ANNUAL REPORT 2020

South East Regional Emergency Services Authority

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ANNUAL OVERVIEW

2020 represented a year of unique challenges and pleasing accomplishments at SERESA. Certainly, the year brought a sudden shift as the pandemic swept through the country bringing a change to how business was conducted on a daily basis. SERESA is founded on the strength of the employees, the support of our public safety customers, and those we serve every day.

SERESA 2020 Accomplishments

SERESA 10-Year Anniversary:

2020 marked the celebration of SERESA's 10-year anniversary. Established officially in 2010, SERESA's received its first live 911 and non-emergency calls for service and dispatch on December 13, 2010 for the City of St. Clair Shores. This first transition went smoothly. On December 29, 2010 all calls and dispatching services for Roseville and Eastpointe were transitioned to SERESA and the official date for the beginning of SERESA was established. From those early challenging days, the kind that occur whenever a new entity is established regardless of what type of entity it is, SERESA experienced a high turnover rate. The SERESA Board was aware that this would occur and as time progressed the attrition settled in below the national 14% average. In 2020 SERESA's rate was at 7%. There are currently seven (7) SERESA employees who have started with SERESA at its inception.

These employees listed have seen tremendous changes in the organization over the past 10 years. With growth both in stability of resources, technology, and the strength of the staff, SERESA has achieved great moments of recognition both at a State and National level throughout the first ten years.

10 – Year SERESA Employees

Dispatcher Melinda Obodzinski
Dispatcher Kevin Poole
Supervisor Steve Puchovan
Supervisor Justin Hoslet
Supervisor John Jannette
Supervisor Mark Johnson
Executive Director Cherie Bartram

New Program in 2020 – SERESA S.E.A.L. Team

In 2020 a new program was introduced at SERESA. The S.E.A.L. Team, led by Supervisor John Jannette, received certified training as peer-to-peer supporters and each team member is now certified and ready to help any of the SERESA staff during critical incidents. S.E.A.L. stands for Support, Encouragement, Acknowledgement, Leadership. Members of the SEAL Team were chosen based on previous leadership roles as well as their initiative, integrity, and character displayed through their on-going actions within the center. The goal of the team is to promote communication on issues by having members be part of an advanced peer support as the staff deals with the stress and daily tasks encountered in the 911 profession. The team also provides a variety of morale boosters with monthly games, a wall of acknowledgment, and assists with the Dispatcher of the Quarter award.

The 2020 Dispatcher of the Quarter Award Winners were:
Melinda Obodzinski
Baden Howe
Melanie Pasco
Scott DeLisle

Technology Updates:

Three new technological solutions were introduced at SERESA during the year.

Website: The website upgrade was presented early in the year, providing viewers pictures of staff for accomplishments and a fresh view of SERESA.

Policies: All of SERESA's policies were updated and put into an electronic format that allows the employees to acknowledge policies as they review them. The acknowledgement puts a date and time stamp with each employee's name. As policies are updated or new ones released, each employee is notified of the update and can review the policy. The system is efficient and easily managed. The entire policy manual is available and can be accessed by search and click links.

Hiring Process: The Corona virus offered its own share of challenges, changing the way business is conducted around the world. Hiring processes still took place as attrition impacted public safety throughout the country. At SERESA the decision to put the entire hiring process on a virtual platform was an easy decision, but a complicated and carefully executed process. From the mandatory orientation, to testing, to the interviews, the hiring process was a new experience for many. The applicants surveyed regarding the process, stated that it was as smooth of a process as they had seen from all the processes that they had participated in. This is a direct reflection on the leadership of Deputy Director Tony Leese, the supervisors, and dispatchers working together for the benefit of the PSAP to produce the best possible dispatch candidates.

State Recognition – Dispatcher of the Year

2020 brought state recognition to SERESA when Communications Trainer Officer (CTO)

Kathryn Schmelzer was chosen and award the State of Michigan Telecommunicator of the Year. CTO Schmelzer was chosen due to her quality characteristics and ethical behavior of dependability, honesty, and initiative, making her an asset to the community we serve, our public safety first-responders, and our organization.

