

Kent County
Dispatch Authority



Year Ended
December 31,
2019

Financial
Statements

KENT COUNTY DISPATCH AUTHORITY

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INDEPENDENT AUDITORS' REPORT

April 21, 2020

Administrative Policy Board
Kent County Dispatch Authority
Grand Rapids, Michigan**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the *Kent County Dispatch Authority* (the "Authority"), as of and for the year ended December 31, 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.

Independent Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 each major fund of the Kent County Dispatch Authority, as of December 31, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2020, on our consideration of the Kent County Dispatch Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rehmann Johnson LLC".

MANAGEMENT'S DISCUSSION AND ANALYSIS

KENT COUNTY DISPATCH AUTHORITY

Management's Discussion and Analysis

As management of the Kent County 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, 2019.

Financial Highlights

- Assets of the Authority exceeded its liabilities by \$31,552,401. Of this amount, \$10,323,541, or 33%, was unrestricted.
- The Authority has capital assets of \$21,228,860.
- The Authority has no debt.
- The Authority currently has one part-time administrative executive director; all other administrative services are contracted.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The financial statements comprise three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 related to the net position of the Authority and may, over time, be a useful indicator of the financial stability of the entity. 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 have no impact on current cash flows (for instance, depreciation expense associated with capital assets).

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 demonstrate compliance with finance-related legal requirements.

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, the 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 year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental fund 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 Authority's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

KENT COUNTY DISPATCH AUTHORITY

Management's Discussion and Analysis

The Authority maintains three funds - the general fund, the fire/dispatch 800mhz special revenue fund, and the capital projects fund. Information for each fund is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The general fund, fire dispatch/800mhz, and the capital projects fund are major funds for financial reporting purposes as defined by GASB Statement 34.

The Authority does not maintain proprietary or fiduciary funds.

The Authority adopts an annual appropriated budget for the general fund and the fire dispatch/800mhz special revenue fund. A budgetary comparison statement has been provided herein to demonstrate compliance with those budgets.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis.

Government-wide Financial Analysis

As previously stated, net position may serve to be a useful indicator of the Authority's financial position over time. In the case of the Authority, assets exceeded liabilities by \$31,552,401 at the close of the most recent fiscal year.

Revenue of the Authority is generated from a local 911 surcharge, which became effective July 1, 2008, supplemented by a State per capita distribution. Both funding sources are revenue of the County of Kent, Michigan, but are passed-through to the Authority based on an intergovernmental agreement. The Authority recognized \$7,622,497 in surcharge-generated revenue for the current year. The Authority utilizes these funds to pay \$2.75 million to the City of Grand Rapids and the Kent County Sheriff's Office for 911 call taking services. In addition, the Authority remits payment in the amount of \$2 million to these entities to cover the costs of Fire Dispatch Services. Both of these payments are provided for through Intergovernmental Agreements between the three entities. The Authority also maintains funding for capital projects, upgrades to CAD software, software maintenance agreements, and for funding the 800MHz radio project.

