CALHOUN COUNTY CONSOLIDATED DISPATCH AUTHORITY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021

GABRIDGE & CO

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INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Calhoun County Consolidated Dispatch Authority
Marshall, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Calhoun County Consolidated Dispatch Authority (the "Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Gabridge & Company

Grand Rapids, Michigan
May 20, 2022

Management's Discussion and Analysis

Calhoun County Consolidated Dispatch Authority
Management's Discussion and Analysis
December 31, 2021

As management of the Calhoun County Consolidated Dispatch Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements that follow this section.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by $1,730,302 (net position). Of this amount, $693,305 represents unrestricted net position, which may be used to meet the Authority's ongoing obligations to citizens and creditors.

- During the year, the Authority received $3,563,067 in revenues and incurred $3,928,628 in expenses, resulting in a decrease in net position of $365,561.

- At the close of the current fiscal year, the Authority's general fund reported fund balance of $1,268,386, an increase of $204,943 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $903,065, or approximately 26.9% of annual general fund expenditures.

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 statements are comprised of two components: the financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial statements. The financial statements are presented in a columnar format. The Authority maintains only one fund, a governmental fund (operating, or general, fund) that is presented in the first column (*governmental funds* financial statements) and is prepared on the modified accrual basis of accounting. These fund financial statements present a short-term view and tell how resources were spent during the year as well as what remains for future spending. Such financial information may be helpful in evaluating the Authority's near-term financing requirements.

The second column in the financial statements presents the adjustments necessary to reconcile the *governmental funds* financial statements to the *governmental activities* financial statements (*statement of net position* and *statement of activities*) presented in the third column.

These *governmental activities* financial statements are designed to provide the readers with a broad view of the Authority's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer-term view of the Authority's finances and whether the full cost of government services have been funded.

The two governmental activities statements are as follows:

- 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 two 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 Authority'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 result in cash flows in different fiscal periods.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental fund and governmental activities financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting budgetary comparisons for the Authority's general fund.

Government-wide Overall Financial Analysis

The following table shows, in a condensed format, the net position of the Authority as of December 31, 2021 and 2020:

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,106,982	$ 1,069,230
Accounts Receivable	224,699	204,047
Prepaid Items	65,321	22,469
Due from Other Governments	89,207	111,501
Total Current Assets	1,486,209	1,407,247
Noncurrent Assets		
Capital Assets Being Depreciated, net	1,284,272	1,671,492
Total Assets	2,770,481	3,078,739
DEFERRED OUTFLOWS OF RESOURCES		
Pension	544,752	595,869
Total Deferred Outflows of Resources	544,752	595,869
LIABILIITES		
Current Liabilities		
Accounts Payable	43,126	189,823
Accrued Salaries and Payroll Taxes	96,157	91,862
Unearned Revenue	78,540	62,119
Current Portion of Long-term Debt	87,934	85,735
Current Portion of Compensated Absences	44,722	39,230
Total Current Liabilities	350,479	468,769
Noncurrent Liabilities		
Compensated Absences	43,417	38,786
Long-term Debt	159,341	247,275
Net Pension Liability	804,029	790,368
Total Liabilities	1,357,266	1,545,198
DEFERRED INFLOWS OF RESOURCES		
Pension	227,665	33,547
Total Deferred Inflows of Resources	227,665	33,547
NET POSITION		
Net Investment in Capital Assets	1,036,997	1,338,482
Unrestricted	693,305	757,381
Total Net Position	$ 1,730,302	$ 2,095,863

The largest portion of the Authority's net position, $1,036,997(59.9%) reflects its investment in capital assets (e.g., leasehold improvements and equipment), less any related outstanding debt that was used to acquire those assets. The Authority uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

The remaining balance of $693,305 (40.1%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.

The following analysis highlights the changes in net position for the years ended December 31, 2021 and 2020:

	2021	2020
Revenues		
Charges for Services	$ 3,506,075	$ 3,383,256
Federal Grant	43,546	224,430
Interest	238	1,927
Other	13,208	12,117
Total Revenues	3,563,067	3,621,730
Expenses		
Public Safety	3,921,180	4,613,920
Interest on Long-term Debt	7,448	19,463
Total Expenses	3,928,628	4,633,383
Change in Net Position	(365,561)	(1,011,653)
Net Position at Beginning of Period	2,095,863	3,107,516
Net Position at End of Period	$ 1,730,302	$ 2,095,863

Net position decreased by $365,561 for the fiscal year ended December 31, 2021. Total revenues decreased in 2021 compared to 2020 because the Authority received a federal grant due to COVID-19 during 2020 and only a small portion remained to be paid in 2021. Charges for services increased by roughly $123,000 as a result of an increase in local service charges.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the Authority's *governmental funds* 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Authority itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Authority's Board.