Looking Ahead

In 2018, SERESA became the second primary Public Safety Answer Point (PSAP) in the State of Michigan to achieve Accreditation set by the International Academy of Emergency Dispatch. Since that time, maintaining the standard has been a monthly process and is carefully monitored by Quality Assurance and Shift Supervisor Justin Hoslet. In 2021 SERESA will go through the process of becoming a re-accredited Agency of Excellence (ACE) through the International Academy of Emergency Dispatch for the Emergency Medical Dispatch (EMD) protocol use. The process of maintaining Accreditation requires monthly oversight and maintenance. The SERESA dispatchers are dedicated professionals and strive to maintain the standards set before them each day. In the six-month process of re-accreditation in 2021, each employee's contribution through protocol usage will assist in reaching the next ACE level of recognition.

SERESA remains committed to the mission of the founding leaders of our organization. To continually provide exceptional service, be leaders within the profession, and save the member communities from the over expenditures of maintaining an individual PSAP. Meeting these priorities is a continual process, accomplished through focused steps:

Priority 1: Provide superior service to Public Safety Customers and all citizens served by SERESA. *We believe this priority will be continually met as we provide consistent training at all levels of the organization, including advanced leadership training, a healthy work environment, and proper resources for our employees to complete job functions.*

Priority 2: Provide current technology as available to meet the needs of the public and responders using PSAP services. *PSAP services include the ability for fiber connected (NG911) 911 services, texting capabilities, 911 video (when applicable), upgraded Internet and CAD services for mapping, software applications, and connectivity capabilities, and research as new technology is presented throughout the industry to determine when the best point for implementation will be at SERESA.*

Priority 3: Collaboratively working with our service cities through the SERESA Board to provide a balanced, acceptable budget each fiscal year. *By carefully reviewing the technology, staffing, and structural needs of SERESA, Board members and SERESA management will prioritize and adjust to keep stay fiscally responsible while meeting Priorities 1 and 2. SERESA members will also strive to re-engage with our service agencies through an exchange observation program, pending the COVID19 restrictions.*

By working together, we believe we will achieve these priorities in 2021 and set a solid path for the years to come.

Respectfully submitted,

Cherie Bartram, ENP, MM
SERESA Executive Director

STATISTICAL OVERVIEW

2020 represents a year of statistical data that shifted downward (in most cases) from the typical trend. Law calls dipped and EMS/Fire calls remained steady for all four cities. With months of the public under the stay home, stay safe order and many of the establishments where people gather closed, the law call for service volume experienced an 8% decrease and EMS/Fire calls experienced less than a 1% change.

Phone Call volume

The percentages shown next to the Cities are the actual percentages of the call volume, including Fraser (only 6 months in 2018).

Comparative Phone Call for Service Overview (Includes Fraser)
Total Calls for Service (w/Traffic):

2018	**119,344**
2019	122,541
2020	108,832

Comparative Phone Calls for Service Overview

	2017	2018	2019	2020
10-Digit Administrative Line:	90,252	94,296	104,076	95,959
Out-Going Calls	57,706	59,993	64,525	61,423
911 – Landline	7,380	6,090	4,537	3,930
911 - Wireless	63,701	68,377	69,756	74,567
911 – VoIP	5,068	6,214	7,169	7,386
Text to 911	14	161	137	181

Ring Time

The average answering time over the previous four years has remained consistent as well as the average call duration. The SERESA leadership team is pleased to report that changes made in 2020 resulted in a better service to citizens and visitors we serve. Having a fully staffed PSAP allowed an increase in the number of dispatchers working during high volume hours and contributed to faster answering times and less hold time on the phones.

As this chart is reviewed, keep in mind that each second represents a full ring-back tone for the caller.