KENT COUNTY DISPATCH AUTHORITY

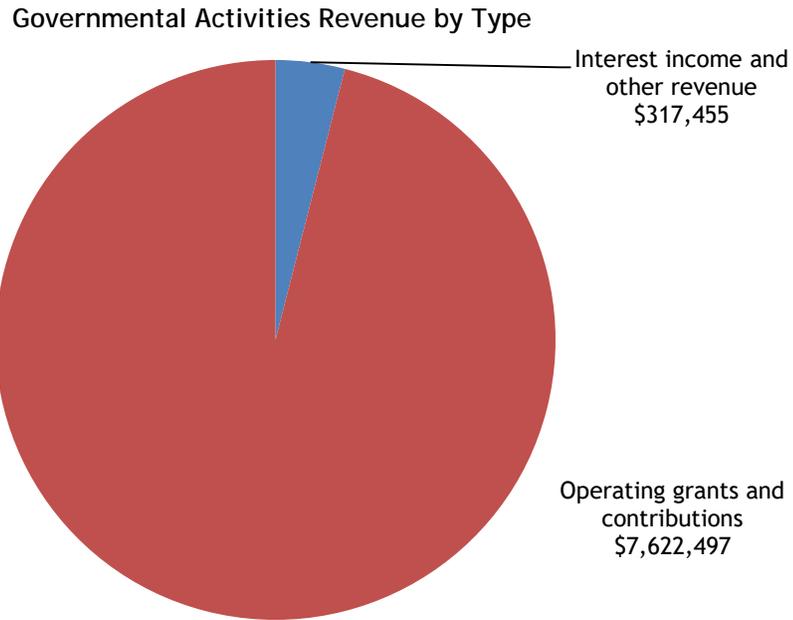
Management's Discussion and Analysis

	Net Position	
	2019	2018
Assets		
Current and other assets	\$ 13,305,999	\$ 13,067,676
Capital assets, net	21,228,860	21,309,293
Total assets	<u>34,534,859</u>	<u>34,376,969</u>
Liabilities	<u>2,982,458</u>	<u>4,771,524</u>
Net position		
Investment in capital assets	21,228,860	21,309,293
Unrestricted	10,323,541	8,296,152
Total net position	<u>\$ 31,552,401</u>	<u>\$ 29,605,445</u>
	Change in Net Position	
	2019	2018
Revenues		
Operating grants and contributions	\$ 7,622,497	\$ 6,081,048
Capital grants and contributions	-	6,833,264
Unrestricted investment income	298,283	133,804
Other revenues	19,172	7,291
Total revenues	<u>7,939,952</u>	<u>13,055,407</u>
Expenses		
Public safety	<u>5,992,996</u>	<u>6,248,931</u>
Change in net position	<u>1,946,956</u>	<u>6,806,476</u>
Net position, beginning of year	<u>29,605,445</u>	<u>22,798,969</u>
Net position, end of year	<u>\$ 31,552,401</u>	<u>\$ 29,605,445</u>

The Authority's increase in net position was primarily the result of a \$23.6 million project with Motorola for enhanced dispatch infrastructure and equipment (\$20.2 million is reported as construction in progress at year-end). The project is being financed by general obligation, limited tax bonds issued by the County of Kent. The bonds are not a direct obligation of the Authority and will be repaid with an additional surcharge approved by the voters in November 2016.

KENT COUNTY DISPATCH AUTHORITY

Management's Discussion and Analysis



Financial Analysis of the Authority's 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 general 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, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2019, the Authority's governmental funds reported a fund balance of \$10,323,541. Of this amount, \$4,764,965 is committed by the administrative board for future capital expenditures and \$90,154 is categorized as nonspendable because it relates to prepaid items. The remaining \$5,468,422, or 53%, is unassigned and available for spending at the Authority's discretion.

At December 31, 2019, the general fund had fund balance of \$5,535,973. Of this amount, \$67,551 was considered nonspendable and the remaining fund balance of \$5,468,422 was considered unassigned.

At December 31, 2019, the fire dispatch/800mhz fund had fund balance of \$1,297,029. This fund is being used to accumulate resources for implementation of the 800mhz project. This fund recognized \$3.2 million of County surcharge intergovernmental revenue.

At December 31, 2019, the capital projects fund had fund balance of \$3,490,539. This fund is being used to accumulate resources for purchase and maintenance of equipment.

KENT COUNTY DISPATCH AUTHORITY

Management's Discussion and Analysis

Budgetary Highlights

Total revenues of the general fund were \$485,160 more than budgeted. Of this amount, \$312,816 related to surcharge revenue which is difficult to budget based on the limited data received from the third party providers. The general fund expenditures were \$263,131 less than the final amended budget due to planned expenditures not being realized.

