



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Puget Sound Regional Fire Authority

For the period January 1, 2021 through December 31, 2021

Published December 27, 2022

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

December 27, 2022

Board of Directors
Puget Sound Regional Fire Authority
Kent, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Puget Sound Regional Fire Authority's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Puget Sound Regional Fire Authority are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the Authority’s financial statements in accordance with its regulatory basis of accounting. Separately, 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 using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Authority’s compliance with requirements applicable to its major federal program.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
97.044	Assistance to Firefighters Grant
97.044	COVID-19 – Assistance to Firefighters Grant

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Authority did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2021-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

2021-001 The Authority did not have adequate internal controls in place for ensuring compliance with federal maintenance of effort, procurement, and suspension and debarment requirements.

CFDA Number and Title:	97.044 – Assistance to Firefighters Grant 97.044 – COVID 19 – Assistance to Firefighters Grant
Federal Grantor Name:	Federal Emergency Management Agency; Department of Homeland Security
Federal Award/Contract Number:	EMW-2018-FV-01915 EMW-2020-FG-00486
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	\$0

Background

The purpose of the Assistance to Firefighters Grant (AFG) is to enhance the safety of firefighters and the public by providing direct financial assistance for critically needed resources that equip and train emergency personnel to recognized standards. During fiscal year 2021, the Authority spent \$570,363 in AFG program funds to pay for a fire apparatus and personal protective equipment.

Federal regulations require award recipients to establish and follow internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established internal controls.

Maintenance of Effort

During the term of the award, United States Code requires recipients to maintain aggregate expenditures relating to the allowable uses of the award to at least 80 percent of the average amount of such expenditures in the two fiscal years before the fiscal year in which they receive the award.

Suspension and Debarment

Federal requirements prohibit grant recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the Authority enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended or debarred or otherwise excluded. The Authority may accomplish this verification by collecting a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The Authority must perform this verification before entering into the contract and charging the costs to a federal award, and it must maintain documentation demonstrating compliance with this federal requirement.

Procurement

Federal regulations require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR § 200.318-327. The procedures must reflect the most restrictive of applicable federal requirements, state laws and local policies. When using federal funds to procure goods and services, governments must apply the more restrictive requirements by obtaining quotes or following a competitive procurement process, depending on the estimated cost of the procurement activity. When using a noncompetitive process, such as for emergencies, the documented procurement procedures must include the requirements that allow for using this process.

Description of Condition

Maintenance of Effort

The Authority has an established process to monitor its budget to ensure that revenues and expenditures are increasing year-over-year. However, this process was ineffective for demonstrating the Authority complied with maintenance of effort requirements and identified allowable or unallowable costs, as stated in the Notice of Funding Opportunity (NOFO), and performed the required calculation.

We consider this deficiency in internal control to be a material weakness that led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Suspension and Debarment

The Authority did not have controls in place to obtain a written certification, insert a clause into a contract, or review SAM.gov to verify one contractor was not suspended or debarred from participating in federal programs. The Authority paid this contractor \$545,455 in AFG program funds during fiscal year 2021.

We consider this deficiency in internal control to be a material weakness that led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Procurement

Although the Authority has an established written procurement policy, it does not conform to the most restrictive requirements and does not include required procedures to follow for procuring purchases of materials, supplies and equipment using another agency's contract (piggybacking) and emergency purchases. Additionally, the Authority's policy does not include other required procedures for procuring transactions, such as obtaining quotations or formal solicitation for purchases and public works projects, requesting proposals for architectural and engineering services, contracting with small and minority business owners, bonding requirements, contract cost or price analysis, contract provisions, and more.

We consider this deficiency in internal control to be a material weakness that led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Cause of Condition

Maintenance of Effort

The Authority experienced turnover in finance staff responsible for managing this program. Current employees said they were unable to locate documentation showing former staff identified allowable expenditures and performed the maintenance of effort calculation to demonstrate the Authority complied with this requirement.

Suspension and Debarment

Authority employees were aware of the requirement; however, because of turnover, they were unable to locate documentation to demonstrate the Authority complied with suspension and debarment requirements for the federally funded contract.

Procurement

The Authority did not intend to pay contractors with federal funding when procuring the transactions. As a result, the Authority had not updated its procurement policies and procedures to comply with federal procurement standards.

