



ANNUAL REPORT 2022

South East Regional Emergency Services Authority

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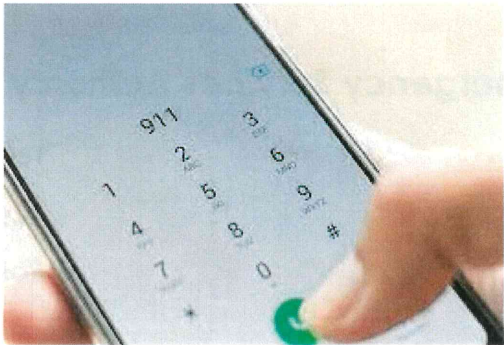
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Executive Summary

To: Citizens of Roseville, Eastpointe, St. Clair Shores and Fraser
SERESA Authority Board Members

On behalf of the South East Regional Emergency Services Authority, I am excited to provide an update on SERESA operations for calendar year 2022 via an annual report. Despite many challenges that all organizations face, I am happy to report 2022 was a year of progress and internal growth for SERESA.

Since accepting the Director role in January of 2022, our goals prioritize providing citizens and visitors to southeastern Macomb County with exceptional emergency service by providing staff with up-to-date equipment and thorough training.

I am grateful for the professional and dedicated SERESA staff who carry out our vital public safety role 24-hours a day, 365 days a year. We want to take this opportunity to thank our Board of Directors, the agencies we serve, and the citizens of our cities for their continued support.

Respectfully,



Tony Leese
Director

Tony Leese was named Interim Director of SERESA in June of 2021 and was appointed by the Authority Board to the Executive Director role in January of 2022. He previously served as Deputy Director since 2018. Prior to SERESA, Tony has 15 years of public safety experience working with the Kent and Ottawa County Sheriff's Office, Ionia County Central Dispatch and the Grand Rapids Police Department's Communication Center. Tony holds a Bachelors of Science in Public Administration from Ferris State University and a Masters of Public Administration from Grand Valley University.

Tony is married to Nicole, and together, have two sons: Case and Sawyer.

Organizational Structure



Authority Board of Directors - Officers

Chairman and Roseville Representative: Roseville Police Chief Ryan Monroe

Vice Chairman and Eastpointe Representative: Eastpointe Director of Public Safety George Rouhib

Finance Chair and Law Representative: St. Clair Shores Police Chief Jason Allen

Authority Board of Directors - Members:

St. Clair Shores Representative: Assistant City Manager Michael Greene

Fire Representative: Roseville Fire Chief Keith Jacobs

Technical Advisory Committee Chair: Roseville Police Deputy Chief Mitch Berlin

Fire Operations Committee Chair: St. Clair Shores Fire Chief Jamie Piper

Operational Staffing Overview (budgeted)

- 21 Full-Time Emergency Dispatchers
- 4 Dispatch Shift Supervisors
- 1 Training Supervisor
- 1 Deputy Director
- 1 Executive Director

Annual Overview

2022 represented a year of unique challenges and positive accomplishments at SERESA. SERESA is founded on the strength of the employees, the support of our public safety customers, and those we serve every day.

Improvement and Accomplishments during 2022

Technology Improvements:

- Implemented RapidSOS - At no additional cost, SERESA went live with a global intelligent safety platform that securely links life-saving data from internet connected devices, applications and sensors to 9-1-1. This essential data allows for faster, more accurate real-time location services as it directly connects to smart devices.
- Upgraded Call Handling Equipment (CHE) hardware equipment. Through a planned hardware refresh, SERESA is now currently the only Dispatch Center within Macomb County fully ready for the transition to an Emergency Services Internet Protocol Network (ESInet) that will allow for Next Generation 9-1-1 services provided through an IP network, instead of the current copper trunk system.
- Upgraded all radio computers allowing for better reliability when talking to our field responders.

