

**GRAND LEDGE AREA EMERGENCY SERVICES
AUTHORITY**

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)**

YEAR ENDED JUNE 30, 2019

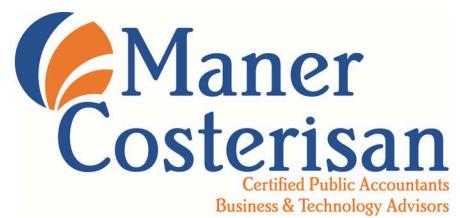


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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Grand Ledge Area Emergency Services Authority
State of Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Grand Ledge Area Emergency Services Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Grand Ledge Area Emergency Services Authority, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Maner Costerman PC

October 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Grand Ledge Area Emergency Services Authority (the Authority), we offer readers of the Grand Ledge Area Emergency Services Authority's financial statements this narrative overview and analysis of the financial activities of the Grand Ledge Area Emergency Services Authority for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$132,618 (net position).
- The government's total net position decreased by \$20,975.
- As of the close of the current fiscal year, the Authority's governmental fund reported ending fund balance of \$715,444, an increase of \$185,556.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$585,086, or 39% of total general fund expenditures.
- The Authority's total debt decreased \$14,773.
- The Authority levies property taxes as its primary source of revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statement is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets, deferred outflows, liabilities and deferred inflows, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

The government-wide financial statements can be found on pages 11 through 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Authority is categorized as a governmental fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide information to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered a major fund.

The Authority adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 11 through 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Authority's general fund budget and required disclosures for the pension and post-retirement healthcare plans on pages 34 through 38.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Authority, liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$132,618.

**Grand Ledge Area Emergency Services Authority's
Net Position**

	Governmental Activities	
	2019	2018
Current and other assets	\$ 1,303,584	\$ 1,090,337
Capital assets	<u>725,930</u>	<u>835,926</u>
Total assets	<u>2,029,514</u>	<u>1,926,263</u>
Deferred outflows of resources	<u>342,459</u>	<u>243,619</u>
Long-term liabilities outstanding	223,935	238,708
Net pension liability	404,934	225,598
Net other postemployment benefit liability	1,149,426	1,019,398
Other liabilities	<u>74,485</u>	<u>56,495</u>
Total liabilities	<u>1,852,780</u>	<u>1,540,199</u>
Deferred inflow of resources	<u>651,811</u>	<u>741,326</u>
Net position		
Net investment in capital assets	616,067	701,876
Unrestricted	<u>(748,685)</u>	<u>(813,519)</u>
Total net position	<u>\$ (132,618)</u>	<u>\$ (111,643)</u>

The government's net position decreased during the current fiscal year by \$20,975.

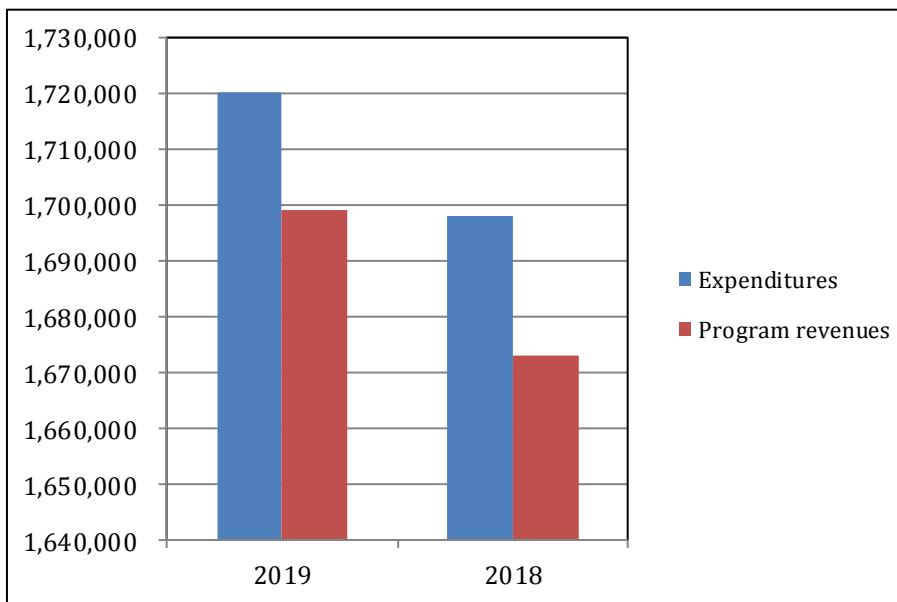
Governmental activities. Governmental activities decreased the Authority's net position by \$20,975, thereby the governmental activities accounted for 100% of the total increase in the net position of the Authority. Key elements of this increase are as follows:

