HOWELL AREA FIRE AUTHORITY

Report on Audit of Financial Statements

For the Year Ended June 30, 2023

HOWELL AREA FIRE AUTHORITY

AUTHORITY BOARD MEMBERS

Michael Coddington - Chairperson
Sean Dunleavy - Vice Chairperson
Mark Fosdick - Secretary
Robert Hanvey - Treasurer
Robert Ellis - Trustee

OTHER AUTHORITY BOARD MEMBER (non-voting)

Laura Walker - Assistant Secretary/Assistant Treasurer

ATTORNEY

Gentry Nalley, PLLC

AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

November 20, 2023

Board of Trustees
Howell Area Fire Authority
1211 W. Grand River
Howell, Michigan 48843

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the component unit – special response team fund, for the Howell Area Fire Authority, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the component unit – special response team fund, of the Howell Area Fire Authority, Michigan as of June 30, 2023, 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 (GAAS). 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 Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these 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 error or fraud. 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. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 to the circumstances, but not for the purpose of expressing an opinion of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township'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 and budgetary comparison information on pages 8 - 10 and 47 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howell Area Fire Authority, Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Within this section of the Howell Area Fire Authority's annual financial report, the Authority's management is providing a narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Authority's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Authority's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The Authority's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Authority-wide statement of position presenting information that includes all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the Authority may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Authority's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Authority's distinct activities or functions on the revenues generated by the Authority.

Both government-wide financial statements distinguish governmental activities of the Authority that are intended to recover all or a significant portion of their costs through user fees and charges or by taxes collected. The Authority's financial reporting includes all the funds of the Authority and, additionally, organizations for which the Authority is accountable.

Fund Financial Statements

A fund is an accountable unit used to maintain control over resources segregated for specific activities or objectives. The Authority uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The Authority has one kind of fund, governmental fund. *Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Financial Analysis of the Authority as a Whole

The Authority's net position at the end of the fiscal year was $9,447,536. This is a $803,670 increase over last year's net position of $8,643,866.

The following tables provide a summary of the Authority's financial activities and changes in net position:

Summary of Net Position

	6/30/2023	6/30/2022
Assets		
Current and other assets	$ 6,121,587	$ 6,195,252
Capital assets	3,083,255	2,215,984
Other non-current assets	213,441	110,533
Total assets	9,418,283	8,521,769
Deferred outflows of resources		
Pension related activities	506,595	417,321
OPEB related activities	56,918	99,503
Total deferred outflows of resources	563,513	516,824
Liabilities		
Current and other liabilities	95,338	104,663
Non-current liabilities	430,346	114,738
Total liabilities	525,684	219,401
Deferred inflows of resources		
Pension related activities		148,305
OPEB related activities	8,576	27,021
Total deferred inflows of resources	8,576	175,326
Net position:		
Invested in capital assets	3,083,255	2,215,984
Unrestricted	6,364,281	6,427,882
Total net position	$ 9,447,536	$ 8,643,866

Summary of Changes in Net Position

	6/30/2023	6/30/2022
Revenues:		
Program revenues		
Operating grants and contributions	$ 3,469	$ 8,717
General revenues		
Property taxes	3,239,195	3,036,161
Other	148,236	95,660
Total revenues	3,390,900	3,140,538
Expenses for fire protection	2,587,230	2,394,606
Increase (decrease) in net position	803,670	745,932
Beginning net position	8,643,866	7,897,934
Ending net position	$ 9,447,536	$ 8,643,866

Changes in Financial Status and Analysis of Authority's Fund

Under fund accounting, the Authority's overall General Fund balance increased by $949,324. Management plans on building up the fund balance for future year purchases of equipment and keeping on top of its legacy costs for pension and OPEB liabilities.

Budgetary Highlights

The budget was adopted prior to the start of the fiscal year with amendments made as needed throughout the year. The Authority did not exceed budgeted appropriations in any category, as can be seen in the Required Supplementary Information on page 47.