Policy:

- Updated emergency call-taking and dispatching policy, implementing specific call processing timeline requirements derived from standards set by the National Fire Protection Association (NFPA) and industry best practices.
- Improved Fire Dispatch policy script providing for better communication between dispatch and responders.
- Updated SERESA Disciplinary Actions policy allowing for corrective action to be proportionate to violations with the goal of improving policy compliance.
- Creation of an Excessive Absenteeism and Tardiness policy to reduce the number of work days employees miss.

Negotiated Dispatcher's union collective bargaining agreement.

- With guidance provided from the Authority Board, contract was successfully negotiated offering competitive pay and benefits to employees while maintaining service-based values.

Updated SERESA Funding Formula.

- 78.7% of funding support comes from Authority communities (St. Clair Shores, Eastpointe and Roseville). 12.9% of funding support comes from the City of Fraser, currently served via contract. The remainder is funded via support from the State of Michigan through a \$0.25 state 9-1-1 fee on postpaid devices and a 6.00% 9-1-1 fee on prepaid (minutes and phone cards).
- The funding formula for member communities and service contract communities was updated to be based on a fixed cost component that is evenly split among all communities being served and a variable cost component that is split among all communities being served based on total calls for service per community. This update allowed for a more equitable share of costs associated with budgetary items not influenced based on call volumes particular to a service area. *** Call volumes per communities can be found below in the statistical overview.*

Remained an Accredited Center of Excellence (ACE) for Emergency Medical Dispatch (EMD).

- The Macomb County Medical Control currently recommends and will soon require all EMS life support agencies within Macomb County to be dispatched using an emergency medical dispatch (EMD) program as it relates to managing 9-1-1 calls for EMS requests.
- SERESA uses EMD protocols issued and maintained by Priority Dispatch. More than half of the 9-1-1 Emergency Call Center's in Michigan utilize the same EMD protocols.
- SERESA is one of only two public Emergency Calls Centers in the state recognized by the International Academies of Emergency Dispatch (IAED) as an Accredited Center of Excellence.
- Accreditation remained in Good Standing as defined by IAED for all four quarters of 2022. ACE designation is reserved for high-performing agencies that meet and maintain a rigorous and measurable set of globally recognized best practices.

Expanded Public Education.

- Attended multiple public education events including Fire Department Open Houses as well as National Night Out in Roseville.

2022 Training Overview

During calendar year 2022, SERESA utilized state grant funds for the following purposes:

- Over seven hundred (700) hours of state approved training spread out amongst all staff.
- All dispatch personnel meet or exceed minimum training standards set by the state. Training included but was not limited to:
 - Basic 40 Hour Dispatcher Training - this is state mandated training for all new dispatch personnel.
 - Certified Training Officers Program - 3 veteran dispatchers were sent to become certified training officers through DeWolf & Associate's 40-hour course.
 - Defusing Communication Center Conflict - Aspiring dispatchers seeking potential supervisor opportunities were sent to training hosted by Macomb County Sheriff. This 8-hour class was instructed by a retired LAPD Dispatcher.
 - Leading by Example from the Inside Out - More training for dispatchers seeking upward mobility. This 8-hour training was taught by PRAT out of Clinton Township and focused on tactical communication and leadership.
 - Responding to An Active Violence Event - All personnel attended a 2-hour virtual training that provided instruction on phases of active violence events, how law enforcement tactics are changing and radio procedure best practices.
 - Law Enforcement Information Network (LEIN) Basic Operator School.
 - LEIN Terminal Agency Coordinator (TAC) Refresher.
 - Modern Fire Dispatch - All personnel attended a 2-hour virtual training that reviewed fire terminology and definitions, mayday protocols, and considerations when dealing with high-risk, low frequency incidents.
 - Survive and Thrive: Core Stress Resilience - All dispatch personnel attended a 3-hour virtual training that reviewed understanding and dealing with 9-1-1 related stress.

- Emergency Medical Dispatch (EMD) and Emergency Fire Dispatch (EFD) certifications for new employees and re-certification for those previously certified.
- Dispatch Director/Manager School - 2 veteran Supervisors and the Director attended a 3-day course focusing on Employee Wellness, Communication/Conflict Management, Performance & Liability, and Large-Scale Incident planning.
- Along with courses listed above, staff received continuing dispatch education (CDE) credits through our monthly Police Legal Science training, the Journal of Emergency Medicine and bi-monthly quizzes.