**Grand Ledge Area Emergency Services Authority's
Changes in Net Position**

	Government-wide Activities	
	2019	2018
Revenues		
Program revenues		
Ambulance billings	\$ 653,456	\$ 640,577
General revenues		
Property taxes levied	1,030,573	1,002,400
Interest earned	3,328	1,578
Miscellaneous income	<u>11,752</u>	<u>28,330</u>
Total revenues	<u>1,699,109</u>	<u>1,672,885</u>
Expenses		
Public safety and capital outlay	1,717,025	1,694,855
Debt service	<u>3,059</u>	<u>3,348</u>
Total expenses	<u>1,720,084</u>	<u>1,698,203</u>
Change in net position	(20,975)	(25,318)
Net position, beginning of year	<u>(111,643)</u>	<u>(86,325)</u>
Net position, end of year	<u>\$ (132,618)</u>	<u>\$ (111,643)</u>

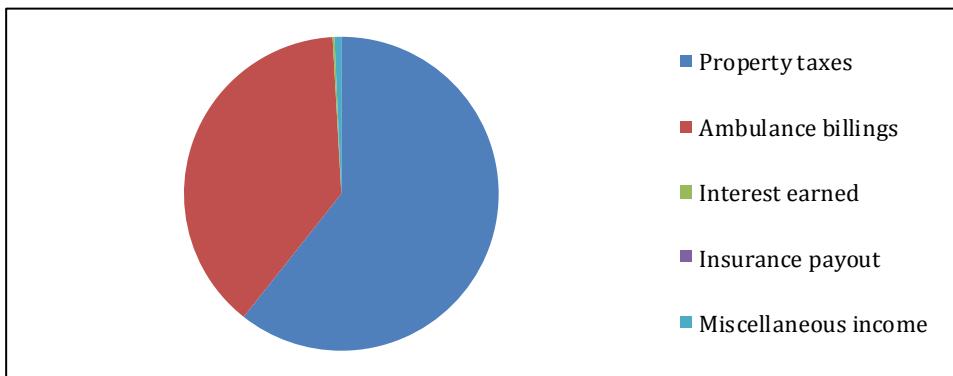
- Expenses for governmental activities went from \$1,698,203 to \$1,720,084, an increase of \$21,881.
- Revenues for governmental activities went from \$1,672,885 to \$1,699,109, an increase of \$26,224.

Expenditures and Program Revenues - Governmental Activities

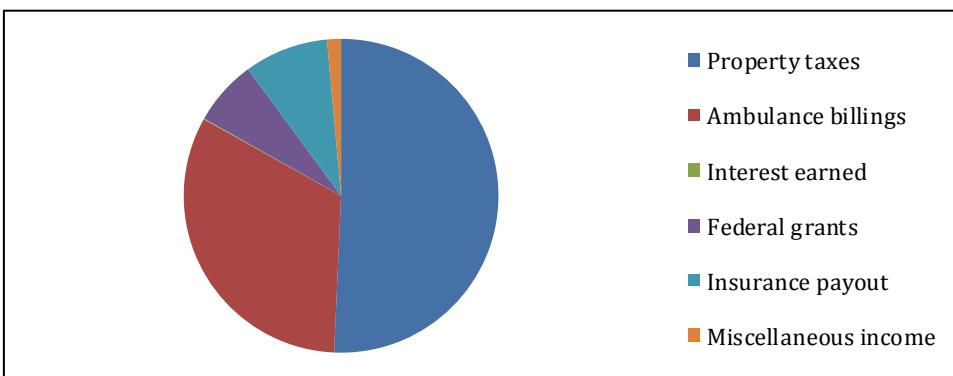


Revenues by Source - Governmental Activities

2019 Total Revenues - \$1,699,109



2018 Total Revenues - \$1,672,885



Financial analysis of the Government's funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Authority's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental fund reported combined ending fund balance of \$715,444, an increase of \$185,556. Approximately 82% of this total amount, \$585,086, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable or assigned to indicate that it is not available for new spending because it has already been committed 1) to prepaid insurance (\$16,286) or 2) assigned for compensated absences (\$114,072).

The general fund is the chief and only operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the general fund was \$585,086, while total fund balance was \$715,444. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39% of total general fund expenditures, while total fund balance represents 47% of that same amount.