Total revenues of the fire dispatch/800mhz were \$2,435,586 less than budgeted due to delay in completion of the 800mhz radio project and not drawing down bond funds from Kent County to make the final payment to Motorola for the 800mhz radio project. Total expenditures were \$3,452,659 under budget due to the delay in completion of the 800mhz radio project. It is important to note that revenues from the 911 surcharge that are dedicated for the 800mhz radio project were greater than anticipated due to a one-time payment of \$1.4 million from a telecommunications provider to correct the payment amounts previously submitted which only transferred the original \$.45 surcharge amount rather than the total \$1.15 assessed through the local 911 surcharge; of which \$.70 is dedicated for the 800mhz project.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental activities as of December 31, 2019 amounted to \$21,228,860 (net of accumulated depreciation). This investment in capital assets includes network systems and call equipment. In 2016, the Authority contracted with Motorola for an infrastructure and equipment project in the amount of approximately \$23.6 million. Of this amount, \$20.2 million is reported in construction in progress.

	Capital Assets (Net of Depreciation)	
	2019	2018
Construction in progress	\$ 20,225,063	\$ 20,164,949
Equipment, net	1,003,797	1,144,344
Total capital assets, net	<u>\$ 21,228,860</u>	<u>\$ 21,309,293</u>

Additional information on the Authority's capital assets can be found in Note 3 of the notes to the financial statements.

The Authority has no long-term debt.

Economic Factors and Next Year's Budget and Rates

Revenue fluctuations are difficult to track due to an inability provided by State law to audit surcharge remittances from private telephone providers. As suspected in the 2018 budget and confirmed in 2019, some providers have not been submitting the correct amount; this was affirmed by a provider that remitted nearly \$1.4 million to correct for previous assessments. The continued lack of auditing ability of the 911 surcharge remittances from the telecommunication providers lends to uncertainty in revenues for future years.

KENT COUNTY DISPATCH AUTHORITY

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the finances of the Kent County Dispatch Authority. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Curtis Holt, Chairperson, Kent County Dispatch Authority, c/o City of Wyoming, 1155 28th St. SW, Wyoming, MI 49509.

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BASIC FINANCIAL STATEMENTS

KENT COUNTY DISPATCH AUTHORITY

Statement of Net Position

December 31, 2019

	Governmental Activities
Assets	
Cash, investments, and accrued interest	\$ 11,692,843
Due from other governments	1,523,002
Prepaid items	90,154
Capital assets not being depreciated	20,225,063
Capital assets being depreciated, net	<u>1,003,797</u>
Total assets	<u>34,534,859</u>
Liabilities	
Accounts payable	<u>2,982,458</u>
Net position	
Investment in capital assets	21,228,860
Unrestricted	<u>10,323,541</u>
Total net position	<u><u>\$ 31,552,401</u></u>

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Statement of Activities

For the Year Ended December 31, 2019

Function / Program	Expenses	Program Revenues	
		Operating Grants and Contributions	Net Revenue
Governmental activities			
Public safety	<u>\$ 5,992,996</u>	<u>\$ 7,622,497</u>	<u>\$ 1,629,501</u>
General revenues			
Unrestricted investment income			298,283
Other revenues			<u>19,172</u>
Total general revenues			<u>317,455</u>
Change in net position			1,946,956
Net position, beginning of year			<u>29,605,445</u>
Net position, end of year			<u>\$ 31,552,401</u>

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Balance Sheet

Governmental Funds

December 31, 2019

	General Fund	Fire Dispatch /800mhz	Capital Projects Fund	Total
Assets				
Cash, investments, and accrued interest	\$ 6,153,279	\$ 2,049,025	\$ 3,490,539	\$ 11,692,843
Due from other governments	1,045,681	477,321	-	1,523,002
Prepaid items	67,551	22,603	-	90,154
Total assets	\$ 7,266,511	\$ 2,548,949	\$ 3,490,539	\$ 13,305,999
Liabilities				
Accounts payable	\$ 1,730,538	\$ 1,251,920	\$ -	\$ 2,982,458
Fund balance				
Nonspendable	67,551	22,603	-	90,154
Committed for capital improvements	-	1,274,426	3,490,539	4,764,965
Unassigned	5,468,422	-	-	5,468,422
Total fund balance	5,535,973	1,297,029	3,490,539	10,323,541
Total liabilities and fund balance	\$ 7,266,511	\$ 2,548,949	\$ 3,490,539	\$ 13,305,999

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
December 31, 2019

Fund balances - total governmental funds \$ 10,323,541

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources,
and therefore are not reported in the fund statement.