General Funds Training

- SERESA utilized general funds in 2022 for employees to remain current with CPR certifications. Additional online training through Priority Dispatch was also provided for all employees to increase the efficiency of dispatch directed CPR instruction.
- General Funds were also used for a veteran Supervisor to become a Background Investigator used for vetting potential new hires.
- Formal hands-on training through in-person staff meetings with a primary focus on Rapid Dispatch and Fire Dispatch Terminology.

2023 Training Goals

- Require more informal one-on-one off-the-floor training through mock high-risk emergency calls using a Computer Aided Dispatch (CAD) training environment.
- Ensure all SERESA staff remain current and in full compliance with state requirements.

Employee Recognition

- Each quarter, employees nominate someone who they feel has displayed key qualities that have improved either themselves or another, ultimately improving the dispatch center. Nominees are reviewed and selected by leaders within the center as well as an outside agency representative. The following displayed excellent teamwork, professionalism, and dedication to the 9-1-1 profession:

The 2022 Employee of the Quarter Award Winners were:

Q1 - Jeremy Stevens

Q2 - Jaclyn Comparoni

Q3 - Allison Mowbray

Q4 - Monica Reesman

Looking Ahead

- 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 public safety answering point. Meeting these priorities is a continual process, accomplished through focused steps:
 - **Priority 1:** Meet and exceed our 2023 Training Goals defined above. Providing thorough training allows Dispatchers to be prepared on the highest level possible to assist callers and responders.
 - **Priority 2:** Expand our already nationally recognized quality assurance program. While staffing remains a hurdle, expansion of this program will allow for employee growth resulting in better delivered service.
 - **Priority 3:** As Macomb County transitions to an Emergency Services Internet Protocol Network (ESInet) allowing for Next Generation 9-1-1 services, SERESA will need to continue monitoring industry trends. This will ensure the public's expectations are being met and/or exceeded.

Statistical Overview

Total phone call volume remained consistent with recent trends with no significant changes over the last three calendar years.

Phone Call volume

Comparative Phone Calls for Service Overview

	2020	2021	2022
10-Digit Administrative Line:	95,959	96,574	94,825
Out-Going Calls	61,423	65,891	65,286
9-1-1 - Landline	3,930	4,048	3,946
9-1-1 - Wireless	74,567	76,610	69,855
9-1-1 - VoIP	7,386	6,851	6,185
Text to 9-1-1	181	208	181

Emergency Call Ring Time

SERESA leadership is proud to report that while calls for service are increasing, our average 9-1-1 answering time over the previous three years has improved each year. We continue to remain well within industry standards which state ninety (90%) percent of all 9-1-1 calls shall be answered within fifteen seconds - ninety-five (95%) of all 9-1-1 calls should be answered within twenty (20) seconds (NENA <https://www.nena.org/page/911callanswerstnd>).

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

		2020	2021	2022
9-1-1 Average Answer		5.7 seconds	5.4 seconds	5.1 seconds
Percent answered within fifteen seconds		97.27%	97.61%	97.96%
9-1-1 Average Call Duration		01:49:03 minutes	01:51.05 minutes	01:53.03 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.

Total Calls for Service increased by just over 4.5%. Law calls saw the biggest increase, raising approximately 5.4% over 2021 numbers. Fire and EMS calls experienced a more modest increase, raising by only 1.3%.

These categories are used by SERESA to invoice the member cities each fiscal year. Canceled, Test, and Fire Alarm Test calls are examples of the types of incidents that SERESA categorizes as non-billable. All other incident types are included in the billable calls.