Effect of Condition

Maintenance of Effort

Without adequate internal controls over maintenance of effort, the Authority cannot demonstrate it complied with the requirement to maintain program expenditures at a certain level. During the audit, we performed the maintenance of effort calculation and found the Authority met the requirement.

Suspension and Debarment

The Authority did not obtain a written certification, insert a clause into the contract, or check SAM.gov to verify the contractor was not suspended or debarred.

Without this verification, the Authority increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments the Authority made to an ineligible party would be unallowable, and the federal grantor could potentially recover them.

We subsequently verified the contractor was not suspended and debarred. Therefore, we are not questioning costs.

Procurement Procedures

Although the Authority's policy did not conform to Uniform Guidance, our testing found it did comply with federal requirements for purchasing equipment through piggybacking and emergency supplies through a noncompetitive process. Without updated written policies and procedures, the Authority is at greater risk of noncompliance with the most restrictive of federal, state, or local procurement methods and requirements when procuring contractors paid all or in part with federal funds.

Recommendation

Maintenance of Effort

We recommend the Authority establish internal controls to monitor allowable program expenditures stated in the NOFO, and calculate maintenance of effort to ensure its aggregate expenditures relating to activities allowable remain above 80 percent of the average amount of such expenditures in the two fiscal years before it received the award.

Suspension and Debarment

We recommend the Authority strengthen its internal controls to verify all contractors paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred before contracting with them.

Procurement

We recommend the Authority establish internal controls to ensure it updates its written procurement policies and procedures to conform to federal procurement standards, and communicate these requirements to Authority staff.

Authority's Response

Thank you for the opportunity to respond to the 2021 audit finding. Puget Sound Fire acknowledges the finding and we understand our responsibilities with regards to internal controls for ensuring compliance with federal maintenance of effort, suspension and debarment and procurement requirements. We are therefore taking the following correction actions.

Maintenance of Effort: At the time the grant was received, Finance staff were not properly trained in regards to Uniform Guidance and grant restrictions. Beginning in May 2022, Finance staff have been attending Uniform Guidance training to better understand maintenance of effort and allowable activities. We will continue to attend Federal Grant and UG training. We are also in the process of working with our grant team to ensure that the grant information is not siloed and instead we have collaboration on grant activities.

Suspension and Debarment: This was the first federal grant the organization had received for the purchase of goods and our purchasing staff were not properly trained in Suspension and Debarment. Training was provided to our Purchasing and Finance staff on November 15, 2022. We were trained on bid law, piggyback bids, federal procurement rules, and thresholds, disposition of property, conflicts of interest and required documentation. We will be working to add suspension and

debarment language to Purchase Orders that are paid all or in part by federal funds.

Procurement: Puget Sound Fire is in the process of reviewing and revising our procurement policy to include all federal procurement standards. These standards were reviewed during our November, 2022 training and we will be holding an annual class to review these standards, policies and procedures. We expect these policy changes to be in place Q2 of 2023.

Auditor's Remarks

We appreciate the Authority's commitment to resolve this finding and thank the Authority for its cooperation and assistance during the audit. We will review the corrective action taken during the next regular audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

15 U.S.C. 2229(k)(3), Firefighter assistance, establishes requirements for maintenance of expenditures.

Title 2 CFR Part 200, Uniform Guidance, section 318, General procurement standards, establishes requirements for written procedures.

Title 2 CFR Part 180, *OMB Guidelines to Agencies on Government wide Debarment and Suspension (Nonprocurement)* establishes non-procurement debarment and suspension regulations implementing Executive Order 12549 and 12689.

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*

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

Board of Directors
Puget Sound Regional Fire Authority
Kent, 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 Puget Sound Regional Fire Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated December 19, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

December 19, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

Board of Directors
Puget Sound Regional Fire Authority
Kent, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Puget Sound Regional Fire Authority, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2021. The Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Authority's Response to Findings

The Authority's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Authority's Response to Findings

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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

December 19, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

Board of Directors
Puget Sound Regional Fire Authority
Kent, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Puget Sound Regional Fire Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

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 Puget Sound Regional Fire Authority, and its changes in cash and investments, for the year ended December 31, 2021, 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 Puget Sound Regional Fire Authority, as of December 31, 2021, 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.

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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are 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 taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022 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 fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

December 19, 2022

FINANCIAL SECTION

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

Puget Sound Regional Fire Authority
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General	101 Special Revenue	301 Capital Reserve
Beginning Cash and Investments					
308	Beginning Cash and Investments	26,757,858	18,187,467	7,188,572	107,908
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	27,278,444	27,278,444	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	13,060,187	7,183,003	5,331,729	545,455
340	Charges for Goods and Services	45,658,391	45,261,177	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,336,847	1,113,129	146,082	67,997
Total Revenues:		87,333,869	80,835,753	5,477,811	613,452
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	73,144,732	72,640,608	503,940	36
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		73,144,732	72,640,608	503,940	36
Excess (Deficiency) Revenues over Expenditures:		14,189,137	8,195,145	4,973,871	613,416
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,684,644	-	-	5,684,644
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	525	-	-	525
Total Other Increases in Fund Resources:		5,685,169	-	-	5,685,169
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,297,666	-	25,940	3,271,726
591-593, 599	Debt Service	197,621	-	-	197,621
597	Transfers-Out	5,684,644	5,684,644	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		9,179,931	5,684,644	25,940	3,469,347
Increase (Decrease) in Cash and Investments:		10,694,375	2,510,501	4,947,931	2,829,238
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	12,136,503	-	12,136,503	-
50841	Committed	-	-	-	-
50851	Assigned	4,617,762	-	-	2,937,146
50891	Unassigned	20,697,968	20,697,968	-	-
Total Ending Cash and Investments		37,452,233	20,697,968	12,136,503	2,937,146

Puget Sound Regional Fire Authority
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		302 Capital Reserve
Beginning Cash and Investments		
308	Beginning Cash and Investments	1,273,911
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	397,214
350	Fines and Penalties	-
360	Miscellaneous Revenues	9,639
Total Revenues:		406,853
Expenditures		
510	General Government	-
520	Public Safety	148
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		148
Excess (Deficiency) Revenues over Expenditures:		406,705
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	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		-
Increase (Decrease) in Cash and Investments:		406,705
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	1,680,616
50891	Unassigned	-
Total Ending Cash and Investments		1,680,616

Puget Sound Regional Fire Authority
Notes to the Financial Statements
For the year ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Puget Sound Regional Fire Authority was incorporated on July 1, 2010 and operates under the laws of the state of Washington applicable to a regional fire authority. The Puget Sound Regional Fire Authority (PSRFA) is a special purpose local government and provides fire protection and medical emergency response services to the general public and is supported primarily through property taxes and a benefit charge.

PSRFA 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 a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in 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 are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government 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 government'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 government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

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.

In accordance with state law, the District may also recognize expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Governmental Accounting Standards Board (GASB) Statements 83 and 84 were reviewed for implementation in 2021. It was determined that the PSRFA had no fiduciary activities that fell under the new pronouncements. See Note 11 for information on Asset Retirement Obligations.

C. Cash and Investments

See Note 2, *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 in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

The table below summarizes PSRFA's current policies regarding time off accrual limits and cash-out of accruals upon separation or retirement:

	VACATION		SICK LEAVE	
	Accrual Limit	Payout	Accrual Limit	Payout
FF/Captain Uniformed Personnel 24hr shift, BC/Dist Chief Suppression, BC/District Chief Days	792 hrs.	100%	1440 hrs.	25%
FF/Captain Uniformed Personnel Day Shift, Division Chief Days, Chief Empl Agreement, Exempt Non-Rep Agreements	457 hrs.	100%	960-1199 hrs.	25-30%
Civilian	240 hrs.	100%	1040 hrs.	20%

F. Long-Term Debt

See Note 5, *Long-term Debt*.

G. 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 PSRFA Board. In relation to internal commitments, a resolution of the Board is required to establish, modify or rescind a fund balance commitment. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of grants and impact fees received in the special revenue fund.

Note 2 – Budgets

PSRFA Governance Board adopts annual appropriated budgets for General and Capital Reserve funds. These budgets are appropriated at the fund level except the general fund, where the budget is adopted at the department 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 initial budget for 2021 was adopted by the PSRFA Governance Board on 11/04/2020.

2021 appropriated and actual expenditures for the legally adopted budgets:

Department	Final Appropriated Budget	Actual Expenditures	Variance
Administration	\$8,683,358	\$5,739,909	\$2,943,449
Strategic Resource Management	\$4,775,395	\$6,571,817	(\$1,796,422)
Fleet and Facilities	\$9,839,370	\$7,751,243	\$2,088,128
Community Risk Reduction	\$6,181,361	\$5,719,797	\$461,564
Operations	\$44,483,525	\$43,764,376	\$719,149
Training	\$2,656,495	\$3,120,738	(\$464,243)
Fund Balance	\$1,000,000	\$3,813	\$996,187
Total General Fund excluding Transfers	\$77,619,505	\$72,671,693	\$4,947,812
Interfund Transfers	\$5,684,644	\$5,684,644	\$0
Total General Fund including Transfers	\$83,304,149	\$78,356,337	\$4,947,812
Capital Fund	\$5,684,644	\$3,469,383	\$2,215,261
Contract Capital Reserve	\$397,214	\$0	\$397,214

Budgeted amounts are authorized to be transferred between departments within any fund;

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 PSRFA legislative body.

Note 3 – Deposits and Investments

It is the PSRFA’s policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments are reported at fair value. Deposits and Investments by type at December 31, 2021 are as follows:

Type of Deposits or Investment	Puget Sound RFA Investments	Deposits and Investments held by King County as a custodian for other local governments, individuals or private organizations	Total
Bank Deposits			
L.G.I.P			
U.S. Government Securities			
King County Investment Pool		\$38,168,093	\$38,168,093
Total		\$38,168,093	\$38,168,093

Investments in (county investment pool)

The PSRFA is a voluntary participant in the King County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The PSRFA reports its investment in the pool at fair value, which is the same as the value of the pool per share. The LGIP does not disclose any liquidity fees or redemption gates.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the PSRFA 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 PSRFA’s deposits are 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 PSRFA or its agent in the government’s name.

Note 4 - Property Tax

The King County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by King County and credited to PSRFA. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

PSRFA's regular levy for the year 2021 was \$1.00 per \$1,000 on an assessed valuation of \$28,495,048,125 for a total regular levy of \$28,495,048.

Note 5 – Long-Term Debt

The accompanying Schedule of Liabilities (Schedule 09) provides more details of the outstanding debt and liabilities of PSRFA and summarizes PSRFA's debt transactions for year ended December 31, 2019.

The debt service requirements for general obligation debt and installment purchases is as follows:

Year	Principal	Interest	Total
2022	\$865,314.37	\$48,108.94	\$913,423.31
2023	\$690,733.03	\$25,489.24	\$716,222.27
2024	\$163,462.33	\$8,157.29	\$171,619.62
2025	\$164,983.52	\$6,636.10	\$171,619.62
2026	\$46,557.94	\$5,061.68	\$51,619.62
2027-2028	\$98,061.50	\$5,177.74	\$103,239.24

Assets Pledged as Collateral for Debt

The Puget Sound Fire debt is secured by assets that are pledged as collateral:

Debt	Asset	Debt Balance at 12/31/2021
Silvestri Land Acquisition	Silvestri Land, Address: 21507 108th Avenue SE, Kent WA	\$315,630
Apparatus 784 (Tiller)	Fire Station 74 24611 116th Ave SE, Kent WA	\$1,042,081
Apparatus 782 (Aid Car)	Fire Station 71 504 W. Crow St., Kent WA	\$95,701
Apparatus 783 (Aid Car)	Fire Station 71 504 W. Crow St., Kent WA	\$95,701

Note 6 – Pension Plans

A. State Sponsored Pension Plans

All PSRFA's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems

(DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans LEOFF and PERS.

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

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

PSRFA also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2021 (the measurement date of the plans), the PSRFA's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$358,043.00	0.048067%	\$587,011
PERS 2/3	\$584,926.00	0.061748%	(\$6,151,094)
LEOFF 1		0.009706%	(\$332,485)
LEOFF 2	\$2,040,965.00	1.023840%	(\$59,468,866)

LEOFF Plan 1

The PSRFA participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The PSRFA participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 7 – OPEB Plans

The PSRFA contributes \$900 per month for an individual HRA VEBA account upon employee retirement. The contribution is solely used to reimburse the cost of qualified medical expenses including health insurance premiums for the employee from the time of retirement from the RFA until the employee reaches Medicare age. Only LEOFF2 employees are eligible for this program. The plan is administered by BPAS and was determined to be a defined benefit plan within the provisions of Statement No. 75 of the Governmental Accounting Standards Board (GASB). There are 62 retired plan participants and 272 active employees who may be eligible upon retirement. The RFA contributed \$653,263 to the plan in 2021 and the total liability for the plan on December 31, 2021 was \$7,018,412. A copy of the Actuarial Valuation is available upon request.

Note 8 – Risk Management

The PSRFA maintains insurance against most normal hazards and general liability claims. The policies include coverage for property, liability, auto, pollution and errors and omissions.

The most recent renewal of coverage is effective December 1, 2020 through December 1, 2021. A summary of coverage limits and deductibles are as follows:

The PSRFA's industrial insurance is provided by Washington State and is administered by the Department of Labor and Industries. The premium is calculated by computing a rate per hour for the total worker hours, based on the rate assigned to the business risk classification. All part-time and full-time staff members pay \$3.92 per pay period toward industrial insurance.

Unemployment compensation is managed through the Washington state system, which provides some compensation to workers who are temporarily and involuntarily unemployed. It is administered in Washington State by the Employment Security Department in accordance with the provisions of the Employment Security Act. The RFA's employer status for unemployment insurance is as a "reimbursable" employer.

PSRFA partners with the Northwest Fire Fighters Benefits Trust (NWFFT) to offer a comprehensive benefits package to our employees and their families. The RFA uses a health and welfare consultant through Gallagher to make sure we are providing the best values for health, dental and vision insurance to both the organization and to our employees.

There are two plans offered through NWFFT for health insurance: 1) Preferred Provider Organization Plan, and 2) High Deductible with a Health Reimbursement plan. The PSRFA has established Health Reimbursement Accounts for each active employee who chooses the High Deductible plan (HRA). In 2021 the RFA funded distributions of \$729,500 to the HRA VEBA accounts. The distributions to individual employee accounts become the property of each employee and the RFA expensed the funds at the time they were distributed.

Dental benefits are provided through Delta Dental and Vision benefits are provided through Vision Service Plan (VSP).

Costs of health insurance through the NWFFT in 2021 were \$8,386,776, which includes dental premiums of \$544,489. This cost of premiums is based on our claims experience with NWFFT.

Note 9 - Other Disclosures

PSRFA (formerly the Kent Fire Department Regional Fire Authority) was formed in response to an election dated April 27, 2010 which approved the joining of the City of Kent Fire Department and King County Fire District #37. PSRFA provides fire prevention, fire investigation, emergency management and landscape services for the City of Kent under a contract for service. These agreements are reviewed and renewed annually. Through these agreements, in 2021 the PSRFA received \$3,014,212. from the City of Kent. PSRFA completed the build of IT infrastructure and ended its dependence on the City of Kent for IT services during 2019.

In September 2013, an agreement to provide emergency services was signed with the City of SeaTac. PSRFA has been providing emergency services, fire prevention, fire investigation, and emergency management to the City of SeaTac since January 1, 2014. Fifty firefighters were transferred to PSRFA at that time to provide these services. This agreement is reviewed every two years. PSRFA invoices the City of SeaTac for suppression, emergency management and facilities services it provides (\$10,359,652 in 2021).

In 2017, PSRFA ended providing a self-insured health insurance program and contracted with a private insurance company to provide health insurance to employees.

In 2018, PSRFA entered into an agreement with District 43 (Maple Valley). PSRFA is providing emergency services, fire prevention, fire investigation, public education and emergency management (along with administrative, IT and logistic services) on behalf of District 43. This agreement is reviewed every two years. Forty-eight personnel from Maple Valley joined PSRFA. The District's employees became PSRFA employees, with their accrued vacation and sick leave balances carried over to PSRFA. PSRFA invoices King County Fire District #43 for these services (\$9,176,724. in 2021).

Note 10 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The PSRFA proactively implemented financial precautions and safety measures, and operations have continued with many staff working remotely. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. The District remains economically stable and continues to adapt to the changing conditions.