Capital assets not being depreciated
Capital assets being depreciated, net

20,225,063
1,003,797

Net position of governmental activities \$ 31,552,401

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2019

	General Fund	Fire Dispatch /800mhz	Capital Projects Fund	Total
Revenues				
Intergovernmental	\$ 4,387,852	\$ 3,234,645	\$ -	\$ 7,622,497
Investment income	187,505	11,276	99,502	298,283
Other revenues	17,929	-	1,243	19,172
Total revenues	4,593,286	3,245,921	100,745	7,939,952
Expenditures				
Public safety	3,325,995	2,214,073	372,495	5,912,563
Revenues over (under) expenditures	1,267,291	1,031,848	(271,750)	2,027,389
Other financing sources (uses)				
Transfers in	-	-	600,000	600,000
Transfers out	(600,000)	-	-	(600,000)
Total other financing sources (uses)	(600,000)	-	600,000	-
Net change in fund balances	667,291	1,031,848	328,250	2,027,389
Fund balances, beginning of year	4,868,682	265,181	3,162,289	8,296,152
Fund balances, end of year	\$ 5,535,973	\$ 1,297,029	\$ 3,490,539	\$ 10,323,541

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ 2,027,389

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	312,339
Depreciation expense	<u>(392,772)</u>

Change in net position of governmental activities \$ 1,946,956

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
State surcharge	\$ 990,000	\$ 990,000	\$ 1,001,036	\$ 11,036
County surcharge	3,074,000	3,074,000	3,386,816	312,816
Total intergovernmental	<u>4,064,000</u>	<u>4,064,000</u>	<u>4,387,852</u>	<u>323,852</u>
Investment income	35,000	35,000	187,505	152,505
Other revenues	<u>9,126</u>	<u>9,126</u>	<u>17,929</u>	<u>8,803</u>
Total revenues	<u>4,108,126</u>	<u>4,108,126</u>	<u>4,593,286</u>	<u>485,160</u>
Expenditures				
Public safety:				
General	749,126	749,126	571,525	(177,601)
Call taking at City of Grand Rapids	1,384,000	1,465,000	1,351,970	(113,030)
Call taking at Kent County	<u>1,375,000</u>	<u>1,375,000</u>	<u>1,402,500</u>	<u>27,500</u>
Total expenditures	<u>3,508,126</u>	<u>3,589,126</u>	<u>3,325,995</u>	<u>(263,131)</u>
Revenues over expenditures	600,000	519,000	1,267,291	748,291
Other financing uses				
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net change in fund balance	-	(81,000)	667,291	748,291
Fund balance, beginning of year	<u>4,868,682</u>	<u>4,868,682</u>	<u>4,868,682</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,868,682</u>	<u>\$ 4,787,682</u>	<u>\$ 5,535,973</u>	<u>\$ 748,291</u>

The accompanying notes are an integral part of these basic financial statements.

KENT COUNTY DISPATCH AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Fire Dispatch/800mhz

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
County surcharge	\$ 5,681,507	\$ 5,681,507	\$ 3,234,645	\$ (2,446,862)
Investment income	-	-	11,276	11,276
Total revenues	5,681,507	5,681,507	3,245,921	(2,435,586)
Expenditures				
Public safety:				
General	3,666,732	3,666,732	214,073	(3,452,659)
Call taking at City of Grand Rapids	1,000,000	1,000,000	860,000	(140,000)
Call taking at Kent County	1,000,000	1,000,000	1,140,000	140,000
Total expenditures	5,666,732	5,666,732	2,214,073	(3,452,659)
Net change in fund balance	14,775	14,775	1,031,848	1,017,073
Fund balance, beginning of year	265,181	265,181	265,181	-
Fund balance, end of year	\$ 279,956	\$ 279,956	\$ 1,297,029	\$ 1,017,073

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO FINANCIAL STATEMENTS

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the *Kent County Dispatch Authority* (the “Authority”) conform to generally accepted accounting principles as applied to governmental units. The following is a summary of the significant policies.