General Fund Budgetary Highlights

There are always some differences between the original budget and the final amended budget. Line items need constant attention and even with that we find occasionally we overspent what we had planned on.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$725,930 (net of accumulated depreciation). This investment in capital assets includes furniture and equipment, apparatus, land, and technology. The total decrease in the Authority's investment in capital assets for the current fiscal year was 13%.

Grand Ledge Area Emergency Services Authority's Capital Assets
(net of depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 351,366	\$ 351,366
Furniture and equipment	27,536	24,798
Apparatus	336,854	434,278
Technology	8,163	22,949
Building improvements	2,011	2,535
	\$ 725,930	\$ 835,926

Additional information on the Authority's capital assets can be found in the notes of this report.

Long-term debt. At the end of the current fiscal year, the Authority had total long-term debt outstanding of \$223,935. This represents compensated absences earned but not used as of year-end, installment notes issued to purchase apparatus equipment and land, and capital lease obligations used to purchase apparatus equipment.

Grand Ledge Area Emergency Services Authority's Outstanding Debt

	Governmental activities	
	2019	2018
Installment notes	\$ 109,863	\$ 134,050
Compensated absences	<u>114,072</u>	<u>104,658</u>
	<u><u>\$ 223,935</u></u>	<u><u>\$ 238,708</u></u>

The Authority's total debt decreased by \$14,773 during the current fiscal year.

Additional information on the Authority's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

Grand Ledge Area Emergency Services Authority's goal is to maintain the level of service that is currently provided to the public, utilizing the most efficient and effective methods. The employees of the Authority also strive to continue these services, making concessions to control costs in the areas of wages and benefits. Together they are striving to keep costs in check as they continue to provide the service level our benefactors expect.

It is anticipated that the Authority board will continue working over the next few years to promote the Authority and the need for a new facility. It is the wish of the Authority board to construct and operate a new Authority facility as soon as economically possible.

In November 2016, the Authority was approved for a millage renewal of 2.9566 mills to be used for the next five years as our major operation funding.

Requests for Information

This financial report is designed to provide a general overview of the Grand Ledge Area Emergency Services Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief's Office, 500 N. Clinton, Grand Ledge, Michigan, 48837.

BASIC FINANCIAL STATEMENTS

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
JUNE 30, 2019

	Balance sheet general fund modified accrual basis	Adjustments	Statement of net position
ASSETS			
Cash and cash equivalents	\$ 1,150,333	\$ -	\$ 1,150,333
Accounts receivable (less allowance for doubtful accounts of \$58,635)	136,965	-	136,965
Prepays	16,286	-	16,286
Capital assets not being depreciated	-	351,366	(1) 351,366
Capital assets, net of accumulated depreciation	-	374,564	(1) 374,564
TOTAL ASSETS	\$ 1,303,584	725,930	2,029,514
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ -	243,872	(2) 243,872
Other postemployment benefit related items	-	98,587	(2) 98,587
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	342,459	342,459
LIABILITIES			
Accounts payable	29,335	-	29,335
Accrued salaries and related items	38,889	-	38,889
Accrued retirement	5,256	-	5,256
Accrued interest on long-term debt	-	1,005	(3) 1,005
Noncurrent liabilities			
Due within one year	-	50,479	(2) 50,479
Due in more than one year	-	173,456	(2) 173,456
Other postemployment benefits liability	-	1,149,426	(2) 1,149,426
Net pension liability	-	404,934	(2) 404,934
TOTAL LIABILITIES	73,480	1,779,300	1,852,780
DEFERRED INFLOWS OF RESOURCES			
Pension related items	-	31,463	(2) 31,463
Other postemployment benefit related items	-	105,688	(2) 105,688
Unavailable revenue	514,660	-	514,660
TOTAL DEFERRED INFLOWS OF RESOURCES	514,660	137,151	651,811
FUND BALANCE/NET POSITION			
Net investment in capital assets	-	616,067	616,067
Nonspendable for prepays	16,286	(16,286)	-
Assigned for compensated absences	114,072	(114,072)	-
Unassigned/unrestricted	585,086	(1,333,771)	(748,685)
TOTAL FUND BALANCE/NET POSITION	715,444	\$ (848,062)	\$ (132,618)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,303,584		

(1) Capital assets used in governmental activities are not financial resources and are not reported under the modified accrual basis of accounting.

(2) Long-term debt obligations, compensated absences, net pension liability and net other postemployment benefits liability are not due and payable or collectible in the current period and are not reported under the modified accrual basis of accounting.

