



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Pierce County Fire Protection District No. 3

(West Pierce Fire and Rescue)

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

Published April 2, 2026

Report No. 1039309



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

April 2, 2026

Board of Commissioners
West Pierce Fire and Rescue
University Place, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on West Pierce Fire and 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

West Pierce Fire and Rescue January 1, 2024 through December 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of West Pierce Fire and 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 its major federal program.

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

<u>ALN</u>	<u>Program or Cluster Title</u>
97.044	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 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*

West Pierce Fire and Rescue January 1, 2024 through December 31, 2024

Board of Commissioners
West Pierce Fire and Rescue
University Place, 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 West Pierce Fire and Rescue, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 24, 2026.

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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 24, 2026

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

West Pierce Fire and Rescue January 1, 2024 through December 31, 2024

Board of Commissioners
West Pierce Fire and Rescue
University Place, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of West Pierce Fire and 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, 2024. 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, 2024.

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.



Pat McCarthy, State Auditor

Olympia, WA

March 24, 2026

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

West Pierce Fire and Rescue January 1, 2024 through December 31, 2024

Board of Commissioners
West Pierce Fire and Rescue
University Place, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of West Pierce Fire and Rescue, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the financial section of our report.

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

As described in Note 1, the 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 West Pierce Fire and Rescue, and its changes in cash and investments, for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

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

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 March 24, 2026 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

March 24, 2026

FINANCIAL SECTION

West Pierce Fire and Rescue January 1, 2024 through December 31, 2024

FINANCIAL STATEMENTS

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

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2024
Schedule of Expenditures of Federal Awards – 2024
Notes to the Schedule of Expenditures of Federal Awards – 2024

Pierce County Fire Protection District No. 3
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		Total for All Funds (Memo Only)	003 General	103 Capital Projects	203 General Obligation
Beginning Cash and Investments					
308	Beginning Cash and Investments	16,326,154	16,292,562	-	33,592
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	49,189,605	49,187,530	-	2,075
320	Licenses and Permits	102,873	102,873	-	-
330	Intergovernmental Revenues	6,801,074	6,801,074	-	-
340	Charges for Goods and Services	6,045,241	6,045,241	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,763,448	1,087,867	673,876	1,705
Total Revenues:		63,902,241	63,224,585	673,876	3,780
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	59,519,312	59,519,312	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		59,519,312	59,519,312	-	-
Excess (Deficiency) Revenues over Expenditures:		4,382,929	3,705,273	673,876	3,780
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	20,220,729	-	-	20,220,729
397	Transfers-In	21,807,643	-	20,026,843	1,780,800
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		42,028,372	-	20,026,843	22,001,529
Other Decreases in Fund Resources					
594-595	Capital Expenditures	5,061,638	3,842,817	1,218,821	-
591-593, 599	Debt Service	1,975,093	-	-	1,975,093
597	Transfers-Out	21,807,643	1,780,800	-	20,026,843
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		28,844,374	5,623,617	1,218,821	22,001,936
Increase (Decrease) in Cash and Investments:		17,566,927	(1,918,344)	19,481,898	3,373
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	19,518,862	-	19,481,897	36,965
50841	Committed	-	-	-	-
50851	Assigned	4,728,513	4,728,513	-	-
50891	Unassigned	9,645,700	9,645,700	-	-
Total Ending Cash and Investments		33,893,075	14,374,213	19,481,897	36,965

The accompanying notes are an integral part of this statement.



PIERCE COUNTY FIRE PROTECTION DISTRICT No. 3
MCAG 1255
Notes to Financial Statements
January 1, 2024 through December 31, 2024

The following notes are an integral part of the accompanying financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is a special purpose government that provides all hazards (major hazard being fire) and emergency medical protection services to the general public and is supported primarily through property taxes. The District incorporated in 1944 and operates under Chapter 52 RCW and other laws of the State of Washington applicable to fire districts. In March of 2011, Fire District 2 merged into Fire District 3.

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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. **Fund Accounting**

Financial transactions of the 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.

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 Fund

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.

C. Cash & Investments

It is the District's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments. See Note 4 for further details.

D. Capital Assets

Capital assets are assets with an initial individual or programmatic cost of more than \$5,000. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 624 hours for shift employees and 400 hours for day employees; for the District's largest bargaining unit, and is payable upon separation or retirement. Most others have a maximum of 400 hours and are payable upon separation or retirement. Most employees may elect to cash out up to 100 hours of vacation hours on their November payroll as well.

Most employees receive an annual allotment of holiday hours on January 1st of each year, any unused holiday hours as of November payroll cut off, are cashed out to the employee on November payroll.