	2017	2018	2019	2020
911 Average Answer	6.4 seconds	6.2 seconds	6.4 seconds	5.7 seconds
911 Average Call Duration	01:53.5 minutes	01:53.8 minutes	01:50.06 minutes	01:49.03 minutes

Calls for Service volume

Calls for service are measured by the number of calls that the public safety responders (Police/Fire/EMS) respond to. These calls can range in priority levels from serious to minor. Each agency served by SERESA produces measurable, individual statistics, which add to the total volume at SERESA. The total volume is then put in categories of billable and non-billable calls for service.

These categories are used by SERESA to invoice the member cities each fiscal year. Traffic stops, test calls, and canceled calls are examples of the types of incidents that SERESA categorizes as non-billable. All other incident types are included in the billable calls. For the statistical numbers shown below, the City of Fraser is not included in the billable call volume because for the three years shown (2018, 2019, 2020) they have been a contractual city, meaning they contract for services at a set fee as opposed to a member city with full voting and Board privileges.

Comparative Call for Service Overview (Includes Fraser)

Total Calls for Service (w/Traffic):
2018: 119,344
2019: 122,541
2020: 108,832

Total Billable Calls (**does not include Fraser)**:
2018: 83,336
2019: 86,284
2020: 82,353

Each City's call-for-service volume is tracked for law and fire. Fire calls include EMS response.

These numbers below represent two sets of numbers, the service volume (billable calls) and the total volume (all calls)

Eastpointe 27% of 2020's total service volume (24,103)
Fire: 5,551
MedStar: 4,187
Law: 18,552
Traffic Stops: 5,126
Total: 29,229

Roseville 37% of 2020's total service volume (33,820)
Fire: 8,590
Law: 25,230
Traffic Stops: 4,015
Total All: 37,835

St. Clair Shores 27% of 2020's total service volume (24,430)
Fire: 7,685
Law: 16,745
Traffic Stops: 5,297
Total: 29,727

The above figures do not represent a percentage based on the addition of the City of Fraser. However, the City of Fraser's call volume is a true representation of the total call volume.

City of Fraser 9% of 2020's total service volume (8,406)
Fire: 1,882
Law: 6,524
POMED: 1,045 (not included in count)
Traffic Stops: 3,635
Total 12,041

Auditor's Report / Management's Discussion and Analysis

The full Audit Report is available for review on line or by request

- **Audit Overview**

In September 2010, the cities of Roseville, St. Clair Shores, and Eastpointe, Michigan created a legal entity known as the South East Regional Emergency Services Authority, which is responsible for dispatching emergency police, fire, and ambulance services throughout the member communities. Funding for SERESA is derived primarily from the participating members' contributions based on dispatched calls for service. The articles of incorporation also allow funding to be derived from a dedicated millage or telephone operational surcharges.

The articles of incorporation permit any participating municipality to withdraw from SERESA upon giving one full year's budgetary notice. However, as a disincentive, any withdrawing municipality forfeits any assets previously transferred. SERESA is housed in a building wholly owned by the City of Roseville, Michigan. SERESA also contracts with the City of Roseville, Michigan to provide certain fiscal and technology assistance for an annual fee.

Using This Annual Report

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplemental information. The basic financial statements include information that presents two different views of SERESA:

- The first column of the financial statements includes information on SERESA's General Fund under the modified accrual method. This fund financial statement focuses on current financial resources and provides a more detailed view about the accountability of SERESA's sources and uses of these funds.
- The second column of the financial statements includes information on SERESA's Capital Projects Fund, also under the modified accrual method. This fund's financial statement focuses on current financial resources available for capital purchases.
- The adjustments column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method.
- The fourth column is the government-wide financial statement column. This column provides both long-term and short-term information about SERESA's overall financial status. The statements of net position and activities provide information about the activities of SERESA as a whole and present a longer-term view of SERESA's finances. These statements tell how SERESA was financed in the short term and what remains for