Capital Asset and Debt Administration

The Authority received and capitalized a new engine which was paid for in fiscal year 2021; the amount, $525,617 was reported as a prepaid deposit in the prior year. The Authority also deposited $498,781 for a new rescue vehicle in fiscal year 2022 which was also reported as a prepaid deposit. These vehicles were received and capitalized in fiscal year ending 06/30/2023. The Authority also made purchases of a skid mounted pump ($2,904), a replacement HVAC system ($7,800) and a 2023 Chevy Tahoe ($45,116).

The Authority sold a fully depreciated 2004 Pierce engine for proceeds of $40,000 and disposed of a donated 2014 Ford ambulance which had a net book value of $1,754. The net gain on the disposal of the two items was $38,246.

The Authority's component unit Special Response Team did not make any major capital purchases for the year.

Economic Conditions and Future Activities

The Authority's operations are funded by a tax millage. A millage rate of 1.5 mills was approved by the electorate, which started December of 2012 and was renewed in the 2017 fiscal year. The taxable value increased by $153,735,297, 7.1% from December 2021 to December 2022 and is expected to increase significantly with a millage rate increase from 1.5 to 2.0.

Management believes with the increase in the millage rate to 2.0 mills, the Authority will have the required funds to maintain operations with increasing costs of personnel, capital, and other various operating expenses.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Authority's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Howell Area Fire Authority at 1211 W. Grand River, Howell, Michigan 48843.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HOWELL AREA FIRE AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government	Component Unit
	Governmental Activities	Special Response Team
ASSETS		
Cash and investments	$ 6,036,595	$ 232,533
Receivables	6,267	8,000
Inventory		1,341
Prepaid expenses	78,725	
Depreciable capital assets - net of depreciation	3,083,255	223,420
Net OPEB asset	213,441	
Total assets	9,418,283	465,294
DEFERRED OUTFLOWS OF RESOURCES		
Pension related activities	506,595	
OPEB related activities	56,918	
Total deferred outflows of resources	563,513	
LIABILITIES		
Accounts payable	38,622	965
Accrued expenses	56,716	
Other non-current liabilities		
Accrued compensated absences	59,980	
Net pension liability	370,366	
Total liabilities	525,684	965
DEFERRED INFLOWS OF RESOURCES		
OPEB related activities	8,576	
NET POSITION		
Invested in capital assets, net of related debt	3,083,255	223,420
Unrestricted	6,364,281	240,909
Total net position	$ 9,447,536	$ 464,329

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Component Unit**
Governmental activities:					
Fire protection	$ (2,587,230)	$	$ 3,469	$ (2,583,761)	$
Component Unit					
Special response team	$ (69,209)	$ 44,000	$		(25,209)
		General Revenues:			
		Property taxes		3,239,195	
		State grants		56,841	
		Investment earnings		26,725	23
		Refunds and reimbursements		23,125	
		Gain on sale of assets		38,246	
		Miscellaneous		3,299	
		Total general revenues		3,387,431	23
		Changes in net position		803,670	(25,186)
		Net position, July 1, 2022		8,643,866	489,515
		Net position, June 30, 2023		$ 9,447,536	$ 464,329

The notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

HOWELL AREA FIRE AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS AND COMPONENT UNIT
JUNE 30, 2023

		Component Unit
	General	Special Response Team Fund
ASSETS		
Cash and investments	$ 6,036,595	$ 232,533
Accounts receivable	6,267	8,000
Inventories		1,341
Prepaid expenditures	78,725	
Total assets	$ 6,121,587	$ 241,874
LIABILITIES		
Accounts payable	$ 12,626	$ 965
Due to others	25,996	
Accrued expenditures	10,299	
Accrued wages	60,212	
Total liabilities	109,133	965
FUND BALANCES		
Non-spendable		
Inventory		1,341
Prepaid expenditures	78,725	
Restricted	13,576	239,568
Committed	1,411,987	
Unassigned	4,508,166	
Total fund balances	6,012,454	240,909
Total liabilities and fund balances	$ 6,121,587	$ 241,874