Reporting Entity

The Kent County Dispatch Authority was formed by an intergovernmental agreement between the City of Grand Rapids, the City of Grandville, the City of Walker, the City of Wyoming, and the County of Kent on November 14, 2006. The Authority is a legal entity, separate and independent from the participating municipalities mentioned previously. The Authority is governed by a 13-member administrative policy board.

The Authority was created to improve the handling of 911 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. The surcharge was enacted on July 1, 2008 by the Kent County Board of Commissioners at a rate of \$.45 per device and later increased to \$1.15 through a voter approved ballot initiative. Through the intergovernmental agreement, the County has provided that all such revenue be provided to the Authority. State legislation which originally enabled the local surcharge was set to sunset on December 31, 2021, but was extended indefinitely through Public Act 51 of 2018.

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 all of the activities of the primary government. *Governmental activities* are supported by charges for services and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

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 government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period or one year for reimbursement-based grants and contracts. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Surcharge revenue, intergovernmental revenue, 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 government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The *fire dispatch/800mhz fund* is used to account for the services provided for fire/dispatching and for purchasing and implementation of 800mhz system.

The *capital projects fund* is used to account for and report financial resources that are committed for the purchase of capital assets. Although these funds are not externally restricted, the Board has formally approved the resources will be set aside for the purposes of capital replacement and maintenance.

Budgetary Data

The annual budget is prepared by the Authority and adopted by the Administrative Policy Board; subsequent amendments are approved by the Board. A comparison of actual results of operations to the budget as adopted by the Board is included in the financial statements.

The budget has been prepared in accordance with generally accepted accounting principles. The budget statement (statement of revenues, expenditures and changes in fund balance - budget and actual - general fund and special revenue fund) is presented at the legal level of control, which is at the activity level. For the year ended December 31, 2019, the budget was adopted prior to the commencement of the fiscal year, as required.

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

Excess of Expenditures Over Budget

During the year ended December 31, 2019, the Authority incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Expenditures	Budget Variance
General fund			
Public safety:			
Call taking at Kent County	\$ 1,375,000	\$ 1,402,500	\$ 27,500
Fire Dispatch/800mhz			
Public safety:			
Call taking at Kent County	1,000,000	1,140,000	140,000

Assets, Liabilities and Equity

Cash, Investments and Accrued Interest

Cash, investments and accrued interest are combined with the City of Wyoming, Michigan’s pooled cash and investments which is managed by the City’s Finance Department. Interest income is allocated monthly based on each participating fund’s average pooled cash and investments at the beginning and ending of the month. In addition, the Authority has a separate checking account primarily used as a receiving account for funds collected by Kent County and transferred to the Authority.

Investment income earned as a result of cash pooling is allocated to the appropriate accounts, including the Authority.

State statutes and the City of Wyoming, Michigan’s 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 December 31, 1997.

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

Due From Other Governments

Due from other governments consists entirely of amounts due from Kent County for the quarterly per capita payment from the State of Michigan, amounts collected on the local surcharge, and reimbursement for capital costs being financed by County general obligation bonds. No amounts are considered uncollectible at December 31, 2019.

Prepaid Items

The Authority incurred expenses prior to year-end for services that will be performed in the next fiscal year. Those services that are expected to be received within one year are expensed when paid. Services covering a period of greater than one year are recorded as an asset to reflect the investment in future services.

Capital Assets

Capital assets, which include equipment and infrastructure, are reported in the government-wide statements (statement of net position). Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date donated.

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.

Capital assets are recorded as capital expenditures at the time of purchase in the fund financial statements (statement of general fund revenues, expenditures and changes in fund balance) and are subsequently capitalized on the government-wide statements through an adjustment to the governmental fund activities column.