future spending. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements

General Fund Budgetary Highlights

SERESA's administration monitors and amends the budget to take into account unanticipated expenditures that were incurred during the year. SERESA adopted a balanced budget for fiscal year 2019-2020. The budget was formally amended twice for fiscal year 2019-2020. A budgetary comparison schedule has been provided herein to demonstrate compliance with this budget. At year end, actual revenue was approximately $164,000 less than budgeted amounts, which was attributable to one member's quarterly contribution being received after the period of availability. Actual expenditures were approximately $177,000 less than budgeted amounts, primarily attributable to personnel-related costs and capital outlay being less than budgeted. SERESA contributed approximately $63,000 to its unassigned fund balance in fiscal year 2019-2020 and contributed approximately $8,000 of its previously committed and assigned fund balance for equipment improvements. For fiscal year 2020-2021 and beyond, management has developed a comprehensive multiyear financial forecast that will be updated annually and reflected as part of SERESA's annual operating budget.

Capital Assets and Debt Administration

At year end, SERESA had $288,297 in net capital assets primarily consisting of communication equipment and leasehold improvements. SERESA contributed $25,000 from current year operations and utilized approximately $17,000 of that amount to purchase new computer equipment and leasehold improvements placed in service during fiscal year 2020. SERESA did not issue any debt toward the purchase of the above-mentioned capital assets. At June 30, 2020, approximately $157,000 of fund balance is assigned for other future equipment improvements.

Economic Factors and Next Year's Budgets and Rates

Funding for SERESA is derived primarily from the participating members' contributions. Unfortunately, over the past 10 years, property assessments in member communities have experienced double-digit declines in market values on their real and personal properties. The decline in property values resulted in a reduction in tax revenue available to support vital programs and services. Unfortunately, even as the housing market rebounds, under Proposal A, taxable value losses will be slow to recoup due to the mandated inflationary cap on property assessments. Many expenses that are contractual in nature, on the other hand, continue to rise faster than inflation. For fiscal year 2019-2020, management will continue to monitor budgetary concerns by reviewing SERESA's operational model to ensure the correct level of staffing is supported by available financial resources. SERESA's current labor agreements expire on June 30, 2022. At that time, the SERESA board plans to continue to manage labor costs by negotiating fair but affordable wage and benefit packages that address the fiscal challenges of the member communities. SERESA continues to pursue new service-sharing agreements with surrounding communities and seeks additional grant funding sources while it monitors and adjusts expenditures to ensure maintenance of adequate financial reserves. In addition, there was no significant impact to SERESA related to COVID-19 during the fiscal year ended June 30, 2020 because the services provided by SERESA are considered essential. Further, it is not anticipated that COVID-19 will have a significant impact on SERESA in future years.

Auditor’s Report 19/20 Fiscal Impact

South East Regional Emergency Services Authority

Management's Discussion and Analysis (Continued)

SERESA's Governmental Activities

	Governmental Activities			
	2019	2020	Change	Percent Change
Assets				
Current and other assets	$ 1,667,334	$ 1,791,174	$ 123,840	7.4
Capital assets	410,350	288,297	(122,053)	(29.7)
Total assets	2,077,684	2,079,471	1,787	0.1
Liabilities				
Current liabilities	90,591	141,097	50,506	55.8
Noncurrent liabilities	110,192	141,487	31,295	28.4
Total liabilities	200,783	282,584	81,801	40.7
Net Position				
Net investment in capital assets	410,350	288,297	(122,053)	(29.7)
Restricted	20,898	26,851	5,953	28.5
Unrestricted	1,445,653	1,481,739	36,086	2.5
Total net position	$ 1,876,901	$ 1,796,887	$ (80,014)	(4.3)

SERESA's total net position at June 30, 2020 was $1,796,887, including unrestricted net position of $1,481,739. SERESA's governmental current assets increased by $123,840 due to improved budgetary conditions. Noncurrent assets decreased by $122,053, attributed to the depreciation of capital assets. SERESA's governmental current liabilities increased by $50,506, primarily attributed to increases in accounts payable and payroll liabilities at year end. Noncurrent liabilities increased by $31,295 from the prior year due to increases in accrued leave time.