The general fund is the operating fund of the Authority. At the end of the current fiscal year, fund balance of the general fund was $1,268,386. $300,000 was also assigned for future capital projects and pension payments. Fund balance of the general fund increased by $204,943 from the prior year. Unassigned fund balance of $903,065 represents approximately 26.9% of annual general fund expenditures.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were no significant budget amendments made to the original budgeted amounts as actual activity throughout the year was consistent with the amounts that were originally planned.

Final budget compared to actual results. The Authority had no expenditures in excess of the amount appropriated during the year ended December 31, 2021.

Capital Assets and Debt Administration

Capital Assets

The Authority's investment in capital assets as of December 31, 2021 amounted to $1,284,272 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and equipment.

Additional information on the Authority's capital assets can be found in notes to the financial statements.

Long-term Debt

As of December 31, 2021 the Authority's long-term debt consisted of a commercial loan of $247,275 and compensated absences of $88,139.

Additional information on the Authority's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget

The Authority continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. Further, management and the Board are working through various funding strategies to fully fund its pension liability reducing the long-term budgetary impact of the current net pension liability.

Contacting the Authority's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's Administration Director.

Calhoun County Consolidated Dispatch Authority
315 West Green Street
Marshall, MI 49068

Basic Financial Statements

Calhoun County Consolidated Dispatch Authority
Governmental Fund Balance Sheet / Statement of Net Position
December 31, 2021

		General Fund		Adjustments		Statement of Net Position
ASSETS						
Current Assets						
Cash and Cash Equivalents	$	1,106,982			$	1,106,982
Accounts Receivable		224,699				224,699
Prepaid Items		65,321				65,321
Due from Other Governments		89,207				89,207
Total Current Assets		1,486,209				1,486,209
Noncurrent Assets						
Capital Assets Being Depreciated, net		--	(1)	1,284,272		1,284,272
Total Assets	$	1,486,209				2,770,481
DEFERRED OUTFLOWS OF RESOURCES						
Pension		--	(2)	544,752		544,752
Total Deferred Outflows of Resources		--				544,752
LIABILITIES						
Current Liabilities						
Accounts Payable	$	43,126				43,126
Accrued Salaries and Payroll Taxes		96,157				96,157
Unearned Revenue		78,540				78,540
Current Portion of Long-term Debt		--	(4)	87,934		87,934
Current Portion of Compensated Absences		--	(3)	44,722		44,722
Total Current Liabilities		217,823				350,479
Noncurrent Liabilities						
Compensated Absences		--	(3)	43,417		43,417
Long-term Debt		--	(4)	159,341		159,341
Net Pension Liability		--	(2)	804,029		804,029
Total Liabilities		217,823				1,357,266
DEFERRED INFLOWS OF RESOURCES						
Pension		--	(2)	227,665		227,665
Total Deferred Inflows of Resources		--				227,665
FUND BALANCE						
Nonspendable		65,321		(65,321)		--
Assigned for Capital Projects and Pension Payment		300,000		(300,000)		--
Unassigned		903,065		(903,065)		--
Total Fund Balance		1,268,386				
Total Liabilities and Fund Balance	$	**1,486,209**				
NET POSITION						
Net Investment in Capital Assets				1,036,997		1,036,997
Unrestricted				693,305		693,305
Total Net Position					$	**1,730,302**

(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. This represents capital assets of $10,998,791 net of accumulated depreciation of $9,714,519.

(2) Net pension liability, and pension related deferrals, are not paid from current financial resources and, therefore, are excluded from the fund financial statement.

(3) Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund.

(4) Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of the balance due on a commercial loan and accrued interest.