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total fund balance per balance sheet		$ 6,012,454
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 funds.		
Historical cost	$ 5,727,118	
Depreciation	(2,643,863)	
Capital assets net of depreciation		3,083,255
Pension and OPEB related activities are not a consumption of current resources and therefore, are reported as deferred outflows (inflows) of resources in the Statement of Net Position.		
Net deferred outflows (inflows) of resources relating to pension	506,595	
Net deferred outflows (inflows) of resources relating to OPEB	48,342	
Total deferred outflows (inflows) of resources		554,937
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Employee compensated absences	(46,185)	
Net pension liability	(370,366)	
Net OPEB asset	213,441	
Net liabilities/assets		(203,110)
Net position of governmental activities		$ 9,447,536

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF SPECIAL RESPONSE TEAM COMPONENT UNIT TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total fund balance per balance sheet		$ 240,909
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 funds.		
Historical cost	$ 479,296	
Depreciation	(255,876)	
Capital assets net of depreciation		223,420
Net position of governmental activities		$ 464,329

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS AND COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2023

	General	Component Unit Special Response Team Fund
REVENUES		
Property taxes	$ 3,239,195	$
State grants	58,810	
Charges for services		44,000
Interest	26,725	23
Donations	1,500	
Proceeds from sale of capital asset	40,000	
Miscellaneous	26,424	
Total revenues	3,392,654	44,023
EXPENDITURES		
Current:		
Fire protection	2,387,510	
Special response		35,716
Capital outlay:		
Fire protection	55,820	
Total expenditures	2,443,330	35,716
Net changes in fund balances	949,324	8,307
FUND BALANCE, JULY 1, 2022	5,063,130	232,602
FUND BALANCE, JUNE 30, 2023	$ 6,012,454	$ 240,909

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Net Change in Fund Balance per Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds		$ 949,324
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The current year activity is as follows:		
Capital outlay purchased	$ 55,820	
Net gain on sale of assets	(1,754)	
Depreciation expense	(202,193)	
Totals		(148,127)
Some expenses in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds:		
Change in accrued compensated absences	(5,806)	
Change in net pension liability and related activity	(70,489)	
Change in Net OPEB Liability and related activity	78,768	
Totals		2,473
Change in net position of governmental activities		$ 803,670

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF SPECIAL RESPONSE TEAM COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Net Change in Fund Balance per Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds	$	8,307
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The current year activity is as follows:		
Depreciation expense		(33,493)
Change in net position of governmental activities	$	(25,186)

The notes are an integral part of the financial statements.

FIDUCIARY FUNDS

HOWELL AREA FIRE AUTHORITY

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	OPEB and Employee Benefit Trusts
ASSETS	
Cash and investments	$ 1,046,226
NET POSITION	
Restricted - held in trust for pension and employee benefits	$ 1,046,226

The notes are an integral part of the financial statements.

HOWELL AREA FIRE AUTHORITY

FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2023

	OPEB and Employee Benefit Trusts
ADDITIONS	
Contributions	$ 75,000
Interest, investment revenue and losses	71,413
Total additions	146,413
DEDUCTIONS	
Administrative costs	1,774
Change in net position	144,639
NET POSITION, JULY 1, 2022	901,587
NET POSITION, JUNE 30, 2023	$ 1,046,226

The notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Howell Area Fire Authority was organized under Public Act No. 57, of the Public Acts of 1988, as amended in December of 2001. The Authority approved a fiscal year-end date of June 30. The purpose of the Authority is to provide fire protection and other emergency health and safety services. The governing board of the Authority is made up of five voting members and one non-voting board member (assistant secretary-treasurer). The five voting board members come from the following incorporating municipalities:

- City of Howell
- Cohoctah Township
- Marion Township
- Oceola Township
- Howell Township

The sixth board member is elected by the five voting members to serve as the assistant secretary-treasurer. Each voting board member is selected by its respective municipality board of trustees.