Comparative Call for Service Overview (Includes Fraser)

Total Calls for Service (Traffic Stops included):

2020	108,832
2021	118,770
2022	124,324

Auditor's Report / Management's Discussion and Analysis

**The full Audit Report is available for review online 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 2021-2022. The budget was formally amended twice for fiscal year 2021-2022. A budgetary comparison schedule has been provided herein to demonstrate compliance with this budget. At year end, actual revenue was approximately \$900 greater than budgeted amounts. Actual expenditures were approximately \$101,000 less than budgeted amounts, primarily attributable to personnel-related costs being less than budgeted. SERESA contributed approximately \$302,000 to its fund balance in fiscal year 2021-2022. For fiscal year 2022-2023 and beyond, management has developed a comprehensive multi-year 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 \$198,064 in net capital assets primarily consisting of communication equipment and leasehold improvements. SERESA contributed \$50,000 from current year operations and utilized approximately \$25,000 of that amount to purchase new phone equipment during fiscal year 2022. SERESA did not issue any debt toward the purchase of the above-mentioned capital assets. At June 30, 2022, approximately \$310,000 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 2021-2022, 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. 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, 2022 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 21/22 Fiscal Impact

South East Regional Emergency Services Authority

Management's Discussion and Analysis (Continued)

SERESA's Governmental Activities

	Governmental Activities			
	2021	2022	Change	Percent Change
Assets				
Current and other assets	\$ 1,732,081	\$ 2,000,865	\$ 268,784	15.5
Capital assets	223,407	198,064	(25,343)	(11.3)
Total assets	1,955,488	2,198,929	243,441	12.4
Liabilities				
Current liabilities	179,570	173,473	(6,097)	(3.4)
Noncurrent liabilities	125,710	117,355	(8,355)	(6.6)
Total liabilities	305,280	290,828	(14,452)	(4.7)
Net Position				
Net investment in capital assets	223,407	198,064	(25,343)	(11.3)
Restricted	28,813	25,803	(3,010)	(10.4)
Unrestricted	1,397,988	1,684,234	286,246	20.5
Total net position	<u>\$ 1,650,208</u>	<u>\$ 1,908,101</u>	<u>\$ 257,893</u>	15.6

SERESA's total net position at June 30, 2022 was \$1,908,101, including unrestricted net position of \$1,684,234. SERESA's governmental current assets increased by \$268,784 due to expenditures being under budget and excess members' contributions for the year being reinvested into fund balance. Noncurrent assets decreased by \$25,343, attributed to the depreciation of capital assets. SERESA's governmental current liabilities decreased by \$6,097, primarily attributed to increases in payroll liabilities at year end. Noncurrent liabilities decreased by \$8,355 from the prior year due to decreases in accrued leave time.

SERESA's Changes in Net Position

	Governmental Activities			
	2021	2022	Change	Percent Change
Revenue				
Member contributions	\$ 2,388,813	\$ 2,403,023	\$ 14,210	0.6
911 wireless training grants	236,295	236,522	227	0.1
Grants - Other	53,404	52,763	(641)	(1.2)
Investment earnings	8,031	167	(7,864)	(97.9)
Other contracted services	260,630	297,000	36,370	14.0
Total revenue	2,947,173	2,989,475	42,302	1.4
Expenditures - Public safety	3,093,852	2,731,582	(362,270)	(11.7)
Change in Net Position	(146,679)	257,893	404,572	(275.8)
Net Position - Beginning of year	1,796,887	1,650,208	(146,679)	(8.2)
Net Position - End of year	<u>\$ 1,650,208</u>	<u>\$ 1,908,101</u>	<u>\$ 257,893</u>	15.6

SERESA's governmental revenue totaled \$2,989,475, of which \$2,403,023, or approximately 80 percent, was derived from participating members' contributions. SERESA's governmental expenditures totaled \$2,731,582, of which \$2,183,905, or approximately 80 percent, is attributed to personnel-related expenditures. The decrease in overall expenditures is primarily attributed to employee departures during the year and the inability to fill all full-time positions.

Auditor's NOTES TO FINANCIAL STATEMENTS

South East Regional Emergency Services Authority

Notes to Financial Statements

June 30, 2022

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:

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
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.

June 30, 2022

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 exist only 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 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.