SERESA's Changes in Net Position

	Governmental Activities			
	2019	2020	Change	Percent Change
Revenue				
Member contributions	$ 2,169,624	$ 2,249,357	$ 79,733	3.7
911 wireless training grants	255,720	238,325	(17,395)	(6.8)
Grants - Other	21,965	27,903	5,938	27.0
Investment earnings	410	4,343	3,933	959.3
Other contracted services	248,576	259,068	10,492	4.2
Total revenue	2,696,295	2,778,996	82,701	3.1
Expenditures - Public safety	2,599,011	2,859,010	259,999	10.0
Change in Net Position	97,284	(80,014)	(177,298)	(182.2)
Net Position - Beginning of year	1,779,617	1,876,901	97,284	5.5
Net Position - End of year	$ 1,876,901	$ 1,796,887	$ (80,014)	(4.3)

SERESA's governmental revenue totaled $2,778,996, of which $2,249,357, or approximately 81 percent, was derived from participating members' contributions. SERESA's governmental expenditures totaled $2,859,010, of which $2,331,760, or approximately 82 percent, is attributed to personnel-related expenditures. The increase in overall expenditures is attributed primarily to an increase in personnel-related expenditures due to an increase in staffing to properly service the City of Fraser, Michigan, which entered into a contract with SERESA in June 2018.

Auditor’s NOTES TO FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies

Reporting Entity

The South East Regional Emergency Services Authority (the "Authority") was established as a legal entity in September 2010 to oversee police, fire, and emergency medical dispatch services for the participating cities of Roseville, Eastpointe, and St. Clair Shores, Michigan. The Authority's board is composed of five members. Three members are appointed by each of the member communities. The remaining two members consist of one police chief and one fire chief appointed by the board itself. Revenue is derived principally from participating members' contributions based primarily upon dispatch calls for service annually.

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Authority:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The General Fund and Capital Projects Fund columns present their activities on the modified accrual basis of accounting, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Accounting

The Authority accounts for its various activities in two funds: the General Fund and Capital Projects Fund.

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund and Capital Projects Fund. The Authority reports both funds as major governmental funds. The General Fund represents the Authority's primary operating fund. It accounts for all financial resources of the Authority other than those related to capital assets. The Capital Projects Fund accounts for all financial resources related to capital assets and is funded solely by transfers from the General Fund.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Authority has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as sick and vacation pay) are not counted until they come due for payment.

Note 1 – Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Authority considers amounts collected within 60 days of year end to be available for recognition. Member contributions are the Authority's main revenue source and meet the availability criterion.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and a bank certificate of deposit.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Capital Assets

Capital assets, which include leasehold improvements and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Leasehold improvements	10
Equipment	5

Fund Balance Flow Assumptions

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Authority itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. The board is the highest level of decision-making authority for the Authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1 – Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as committed. The board or the executive director may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential either to remove or revise a commitment.

Compensated Absences (Vacation and Sick Leave)

It is the Authority's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the Authority's financial statements. A liability for these amounts is reported for employee terminations as of year end and will be liquidated by the General Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2021.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Note 1 – Significant Accounting Policies (Continued)

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or another type of employee benefit plan to assist in the application of GASB 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending June 30, 2022.

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund columns because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Fund Balances Reported in Governmental Funds	$ 1,482,664
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	288,297
Unavailable revenue related to services already performed but not yet collected is recognized as deferred inflow of resources in the fund but is revenue in the statement of net position	167,413
Long-term liabilities are not due and payable in the current period and are not reported in the funds - Compensated absences	(141,487)
Net Position of Governmental Activities	$ 1,796,887

Note 2 – (Continued)

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balances reported in the individual fund columns because of the different measurements focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balances Reported in Governmental Funds	$	70,456
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capital outlay		17,273
Depreciation expense		(139,327)
Revenue is recorded in the statement of activities when earned but is not reported in the funds until collected		2,879
Some employee costs (pension, OPEB, compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		(31,295)
Change in Net Position of Governmental Activities	$	(80,014)

Note 3 - Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The Authority's deposits and investments are in accordance with statutory authority.