Calhoun County Consolidated Dispatch Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities
For the Year Ended December 31, 2021

	General Fund		Adjustments	Statement of Activities
Revenues				
Charges for Services	$ 3,506,075			$ 3,506,075
Federal Grant	43,546			43,546
Interest	238			238
Other	13,208			13,208
Total Revenues	3,563,067			3,563,067
Expenditures				
Public Safety	3,231,641	(1)(2)(3)	689,539	3,921,180
Capital Outlay	33,300	(1)	(33,300)	--
Debt Service - Principal	85,735	(4)	(85,735)	--
Interest on Long-term Debt	7,448			7,448
Total Expenditures	3,358,124			3,928,628
Net Change in Fund Balance / Net Position	**204,943**			**(365,561)**
Fund Balance / Net Position at Beginning of Period (Restated, Note 11)	1,063,443			2,095,863
Fund Balance / Net Position at End of Period	$ **1,268,386**			$ **1,730,302**

(1) In the statement of activities, a provision for deprecation of $420,520 was recorded on the capital assets recorded in the statement of net position. In the governmental (general) fund there is no depreciation recorded. Also, in the statement of activities, assets acquired during the year of $33,300 are capitalized on the statement of net position, rather than being recorded as expenditures on the governmental (general) fund.

(2) Changes to net pension liability and deferred outflows and deferred inflows of resources are not shown in the fund financial statement ($258,896)

(3) Changes to certain liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the fund financial statement.

(4) Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Calhoun County Consolidated Dispatch Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was formed by an intergovernmental agreement between the City of Marshall, City of Albion, City of Battle Creek, and the County of Calhoun effective January 1, 2009. The Authority is a legal entity, separate and independent from the participating municipalities. The Authority is governed by a nine-member governing Board of Directors.

The Authority was created to improve the handling of emergency calls for service from the public. The Authority is responsible for the implementation of technology integration and operational compatibility of dispatch of emergency, police, fire, and ambulance services. Improvements are planned to include infrastructure upgrades, technology initiatives, personnel development, and general operations.

Operating revenue for the Authority is obtained through a surcharge on communications devices that are capable of accessing 911. Through the intergovernmental agreement, the County has provided that all such revenue be provided to the Authority. The County is to levy the surcharge at a rate no less than the rate approved by the Michigan Public Service Commission on June 3, 2008. State legislation enabling the 911 surcharge is in effect through December 31, 2021.

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity.

Government-wide and Fund Financial Statements

Separate columns are included in the financial statements for the government-wide financial statements (e.g., the statement of net position and the statement of activities) and the fund financial statements, which present the sole governmental fund (the general fund) of the Authority.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the 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.

Governmental fund financial statements 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 Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

State grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental fund:

> The ***general fund*** is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and Authority policy authorize the Authority to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

- Bankers' acceptances of United States banks.

- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

- External investment pools as authorized by Public Act 20 as amended through March, 1997.

Receivables and Payables

Receivables consist of amounts due from various businesses related to surcharge fees.

Prepaid Items

Prepaid expenses, such as health insurance premiums and service contracts, reflect costs applicable to future accounting periods.

Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Donated capital 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 asset lives are not capitalized. Improvements are capitalized and depreciated using the straight-line method over the remaining useful lives of the related capital assets, as applicable.

Description	Useful Life
Leasehold Improvements	20 Years
Equipment	5 - 10 Years

Deferred Outflows 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 one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for the difference between expected and actual experience, changes in assumptions, and payments subsequent to the measurement date for its pension plan.

Deferred Inflows of Resources

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide financial statements report deferred inflows of resources for the difference between projected and actual earnings on pension plan investments and the difference between expected and actual experience in the calculation of its net pension liability.

Unearned Revenue

Unearned revenue includes payments received from participating local units of government for services to be provided in future periods and for training funds received in advance of the underlying training expenditures.

Compensated Absences

Employees begin accumulating paid time off upon date of hire. Any accumulated vacation pay is paid upon termination.

Pensions

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.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond 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, 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 Flow Assumptions

Sometimes the Authority will 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. Further, 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 general fund reports *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. 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 Directors is the highest level of decision-making authority for the Authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) 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 Directors has authorized the Director to assign fund balance. The Board of Directors may also 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 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.

Unassigned fund balance is the residual classification for the Authority's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Directors.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. 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.

