



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

East Pierce Fire & Rescue

For the period January 1, 2023 through December 31, 2023

Published November 27, 2024

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

November 27, 2024

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on East Pierce Fire & Rescue's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

East Pierce Fire & Rescue January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of East Pierce Fire & Rescue 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 District’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 District.

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 no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
97.036	COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

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

The District 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

None reported.

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*

East Pierce Fire & Rescue January 1, 2023 through December 31, 2023

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, 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 East Pierce Fire & Rescue, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 20, 2024.

We issued an unmodified opinion on the fair presentation of the District'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 District 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 District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 District'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 District'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 District'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 style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

November 20, 2024

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

East Pierce Fire & Rescue January 1, 2023 through December 31, 2023

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of East Pierce Fire & Rescue, 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 District's major federal programs for the year ended December 31, 2023. The District'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 District 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, 2023.

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 District 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 District'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 District'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 District'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 District'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 District'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 District'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 District'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.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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. 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.

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. 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.

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

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

November 20, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

East Pierce Fire & Rescue January 1, 2023 through December 31, 2023

Board of Commissioners
East Pierce Fire & Rescue
Bonney Lake, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of East Pierce Fire & Rescue, as of and for the year ended December 31, 2023, 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 District 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 East Pierce Fire & Rescue, and its changes in cash and investments, for the year ended December 31, 2023, 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 East Pierce Fire & Rescue, as of December 31, 2023, 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 District, 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 District 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 2023, the District adopted new accounting guidance for financial reporting of Subscription-Based Information Technology Agreements (SBITA), 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 District'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 District'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 District'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 District's financial statements. The accompanying 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

November 20, 2024

FINANCIAL SECTION

East Pierce Fire & Rescue January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

East Pierce Fire & Rescue
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	001 General	201 Bond	301 Capital
Beginning Cash and Investments					
308	Beginning Cash and Investments	101,131,805	44,031,227	535,390	56,565,188
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	40,350,691	35,527,924	4,822,767	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	5,512,948	5,509,729	3,219	-
340	Charges for Goods and Services	3,889,858	3,889,858	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	4,654,594	2,124,847	-	2,529,747
Total Revenues:		<u>54,408,091</u>	<u>47,052,358</u>	<u>4,825,986</u>	<u>2,529,747</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	40,951,098	40,951,098	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>40,951,098</u>	<u>40,951,098</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>13,456,993</u>	<u>6,101,260</u>	<u>4,825,986</u>	<u>2,529,747</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	443,844	421,098	-	22,746
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	39,316	39,316	-	-
Total Other Increases in Fund Resources:		<u>483,160</u>	<u>460,414</u>	<u>-</u>	<u>22,746</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	20,919,114	3,460,451	-	17,458,663
591-593, 599	Debt Service	4,811,895	104,016	4,704,279	3,600
597	Transfers-Out	443,844	22,746	-	421,098
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>26,174,853</u>	<u>3,587,213</u>	<u>4,704,279</u>	<u>17,883,361</u>
Increase (Decrease) in Cash and Investments:		<u>(12,234,700)</u>	<u>2,974,461</u>	<u>121,707</u>	<u>(15,330,868)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	41,891,415	-	657,096	41,234,319
50841	Committed	15,363	15,363	-	-
50851	Assigned	32,883,998	32,883,998	-	-
50891	Unassigned	14,106,187	14,106,187	-	-
Total Ending Cash and Investments		<u>88,896,963</u>	<u>47,005,548</u>	<u>657,096</u>	<u>41,234,319</u>

The accompanying notes are an integral part of this statement.

East Pierce Fire & Rescue

For the Year Ended December 31, 2023

Note 1 - Summary of Significant Accounting Policies

East Pierce Fire & Rescue was incorporated on January 1, 1963 and operates under the laws of the state of Washington applicable to a fire district. The District is a special purpose local government that provides fire protection and emergency medical services to the general public and is supported primarily through property taxes.

The District 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. 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. For reporting purposes, we include the Reserve Fund. This managerial fund accounts for specific revenue sources that are assigned by the Board of Commissioners to expenditures for specified purposes of the District.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and related costs on general long-term debt.

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.

State law allows the District to recognize expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period. However, Pierce County required receipt of all 2023 claims by 8:30 am Thursday, December 28, 2023, so the District was limited to that deadline.