(3) Interest expense is recorded when paid and not when it is incurred and thus is not reported under the modified accrual basis of accounting.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Statement of revenues, expenditures and changes in fund balance general fund modified accrual basis	Adjustments		Statement of activities
REVENUES				
Property taxes levied	\$ 1,030,573	\$ -		\$ 1,030,573
Ambulance billings	653,456	-		653,456
Miscellaneous income	11,752	-		11,752
Interest earned	3,328	-		3,328
 Total revenues	 1,699,109	 -		 1,699,109
EXPENDITURES				
Current				
Public safety				
Salaries and employee benefits	1,090,962	121,276	(1)	1,212,238
Office supplies	2,862	-		2,862
Operating supplies and expenditures	111,969	-		111,969
Professional services	73,816	-		73,816
Training and departmental programs	14,528	-		14,528
Insurance	15,399	-		15,399
Rent and utilities	50,956	-		50,956
Building maintenance	8,801	-		8,801
Miscellaneous	88,332	-		88,332
Depreciation	-	117,096	(2)	117,096
Capital outlay	28,128	(7,100)	(2)	21,028

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Statement of revenues, expenditures and changes in fund balance general fund modified	Adjustments	Statement of activities
EXPENDITURES (continued)			
Debt service			
Principal retirement	\$ 24,187	\$ (24,187) ⁽⁴⁾	\$ -
Interest payments	3,613	(554) ⁽³⁾	3,059
Total expenditures	<u>1,513,553</u>	<u>206,531</u>	<u>1,720,084</u>
NET CHANGE IN FUND BALANCE/ NET POSITION	185,556	(206,531)	(20,975)
FUND BALANCE/NET POSITION, beginning of year	<u>529,888</u>	<u>(641,531)</u>	<u>(111,643)</u>
FUND BALANCE/NET POSITION, end of year	<u>\$ 715,444</u>	<u>\$ (848,062)</u>	<u>\$ (132,618)</u>

⁽¹⁾ Compensated absences, pension and other post employment benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental fund. The adjustment represents the change of the year end liability compared to the prior year.

⁽²⁾ Governmental funds report capital assets as expenditures in the statement of revenues, expenditures and changes in fund balances. In the statement of activities these expenditures are capitalized and depreciated over their estimated useful lives. Disposal of capital assets that are not fully depreciated results in a loss on the statement of activities.

⁽³⁾ Accrued interest on long-term debt is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid. This is the change in accrued interest.

⁽⁴⁾ Repayments of principal on long-term debt and issuance of long-term debt are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Grand Ledge Area Emergency Services Authority has no business-type activities.

Reporting Entity

The Grand Ledge Area Emergency Services Authority (the "Authority") was incorporated under the provisions of Act 57 of the Michigan Public Acts of 1988 effective October 1, 2001. The Authority provides fire protection and rescue services within the boundaries of the incorporating municipalities. The incorporating municipalities of the Authority are the City of Grand Ledge, and the Township of Oneida, located in Eaton County, Michigan. A five-member board serves the Authority, three members appointed by the City of Grand Ledge and two by the Township of Oneida. The Authority relies on funding for operations from property taxes levied in the current year. In addition, the Authority's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government unit.

The Authority utilized the financial statement format recommended by the State of Michigan for special purpose entities engaged only in governmental activities.

The Authority maintains only one fund, the general fund, which is accounted for as a major governmental fund.

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government. There are no resources required to be accounted for in another fund.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements (the statement of net position and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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.

Governmental fund financial statements (the balance sheet and statement of revenue, expenditures and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

The appropriate budget is prepared by fund and function. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

Appropriations in the budgeted fund lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Authority does not utilize encumbrance accounting.

The budget was amended during the year with supplemental appropriations. The budget was approved prior to June 30, 2019. The Authority does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorized the Authority to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Authority is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

The Authority's retirement system investments are held in trust by the investment fiduciary. Michigan Compiled Laws, Section 38.1132, authorizes the Authority retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's estimates, an allowance for doubtful accounts has been estimated at \$58,635 for 2019. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. The Authority's capitalization policy is to capitalize individual amounts exceeding \$2,500 and an estimated useful life in excess of one year. Donated fixed assets are valued at their estimated acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5 - 10
Apparatus	5 - 15
Technology	3 - 7
Building improvements	15

Pension

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has two items that qualify for reporting in this category. It is the pension and other postemployment benefit related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items and is expensed in the plan year in which it applies.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category. The first is unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second and third are the future resources yet to be recognized in relation to the pension and other postemployment benefits actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

Other Postemployment Benefit Costs

The Authority offers retiree healthcare benefits to retirees. For purposes of measuring the Total Other Postemployment Benefit (OPEB) Liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits have been determined on the same basis as they are reported by the actuarial valuation. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. There are no related investments.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted contributions or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide 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 - net position to have been depleted before unrestricted - net position is applied.