Note 2 - Budgetary Compliance

Budgetary Basis of Accounting

The annual budget is prepared by the Authority and adopted by the Administrative Policy Board; subsequent amendments are approved by the Board of Directors. A comparison of actual results of operations to the budget as adopted by the Board of Directors is included in the financial statements. The Authority adopts its budget at the functional level. All annual appropriations lapse at the end of the fiscal year.

The budget has been prepared in accordance with generally accepted accounting principles. The budget statement (statement of revenue, expenditures and changes in fund balance – budget and actual – general fund) is presented on the same basis of accounting used in preparing the adopted budget.

All actual expenditures incurred during 2021 were under the amount appropriated.

Note 3 - Cash and Investments

The Authority's cash and cash equivalents was as follows as of December 31, 2021:

Cash and Cash Equivalents	
Checking	$ 1,092,373
Cash Pooled with Calhoun County	14,609
	$ 1,106,982

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of year-end, $781,099 of the Authority's bank balance of $1,090,391 was exposed to custodial credit risk.

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
Capital assets being depreciated				
Leasehold Improvements	$ 773,816	$ -	$ -	$ 773,816
Equipment	10,265,074	33,300	73,399	10,224,975
Total capital assets, being depreciated	11,038,890	33,300	73,399	10,998,791
Less accumulated depreciation				
Leasehold Improvements	406,254	38,690	-	444,944
Equipment	8,961,144	381,830	73,399	9,269,575
Total accumulated depreciation	9,367,398	420,520	73,399	9,714,519
Capital Assets, Net	$ 1,671,492	$ (387,220)	$ -	$ 1,284,272

Depreciation expense of $420,520 was charged to the public safety function.

Note 5 - Long-term Debt

Long-term debt activity is as follows for the year ended December 31, 2021:

	Beginning Balance	**Additions**	**Deductions**	**Ending Balance**	**Due Within One Year**
Commercial Loan - Direct Placement	$ 333,010	$ -	$ 85,735	$ 247,275	$ 87,934
Compensated Absences	78,016	10,123	-	88,139	44,722
Totals	$ 411,026	$ 10,123	$ 85,735	$ 335,414	$ 132,656

The Authority issued a commercial loan in 2020 in order to pay off a capital lease issued in 2018 to acquire dispatch equipment. The loan has monthly payments of $7,765 with an annual interest rate of 2.5%.

Payment maturities are as follows:

Year Ending	Principal	Interest	Total
2022	$ 87,934	$ 5,249	$ 93,183
2023	90,189	2,994	93,183
2024	69,152	735	69,887
Totals	$ 247,275	$ 8,978	$ 256,253

Note 6 - Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage, destruction of assets, errors and omissions, and natural disasters. The risks of loss arising from general liability, property, and casualty are managed through purchased commercial insurance.

Note 7- Defined Benefit 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

01 -Administrators: Closed to new hires	
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions:	2%
DC Plan for New Hires:	1/1/2009
Act 88:	Yes (Adopted 11/9/2010)

10 - Supervisors & Deputy Director: Closed to new hires

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions:	4.16%
RS50% Percentage:	50%
DC Plan for New Hires:	1/1/2009
Act 88:	Yes (Adopted 11/9/2010)

11 - Emergency Telecom: Closed to new hires

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
Employee Contributions:	7.30%
DC Plan for New Hires:	1/1/2009
Act 88:	Yes (Adopted 11/9/2010)

Employees Covered by Benefit Terms

At the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	6
Total employees covered by MERS	24

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. Total employer and employee contributions to the plan were $167,220 and $21,576, respectively, for the year ended December 31, 2021.

Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2020 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, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.50%
- Salary increases 3.0% plus merit and longevity: 3.0% in the long-term
- Investment rate of return: 7.35%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.45%	4.47%	2.50%	2.97%
Global fixed income	20.00%	4.90%	0.98%	2.50%	0.48%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
Totals	100.00%		7.35%		4.85%

Discount Rate

The discount rate used to measure the total pension liability is 7.6%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2019	$ 7,272,456	$ 6,482,088	$ 790,368
Service cost	54,884	-	54,884
Interest	540,105	-	540,105
Difference in experience	(12,781)	-	(12,781)
Changes in Assumptions	511,017	-	511,017
Contributions - Employer	-	254,736	(254,736)
Contributions - Employee	-	27,001	(27,001)
Net investment income	-	810,771	(810,771)
Benefit payments, including refunds	(386,515)	(386,515)	-
Administrative expenses	-	(12,944)	12,944
Net changes	706,710	693,049	13,661
Balance at December 31, 2020	$ 7,979,166	$ 7,175,137	$ 804,029

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net pension liability of the Authority	$ 1,851,328	$ 804,029	$ (64,930)

The current discount rate shown for GASB68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

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

For the year ended December 31, 2021 the Authority recognized pension expense of $426,116.