C. Cash and Investments

See Note 4, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of 2 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

For bargaining unit personnel, sick leave is accumulated up to a maximum of 2500 hours. In the event of termination of employment, accumulated but unused sick leave is paid at the employee's regular rate of pay and according to the following schedule:

Reason for separation	Percent	Max hours accrued	Max hour paid out
Resignation	12.5%	2500	312.5
Disability, Retirement, Layoff, or Death	25%	2500	625
Line of Duty Death	100%	2500	2500

Any of those union personnel who accrues more than the 2500 hour cap is paid for those hours at 25% of their base pay rate, buying the employee back down to the 2500 hour cap. The fire chief and deputy fire chief can accrue a maximum of 1160 hours, with a maximum payout of 720 hours. Upon resignation or layoff, they would receive a payout of 25%; death, disability, or retirement, 50%; and line of duty death, 100%.

There is a modified arrangement for the two remaining union members who transferred from the City of Bonney Lake to East Pierce on December 31, 1999. In the event of their resignation or layoff, payout is based on 25% of accumulated unused sick leave to a maximum of 720 hours. For disability, death, or retirement, payout is based on the percentage established by taking the member's total accrued sick leave on the books with the City as of December 31, 1999 to a maximum of 720 hours and dividing the total by 720 hours. The resulting percentage may be higher than 50% but in no case shall it be lower than 50%. That agreement will remain in effect unless superseded by a higher percentage for sick leave pay-off.

Administrative support personnel may accumulate up to 1400 hours of sick leave. These employees are compensated at their regular rate of pay in effect when permanently separated from employment in accordance with the following: resignation or layoff 12.5% of unused sick leave and disability, death, or retirement, 25%.

The Fire Chief, Deputy Chief, and Assistant Chiefs have a maximum vacation carryover of 400 hours. Administrative support personnel accrue vacation to a maximum of 240 hours (varies by tenure) and may carry over 80 hours. Union personnel on 8- and 10-hour shifts may accumulate vacation 240 hours annually. Union personnel on 24-hour shifts may accumulate vacation of 360 hours annually. For union personnel, any vacation voluntarily accrued in excess of the maximum total is forfeited: any vacation that is involuntarily accrued in excess of the maximum is paid to the employee at the employee's normal straight time rate of pay. In the event of

termination of employment, all employees will be reimbursed for all earned and accrued vacation hours.

Union personnel working 24-hour shifts are granted 120 hours of leave with pay in lieu of holidays at the beginning of each calendar year. Holiday leave must be used within the year earned, but personnel may sell back up to 96 hours at straight-time wage. Any employee who leaves the service of the employer for any reason receives their unused accrued holiday leave in pay or the equivalent in paid leave.

Compensatory Time may be accumulated to a maximum of 60 hours for hourly administrative support personnel and 96 hours for union personnel. Accumulation is reduced by personnel taking time off or, for union personnel, by cash compensation at the employee's basic rate of pay in effect at the time of reimbursement. Administrative support personnel must use compensatory time in the calendar year in which it is earned.

The District's estimated liability for employee compensated sick, vacation, comp, and, for union personnel, holiday, time on December 31, 2023 was \$3,827,873.86.

Payments are recognized as expenditures when paid.

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 it is subject to restrictions on use imposed by external parties or due to internal commitments established by the District's Board. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resources first.

The District's General Fund, including the managerial Reserve Fund, contained \$15,363.42 at year-end that was committed to imprest accounts. Though the stated imprest values total \$15,100, there was a timing factor between the cashing and replenishment of Petty Cash Checking items. The assigned balance of \$32,883,997.69 reflects the managerial Reserve Fund balance. All monies in the Bond and Capital Funds (\$657,095.76 and \$41,234,319.13 at year's end, respectively) are restricted.

Note 2 – Budget Compliance

The District adopts annual appropriated budgets for its General, Debt, and Capital 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.

It should be noted that when the budget resolutions were passed, the General Fund and the managerial fund contained within it (referred to as the "Reserve Fund") were recognized separately. The amounts presented in the annual report reflect the roll-up of that managerial fund into the General Fund.