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 of Trustees is the highest level of decision-making authority for the Authority that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) 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 of Trustees may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not 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.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Revenues and Expenditures/Expenses

Property Taxes

Property taxes levied by the Authority are collected by various municipalities and periodically remitted to the Authority. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting agency. Property taxes levied are for the calendar year. Property taxes collected for July 1, 2019 - December 31, 2019 are recorded as deferred inflows of resources.

For the year ended June 30, 2019, the Authority levied \$2.9566 per \$1,000 of assessed valuation.

Compensated Absences

It is the Authority's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Authority. All vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

Interest rate risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). The Authority has no investment policy that would further limit its investment choices. As of June 30, 2019, the Authority had no investments.

Concentration of credit risk. The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2019, the Authority had no investments.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of June 30, 2019, \$853,014 of the Authority's bank balance of \$1,157,044 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is \$1,150,333.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no investments at June 30, 2019.

Foreign currency risk. The Authority is not authorized to invest in investments which have this type of risk.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

The capital assets for the year ended June 30, 2019 was as follows:

	Balance July, 1, 2018	Additions	Deletions	Balance June 30, 2019
Primary government:				
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 351,366	\$ -	\$ -	\$ 351,366
Capital assets being depreciated				
Furniture and equipment	413,529	7,100	-	420,629
Apparatus	1,640,057	-	-	1,640,057
Technology	220,283	-	-	220,283
Building improvements	7,860	-	-	7,860
Total capital assets, being depreciated	<u>2,281,729</u>	<u>7,100</u>	<u>-</u>	<u>2,288,829</u>
Less accumulated depreciation for				
Furniture and equipment	388,731	4,362	-	393,093
Apparatus	1,205,779	97,424	-	1,303,203
Technology	197,334	14,786	-	212,120
Building improvements	5,325	524	-	5,849
Total accumulated depreciation	<u>1,797,169</u>	<u>117,096</u>	<u>-</u>	<u>1,914,265</u>
Total capital assets being depreciated, net	<u>484,560</u>	<u>(109,996)</u>	<u>-</u>	<u>374,564</u>
Total capital assets	<u>\$ 835,926</u>	<u>\$ (109,996)</u>	<u>\$ -</u>	<u>\$ 725,930</u>

Depreciation expense of \$117,096 was all charged to the public safety function.

NOTE 4 - LONG-TERM OBLIGATIONS

Long-term obligations as of June 30, 2019 are as follows:

Notes from direct borrowings and direct placements:

Installment note for the purchase of land due in yearly installments of \$ 109,863
\$27,800 through January 2024 with an interest rate of 2.12%.

Other long-term obligations:

Obligations under contract for compensated absences	<u>114,072</u>
Total general long-term obligations	\$ 223,935

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2019, including interest of \$7,588, are as follows:

Year ending June 30,	Principal	Interest	Total
2020	\$ 24,996	\$ 2,803	\$ 27,799
2021	25,623	2,177	27,800
2022	26,266	1,534	27,800
2023	26,925	875	27,800
2024	6,053	199	6,252
	109,863	7,588	117,451
Compensated absences	114,072	-	114,072
	\$ 223,935	\$ 7,588	\$ 231,523

The following is a summary of long-term obligations for the Authority for the year ended June 30, 2019:

	Other long-term obligations	Direct borrowings and direct placements	Total
Balance July 1, 2018	\$ 104,658	\$ 134,050	\$ 238,708
Additions (deletions)	9,414	(24,187)	(14,773)
Balance June 30, 2019	114,072	109,863	223,935
Due within one year	25,483	24,996	50,479
Due in more than one year	\$ 88,589	\$ 84,867	\$ 173,456

The Authority's outstanding notes from direct borrowings and direct placements related to governmental activities of \$109,863 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

	2018 Valuation
Benefit Multiplier	2.25% Multiplier (80% max)
Normal Retirement age	60
Vesting	8 years
Early Retirement (Unreduced)	55/15
Early Retirement (Reduced)	50/25
Final Average Compensation	5 years
Member Contributions	0.00%
Act 88:	No

