

# ANNUAL REPORT 2023

South East Regional Emergency Services Authority

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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 2023 via this annual report. I am happy to report 2023 was again, a year of progress and service delivery improvement for SERESA.

Since becoming the Director, 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 each day, and each night, year round. We 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

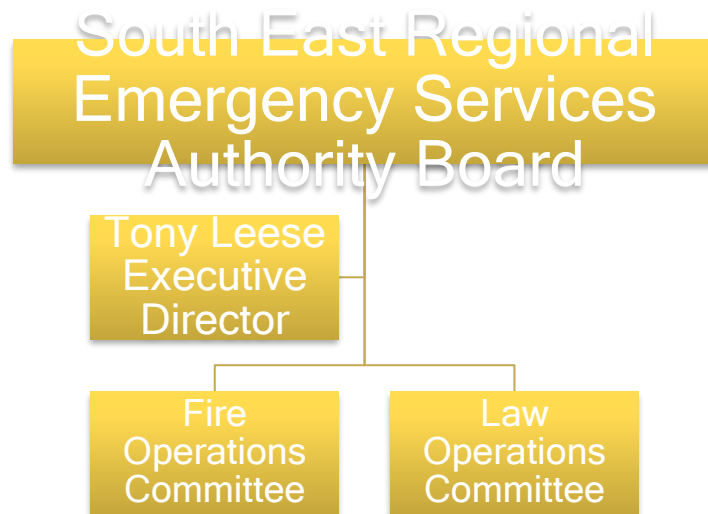
Director

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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 City Manager/ Police Commissioner Ryan Monroe

Vice Chairman and Eastpointe Representative: Eastpointe Police Department Deputy Chief Matthew Hambright

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

### Authority Board of Directors - Members:

St. Clair Shores Representative: Fire Chief James Piper

Fire Representative: Roseville Fire Chief Keith Jacobs

**Technical Advisory Committee Chair:** Roseville Police Chief Mitch Berlin

**Fire Operations Committee Chair:** St. Clair Shores Fire Chief James Piper

### Operational Staffing Overview (budgeted)

21 Full-Time Emergency Dispatchers

4 Dispatch Shift Supervisors

1 Training Manager

1 Quality Assurance Manager

1 Executive Director

## Annual Overview

2023 represented a year of internal focus and 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 2023

#### Policy:

- Updated our Pursuit policy, ensuring quicker, and more efficient communication amongst area agencies.
- Automated pertinent policies to be reviewed and acknowledged by staff on an annual basis.
- Updated our Hiring Process allowing vacancies to be filled on an as needed basis.

#### Organizational Restructure

- Created a Quality Assurance Manager, and a Training Manager role by removing an administrative position and elevating an existing budgeted supervisor position. Positioned in-between the shift supervisors and the director, they provide direct focus on improving service quality through a staggered shift. This provides day/night/weekend shift overlap with the immediate ability to assist high call volume time periods.

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

- The Macomb County Medical Control currently recommends requires 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 2023. 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
  - National Night Out in Roseville
  - St. Clair Shores Police Open House
  - Roseville Neighborhood Watch presentation
  - Authority member City Council presentations

## **2023 Training Overview**

During calendar year 2023, SERESA utilized state grant funds for the following purposes:

- Over one thousand (1000) hours of state approved training spread out amongst all our telecommunicators and trainees.
- 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.
  - Advanced 40-Hour Dispatch School - also state mandated training for dispatch personnel prior to 2-years employment.
  - 9-1-1 Homicides - Is the Caller the Killer? - 3 dispatchers and 2 supervisors attended.
  - Active Shooter Incidents for Dispatch - 7 dispatchers attended.
  - Lead Follow or Get Out of the Way - 2 supervisors attended.
  - Michigan Public Safety Telecommunications Conference - 1 dispatcher and 1 supervisor attended.
  - Michigan Fire MABAS training - 1 supervisor attended.
  - Robb Elementary School Shooting: Investigation, Evaluation, and Analysis - 1 supervisor attended.