The Authority holds its cash in a checking account in its own name and a certificate of deposit in a separate account. As of June 30, 2020, the balance in the checking account was $999,141, and the balance of the certificate of deposit was $157,333.

Notes 3 – (Continued)

The Authority's cash and investments are subject to custodial risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had $749,141 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Leasehold Improvements and Equipment

Capital asset activity of the Authority's governmental activities was as follows:

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets being depreciated:				
Leasehold improvements	$ 195,003	$ 4,422	$ -	$ 199,425
Machinery and equipment	1,675,959	12,851	-	1,688,810
Subtotal	1,870,962	17,273	-	1,888,235
Accumulated depreciation:				
Leasehold improvements	141,002	19,978	-	160,980
Machinery and equipment	1,319,609	119,349	-	1,438,958
Subtotal	1,460,611	139,327	-	1,599,938
Net capital assets being depreciated	$ 410,351	$ (122,054)	$ -	$ 288,297

Total depreciation for the year ended June 30, 2020 was $139,327.

Note 5 - Long-term Liabilities

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accrued compensated absences	$ 110,192	$ 228,995	$ (197,700)	$ 141,487	$ 80,431

Note 6 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for property loss, torts, errors and omissions, and workers' compensation claims and medical benefit claims that fulfill statutory requirements. The Authority is fully insured for claims relating to general liability, property loss claims, workers' compensation, and employee medical claims.

Notes 7 – Cost-sharing Defined Benefit Pension Plan

Plan Description

The St. Clair Shores General Employees' Retirement System provides pensions for all full-time employees of the City of St. Clair Shores, Michigan and two employees of the Authority. The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the City of St. Clair Shores, Michigan. The plan issues a publicly available financial report that will be included in financial statements and required supplemental information for the system. That report may be obtained by writing to the system at the City of St. Clair Shores, 27600 Jefferson Circle Drive, St. Clair Shores, MI 48081.

Benefits Provided

The plan provides retirement, disability, and death benefits. No new hires are eligible to participate in the plan because it is a closed plan. Plan members are eligible for regular retirement benefits beginning at age 50 with 25 years of service or at age 60 with 10 or more years of service. Depending on the applicable collective bargaining agreement, the annual benefit amount is calculated as total service multiplied by 2.5 percent of average final compensation, with a maximum of either 62.5, 75, or 80 percent of average final compensation. Average final compensation is based on the highest 5 nonconsecutive years out of the last 10 years worked. For some collective bargaining agreements, it is calculated as the highest 5 consecutive years out of the last 10 years worked. All plan members are eligible for deferred retirement after 10 years of service, with benefits beginning at age 60. The annual benefit amount is calculated as regular retirement but is based on average final compensation and service at time of termination.

All plan members are eligible for duty and nonduty disability retirement. There is no age or service requirement for duty disability retirement, and the annual benefit is calculated as regular retirement with a minimum benefit of 20 percent of average final compensation. Upon termination of workers' compensation or age 60, whichever occurs first, the benefit is recomputed to include additional service credit for the period workers' compensation was paid. Plan members become eligible for nonduty disability retirement at 10 or more years of service. The annual benefit is calculated as regular retirement.

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the General Employees' Retirement Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of directors in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2020, the Authority contributed $16,880. Under the transfer of operations agreement, the Authority is only liable for the payment of the normal cost portion of the annual contribution.

Payable to the Pension Plan

As of June 30, 2020, the Authority had no contractual obligation to the net pension liability for the year ended June 30, 2020.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2020, the Authority did not report a net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority pays the normal cost to the City of St. Clair Shores, Michigan each year, and 100 percent of the net pension liability remains with the City of St. Clair Shores, Michigan.