Depreciation is recorded over the estimated useful lives of the assets, using the straight-line method. The Authority is currently depreciating equipment over a five year useful life.

Fund Equity

Governmental funds report 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. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Administrative Policy Board. A formal resolution of the Board is required to establish, modify, or rescind a fund balance commitment. The Authority reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance has been delegated to the Finance Committee. Unassigned fund balance is the residual classification for the general fund.

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Authority's deposits and investments, presented as cash, investments and accrued interest in the statement of net position, consisted of the following:

Checking/savings accounts	\$ 19,897
Held in the City of Wyoming's cash and investment pool	<u>11,672,946</u>
Total cash, investments and accrued interest	<u>\$ 11,692,843</u>

Deposit and Investment Risk

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may 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, none of the Authority's bank balance of \$20,488 was exposed to credit risk because it was fully covered by FDIC insurance. Custodial credit risk for the balance held in the City of Wyoming cash and investment pool cannot be determined because the Authority's balance does not correspond to specific bank accounts. Information regarding custodial credit risk can be found in the City of Wyoming, Michigan's Comprehensive Annual Financial Report.

The Authority follows the investment policy of the City of Wyoming. The amount above shown as held in the City of Wyoming's cash and investment pool consist primarily of money market accounts, U.S. Treasury notes, municipal bond notes, federal agency mortgage backed securities, federal agency bond notes, and commercial paper which are carried at fair value. Investment risk and fair value disclosures for the above investments cannot be determined because the Authority's participation in the pool is not specifically identifiable. Information regarding interest rate risk, credit risk, and fair value can be found in the City of Wyoming, Michigan's Comprehensive Annual Financial Report.

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

3. CAPITAL ASSETS

Changes in the components of capital assets are summarized as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 20,164,949	\$ 60,114	\$ -	\$ -	\$ 20,225,063
Capital assets, being depreciated:					
Equipment	5,229,366	252,225	-	-	5,481,591
Less accumulated depreciation for:					
Equipment	(4,085,022)	(392,772)	-	-	(4,477,794)
Total capital assets being depreciated, net	1,144,344	(140,547)	-	-	1,003,797
Governmental activities capital assets, net	\$ 21,309,293	\$ (80,433)	\$ -	\$ -	\$ 21,228,860

Depreciation expense was allocated entirely to the public safety function in the statement of activities, which is the sole function for financial reporting purposes.

At December 31, 2019, the Authority had commitments for future construction projects in the amount of \$3,356,518. The project is being financed with general obligation, limited tax bonds issued by the County of Kent, Michigan in the amount of \$25,200,000. The bonds will be repaid with an additional surcharge on devices capable of accessing 911, approved by the voters in November 2016.

4. TRANSFERS

During the year ended December 31, 2019, the general fund made a transfer of \$600,000 the capital projects fund in order to set aside resources for future capital purchases and maintenance.

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions. The Authority has purchased commercial insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

KENT COUNTY DISPATCH AUTHORITY

Notes to Financial Statements

6. RELATED PARTY TRANSACTIONS

The Authority conducts a variety of transactions with the participating municipalities involved in establishment of the entity. The entire amount of program revenue received by the Authority has been passed-through from Kent County, a participating municipality, per Board of Commissioners resolution and an intergovernmental agreement. In addition, the Kent County Sheriff's Department and the City of Grand Rapids Police Department provide emergency call-taking services for the Authority and have been reimbursed for related training costs.

Expenses for the year ended December 31, 2019 for the above services were:

	Kent County	City of Wyoming	City of Grand Rapids	Totals
Emergency call-taking	\$ 2,542,500	\$ -	\$ 2,207,500	\$ 4,750,000
Administrative services	4,131	14,400	-	18,531
Totals	\$ 2,546,631	\$ 14,400	\$ 2,207,500	\$ 4,768,531

At year end, the amount due to related parties totaled \$2,968,971.