Employees covered by benefit terms. At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>10</u>
	<u><u>21</u></u>

Contributions - The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN (continued)

Net Pension Liability - The employer's Net Pension Liability was measured as of December 31, 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions - The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.75% in the long-term

Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% male and 50% female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Global Equity	55.50%	8.65%
Global Fixed Income	18.50%	3.76%
Real Assets	13.50%	9.72%
Diversifying Strategies	12.50%	7.50%

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability is 8.00% for 2018. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at 12/31/2017	\$ 1,759,579	\$ 1,533,981	\$ 225,598
Changes for the year			
Service cost	54,533	-	54,533
Interest on total pension liability	141,036	-	141,036
Difference between expected and actual experience	(17,302)	-	(17,302)
Employer contributions	-	63,631	(63,631)
Net investment income	-	(61,692)	61,692
Benefit payments including employee refunds	(47,775)	(47,775)	-
Administrative expense	-	(3,008)	3,008
Net changes	130,492	(48,844)	179,336
Balances as of 12/31/2018	<u>\$ 1,890,071</u>	<u>\$ 1,485,137</u>	<u>\$ 404,934</u>

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN (continued)

Sensitivity of the Net Pension Liability to changes in the discount rate - The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% point lower (7%) or 1% higher (9%) than the current rate.

	1% Decrease	Current discount rate	1% Increase
Net Pension Liability at 12/31/2018	\$ -	\$ 404,934	\$ -
Change in Net Pension Liability (NPL)	<u>283,780</u>	<u>-</u>	<u>(236,138)</u>
Calculated NPL	<u><u>\$ 688,714</u></u>	<u><u>\$ 404,934</u></u>	<u><u>\$ 168,796</u></u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the employer recognized pension expense of \$132,367. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences in experiences	\$ 75,285	\$ 31,463
Differences in assumptions	24,731	-
Excess (deficit) investment returns	111,108	
Contributions subsequent to the measurement date*	<u>32,748</u>	<u>-</u>
	<u><u>\$ 243,872</u></u>	<u><u>\$ 31,463</u></u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2019.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN (continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year end June 30	
2020	\$ 57,515
2021	34,112
2022	42,603
2023	45,431

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 5, the Authority provides post-retirement health care benefits, in accordance with the "Plan". The Plan provides Other Postemployment Benefits (OPEB) for its general employees through a single-employer defined benefit plan. Based on the Plan, the Authority is required to have an actuarial calculation every 2 years. The information provided is the result of the most recent actuarial valuation with a measurement date of June 30, 2019. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Plan Description

Plan Description - The purpose of the Plan is to provide health care benefits to all employees who retire from the Authority on or after attaining age 55 with at least 25 years of service. The retiree may choose to retire and retain coverage under the employer's health insurance plan. This may include medical care, optical and dental. Benefits under the Plan are administered by the Authority.

Plan membership. At June 30, 2019, the plan membership consisted of the following:

Inactive plan members entitled to but not yet receiving benefit payments	-
Inactive plan members or beneficiaries currently receiving benefit payments	-
Active plan members	<u>10</u>
Total	<u><u>10</u></u>

Benefits provided. The Plan is to provide to health care benefits to retirees. Benefits are provided by the Authority, and the cost of benefits is determined by the schedule of shared participation rate, where the member is liable for their portion. The Authority Board of Trustees has the authority to establish and amend benefit provisions.

**GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (continued)

Contributions. The contribution requirements of plan members and the Authority are established and may be amended by the Authority. The premium for the coverage described above shall be divided in half between the retiree and the employer. This coverage shall continue until the retiree becomes Medicare eligible and so long as the retiree's share of the premium is paid. Currently there is one employee that has met the eligibility requirements. This employee, however, does not utilize the Authority's plan and there is currently no cost to the Authority in relation to these benefits.

Investments

Because the Authority has elected not to establish a qualifying trust, and operates the Plan on a pay-as-you-go method, there are no investments to disclose under the Plan.

Total OPEB Liability of the Authority

The Authority's total OPEB liability of \$1,149,426 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	4.00%
Discount rate	2.79%
Retirees' share of benefit-related costs	50% of health insurance premiums
Healthcare cost trend rates	9.5% for 2019 decreasing to an ultimate rate of 5% for 2029 and later years

The discount rate was based on the S&P Municipal Bond 20 year High-Grade Rate Index.