- Performance and Accountability - Director attended.
- Emergency Medical Dispatch (EMD) and Emergency Fire Dispatch (EFD) certifications for new employees and re-certification for those previously certified.
- 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 2023 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.
- Formal hands-on training through in-person staff meetings with a primary focus on Rapid Dispatch and Fire Dispatch Terminology.

## 2024 Training Goals

- With our newly defined Training Manager role, increase informal one-on-one off-the-floor training through mock high-risk emergency calls using a Computer Aided Dispatch (CAD) training environment.
- With the addition of the Quality Assurance Manager role, deficiency areas will be better tracked, allowing for as needed training in identified areas.
- Ensure all SERESA staff remain current and in full compliance with state requirements.

## Employee Recognition

- Throughout the year, 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 2023 employee(s) recognized as standouts were:**

**Monica Reesman**

**Ashley Obodzinski**

## 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 2024 Training Goals defined above. Providing thorough training allows Dispatchers to be prepared on the highest level possible to assist callers and responders.
  - **Priority 2:** 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.
  - **Priority 3:** Further expand public education for the communities served.

## 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

	2021	2022	2023
10-Digit Administrative Line:	96,574	94,825	95,556
Out-Going Calls	65,891	65,286	67,404
9-1-1 - Landline	4,048	3,946	3,024
9-1-1 - Wireless	76,610	69,855	72,024
9-1-1 - VoIP	6,851	6,185	5,578
Text to 9-1-1	208	181	190



## Emergency Call Ring Time

SERESA leadership is proud to report that while calls for service are increasing, our average 9-1-1 answering time continues to improve each year. We 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.

<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.

	2021	2022	2023
9-1-1 Average Answer	5.4 seconds	5.1 seconds	4.5 seconds
Percent answered within fifteen seconds	97.61%	97.96%	98.54%
9-1-1 Average Call Duration	01:51.05 minutes	01:53.03 minutes	01:52.07 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 only slightly, less than 1% over 2022 numbers. Law calls decreased by 1.5%, while Fire and EMS calls experienced a modest increase, raising by 1.2%.

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):

2021	118,770
2022	124,324
2023	124,456

### **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 2022-2023. The budget was formally amended twice for fiscal year 2022-2023. A budgetary comparison schedule has been provided herein to demonstrate compliance with this budget. At year end, actual revenue was \$3,390 less than budgeted amounts. Actual expenditures were approximately \$239,000 less than budgeted amounts, primarily attributable to personnel-related costs being less than budgeted. SERESA contributed approximately \$235,000 to its fund balance in fiscal year 2022-2023. For fiscal year 2023-2024 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 \$182,085 in net capital assets primarily consisting of communication equipment and leasehold improvements. SERESA contributed \$135,930 from current year operations to the Capital Projects Fund and was able to contribute a net amount of approximately \$91,000 to its fund balance in fiscal year 2022-2023. SERESA did not issue any debt toward the purchase of the above-mentioned capital assets. At June 30, 2023, approximately \$401,000 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. In May 2022, the Macomb County Board of Commissioners adopted a resolution that charges residents of Macomb County a monthly 9-1-1 surcharge of 42 cents per device through June 30, 2024. For fiscal year 2022-2023, the additional funding from this local surcharge addressed any shortfalls in the emergency communications services budget of the Authority. For fiscal year 2023-2024, management believes the local surcharge will greatly enhance public safety communication services and provide financial resources to help employ state of the art technology for all public safety answering points. 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, 2025. 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.