The board members appoint its officers.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Standards, these financial statements present all activities of the Authority. The Special Response Team Fund is a component unit of the Authority. Area fire departments contribute to this fund and the Special Response Team Board is comprised of individuals appointed by Livingston County.

B. BASIC FINANCIAL STATEMENTS

In accordance with GASB Standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Authority as a whole. All activities are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes fixed assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Net Position reports all financial and capital resources of the Authority. It is displayed in a format of assets plus deferred outflows of resources less liabilities and deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Authority are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include: 1) charges to customers or users who purchase, use, or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined with the General Fund into a single opinion unit.

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 general government, except those required to be accounted for in another fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenues considered susceptible to accrual include: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.

2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

3. Disbursements for the purchase of capital assets providing future benefits is considered expenditures. Any bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Authority's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

D. CAPITAL ASSETS

Under GASB Standards, all capital assets are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds' financial statements.

Capital assets are defined as assets with an initial, individual cost of more than $2,000 for building improvements, equipment, vehicles, and fire trucks and $5,000 for land improvements and buildings. The estimated useful life must be greater than one year for each asset. Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

E. MANAGEMENT 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. Accordingly, actual results could differ from those estimates.

F. BUDGETS

An annual operating budget on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America is formally adopted for the General, Capital Reserve, and Site - Building Reserve, and Retiree Health Care Reserve Funds. The budget can be amended by approval from the Authority's Board. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. All annual appropriations lapse at the fiscal year end.

G. RISK MANAGEMENT

The Authority is exposed to various risks of loss pertaining to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage for the past several years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. ACCRUED COMPENSATED ABSENCES

The Authority has recorded a liability for compensated absences of the fire department. The policies regarding compensated absences are outlined in the Authority's "Rules of Employment."

I. FUND EQUITY

In the fund financial statements, under GASB Standards, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

- Committed - Amounts that have been formally set aside by the Authority board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Authority board.

- Assigned - Intent to spend resources on specific purposes expressed by the Board or the Fire Chief who are authorized by policy approved by the Board to make assignments. All current year assignments have been made by the Fire Chief or Board.

- Unassigned - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

J. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as deposits and short-term investments with an original maturity of less than three months.

K. DEFINED BENEFIT PENSION PLANS

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

Under GASB Standards, the Authority is reporting deferred outflows (previously called assets) and deferred inflows (previously called liabilities) in the Statement of Net Position (Government-Wide Statement) and in the Balance Sheet (Fund Statement). These separate financial statement elements, which meet the definition of deferred outflows and inflows, are not considered assets or liabilities.

Deferred outflows of resources represent a consumption of net position that applies to a future period. The element will not be recognized as an expense and (or) expenditure until the time restriction is met.

Deferred inflows of resources represent an acquisition of net position that applies to a future period. The element will not be recognized as revenue until the time restriction is met.

For the year ended June 30, 2023, the Authority records deferred outflows/(inflows) of resources on the Statement of Net Position relating to pension and OPEB differences from expected investment returns compared to actual, changes in experience, differences in actuarial assumptions, and contributions made subsequent to the Net Pension Liability measurement date and the Net OPEB Liability measurement date. Detailed information for these deferred outflows and inflows can be found in these notes to the financial statements for Defined Benefit Pension and Defined Benefit OPEB plans.

NOTE 2 - TAX MILLAGE

The Authority levied a 1.4118 (rolled back from 1.5 by Headlee) millage on all taxable property in the five-member municipalities which make up the Authority. The Authority approved a six-year millage, starting December of 2017 and ending December 2022. Taxable value for the December 2022 levy was $2,310,283,240. Voters approved an (8) eight year millage at 2.0 mills starting December 2023.

NOTE 3 – CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The deposits are in accordance with statutory authority.

The investment policy adopted by the Authority board was made in accordance with Public Act 196 of 1997. The Authority's investment policy allows for the previously aforementioned investments under MCL 129.91.

