agencies: “Done”**
 - **A Few Stragglers**
- **Fire Mobile Replacements:**
 - SKFR: Done**
 - BFD: Done**
 - CKFR: 35 of 53, Done by Valentine’s Day**
 - PFDR: “On Deck”**
 - NKFR: “In the Hole”**
 - BIFD: “Last but not Least”**

1,100 Portable Radio Replacements



- Portables Are Another Logistics Challenge
- Some Agencies Need Portables
 - e.g., Motorola APX 6000 Support Ended (2019-2011)
- Kitsap 911 can Deliver ~200 Radios per Month
- Each Radio is Uniquely Programmed

Kitsap 911 will Provide 2-3 Portables per Agency for Radio Testing, etc. Prior to Replacements

Portable Radios Proposed Order:

- | | |
|--------------------------|------------------------|
| 1. Bremerton Fire (50) | 3. Poulsbo Fire (58) |
| 2. Bremerton Police (73) | 4. Poulsbo Police (26) |

[illegible]

Kitsap 911 2026 Key Projects and Initiatives

Technical Projects			Estimated			
Proj/Task#		Project/Initiative	Priority	Start	Completion	Status
2025	1	Data Center Improvement	3	Q1 2025	Q1 2026	In Progress
2025	2	SonicWall Replacement	2	Q1 2025	Q1 2026	In Progress
2025	3	CAD Upgrade Part 2	1	Q3 2025	Q2 2027	In Progress
2025	4	Backup Center - Phase 2	3	Q1 2026	Q1 2027	Planning
2026	5	Temp Sensors at all Sites, Generator Room	4	Q1 2026	Q3 2026	Not Started
2026	6	Kitsap 911 Website Rebuild	2	Q1 2026	Q2 2026	Planning
2026	7	AI integration for Operations	3	Q1 2026	TBD	Not Started
2026	8	Finance ERP and Implementation	2	Q1 2026	TBD	Planning

Microwave Expansion Project (Multi-Year)			Estimated			
Task#		Milestone	Priority	Start	n	Status
MVE	1	Complete microwave hops to additional radio sites	2	Q1 2025	Q4 2026	Not Started

LMR Replacement Project (Multi -Year)			Estimated			
Task#		Milestone	Priority	Start	Completion	Status
LMR	1	System Testing and Acceptance of Phase 1 Sites	1	Q1 2025	Q1 2026	In-Progress
LMR	2	Complete replacement of Law Portable Radios	1	Q1 2026	Q3 2026	Not Started
LMR	3	Phase 1 Coverage Testing	1	Q2 2025	Q4 2025	In Progress
LMR	4	Complete Replacement all Fire Mobile Radios	1	Q4 2025	Q2 2026	In Progress
LMR	5	Complete Replacement all Fire Portable Radios	1	Q1 2026	Q3 2026	Not Started