7. COMMITMENTS

On January 1, 2018 Authority has entered into a ten year contract with the Kent County Sheriff's Department and the Grand Rapids Police Department for emergency call-taking services and fire dispatch through December 31, 2028. The contract sum is allocated based on actual call volume and fire incidents. Expenditures under this contract for the year ended December 31, 2019 were \$4,750,000.

In addition, the Authority has entered into a multi-year contracts for maintenance and support services. Payments under this agreement for the year ended December 31, 2019 totaled \$435,650. Future minimum payments due on the above contracts are as follows:

Year Ended December 31,	Amount
2020	\$ 5,202,508
2021	5,121,697
2022	5,140,284
2023	5,159,798
2024	4,750,000
2025-2028	<u>19,000,000</u>
Totals	\$ <u>44,374,287</u>

KENT COUNTY DISPATCH AUTHORITY

■ Notes to Financial Statements

8. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the Authority's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the Authority for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak will not impact the Authority's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.



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INTERNAL CONTROL AND COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

April 21, 2020

Administrative Policy Board
Kent County Dispatch Authority
Grand Rapids, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the *Kent County Dispatch Authority* (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobarr LLC

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

April 21, 2020

Administrative Policy Board
Kent County Dispatch Authority
Grand Rapids, Michigan

We have audited the financial statements of the governmental activities and each major fund of the *Kent County Dispatch Authority* (the "Authority") as of and for the year ended December 31, 2019, and have issued our report thereon dated April 21, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 9, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated April 21, 2020.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on April 7, 2020.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Authority's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

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

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment B to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment A to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the Kent County Dispatch Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

KENT COUNTY DISPATCH AUTHORITY

Attachment A - Upcoming Changes in Accounting Standards / Regulations

For the December 31, 2019 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Authority in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Authority. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 87 ■ Leases

Effective 12/15/2020 (your FY 2020)

This standard establishes a single model for reporting all leases (including those previously classified as operating and capital). Lessees will now report offsetting intangible lease assets and lease liabilities equal to the present value of future lease payments. Lessors will report offsetting lease receivables and deferred inflows of resources.

GASB 89 ■ Accounting for Interest Cost Incurred before the End of a Construction Period

Effective 12/15/2020 (your FY 2020)

This standard eliminates the requirement for governments to capitalize interest during the construction period for business-type activities. As this simplifies the accounting for interest, early implementation is encouraged. We do not expect this standard to have any significant effect on the Authority.

GASB 91 ■ Conduit Debt Obligations

Effective 12/15/2021 (your FY 2021)

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is more likely than not that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the Authority.

GASB 92 ■ Omnibus 2020

Effective 06/15/2021 (your FY 2021)

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the Authority.



KENT COUNTY DISPATCH AUTHORITY

Attachment B - Management Representations

For the December 31, 2019 Audit

The following pages contain the written representations that we requested from management.

April 21, 2020

Rehmann Robson
2330 East Paris Ave.
Grand Rapids, MI 49546



This representation letter is provided in connection with your audit of the financial statements of the governmental activities and each major fund of **Kent County Dispatch Authority** (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and the budgetary comparison for the General Fund and the major special revenue fund of the Authority in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 21, 2020.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 9, 2020, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

9. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
11. All funds and activities are properly classified.
12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
13. All components of net position and fund balance classifications have been properly reported.
14. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Special items and extraordinary items have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
20. All required supplementary information is measured and presented within the prescribed guidelines.
21. In response to the novel coronavirus outbreak (COVID-19), subsequent to year end, the Governor issued various temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including non-essential government services, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disrupting and affecting the Authority's normal activities. The extent of the ultimate impact of the pandemic on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the Authority for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the Authority's financial position and the related financial consequences and duration are highly uncertain.

Information Provided

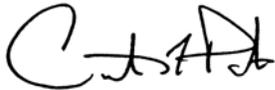
22. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
25. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
26. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
29. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
30. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
31. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
32. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
33. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
34. The government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
35. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
36. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Required Supplementary Information

37. With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



Curtis Holt, Chairperson



Jennifer DeHaan, Executive Director