As of June 30, 2023, cash and investments consist of the following:

	Howell Area Fire Authority	Fiduciary Fund OPEB Trust Fund	Component Unit Special Response	Total
Deposits				
Checking accounts	$ 309,787	$	$ 9,587	$ 319,374
Money market accounts	478,675		222,946	701,621
Savings accounts	4,703,504			4,703,504
Total deposits	5,491,966		232,533	5,724,499
Investments				
MBIA	547,590			547,590
RHFV		1,046,226		1,046,226
Total cash and investments	$ 6,039,556	$ 1,046,226	$ 232,533	$ 7,318,315

The carrying amounts of cash and investments are stated at $6,036,595 for the Authority funds and $232,533 for the component unit as of June 30, 2023. The difference between the carrying amounts and amounts mentioned above stem from cash on hand and outstanding items.

NOTE 3 – CASH AND INVESTMENTS (continued)

Deposits - Custodial Credit Risk

This is the risk that in the event of a bank failure, the Authority will not be able to recover its deposits. The Authority does not have a deposit policy for custodial credit risk. The Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

As of June 30, 2023, deposits in banks totaled $5,724,498 which was exposed to custodial credit risk as follows:

	Howell Area Fire Authority	Fiduciary Fund OPEB Trust Fund	Component Unit Special Response	Total
Insured by FDIC	$ 964,811	$	$ 232,533	$ 1,197,344
Uninsured and uncollateralized	4,527,155			4,527,155
	$ 5,491,966	$	$ 232,533	$ 5,724,499

The Authority's investment policy does not address this risk.

According to the FDIC insurance for Government accounts, there is up to $250,000 insured for the combined amount of all time and savings accounts (including NOW accounts), and up to $250,000 for the combined amount of all demand deposit accounts.

NOTE 4 - FUND EQUITY INFORMATION

As of June 30, 2023 the Authority's fund equity was categorized as follows under GASB Standards:

	General	Component Unit
Non-spendable		
Prepaid expenditures/Inventory	$ 78,725	1,341
Restricted		
Special Response Team		239,568
General reserve	1,414	
See in the Dark	950	
Smoke alarms	8,387	
AED's	941	
Honor Guard	1,884	
Total restricted	13,576	239,568
Committed		
Capital improvements	1,411,987	
Unassigned	4,508,166	
Total fund equity	$ 6,012,454	$ 240,909

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Additions	Deletions	Re-Classifications	Balance 6/30/2023
Governmental Activities:					
Capital assets being depreciated					
Buildings	$ 1,846,765	$	$	$	$ 1,846,765
Leasehold improvements	53,637	7,800			61,437
Vehicles and equipment	3,133,589	1,063,418	(378,091)		3,818,916
Total capital assets being depreciated	5,033,991	1,071,218	(378,091)		5,727,118
Less accumulated depreciation for					
Buildings	(176,203)	(48,921)			(225,124)
Leasehold improvements	(34,488)	(3,480)			(37,968)
Vehicles and equipment	(2,607,316)	(149,792)	376,337		(2,380,771)
Total accumulated depreciation	(2,818,007)	(202,193)	376,337		(2,643,863)
Net capital assets	$ 2,215,984	$ 869,025	$ (1,754)	$	$ 3,083,255

The Authority previously paid $525,617 for a new fire engine that was not received prior to the prior fiscal year end. The Authority paid another deposit of $489,781 for a second fire engine. Both engines were received and capitalized in the current fiscal year. The Authority also made purchases of a skid mounted pump ($2,904), a replacement HVAC system ($7,800) and a 2023 Chevy Tahoe ($45,116).

The Authority sold a fully depreciated 2004 Pierce engine for proceeds of $40,000 and disposed of a donated 2014 Ford ambulance which had a net book value of $1,754. The net gain on the disposal of the two items was $38,246.