# Auditor's Report 22/23 Fiscal Impact

## South East Regional Emergency Services Authority

### Statement of Net Position/Governmental Funds Balance Sheet

June 30, 2023

	Modified Accrual Basis				Statement of Net Position - Full Accrual Basis
	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	
<b>Assets</b>					
Cash and cash equivalents (Note 3)	\$ 2,367,007	\$ 401,185	\$ 2,768,192	\$ -	\$ 2,768,192
Receivables	434,386	-	434,386	-	434,386
Prepaid expenses	149,332	-	149,332	-	149,332
Leasehold improvements and equipment - Net	-	-	-	182,085	182,085
<b>Total assets</b>	<b>\$ 2,950,725</b>	<b>\$ 401,185</b>	<b>\$ 3,351,910</b>	182,085	3,533,995
<b>Liabilities</b>					
Accounts payable	\$ 828,076	\$ -	\$ 828,076	-	828,076
Accrued liabilities and other	155,516	-	155,516	-	155,516
Unearned revenue	26,000	-	26,000	-	26,000
Compensated absences: (Note 5)					
Due within one year	-	-	-	111,227	111,227
Due in more than one year	-	-	-	43,004	43,004
<b>Total liabilities</b>	1,009,592	-	1,009,592	154,231	1,163,823
<b>Deferred Inflows of Resources -</b>					
Unavailable revenue	188,972	-	188,972	(188,972)	-
<b>Equity</b>					
Fund balances:					
Nonspendable - Prepaid expenditures	149,332	-	149,332	(149,332)	-
Restricted - 911 funds	25,884	-	25,884	(25,884)	-
Assigned	-	401,185	401,185	(401,185)	-
Unassigned	1,576,945	-	1,576,945	(1,576,945)	-
<b>Total fund balances</b>	1,752,161	401,185	2,153,346	(2,153,346)	-
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,950,725</b>	<b>\$ 401,185</b>	<b>\$ 3,351,910</b>		
Net position:					
Net investment in capital assets				182,085	182,085
Restricted				210,999	210,999
Unrestricted				1,977,088	1,977,088
<b>Total net position</b>				<b>\$ 2,370,172</b>	<b>\$ 2,370,172</b>

## South East Regional Emergency Services Authority

### Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	Modified Accrual Basis			Adjustments (Note 2)	Statement of Activities - Full Accrual Basis
	General Fund	Capital Projects Fund	Total Governmental Funds		
<b>Revenue</b>					
Local surcharge	\$ 558,234	\$ -	\$ 558,234	\$ 188,972	\$ 747,206
Member contributions:					
City of St. Clair Shores, Michigan	799,771	-	799,771	-	799,771
City of Roseville, Michigan	943,723	-	943,723	-	943,723
City of Eastpointe, Michigan	744,044	-	744,044	-	744,044
911 wireless training grants	243,204	-	243,204	-	243,204
Grants - Other	29,305	-	29,305	-	29,305
Investment earnings	2,639	-	2,639	(2,528)	111
Other contracted services	407,860	-	407,860	-	407,860
Total revenue	3,728,780	-	3,728,780	186,444	3,915,224
<b>Expenditures</b>					
Salaries	1,507,041	-	1,507,041	-	1,507,041
Fringe benefits	597,884	-	597,884	34,549	632,433
Operating supplies and sundry	91,308	-	91,308	-	91,308
Professional fees, promotion, training, and other	174,483	-	174,483	-	174,483
Administration fees	164,439	-	164,439	-	164,439
Depreciation expense	-	-	-	60,970	60,970
Capital outlay	-	44,990	44,990	(44,990)	-
Member distributions	822,479	-	822,479	-	822,479
Total expenditures	3,357,634	44,990	3,402,624	50,529	3,453,153
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	135,930	135,930	-	135,930
Transfers out	(135,930)	-	(135,930)	-	(135,930)
Total other financing (uses) sources	(135,930)	135,930	-	-	-
<b>Net Change in Fund Balances/Net Position</b>					
	235,216	90,940	326,156	135,915	462,071
<b>Fund Balances/Net Position - Beginning of year</b>					
	1,516,945	310,245	1,827,190	80,911	1,908,101
<b>Fund Balances/Net Position - End of year</b>					
	<u>\$ 1,752,161</u>	<u>\$ 401,185</u>	<u>\$ 2,153,346</u>	<u>\$ 216,826</u>	<u>\$ 2,370,172</u>



# Auditor's NOTES TO FINANCIAL STATEMENTS

## South East Regional Emergency Services Authority

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### Notes to Financial Statements

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June 30, 2023

#### 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 and a local 911 surcharge to service users 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:

	Depreciable Life - Years
Leasehold Improvements	10
Equipment	5

**Deferred Outflows/Inflows of Resources**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports unavailable revenue in the governmental funds related to the local surcharge for quarter four.