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 221,274
Difference between expected and actual experience	43,222	6,391
Change in assumptions	334,310	-
Employer contributions to the plan subsequent to the measurement date *	167,220	-
Total	$ 544,752	$ 227,665

* 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 December 31, 2022.

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

Years Ending December 31	Amount
2022	$ 328,648
2023	16,589
2024	(130,849)
2025	(64,521)

Note 8 - Defined Contribution Pension Plan

The Authority also has a defined contribution pension plan established by the Authority to provide retirement benefits to all participating full-time employees of the Authority. Plan provisions and contribution requirements are established and may be amended by the Authority Board. The Authority is required to contribute 7% to 14% of employee gross earnings. Employees may make optional contributions subject to limitations of Sections 415 of the Internal Revenue Code. Employer contributions vest after three years of service.

The Authority's contributions to the Plan totaled $77,498 during 2021 whereas contributions totaled $101,885 during 2020. Authority made additional payments in the previous year to the Plan.

Note 9 - Office and Dispatch Center Leases

The Authority has entered into a lease for office space with Calhoun County through December 2029, with monthly payments of $450 through 2024 and $594 from 2025 through 2029. Scheduled future minimum lease obligations as of December 31, 2021 are summarized as follows:

Year	**Amount**
2022	$ 5,400
2023	5,400
2024	5,400
2025	7,128
2026	7,128
2027-2029	21,384
Total	$ 51,840

The Authority has entered into a lease for its Dispatch Center with Calhoun County through December 2029, with monthly payments of $2,436 through 2024 and $2,796 from 2025 through 2029. Scheduled future minimum lease obligations as of December 31, 2021 are summarized as follows:

Year	Amount
2022	$ 29,232
2023	29,232
2024	29,232
2025	33,552
2026	33,552
2027-2029	100,656
Total	$ 255,456

Note 10 - Subsequent Events

Subsequent events have been evaluated through May 20, 2022, the date the financial statements were available to be issued. Management is not aware of any subsequent events that will have a significant impact on the financial condition of the Authority.

Note 11 - Restatement

Deferred outflows of resources associated with the Authority's pension plan and unrestricted net position were both decreased by $530,621 as of January 1, 2021 to amortize prior years' differences between the projected and actual earnings on pension plan investments.

Required Supplementary Information

Calhoun County Consolidated Dispatch Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Charges for Services	$ 3,591,131	$ 3,591,131	$ 3,506,075	$ (85,056)
Federal Grant	--	--	43,546	43,546
Interest	3,000	3,000	238	(2,762)
Other Revenue	--	--	13,208	13,208
Total Revenues	3,594,131	3,594,131	3,563,067	(31,064)
Expenditures				
Public Safety	3,853,178	3,261,678	3,231,641	30,037
Capital Outlay	42,000	33,500	33,300	200
Debt Service - Principal	85,735	85,735	85,735	--
Debt Service - Interest	7,465	7,465	7,448	17
Total Expenditures	3,988,378	3,388,378	3,358,124	30,254
Excess (Deficiency) of Revenues Over Expenditures	(394,247)	205,753	204,943	(810)
Net Change in Fund Balance	**(394,247)**	**205,753**	**204,943**	**(810)**
Fund Balance at Beginning of Period	1,063,443	1,063,443	1,063,443	--
Fund Balance at End of Period	**$ 669,196**	**$ 1,269,196**	**$ 1,268,386**	**$ (810)**

Calhoun County Consolidated Dispatch Authority
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - MERS
Most Recent Seven Plan Years