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

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$104,348,785	\$44,538,312	\$59,810,474
Debt (Bond) Fund	\$5,391,451	\$4,704,279	\$687,172
Capital Fund	\$58,459,260	\$17,883,361	\$40,575,899

(Budget reference: Resolution 1038, Budget Amendment passed November 2023)

Budgeted amounts are authorized to be transferred between line items within a division or to make technical corrections that do not alter the intent of the adopted budget; 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 District's legislative body.

Note 3 - Property Tax

The Pierce County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Property tax levied on District-served territory in King County is collected by King County and forwarded to Pierce County for deposit to the District's accounts. The King County revenue is normally posted to the District's accounts around the 10th of each month, while Pierce County collections are distributed at the end of each month.

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

The District's regular levy for the year 2023 was \$1.08296 per \$1,000 on an assessed valuation of \$26,968,551,309 for a total regular levy of \$29,205,862.33.

The District's Emergency Medical Services (EMS) levy for the year 2023 was \$0.23618 per \$1,000 on an assessed valuation of \$27,023,480,446 for a total EMS levy of \$6,382,405.61.

The District's bond levy for the year 2023 was \$0.18099 per \$1,000 on an assessed valuation of \$26,896,001,048 for a total bond levy of \$4,867,907.23. Bond levy taxes were receipted into the District's Bond Fund.

Note 4 – Deposits and Investments

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

Investments in the State Local Government Investment Pool (LGIP)

The District is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer, with the Pierce County Treasurer acting on the District's behalf. 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 LGIP 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.

The District has separate bank accounts for Advance Travel, ambulance transport, credit card receipts (largely public education class fees), and Petty Cash Checking, all covered by federal depository insurance (FDIC). Transport and credit card receipts are regularly transferred to the County.

Investments are reported at fair value. Investments by type at December 31, 2023 are as follows:

Type of Investment	District's Deposits	Held by Pierce County	Total
General Fund			47,005,548
Cash + Invstmts Held by County		46,660,455	
Bank Deposits + Petty Cash Box	345,093		
Bond Fund	0	657,096	657,096
Capital Fund	0	41,234,319	41,234,319
Total deposits and investments	345,093	88,551,870	88,896,963

Custodial Credit Risk

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

Note 5 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the District and summarizes the District's debt transactions for year ended December 31, 2023.

The District's debt service requirements, shown below, consist of principal and interest payments on UTGO Bonds voted in November 2018. The bonds fund land and construction of fire stations, along with apparatus and capital equipment upgrades. The District chose to split the total bonds approved into two issues. The first bonds were issued in 2019 with the final payments scheduled for December 1, 2038. A second set of bonds were sold on July 13, 2022. The initial payments for that series were paid in June 2023 and the final payments are due to coincide with the initial series on December 1, 2038. Total payments for both issues are shown below:

	Principal	Interest	Total Debt
2023	\$ 785,000	\$ 3,918,301	\$ 4,703,301
2024	\$ 1,625,000	\$ 3,315,725	\$ 4,940,725
2025	\$ 1,930,000	\$ 3,255,225	\$ 5,185,225
2026	\$ 2,285,000	\$ 3,158,725	\$ 5,443,725
2027	\$ 2,650,000	\$ 3,070,350	\$ 5,720,350
2028 - 2032	\$ 19,565,000	\$ 12,952,500	\$ 32,517,500
2033 - 2037	\$ 32,460,000	\$ 7,104,600	\$ 39,564,600
2038	\$ 8,465,000	\$ 423,250	\$ 8,888,250
Totals	\$ 69,765,000	\$ 37,198,676	\$ 106,963,676

Note 6 - Pension Plans

Substantially all of the District's full-time and qualifying part-time employees participate in the Public Employees Retirement System (PERS) or the Law Enforcement Officers & Fire Fighters Retirement System (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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
PO Box 48380
Olympia, WA 98504-8380

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

The District 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.

The District 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, 2023 (the measurement date of the plans), the District's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	0.008766%	\$ 200,104
PERS 2/3	0.011318%	(\$463,889)
LEOFF 2	0.537269%	(\$12,886,923)
VFFRPF	0.090%	(\$17,167.10)

The District also contributes to deferred compensation plans on its employees' behalf. Contractual and bargaining unit personnel have 6% of their monthly base salary deposited to a section 457 plan of their choice of programs offered by the District. For administrative staff, that value is 5%. Employees can choose either a Washington State Deferred Compensation plan or a Voya plan. Employees also have the option of contributing, post-tax, to a Voya Roth plan, to which the District makes no contributions. The District's contributions for 2023 totaled \$1,197,916.28.

Note 7 - OPEB Plans

(This section is excerpted from the District's actuarial report, the entirety of which will be made available to the Auditor's Office as an attachment to the annual report.)

GASB 75 - OPEB for the Year Ended December 31, 2023

Summary of Significant Accounting Policies

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and the OPEB expense information about the fiduciary net position of the District's

Retiree Health Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note X – Other Post-Employment Benefits (OPEB)

Plan Description

The District administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

Eligibility for retiree health benefits requires retirement from the District after becoming eligible for LEOFF retirement and having age plus years of service greater than or equal to 70. The retirement benefits include full Plan A premiums, or Plan F premiums plus a \$600.00 annual stipend contributed to a retirement account, or Plan B premiums plus a \$1,500.00 annual stipend contributed to a retirement account. Dependents and spouses may elect coverage and pay 100% of the group rate premium. Surviving spouses may also continue coverage until Medicare eligibility.

Employees Covered by Benefit Terms

At December 31, 2023 (the census date), the benefit terms covered the following employees:

Category	Count
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	42
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	164
Total	206

Contributions

The District pays benefits as they come due.

Contribution rate:	Benefits Due
Reporting period contributions: \$	651,916 (Includes implicit subsidy credit.)

Financial Report

The District issues a stand-alone financial report that is available to the public. The report is available at:

<https://www.eastpiercefire.org/resource/annual-reports/>

Net OPEB Liability

The District's total OPEB liability was valued as of December 31, 2023, and was used to calculate the net OPEB liability measured as of December 31, 2023.

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	December 31, 2022	December 31, 2023
Discount Rate	4.05%	3.77%
Inflation	6.50%	2.75%
Healthcare Cost Trend Rates		
Pre-Medicare	6.80%	6.80% *
Medicare	4.80%	N/A
Salary Increases	3.50%	3.25% **
Mortality Rates	Based on SOA Tables	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the State of Washington. The last economic experience study was done in 2021 and the last demographic experience study was in 2018.
- Inactive employees (retirees) pay 0% of the cost of benefits.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Discount Rate

The discount rate used to measure the total OPEB liability is 3.77%. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

**Trending down to 4.04% over 51 years. Applies to calendar years.*

***Additional merit-based increases based on the State of Washington merit salary increase tables.*

Changes in the Total OPEB Liability

	<i>Increase/(Decrease)</i>
	<u>Total OPEB Liability</u>
Balance as of Report Date December 31, 2022	14,518,827
Changes for the Year:	
Service Cost	944,195
Interest	613,051
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(1,236,665)
Changes of Assumptions	549,156
Benefit Payments	(260,413)
Implicit Subsidy Credit	(391,503)
Other Miscellaneous Income/(Expense)	_____
	<u>- Net Changes</u>
	217,821
Balance as of Report Date December 31, 2023	<u>\$ 14,736,648</u>

Sensitivity of the Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

Sensitivity of the total OPEB liability to changes in the discount rate. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.77%) or one percentage point higher (4.77%) follows:

	1% Decrease	Discount Rate	1% Increase
	2.77%	3.77%	4.77%
Total OPEB Liability (Asset)	\$ 15,762,461	\$ 14,736,648	\$ 13,762,827
Increase (Decrease)	1,025,813		(973,821)
% Change	7.0%		-6.6%

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 6.80% and decreased to 4.04% over 51 years. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.80%) or one percentage point higher (7.80%) than current healthcare cost trend rates follows:

	1% Decrease	Trend Rate	1% Increase
	5.80%	6.80%	7.80%
Total OPEB Liability (Asset)	\$ 13,266,634	\$ 14,736,648	\$ 16,464,481
Increase (Decrease)	(1,470,014)		1,727,833
% Change	-10.0%		11.7%

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the report year ended December 31, 2023, the District recognized an OPEB expense of \$869,737. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ -	\$ -

Changes of Assumptions	-	-
Total	\$ -	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Report Year Ending December 31:</u>	<u>Amount</u>
	2024	\$ -
	2025	-
	2026	-
	2027	-
	2028	-
	Remaining	-

<i>Current Liability</i>	<u>Amount</u>
Current OPEB Liability	\$ 775,892
Non-Current OPEB Liability	13,960,756
Total OPEB Liability	\$ <u>14,736,648</u>

Expected Average Remaining Service Lives (EARSL)

inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note that because this plan uses cash basis accounting, however, that differences are recognized immediately and we use an EARSL of one year for our calculations to achieve immediate recognition. We present the EARSL for informational purposes only.

EARSL: 13.9 years

Note 8 – Leases

The District leases a fire station from the City of Milton. The fire station was initially under lease until August 31, 2023 at approximately \$1750 per month. An extension to that lease was signed June 06, 2023, effective September 01, 2023 and valid through August 31, 2026. The dates of the lease were the only term changed. The lease agreement allows the City to increase the lease by the local CPI annually.

The District has a lease for a trailer at a construction jobsite in Bonney Lake through early 2024. The monthly lease is \$300, with haulage and cleaning costs of \$593 payable at the trailer’s return.

At the start of the year the District had copy machines and a postage meter are under lease through 2025. One copier lease for multiple machines is billed at \$337, a separate lease for one machine is at \$154, and the postage meter is \$110.07. Another copy machine lease was added in 2023, this one for \$55.50 per month and extending for one month into 2026. The copy machine contracts allow for purchase of at fair market value at lease ends but the District is unlikely

to exercise those options.

The total amount paid for leases in 2023 was \$33,036.36. That amount is shown below along with known lease amounts due in the subsequent 5 years.

Year Ended December 31	Total
2023	33,036.36
2024	32,023.27
2025	27,070.06
2026	4,232.20
2027	0.00
2028	0.00

It is worth noting that the District signed a new agreement with the Town of South Prairie effective January 01, 2024 and lasting through December 31, 2025 that includes a lease of the fire station. The District will be paying \$22,000 per year for that lease. It is not shown the table above because it was not yet in effect but will be included in next year's report.

Note 9 – Subscription Based Information Technology Arrangements (SBITA)

During the year ended 2023, the District adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

In 2023 the District had two arrangements with vendor SHI, one for Windows at \$22,203.89 and O365/M365 at \$46,651.80, paid annually and lasting until January 31, 2024; one with RingCentral for VOIP and collaboration tools that extended until early 2024 at roughly \$1163 per month; and one with MSDS Online until November 22, 2025 for access to a material safety data sheet library and tools at a cost of \$2807.14 and \$2891.36 for its installments due to be paid in 2023 and 2024.

While it is likely if not certain that all items/services will be renewed upon expiration, it was not known by year's end if they would be purchased/paid for on an annual basis with no contract, which is how the District handles most such items/services, or renewed for multiple years as Subscription Based Information Technology Arrangements, or what vendor or purchasing mechanism would be used, so the information here does not reflect any estimates of future costs. Known values for such Arrangements are shown below:

Year Ended December 31	Total
2023	85,629.51
2024	7,546.92
2025	0.00
2026	0.00
2027	0.00
2028	0.00

Note 10 – Risk Management

The District carries commercial property and liability insurance policies. The coverage in 2023 is summarized below:

PROPERTY –Buildings: Guaranteed Replacement Cost Valuation, 4% inflation guard
Contents: Blanket Coverage-Replacement Cost Valuation, \$2,216,776 aggregate limit
Deductibles: \$5,000 property / \$1,000 flood / 5% earthquake deductible
Special Property Floater: 1996 golf cart \$7,500 replacement cost/ \$250 deductible

GENERAL LIABILITY – \$1,000,000 per occurrence / \$10,000,000 aggregate limit

Also:

- Professional Healthcare Liability: \$1,000,000 per occurrence
- Owned Watercraft Liability: \$1,000,000 per occurrence
- Maritime Liability: \$1,000,000 per occurrence
- Line of Duty Accidental Death Benefit: \$10,000 each person
- Employers Liability (WA Stop Gap)

MANAGEMENT LIABILITY – (Claims made basis):

- Wrongful acts-\$1,000,000 per occurrence / \$10,000,000 aggregate limit
- Each action for injunctive relief-\$50,000
- Cyber Liability-\$1,000,000 each electronic info security event
- Unintentional Release of HIPAA information-\$100,000
- Privacy Crisis Mgt Expense-\$50,000 each privacy event / Cyber Extortion Expense-\$20,000 each cyber extortion threat / \$50,000 aggregate limit