Depreciation expense is being recorded for fire protection services. The Authority utilizes the straight-line method to depreciate capital assets over their estimated useful lives.

	Balance 7/1/2022	Additions	Deletions	Re-Classifications	Balance 6/30/2023
Component Unit - Special Response Team:					
Capital assets being depreciated					
Vehicle and equipment	$ 479,296	$	$	$	$ 479,296
Less accumulated depreciation	(222,383)	(33,493)			(255,876)
Net capital assets	$ 256,913	$ (33,493)	$	$	$ 223,420

Depreciation expense is recorded for fire Special Response services. The Authority utilizes the straight-line method to depreciate capital assets over their estimated useful lives.

The Authority has no outstanding long-term debt.

NOTE 6 - LEASE AGREEMENTS - (BUILDINGS)

The Authority has lease agreements with the following municipalities for buildings which house offices, equipment, and vehicles.

LESSOR

1. City of Howell - Fire station
2. Marion Township - Fire Station
3. Cohoctah Township - Fire Station
4. Oceola Township - Fire Station

The lease fee is $1 per year for each of the four (4) leases. Management does not foresee any changes in the next several years with the four lease agreements. These leases currently have various end dates from 2027-2029.

NOTE 7 - DEFINED BENEFIT 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 financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com and is available to the public.

Description of Plan Benefits

Benefits Provided

The defined benefit plan has two divisions. Division 05 is open to all full-time employees while Division 50, for administrative employees, has been closed. The plan calls for benefits to be paid for both divisions as 2.5% of the final average compensation for each year of service, with a maximum of 80%. Final average compensation is calculated based on the employee's final 3 years of wages. The plan has a vesting period of 10 years, with normal retirement at age 60. Early retirement is available with reduced benefits eligible at age 55 with 15 years of continuous service or age 50 with 25 years of continuous service. Early retirement is available with no reduction in benefits at age 55 with 25 years of service.

Employees covered by benefit terms

At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	
Active employees	8
	11

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Contributions

The Authority 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 actuarially determined rate for the year ended June 30, 2023 for Division 05 was 18.51% of covered wages for the Authority and 2.68% for employees. The actuarially determined rate for Division 50 was $846 for the year ended June 30, 2023 with no required employee contribution as the plan is closed.

Net Pension Liability

The total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2022.

Actuarial assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%.
Salary Increase: 3.00% in the long term.
Investment rate of return: 7.00%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with price inflation of 2.5%.

Mortality rates used were based on the 2014 Healthy Annuitant Mortality Table, Employee Mortality Table, and Juvenile Mortality Table with a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2014 to 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Target Allocation Gross Rate of Return		Long-Term Expected Real Rate of Return
Global Equity	60.00%	x	7.00%	=	4.20%
Global Fixed Income	20.00%	x	4.50%	=	0.90%
Private Investments	20.00%	x	9.50%	=	1.90%
Total					7.00%

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.25% for 2022. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	$ 2,203,759	$ 2,141,461	$ 62,298
Changes for the year			
Service Cost	91,492		91,492
Interest on Total Pension Liability	159,201		159,201
Changes in Benefits			
Difference between expected and actual experience	36,574		36,574
Changes in assumptions			
Employer Contributions		188,224	(188,224)
Employee Contributions		16,530	(16,530)
Net Investment Income		(221,477)	221,477
Benefit payments, including employee refunds	(107,247)	(107,247)	
Administrative expense		(4,077)	4,077
Other Changes	1		1
Net Changes	180,021	(128,047)	308,068
Balance at 12/31/2022	$ 2,383,780	$ 2,013,414	$ 370,366

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability at 12/31/2022	$ 370,366	$ 370,366	$ 370,366
Change in Net Pension Liability (NPL) from change in discount rate	304,208		(255,036)
Calculated NPL	$ 674,574	$ 370,366	$ 115,330

Note: The current discount rate shown for GASB 68 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.