Note 8 - Defined Contribution Retirement Plans

Employees of the Authority, except those previously covered by the City of St. Clair Shores General Employees' Retirement System, are participants in defined contribution pension and other postemployment benefits plans sponsored by the Authority. The pension plan requires an employer contribution of 10 percent of the employee's base wages and a required employee contribution of 5 percent of an employee's base wages. Employer contributions vest at the end of eight years of service. In accordance with these requirements, the Authority contributed $138,568, and employees contributed $69,284 for the year ended June 30, 2020.

The other postemployment benefit plan requires an employer contribution of 2 percent of the employee's base wages and a required employee contribution of 1 percent of an employee's base wages. Employer contributions vest at the end of eight years of service. In accordance with these requirements, the Authority contributed $138,568, and employees contributed $69,284 for the year ended June 30, 2020.

Note 9 - Other Postemployment Benefit Plan

Plan Description

Former employees of the City of St. Clair Shores, Michigan continue to be covered under the City of St. Clair Shores General Retiree Healthcare Plan, with the Authority covering payments for current service, as calculated by an actuary. The plan is a defined benefit health care plan that is administered by the City of St. Clair Shores, Michigan. This cost-sharing plan covers most full-time employees of the City of St. Clair Shores, Michigan and three employees of the Authority. The City of St. Clair Shores General Retiree Healthcare Plan provides medical and prescription benefits to eligible retirees and their dependents. The plan does not issue a separate financial report and is included in the City of St. Clair Shores, Michigan's financial statements. The report is publicly available and can be obtained at the City of St. Clair Shores, 27600 Jefferson Circle Drive, St. Clair Shores, MI 48081.

Benefits Provided

The City of St. Clair Shores General Retiree Healthcare Plan provides health care and vision benefits for retirees and their dependents.

Contributions

The Authority's obligation to contribute to and maintain the City of St. Clair Shores General Retiree Healthcare Plan for these employees was established by negotiation with the collective bargaining units of the City of St. Clair Shores, Michigan and the Authority. The contractually required contribution rate for the year ended June 30, 2020 was 14.9 percent of annual payroll. This rate was actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. The Authority's required contributions and actual contributions to the plan from the Authority were $23,724 for the year ended June 30, 2020.

Payable to the Other Postemployment Benefit Plan

As of June 30, 2020, the Authority had no contractual obligation related to the net OPEB liability for the year ended June 30, 2020.

Net OPEB Liability, Deferrals, and OPEB Expense

At June 30, 2020, the Authority did not report a net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority pays the normal cost to the City of St. Clair Shores, Michigan each year, and 100 percent of the net OPEB liability remains with the City of St. Clair Shores, Michigan.

Note 10- Participating Municipalities

Note 10 - Participating Municipalities

The South East Regional Emergency Services Authority is a joint venture of three municipalities. Participating municipalities include the cities of Roseville, Eastpointe, and St. Clair Shores, Michigan. The municipalities record an equity interest in the Authority's net position.

The following table summarizes the municipalities' current equity interest percentages and cumulative equity interest as of June 30, 2020:

	Current Equity Interest Percentage	Cumulative Equity Interest
City of Roseville, Michigan	37	$ 694,653
City of Eastpointe, Michigan	29	492,679
City of St. Clair Shores, Michigan	34	609,553

Closing Remarks

SERESA continues to work toward providing the exemplary service that is a standard for the public safety customers and citizens served by the organization. We look forward to the changes we hope to accomplish in 2021 and beyond as we move toward the changes that Next Generation 911will bring and developing our staff.

We continue to strive to meet fully meet the Mission Statement developed and approved by both the SERESA staff and Administrative Board:

SERESA Mission Statement*: To professionally serve our communities as the vital link between emergency services and the public with reliability, efficiency and integrity while working as a team.*