Sick leave may accumulate up to 1276 hours for shift employees and 1040 for most day employees; hours in excess of those caps are cashed out at 25% of value on November payroll for most employees. Upon separation or retirement, most employees receive payment of 50% of accrued unused sick leave; others are at 25%.

Payments are recognized as expenditures when paid. There are leave banks, such as shared leave, which don't have a value attributed to them, as it would vary based on either who donated the leave or who used the leave.

F. Liabilities

See Note 5, Long Term Debt.

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

Leases are reported as liabilities in alignment with BARS 3.4.1. SBITA's are reported as liabilities in alignment with BARS 3.4.21. For more information see Note 10 – Leases and Note 11 – SBITA.

H. 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 Board. When expenditures that meet restrictions are incurred, the District intends to use the most restricted resource first.

Restrictions and commitments of Ending Cash and Investments consist of \$19,518,862 at year-end. Specific uses for this amount are debt service for voter-approved bonds and the acquisition of apparatus and equipment from LOCAL Program funds as well as capital improvement projects funded via the issuance of non-voter approved debt.

NOTE 2- BUDGET COMPLIANCE

The District adopts annual appropriated budgets for all funds; General, Capital Projects, Reserve, and GO Bond. These budgets are appropriated at the fund level (except the general (current expense) fund, where 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 appropriated and actual expenditures for the legally adopted budgets were as follows:

<i>Fund/Department</i>	<i>Final Appropriated Amounts</i>	<i>Actual Expenditures</i>	<i>Variance</i>
Legislative	75,894	73,669	2,225
Technology	2,496,190	2,407,772	88,418
Communications/Planning	741,458	721,003	20,455
Administration	4,730,667	4,441,390	289,277
Suppression	29,942,974	30,472,401	(529,427)
Prevention	2,573,274	2,511,914	61,360
Training	2,484,022	2,312,491	171,531
Logistics	2,363,651	2,333,141	30,510
Fleet	2,173,140	2,176,013	(2,873)
EMS	12,190,839	10,952,886	1,237,953
Emergency Management	572,032	543,561	28,471
Fire Communications	652,450	652,450	0
Capital	4,289,016	3,763,442	525,574
Other Financing Uses	1,780,799	1,776,213	4,586
General Fund	67,066,406	65,138,345	1,928,061
Capital Projects Fund	1,160,000	1,218,821	(58,821)
Reserve Fund	0	0	0
GOB Fund	1,780,799	22,011,936	(20,231,137)

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

NOTE 3 – PROPERTY TAX

The county treasurer acts as an agent to collect property taxes 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 the District. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The District’s regular levy for the year 2024 was \$1.320482267709 per \$1,000 on an assessed valuation of \$18,489,641,063 for a total regular levy of \$24,415,243.16. The County refund fund was \$0.00 for a total of \$0.00.

The District’s EMS levy for the year 2024 was \$0.439915935214 per \$1,000 on an assessed valuation of \$18,489,641,063 for a total EMS levy of \$8,133,877.74. The County refund fund was \$0.00 for a total of \$0.00.

The District’s excess levy for the year 2024 was \$0.922497011539 per \$1,000 on an assessed valuation of \$18,489,641,063 for a total excess levy of \$16,951,659.30. The County refund fund was \$0.00 for a total of \$0.00.

NOTE 4 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Investments by type at December 31, 2024 were as follows:

<i>Type</i>	<i>District’s Own</i>	<i>Investments held by Pierce County</i>	<i>Total</i>
L.G.I.P.	\$0	\$33,723,694.30	\$33,723,694.30
Bank Deposits	\$12,324.36	\$157,056.34	\$169,380.70

The District’s investments are held by Pierce County as its agent in the District’s name. It is the District’s policy to invest all temporary cash surpluses. The interest on these investments is retained in the fund earning the interest.

The District is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The 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 maintains a transfer fund; any funds remaining at year-end are subsequently reported as revenue and recorded in January of the following year.

Custodial credit risk for deposits is the risk that, in the 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 and certificates of deposit are mostly covered by the federal depository insurance (FDIC) or by the 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 LIABILITIES

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the District and summarizes the District’s debt transactions for year ended December 31, 2024.