Mortality rates were based on the RP-2014 Combined Annuitant Mortality Table for males and females.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2018	\$ 1,019,398
Changes for the year	
Service cost	81,215
Interest	31,194
Difference between expected and actual experience	278,113
Changes of assumptions	(189,346)
Other	(71,148)
Net change in total OPEB liability	130,028
Balance at 6/30/2019	\$ 1,149,426

Changes of assumptions and other inputs reflect a change in the discount and trend rates.

Discount rate. The discount rate used to measure the total OPEB liability was 2.79%. The projection of cash flows used to determine the discount rate assumed the Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.79%) or 1% point higher (3.79%). At the current discount rate:

	1% Decrease	Discount rate	1% Increase
Net OPEB liability	<u>\$ 1,331,593</u>	<u>\$ 1,149,426</u>	<u>\$ 994,071</u>

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rate of 9.75% (decreasing to 5.0%), as well as what the liability would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare cost trend rates	1% Increase
Net OPEB liability	\$ 955,041	\$ 1,149,426	\$ 1,386,385

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the employer recognized OPEB expense of \$40,901. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences in experiences	\$ 98,587	\$ -
Differences in assumptions		105,688
	<u>\$ 98,587</u>	<u>\$ 105,688</u>

Amounts reported as deferred outflows and inflows of resources related to other postemployment benefit will be recognized in pension expense as follows:

<u>Year end June 30</u>	
2020	\$ (360)
2021	(360)
2022	(360)
2023	(360)
2024	(360)
Therafter	(5,301)

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2019 or any of the prior 3 years.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

During the year, the Authority incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows:

	<u>Budget appropriation</u>	<u>Actual expenditures</u>	<u>Variance</u>
Bad debt expense	\$ -	\$ 87,627	\$ (87,627)
Payroll taxes	<u>60,064</u>	<u>60,158</u>	<u>(94)</u>
	<u>\$ 60,064</u>	<u>\$ 147,785</u>	<u>\$ (87,721)</u>

NOTE 9 - TAX ABATEMENTS

The Authority is required to disclose significant tax abatements as required by GASB Statement 77, *Tax Abatements*.

The Authority receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

<u>Municipality</u>	<u>Taxes abated</u>
Oneida Township	\$ 2,908
City of Grand Ledge	<u>1,527</u>
	<u>\$ 4,435</u>

There are no abatements made by the Authority.

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the Authority's 2020 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original budget	Final budget	Actual	Variance with final budget
REVENUES				
Local sources				
Property taxes levied	\$ 1,007,393	\$ 1,007,393	\$ 1,030,573	\$ 23,180
Ambulance billings	509,500	509,500	653,456	143,956
Miscellaneous income	100	100	11,752	11,652
Interest earned	900	900	3,328	2,428
Total revenues	<u>1,517,893</u>	<u>1,517,893</u>	<u>1,699,109</u>	<u>181,216</u>
EXPENDITURES				
Current				
Salaries and employee benefits				
Salaries	793,640	779,722	756,636	23,086
Fringe benefits	221,392	237,240	204,966	32,274
Retirement	69,106	70,107	69,202	905
Payroll taxes	60,063	60,064	60,158	(94)
Operating supplies and expenditures				
Operating supplies	35,300	50,300	48,615	1,685
Gas and oil	17,500	18,500	17,268	1,232
Uniforms	8,250	8,250	6,059	2,191
Maintenance supplies	30,500	30,500	28,787	1,713
Trash removal	950	1,050	955	95
Laundry and dry cleaning	10,740	10,740	10,285	455
Office supplies	3,500	3,500	2,862	638
Professional services	73,000	74,500	73,816	684

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Original budget	Final budget	Actual	Variance with final budget
EXPENDITURES (continued)				
Current (continued)				
Training and departmental programs				
Inner-departmental programs	\$ 10,050	\$ 10,050	\$ 9,325	\$ 725
Training	18,000	18,000	5,203	12,797
Insurance	19,500	16,000	15,399	601
Rent and utilities				
Telephone	8,878	9,782	8,782	1,000
Rent	25,000	25,000	25,000	-
Utilities	22,000	23,100	17,174	5,926
Sewer and water storm sewer	2,500	-	-	-
Building maintenance	7,500	8,900	8,801	99
Bad debt expense	-	-	87,627	(87,627)
Human resource management	2,500	2,500	705	1,795
Total current	<u>1,439,869</u>	<u>1,457,805</u>	<u>1,457,625</u>	<u>180</u>
Capital outlay	<u>48,750</u>	<u>48,750</u>	<u>28,128</u>	<u>20,622</u>
Debt service				
Principal retirement	25,274	25,274	24,187	1,087
Interest payments	<u>4,000</u>	<u>4,000</u>	<u>3,613</u>	<u>387</u>
Total debt service	<u>29,274</u>	<u>29,274</u>	<u>27,800</u>	<u>1,474</u>
Total expenditures	<u>1,517,893</u>	<u>1,535,829</u>	<u>1,513,553</u>	<u>22,276</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (17,936)</u>	<u>185,556</u>	<u>\$ 203,492</u>
FUND BALANCE				
Beginning of year				<u>529,888</u>
End of year				<u>\$ 715,444</u>