**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).



**Note 1 - Significant Accounting Policies (Continued)**

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.

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 to either 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 April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. 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 Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. 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 balances 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:

<b>Fund Balances Reported in Governmental Funds</b>	\$ 2,153,346
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds	182,085
Unavailable revenue related to investment income and local surcharge revenue earned but not yet collected is recognized as deferred inflow of resources in the fund but is revenue in the statement of net position	188,972
Long-term liabilities are not due and payable in the current period and are not reported in the funds - Compensated absences	<u>(154,231)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 2,370,172</u>

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:

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ 326,156
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	44,990
Depreciation expense	<u>(60,970)</u>
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	186,444
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	<u>(34,549)</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 462,071</u>

**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.

**Note 3 - Cash and Cash Equivalents (Continued)**

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, 2023, the balance in the checking account was \$2,655,520, and the balance of the certificate of deposit was \$168,305.

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 \$2,405,520 (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.

**Note 4 - Leasehold Improvements and Equipment**

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

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets being depreciated:				
Leasehold improvements	\$ 225,366	\$ -	\$ -	\$ 225,366
Machinery and equipment	1,833,263	44,990	(27,049)	1,851,204
Subtotal	2,058,629	44,990	(27,049)	2,076,570
Accumulated depreciation:				
Leasehold improvements	182,062	7,323	-	189,385
Machinery and equipment	1,678,502	53,647	(27,049)	1,705,100
Subtotal	1,860,564	60,970	(27,049)	1,894,485
Net capital assets being depreciated	\$ 198,065	\$ (15,980)	\$ -	\$ 182,085

Depreciation expense was not charged to activities, as the Authority's assets benefit multiple activities and allocation is not practical. Total depreciation for the year ended June 30, 2023 was \$60,970.

**Note 5 - Long-term Liabilities**

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accrued compensated absences	\$ 117,355	\$ 257,623	\$ (220,747)	\$ 154,231	\$ 111,227



**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 supplementary 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.

***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, 2023, the Authority contributed \$18,756. 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, 2023, the Authority had no contractual obligation related to the net pension liability for the year ended June 30, 2023. 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 \$118,754, and employees contributed \$58,497 for the year ended June 30, 2023.

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 \$23,399, and employees contributed \$11,699 for the year ended June 30, 2023.

**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, 2023 was 13.0 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 \$23,645 for the year ended June 30, 2023.

***Payable to the Other Postemployment Benefit Plan***

As of June 30, 2023, the Authority had no contractual obligation related to the net OPEB liability for the year ended June 30, 2023. 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**

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.

**Note 10 - Participating Municipalities (Continued)**

The following table summarizes the municipalities' current equity interest percentages and cumulative equity interest as of June 30, 2023:

	<u>Current Equity Interest Percentage</u>	<u>Cumulative Equity Interest</u>
City of Roseville, Michigan	39	\$ 921,169
City of Eastpointe, Michigan	29	661,510
City of St. Clair Shores, Michigan	32	787,493

**Note 11 - Interfund Receivables, Payables, and Transfers**

Interfund transfers reported in the fund financial statements are composed of the following:

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 135,930

The transfers from the General Fund to the Capital Projects Fund include transfers for the funding of certain capital improvement projects.

**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 2024 goals, allowing us to strengthen the vital link between the public and emergency services.

Respectfully submitted,



Anthony S. Leese  
SERESA Executive Director