The debt service requirements for general obligation bonds (non-voter and voter approved) and LOCAL Program, including interest, are as follows:

<u>District 3</u>	<u>Non-Voter Approved Bonds</u>		
<u>Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2024	450,000	536,733	986,724
2025-2029	3,265,000	4,199,750	7,464,750
2030-2034	4,165,000	3,297,500	7,462,500
2035-2039	5,315,000	2,147,250	7,462,250
2040-2043	5,295,000	677,750	5,972,750
Total	18,490,000	10,858,974	23,348,973

<u>District 3</u>	<u>LOCAL Program- Apparatus & Equipment</u>		
<u>Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2024	701,093	92,982	794,075
2025	736,147	57,051	793,198
2026	772,955	19,324	792,279
Total	2,210,195	169,357	2,379,552

NOTE 6 - PENSION PLANS

A. State Sponsored Pension Plans

Substantially all the District’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.

- Public Employees Retirement System (PERS)
- Law Enforcement Officers and Fire Fighters (LEOFF)

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 Annual Comprehensive Financial Report (ACRF) that includes financial statements and required supplementary information for each plan.

The DRS ACRF may be downloaded from the DRS website at www.drs.wa.gov.

LEOFF Plan 1

The District also 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 District also 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.

At June 30, 2024, the District’s proportionate share of the collective net pension liabilities, as reported on Schedule of Liabilities, was as follows:

	<i>Employer Contributions</i>	<i>Allocation %</i>	<i>Liability (Asset)</i>
PERS 1	131,147	0.021908%	389,270
PERS 2	276,194	0.028060%	(925,018)
LEOFF 1	0	0.115758%	(3,292,029)
LEOFF 2	1,743,599	0.711659%	(13,327,558)

B. Defined Contribution Pension Plans

457(b) Plans; Various Collective Bargaining Agreements and Professional Services agreements define the amount contributed on behalf of the District and if there are any matching funds (employee contributions) required or an non-matching contributions. In 2024, the maximum monthly contribution for most employees was \$875. For fiscal year ending December 31, 2024, the District contributed a total of \$1,090,975.

- VOYA Financial
- Decision Point Financial
- Nationwide
- DCP (*State of Washington*)

NOTE 7 – OPEB PLANS

The District has a commitment to pay for post-employment benefits that belong to LEOFF 1 (medical, dental, prescriptions, and long-term care), a defined benefit plan.

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined benefit OPEB plan administered by the District as required by RCW 41.26. The plan pays 100% of eligible retirees' healthcare costs on a pay-as-you-go base. As of December 31, 2024, the plan had 29 members, all retirees. As of December 31, 2024, the District's total OPEB was \$15,350,834 as calculated using the alternative measurement method. For year ended December 31, 2024, the District paid \$189,224 in benefits.

The District administers a PERS 2 / LEOFF 2 Retiree Medical Program to make an annual contribution to a HRA/VEBA for qualifying retirees.

The District pays an annual lump sum as defined in District Resolution, which is tied to a single employee medical premium amount and is capped at a maximum 7.5% increase annually; it ceases at the age of 65.

As of December 31, 2024, the plan had 48 PERS 2/LEOFF 2 retired/qualified members and 229 active employees; the District contributed \$892,870. The total OPEB liability was \$7,107,755 at December 31, 2024.

NOTE 8 – COMPONENT UNITS, JOINT VENTURES AND RELATED PARTIES

The District has a related party relationship with South Sound 911. District 3 maintains a seat on the Board of Directors for this organization, which is filled by one of the elected members of the Board of Fire Commissioners for the District.

All local government agencies contracting for the agency's services are represented on the board, either directly or indirectly. A separate Public Safety Communications Operations Committee of police and fire chiefs advise the Board of Directors and Executive Director on any matters related to South Sound 911 operations.

Board members are elected officials with representation that is reflective of the agency's customer base. Seats on the board are allocated among South Sound 911's member agencies based on the relative size of the most recently approved annual Communications Assessments payable by member agencies. Terms are three years and there are no term limits.

In 2024, District 3 paid South Sound 911 \$650,920 for emergency dispatching services.

There is a 501(c)3, West Pierce CARES, which does work in support of the community. This non-profit is mainly funded via payroll deduction from District employees. It is administered by a Board and maintains established by-laws. The Board is comprised of active and retired District employees.

NOTE 9 – RISK MANAGEMENT

The District is a member of an insurance group, which includes District 3, 5, and 6. Coverage is inclusive of commercial property and general liability. The District meets annual with the group to discuss coverages and address risk. In 2024, the provider was McNeil & Company, Inc. In December of 2024, District 6 gave notice, in alignment with the ILA, it is withdrawing from the insurance group.

The District is self-insured for unemployment claims (*reimbursable employer through the State of Washington Employment Security Department*) and life insurance. In 2024, the District paid out a total of \$25,459.46 in unemployment claims and no life insurance claims.