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN EMPLOYER'S NET POSITION LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED DECEMBER 31)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 54,533	\$ 49,511	\$ 45,797	\$ 50,713	\$ 47,600
Interest	141,036	124,986	114,337	104,026	90,679
Difference between expected and actual experience	(17,302)	71,440	55,317	(41,115)	-
Changes of assumptions	-	-	-	57,706	-
Benefit payments including employee refunds	(47,775)	(47,775)	(38,195)	(12,435)	(13,560)
Other	-	-	(3,056)	(1,026)	1,716
Net change in total pension liability	130,492	198,162	174,200	157,869	126,435
Total pension liability beginning	1,759,579	1,561,417	1,387,217	1,229,348	1,102,913
Total pension liability ending	\$ 1,890,071	\$ 1,759,579	\$ 1,561,417	\$ 1,387,217	\$ 1,229,348
Plan fiduciary net position					
Contributions-employer	\$ 63,631	\$ 59,155	\$ 52,881	\$ 55,487	\$ 57,973
Net investment income	(61,692)	180,061	138,525	(18,570)	68,984
Benefit payments including employee refunds	(47,775)	(47,775)	(38,195)	(12,435)	(13,560)
Administrative expense	(3,008)	(2,845)	(2,730)	(2,641)	(3,142)
Net change in plan fiduciary net position	(48,844)	188,596	150,481	21,841	110,255
Plan fiduciary net position beginning	1,533,981	1,345,385	1,194,904	1,173,063	1,062,808
Plan fiduciary net position ending	\$ 1,485,137	\$ 1,533,981	\$ 1,345,385	\$ 1,194,904	\$ 1,173,063
Employer net pension liability	\$ 404,934	\$ 225,598	\$ 216,032	\$ 192,313	\$ 56,285
Plan fiduciary net position as a percentage of the total pension liability	78.58%	87.18%	86.16%	86.14%	95.42%
Covered employee payroll	\$ 590,819	\$ 542,893	\$ 495,102	\$ 549,434	\$ 515,710
Employer's net pension liability as a percentage of covered employee payroll	68.54%	41.55%	43.63%	35.00%	10.91%

Notes to schedule

Benefit changes - there were no benefit changes for 2018

Changes in assumptions - 2018 reflects no change in assumptions

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE LAST 10 YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2019	2018	2017	2016	2015
Actuarial determined contributions	\$ 63,631	\$ 59,155	\$ 52,881	\$ 55,487	\$ 57,973
Contributions in relation to the actuarially determined contribution	<u>63,631</u>	<u>59,155</u>	<u>52,881</u>	<u>55,487</u>	<u>57,973</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered employee payroll	\$ 590,819	\$ 542,893	\$ 495,102	\$ 549,434	\$ 515,710
Contributions as a percentage of covered employee payroll	10.77%	10.90%	10.68%	10.10%	11.24%

Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	22 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male RP-2014 Group Annuity Mortality Table

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

GRAND LEDGE AREA EMERGENCY SERVICES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
(DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)

	2019	2018
Total OPEB liability		
Service cost	\$ 81,215	\$ 85,536
Interest	31,194	35,632
Difference between expected and actual experience	278,113	(193,491)
Changes of assumptions	(189,346)	90,158
Other	(71,148)	(77,333)
Net change in total OPEB liability	130,028	(59,498)
Total OPEB liability beginning	1,019,398	1,078,896
Total OPEB liability ending	\$ 1,149,426	\$ 1,019,398
Covered employee payroll	\$ 542,762	\$ 458,955
Employer's net OPEB liability as a percentage of covered employee payroll	207.75%	222.11%

Notes to schedule:

Benefit changes - there were no benefit changes.

Changes in assumptions - there were no changes in assumptions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.