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 54,884	$ 79,136	$ 79,404	$ 93,598	$ 101,880	$ 105,858	$ 125,146
Interest	540,105	520,556	461,522	447,023	422,349	381,747	353,098
Differences Between Expected and Actual Experience	(12,781)	129,667	267,837	(121,374)	(16,020)	44,821	-
Changes in Assumptions	511,017	236,403	221,286	-	-	287,695	-
Benefit Payments, Including Refunds	(386,515)	(321,377)	(262,604)	(199,173)	(192,163)	(139,839)	(102,834)
Net Change in Pension Liability	706,710	644,385	767,445	220,074	316,046	680,282	375,410
Total Pension Liability - Beginning	7,272,456	6,628,071	5,860,626	5,640,552	5,324,506	4,644,224	4,268,814
Total Pension Liability - Ending (a)	$ 7,979,166	$ 7,272,456	$ 6,628,071	$ 5,860,626	$ 5,640,552	$ 5,324,506	$ 4,644,224
Plan Fiduciary Net Position							
Contributions - Employer	$ 254,736	$ 107,257	$ 201,728	$ 27,816	$ 30,000	$ 10,380	$ 12,000
Contributions - Member	27,001	32,146	36,840	44,005	47,049	59,236	61,526
Net Investment Income (Loss)	810,771	794,474	(245,449)	735,319	581,583	(79,952)	317,706
Benefit Payments, Including Refunds	(386,515)	(321,377)	(262,604)	(199,173)	(192,163)	(139,839)	(102,834)
Administrative Expenses	(12,944)	(13,684)	(11,966)	(11,642)	(11,479)	(11,606)	(11,690)
Net Change in Plan Fiduciary Net Position	693,049	598,816	(281,451)	596,325	454,990	(161,781)	276,708
Plan Fiduciary Net Position - Beginning	6,482,088	5,883,272	6,164,723	5,568,398	5,113,408	5,275,189	4,998,481
Plan Fiduciary Net Position - Ending (b)	$ 7,175,137	$ 6,482,088	$ 5,883,272	$ 6,164,723	$ 5,568,398	$ 5,113,408	$ 5,275,189
Net Pension (Asset) Liability - Ending (a) - (b)	$ 804,029	$ 790,368	$ 744,799	$ (304,097)	$ 72,154	$ 211,098	$ (630,965)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90%	89%	89%	105%	99%	96%	114%
Covered Payroll	$ 404,001	$ 571,197	$ 635,550	$ 723,881	$ 776,599	$ 826,187	$ 965,382
Net Pension (Asset) Liability as a Percentage of Covered Payroll	199.0%	138.4%	117.2%	-42.0%	9.3%	25.6%	-65.4%

** Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.*
***The following were significant changes to economic and demographic assumptions:*
2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to
2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.
2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions

Calhoun County Consolidated Dispatch Authority
Required Supplementary Information
Schedule of Contributions - MERS
Last Ten Calendar Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	$ 167,220	$ 104,736	$ 71,928	$ 44,308	$ 27,816	$ 13,416	$ 10,380	$ 6,120	$ 6,684	$ 112,044
Contributions in Relation to the Actuarially Determined Contribution	167,220	254,736	107,257	201,728	27,816	30,000	10,380	12,000	12,000	112,044
Contribution Deficiency (Excess)	$ -	$ (150,000)	$ (35,329)	$ (157,420)	$ -	$ (16,584)	$ -	$ (5,880)	$ (5,316)	$ -
Covered Payroll	388,311	465,745	568,355	635,550	723,881	776,599	826,187	965,382	1,081,016	1,150,599
Contributions as a Percentage of Covered Payroll	43.1%	54.7%	18.9%	31.7%	3.8%	3.9%	1.3%	1.2%	1.1%	9.7%

Notes

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	10 Years
Asset valuation method	5 Year smoothed
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, Net of Investment Expense, including Inflation (7.75% for 2015 through 2019)
Retirement Age	Experience-Based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	Rates Used were Based on the Pub-2010 Group Annuity Mortality Table of a 50% Male and 50% Female Blend

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May 20, 2022

To the Board Members of the Calhoun County Consolidated Dispatch Authority
Marshall, Michigan

We have audited the financial statements of the governmental activities and the major fund of the Calhoun County Consolidated Dispatch Authority (the "Authority") for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 4, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

- Management's estimate of the useful lives of capital assets is based on the length of time it is believed those assets will provide some economic benefit in the future.

- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

- The assumptions used in the actuarial valuation of the pension benefit plan are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 20, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule, and the pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of members of the Board and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI