MCPSA Bidders Questions and Responses

Question 1# **: Does MCPSA have a CPA or qualified accountant employed or contracted to prepare the financial statements and disclosures?**

No. MCPSA does not currently employ or contract a CPA or qualified accountant to prepare its financial statements and disclosures.

1. If not, how will MCPSA fulfill the SKE (skills, knowledge, expertise) requirements of Government Auditing Requirements?

MCPSA meets the SKE requirement through the collective financial expertise of its governing board, specifically:

- **Board Treasurer** — a professional finance and banking expert who oversees the organization's financial oversight and reporting.
- **Board Secretary** — a certified county purchasing agent with extensive fiscal management experience and a business degree with an accounting emphasis.

Together, these individuals possess the requisite knowledge, skills, and expertise to prepare, review, and take responsibility for MCPSA's financial statements and disclosures, consistent with the SKE documentation standard under Government Auditing Standards (GAGAS). MCPSA's management team retains this responsibility while engaging the independent auditor solely to perform the audit itself, preserving auditor independence.

Question #2**: Do the financial statements include or require implementation of GASB 69 – Government Combinations?**

No. GASB 69 applies to transactions involving government mergers, acquisitions, and transfers of operations between governmental entities. MCPSA is a newly established public safety authority and was not formed through the combination, merger, or acquisition of an existing government or governmental operations. Accordingly, GASB 69 does not apply to MCPSA's financial statements.

MCPSA's initial funding sources consist of grant revenue and tax collections, both of which are addressed under standard revenue recognition guidance (GASB 33 and GASB 34/63 reporting frameworks) rather than GASB 69's combination provisions.

Question #3: **Do the financial statements include or require implementation of GASB 87 – Leases?**

Yes. MCPSA has a lease agreement with a county agency related to the public safety authority buildings, entered into to ensure county property interests were properly addressed in connection with the construction and oversight of the new facility. This arrangement falls within the scope of GASB 87, which requires lessees and lessors to recognize lease agreements as either a right-to-use asset and corresponding lease liability (lessee) or a lease receivable and deferred inflow of resources (lessor), depending on MCPSA's role in the arrangement.

MCPSA's financial statements will reflect the GASB 87 implementation requirements applicable to this lease, including recognition, measurement, and disclosure of the lease terms, and we will work with the selected auditor to ensure the arrangement is properly classified and reported in accordance with the standard

Question #4: **Has MCPSA issued bonds as of 6-30-2026? If so, how many and what are the values?**

Yes. MCPSA issued a bond in the total amount of $38,000,000 under a bond indenture to fund construction of the public safety authority buildings. MCPSA's obligation for debt service (interest and principal) began at issuance, prior to any draw-down of bond proceeds. The first draw-down of funds against the bond occurred in June 2026. As of June 30, 2026, the full $38,000,000 bond is reflected as a long-term liability on MCPSA's financial statements, with undrawn proceeds held by the bond trustee reported as a restricted asset until disbursed for applicable construction costs.

Question #5: **Does MCPSA facilitate conduit debt on behalf of other entities?**

No. MCPSA does not issue or facilitate conduit debt on behalf of other agencies, organizations, or entities. All debt obligations reflected on MCPSA's financial statements including the $38,000,000 bond issued for construction of the public safety authority buildings are MCPSA's own direct obligations, for which MCPSA is solely responsible for repayment.

Question #6: **Will management of MCPSA provide:**
1. Management's evaluation of estimates in the financial statements?
2. Management's evaluation of related party transactions?

Yes. MCPSA management will provide its evaluation and supporting documentation for all significant estimates used in the financial statements (including but not limited to depreciation, accrued liabilities, and bond-related estimates), along with the basis and methodology used to develop those estimates, as required for the audit. MCPSA management will also identify, evaluate, and disclose any related party transactions including any transactions involving board members, county agencies, or affiliated entities and confirm that such transactions have been reviewed for appropriate terms and disclosure in accordance with applicable standards. Management will cooperate fully with the auditor in documenting both areas as part of the audit process.

Question #**7: Does MCPSA meet any requirements of GASB 84 for fiduciary fund(s)?**

No. MCPSA does not hold or administer any assets on behalf of individuals, other governments, or organizations in a fiduciary or custodial capacity. MCPSA's resources which consists of grant revenue, tax collections, and bond proceeds are held and used for its own public safety authority operations and are not held for the benefit of a third party. Accordingly, GASB 84 does not apply to MCPSA at this time.

Question #8**: Does MCPSA have employees? If so, how many?**

No. MCPSA does not have employees. Public safety operations and administrative functions are carried out through contracted personnel and MCPSA does not maintain a payroll.

Question #9: **Does MCPSA have written policies, procedures, and/or processes?**

Yes. As MCPSA has developed as an authority, it has established written policies and procedures to govern its financial, administrative, and operational activities. These policies continue to be refined as the organization matures and as additional needs are identified.

Question #10 **Does this audit period include any grants? If so, how many grants?**

No. MCPSA did not receive or manage any grants during this audit period (fiscal year ended June 30, 2026). MCPSA has applied for grants and prepared to received and track appropriately. MCPSA also collaborated with the county on demolition and site readiness activities related to the public safety authority buildings during the fiscal year; this was conducted as an intergovernmental collaboration rather than a grant awarded to or managed by MCPSA.

Question #11: **Did the Authority or County process any contracts or transactions prior to the formal creation of the Trust?**

No. The MCPSA did not process contracts or transactions prior to the formal creation of the Trust. All contracts and financial transactions began following the Trust's formal establishment.

Question #12: **Have significant assets been transferred to the MCPSA from the beneficiary or other entities?**

No significant assets have been transferred to MCPSA. MCPSA's use of the public safety authority buildings and related county property is structured through a lease agreement, rather than a transfer of asset ownership.

Question #13: **Q: What accounting software(s) is MCPSA utilizing?**

As MCPSA is in its first year of operation, the organization has primarily utilized Microsoft Excel to prepare financial documents and records, along with Wave on a limited basis to process purchase orders and funding requests. MCPSA is actively evaluating a transition to a dedicated fund accounting system as the organization matures and its operational needs grow.

All purchases and purchase orders require authorizing signatures in accordance with MCPSA's written policies. Transactions are documented by the Treasurer following verification and confirmation from the Board Secretary, who also serves as the organization's certified purchasing agent, ensuring appropriate segregation of duties and purchasing authority controls.

Note to Prospective Auditors:

MCPSA is a newly established public safety authority, having formed and completed a full fiscal year just this past year. As a new entity, MCPSA's board and administrative staff bring strong financial and fiscal management experience but are in the process of building familiarity with the full scope of GASB standards applicable to a public authority of this type. This is including areas such as lease accounting (GASB 87) and government combinations (GASB 69). MCPSA is committed to full compliance with all applicable governmental accounting standards and welcomes an auditor who can provide guidance and support during the transition into standard annual reporting cycles. We view this engagement as a partnership and expect the selected firm to help identify and properly address any applicable standards specific to MCPSA's unique formation and funding structure (grant revenue and tax collections).