BUSINESS AUTO – Coverage-\$1,000,000 per accident

- Auto physical damage deductibles: \$250 comprehensive / \$250 collision
- Coverage for on-duty employees/volunteers/commissioners-primary liability coverage for personal autos

EXCESS LIABILITY – Provides coverage in excess of the primary liability policy limits
\$10,000,000 per occurrence / \$20,000,000 aggregate limit

PORTABLE EQUIPMENT – Deductible: \$250

- Blanket coverage-Guaranteed Replacement Cost
- Scheduled items – 2021 26’ Packcat Boat \$236,000; 2021 Honda HP Motors (2) \$17,000 each

CRIME – Employee Dishonesty (includes volunteers): \$1,000,000 with faithful performance; no deductible

4 Position Schedule Bonds (with faithful performance):

- 1 – Finance Administrator: \$1,000,000; no deductible
- 1 – District Secretary/Finance Manager: \$1,000,000; no deductible
- 1 – Fire Chief: \$50,000; no deductible
- 1 – Deputy Chief: \$50,000; no deductible

- Forgery or Alteration coverage: \$1,000,000; no deductible
- Computer Fraud coverage: \$10,000; no deductible
- Identity Fraud Expense coverage: \$10,000; no deductible
- Fraudulent Impersonation coverage: \$10,000; no deductible

Claims: Last 5 years, Auto Liability payout \$23,225; Auto Physical Damage payout, \$86,505;

Portable Equipment payout \$12,389; Property payout \$84,400

Note 11 - Other Disclosures

The annual letter from our attorney will address any legal matters, if applicable.

Note 12 – Subsequent Events

No subsequent events of note.

**East Pierce Fire & Rescue
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	2018 UTGO Bond - Voted	12/1/2038	34,615,000	-	705,000	33,910,000
251.12	2022 UTGO Bond - Voted	12/1/2038	35,150,000	-	80,000	35,070,000
263.56	Jobsite Trailer Bonney Lake	3/6/2024	5,093	-	3,600	1,493
263.56	Copier Machines, Multiple	4/30/2025	9,436	-	4,044	5,392
263.56	Copy Machine, Single DFM	6/30/2025	4,620	-	1,848	2,772
263.56	Copy Machine, Single BC	1/31/2026	-	1,998	611	1,387
263.56	Postage Meter	12/31/2024	2,642	-	1,321	1,321
263.56	SBITA - SHI - Windows	3/31/2024	22,204	-	22,204	-
263.56	SBITA - SHI - O365 & M365	3/31/2024	46,652	-	46,652	-
263.56	SBITA - Ring Central	3/29/2024	18,622	-	13,967	4,655
263.56	SBITA - Velocity EHS	11/22/2025	5,699	-	2,807	2,892
263.56	Fire Station Milton	8/31/2023	3,521	69,052	10,564	62,009
Total General Obligation Debt/Liabilities:			69,883,489	71,050	892,618	69,061,921
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		2,613,843	5,557,469	4,343,438	3,827,874
264.30	Pension Liability		201,532	-	1,428	200,104
264.40	OPEB		14,518,827	217,821	-	14,736,648
Total Revenue and Other (non G.O.) Debt/Liabilities:			17,334,202	5,775,290	4,344,866	18,764,626
Total Liabilities:			87,217,691	5,846,340	5,237,484	87,826,547

**East Pierce Fire & Rescue
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	053-UK6VH-00	278,614	-	278,614	-	1,7
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		-	885,526	885,526	-	1,7
Total Federal Awards Expended:				278,614	885,526	1,164,140	-	

The accompanying notes are an integral part of this schedule.

EAST PIERCE FIRE & RESCUE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023**

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the District's financial statements. The District uses single-entry, cash-basis accounting.

NOTE 2 – FEDERAL INDIRECT COST RATE

The District has not elected to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance. The amount expended includes \$0 (zero) claimed as an indirect cost recovery using an approved indirect cost rate of 0 (zero) percent.

NOTE 3 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the District's portion, are more than shown. Such expenditures are recognized following 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

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.

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