Note 11 – Environmental and Certain Asset Retirement Liabilities

The District has 2 (2,500 gal) underground fuel storage tanks. Under state law, the District is required to decommission the tanks and the District plans to retire the tanks in 2022 . The District will incur estimated costs of \$70,000 related to the project. These liabilities are reported on the Schedule of Liabilities. No expenses have been incurred in 2021 for related work.

Puget Sound Regional Fire Authority
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
263.91	Silvestri Land Acquisition	10/18/2028	354,831	-	39,201	315,630
263.85	72nd Ave S Extension	4/8/2025	600,000	-	120,000	480,000
263.51	Hughes Fire	4/24/2023	-	1,532,910	490,829	1,042,081
263.51	PNC	4/11/2023	377,174	-	185,772	191,402
Total General Obligation Debt/Liabilities:			1,332,005	1,532,910	835,802	2,029,113
Revenue and Other (non G.O.) Debt/Liabilities						
264.30	Net Pension Liabilities		2,217,253	-	1,630,242	587,011
264.40	OPEB Liabilities		6,303,009	715,403	-	7,018,412
263.93	Asset retirement liability	12/31/2022	-	70,000	-	70,000
259.12	Compensated Absence		7,555,825	5,684,438	5,714,541	7,525,722
Total Revenue and Other (non G.O.) Debt/Liabilities:			16,076,087	6,469,841	7,344,783	15,201,145
Total Liabilities:			17,408,092	8,002,751	8,180,585	17,230,258

Puget Sound Regional Fire Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures				Note
				From Pass- Through Awards	From Direct Awards	Total	Passed through to Subrecipients	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2018-FV- 01915	-	545,455	545,455	-	
	COVID 19 - Assistance to Firefighters Grant	97.044	EMW-2020-FG- 00486	-	24,908	24,908	-	
			Total CFDA 97.044:	-	570,363	570,363	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH- 00484	-	113,739	113,739	-	
	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2018-FH- 00173	-	253,276	253,276	-	
			Total CFDA 97.083:	-	367,015	367,015	-	
			Total Federal Awards Expended:	-	937,378	937,378	-	

The accompanying notes are an integral part of this schedule.

Puget Sound Regional Fire Authority

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Puget Sound Fire Authority's financial statements. The Puget Sound Regional Fire Authority uses the Cash Basis Budgeting Accounting and Reporting System (BARS).

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Puget Sound Regional Fire Authority's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 7 – Indirect Cost Rate

The Puget Sound Regional Fire Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Puget Sound Regional Fire Authority January 1, 2021 through December 31, 2021

This schedule presents the corrective action planned by the Authority for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2021-001	Finding caption: The Authority did not have adequate internal controls in place for ensuring compliance with federal maintenance of effort, procurement, and suspension and debarment requirements
Name, address, and telephone of Authority contact person: Lavina M. Brennecke, CPA 20811 84th Avenue South, Suite 110 Kent WA 98032 253-856-4394	
Corrective action the auditee plans to take in response to the finding: <i>Maintenance of Effort: At the time the grant was received, Finance staff were not properly trained in regards to Uniform Guidance and grant restrictions. Beginning in May, 2022, Finance staff have been attending Uniform Guidance training to better understand maintenance of effort and allowable activities. We will continue to attend Federal Grant and UG training. We are also in the process of working with our grant team to ensure that the grant information is not siloed and instead we have collaboration on grant activities.</i> <i>Suspension and Debarment: This was the first federal grant the organization had received for the purchase of goods and our purchasing staff were not properly trained in Suspension and Debarment. Training was provided to our Purchasing and Finance staff on November 15, 2022. We were trained on bid law, piggyback bids, federal procurement rules, thresholds, disposition of property, conflicts of interest and required documentation. We will be working to add suspension and debarment language to Purchase Orders that are paid all or in part by federal funds.</i>	

Procurement: Puget Sound Fire is in the process of reviewing and revising our procurement policy to include all federal procurement standards. These standards were reviewed during our November 2022 training and we will be holding an annual class to review these standards, policies and procedures. We expect these policy changes to be in place Q2 of 2023.

Anticipated date to complete the corrective action: 2nd Quarter of 2023

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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.

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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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