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 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 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.

Note 1 - Significant Accounting Policies (Continued)

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses 11 unrelated practice issues and technical matters related to extension of the use of LIBOR; accounting for SNAP distributions; disclosures of nonmonetary transactions; pledges of future revenue by pledging governments; clarification of certain provisions in GASB Statement No. 34, as amended; terminology updates related to GASB Statement No. 53 and GASB Statement No. 63; leases; public-private and public-public partnerships; subscription-based IT arrangements; financial guarantees; and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53. 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.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Further, the standard addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplemental information and supplemental information. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, to update the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

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	\$ 1,827,190
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	198,064
Unavailable revenue related to investment income earned but not yet collected is recognized as deferred inflow of resources in the fund but is revenue in the statement of net position	202
Long-term liabilities are not due and payable in the current period and are not reported in the funds - Compensated absences	(117,355)
Net Position of Governmental Activities	\$ 1,908,101

June 30, 2022

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	\$ 276,212
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	99,354
Depreciation expense	(124,698)
Revenue is recorded in the statement of activities when earned but is not reported in the funds until collected	(168)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	7,193
Change in Net Position of Governmental Activities	\$ 257,893

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, 2022, the balance in the checking account was \$1,556,448, and the balance of the certificate of deposit was \$165,666.

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 bank deposits of \$1,306,448 (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.

June 30, 2022

Note 4 - Leasehold Improvements and Equipment

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

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets being depreciated:				
Leasehold improvements	\$ 225,366	\$ -	\$ -	\$ 225,366
Machinery and equipment	1,733,909	99,354	-	1,833,263
Subtotal	1,959,275	99,354	-	2,058,629
Accumulated depreciation:				
Leasehold improvements	174,740	7,322	-	182,062
Machinery and equipment	1,561,128	117,375	-	1,678,503
Subtotal	1,735,868	124,697	-	1,860,565
Net capital assets being depreciated	\$ 223,407	\$ (25,343)	\$ -	\$ 198,064

Total depreciation for the year ended June 30, 2022 was \$124,698.

Note 5 - Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accrued compensated absences	\$ 125,710	\$ 278,076	\$ (286,431)	\$ 117,355	\$ 70,234

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.

Note 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, Michigan 27600 Jefferson Circle Drive, St. Clair Shores, MI 48081.

Note 7 - Cost-sharing Defined Benefit Pension Plan (Continued)

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, 2022, the Authority contributed \$17,017. 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, 2022, the Authority had no contractual obligation related to the net pension liability for the year ended June 30, 2022.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2022, the Authority did not report a net pension liability. The net pension liability was measured as of June 30, 2022, 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.

June 30, 2022**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 \$126,009, and employees contributed \$63,004 for the year ended June 30, 2022.

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 25,202, and employees contributed \$12,601 for the year ended June 30, 2022.

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, Michigan 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, 2022 was 14.2 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 \$21,903 for the year ended June 30, 2022.

Payable to the Other Postemployment Benefit Plan

As of June 30, 2022, the Authority had no contractual obligation related to the net OPEB liability for the year ended June 30, 2022.

Net OPEB Liability, Deferrals, and OPEB Expense

At June 30, 2022, the Authority did not report a net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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.

June 30, 2022

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.

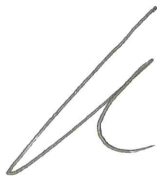
The following table summarizes the municipalities' current equity interest percentages and cumulative equity interest as of June 30, 2022:

	Current Equity Interest Percentage		Cumulative Equity Interest
City of Roseville, Michigan	39	\$	740,960
City of Eastpointe, Michigan	30		527,510
City of St. Clair Shores, Michigan	31		639,630

Closing Remarks

On behalf of all employees of SERESA, I want to thank the citizens and public safety customers for their continued support. We will continue to strive toward providing the best possible service. We look forward to accomplishing our 2023 goals and being the vital link between the public and emergency services.

Respectfully submitted,



Anthony S. Leese
SERESA Executive Director