NOTE 10 – LEASES

The District presents and disclosures leases, as required by the BARS manual. The District leases land from the Department of Social & Health Services for \$8,750.00 per month, paying \$105,000.00 in 2024, under a lease agreement that is currently through 06/30/2030. The lease began in July 2020 and includes an option to purchase the property were DSHS consider selling. A fire station is located on the property.

The District leases a boathouse from Narrows Marina. In 2024, the District paid \$19,211.82 under a 10-year lease agreement. In addition, the District paid \$16,316.75 in 2024 under a three-year lease with the State of Washington Military department for a boathouse on American Lake. The District entered into a new lease agreement with the State of Washington in early 2025, which decreased the anticipated future payment schedule; driving the reduction amount to be slightly more than actual lease payments. Lastly, the District is under a three-year aquatics lease with the Department of Natural Resources (Camp Murray), with extension options, having paid \$207.66 for the period of June of 2022 through May 2025.

The total amount paid for leases in 2024 was \$140,528.57. As of December 31, 2024, the estimated future lease payments are as follows:

DSHS		Camp Murray		DNR		Narrows Marina Boathouse	
2025	105,000.00	2025	16,316.75	2025	69.22	2025	20,915.53
2026	105,000.00	2026	16,806.25	2026	74.07	2026	22,379.62
2027	112,350.00	2027	17,310.44	2027	74.07	2027	23,946.19
2028	112,350.00	2028	17,829.75	2028	74.07	2028	25,622.42
2029	112,350.00	2029	18,364.64	2029	79.25	2029	27,415.99
2030	112,350.00	2030	18,915.58	2030	84.80	2030	29,335.11
2031	112,350.00	2031	19,483.05	2031	90.73	2031	31,388.57
	771,750.00		125,026.46		546.20		181,003.44

NOTE 11 – SBITA

In 2024, the District made \$13,674 in payments for subscription based information technology arrangements. This SBITA contract is for labor costing software and is for 36-months.

As of December 31, 2024, the future SBITA payments are as follows:

<i>Year ended</i>	<i>Total</i>
2025	\$11,601

Pierce County Fire Protection District No. 3
Schedule of Liabilities
For the Year Ended December 31, 2024

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities							
251.11	Non-voted General obligation bonds	Non-voter approved bonds	12/1/2043	-	18,490,000	450,000	18,040,000
263.56	Leases, SBITA, and PPPs	Leases		1,251,755	-	173,429	1,078,326
263.56	Leases, SBITA, and PPPs	SBITA		25,275	-	13,674	11,601
263.96	LOCAL Program	LOCAL Program - Apparatus & Equipment	6/1/2026	2,210,195	-	701,093	1,509,102
Total General Obligation Debt/Liabilities:				3,487,225	18,490,000	1,338,196	20,639,029
Revenue and Other (non G.O.) Debt/Liabilities							
259.12	Compensated Absences	Compensated Absences		8,140,379	646,481	-	8,786,860
264.30	Pension Liabilities	Pension Liability		485,606	-	96,336	389,270
264.40	OPEB Liabilities	OPEB Liabilities		6,981,812	125,943	-	7,107,755
264.40	OPEB Liabilities	OPEB Liabilities - LEOFF 1		16,284,227	-	933,393	15,350,834
Total Revenue and Other (non G.O.) Debt/Liabilities:				31,892,024	772,424	1,029,729	31,634,719
Total Liabilities:				35,379,249	19,262,424	2,367,925	52,273,748

**Pierce County Fire Protection District No. 3
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

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 Pierce County Department of Emergency Management)	National Urban Search and Rescue (US&R) Response System	97.025	WA-TF1	128,960	-	128,960	-	4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington Military Department/City of Lakewood)	Emergency Management Performance Grants	97.042	E24-251 and E25-086	53,701	-	53,701	-	4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington Military Department/City of Lakewood)	Emergency Management Performance Grants	97.042	EMS-2022-EP- 00006-S01	16,066	-	16,066	-	4
Total ALN 97.042:				69,767	-	69,767	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2021-FG- 02498	-	578,340	578,340	-	4
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2023-FP- 00482	-	8,295	8,295	-	4
Total ALN 97.044:				-	586,635	586,635	-	
Total Federal Awards Expended:				198,727	586,635	785,362	-	

The accompanying notes are an integral part of this schedule.



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Pierce County Fire District No. 3

Notes to the Schedule of Expenditures of Federal Awards

for the Year Ended December 31, 2024

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the District's financial statements. The District uses the Cash Basis of accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

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

Note 3 – Noncash Awards

The District received equipment that was purchased with federal Homeland Security funds by the State of Washington. The amount reported on the Schedule is the value of the property on the date it was received by the District and priced by the State of Washington.

Note 4 – Program Costs

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

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