NOTE 7 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended June 30, 2023, the Authority recognized pension expense of $194,795. The Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences in experience	$ 133,046	$	$ 133,046
Differences in assumptions	130,397		130,397
Excess (Deficit) of Investment Returns	180,053		180,053
Total deferred outflows (inflows) to be amortized	443,496		443,496
Contributions subsequent to the measurement date	63,099		63,099
Total deferred outflows (inflows)	$ 506,595	$	$ 506,595

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

Fiscal Year Ended June 30,	Expense
2024	$ 82,042
2025	81,787
2026	96,916
2027	121,932
2028	37,248
Thereafter	23,571
Total	$ 443,496

The amounts 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 ended June 30, 2023.

NOTE 8 – DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PENSION PLANS

The Authority participates in a MERS Deferred Compensation plan (Sec. 457), Division #400354, for part-time employees. Under the plan, the employees are permitted to contribute pre-tax dollars up to the Internal Revenue Service limit from his or her payroll.

The Authority requires eligible part-time employees to contribute 1% of gross wages and as a benefit to employees, the Authority matches the employees' additional Sec. 457 contributions, up to 5% of gross wages. Employer and employee contributions to the plan for the year ended June 30, 2023 were $19,140 and $28,066, respectively.

The Authority also participates in a MERS Defined Contribution Plan (Sec. 457), Division #400355, for full-time firefighters. Firefighters that participate in the Authority's defined benefit pension plan are eligible to contribute pre-tax dollars up to the Internal Revenue Service limit to the MERS Sec. 457 plan. The Authority does not contribute to the MERS 457 plan on behalf of the full-time firefighters. Employee contributions for the plan were $45,458 for the year ended June 30, 2023.

NOTE 9 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Howell Area Fire Authority OPEB Plan and additions to/deductions from the Fire Authority's fiduciary net position have been determined on the same basis as they are reported by the Howell Area Fire Authority. 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.

Plan Description

The Howell Area Fire Authority OPEB Plan is a single employer plan established and administered by the Howell Area Fire Authority and can be amended at its discretion.

Benefits Provided

Full time firefighters are eligible for the Howell Area Fire Authority OPEB plan upon reaching the age of 55 with at least 15 years of service or at any age after 25 years of service.

For full time employees hired prior to January 1, 2009, the Authority will pay a portion of the retiree premiums up to Medicare eligibility, and a portion of Medicare Part B premiums based on years of service at retirement according to the following schedule:

Years of Credited Service	HAFA Share of Premium Cost	Beneficiary Share of Premium Cost
20 +	100%	0%
19	95%	5%
18	90%	10%
17	85%	15%
16	80%	20%
15	75%	25%
10 - 14	0%, but participation in group plan is available	100%

For full time employees hired after January 1, 2009, the Authority will pay a portion of the retiree premiums based on service at retirement according to the above table up to Medicare Eligibility. The Authority will not pay any benefits after Medicare Eligibility. Spousal coverage is available at the full expense of the retiree for all eligible employees.

Summary of Plan Participants

As of June 30, 2023, the Retirement Plan membership consisted of the following:

Inactive plan members currently receiving benefits	3
Active employees	7
Total	10

NOTE 9 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Contributions

The Howell Area Fire Authority OPEB Plan was established and is being funded under the authority of the Fire Authority. The plan's funding policy is that the employer will make contributions using the annual required contribution as a guide. There are no long-term contracts for contributions to the plan and the plan has no legally required reserves. Active plan members are currently not obligated to make contributions to the plan. Currently, benefit payments are made from general operating funds. There are no long-term contracts for contributions to the plan.

Assumptions and Methods

The Fire Authority's OPEB liability was measured as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The following actuarial assumptions were used in the measurement:

Inflation:	2.5%
Salary increases:	2.0%
Investment rate of return:	7.00% including inflation
20-year Aa Municipal rate	4.13% (S&P Municipal Bond 20-Year High Grade Rate Index)
Mortality:	Public General and Public Safety 2010 Employee and Healthy Retirees, Headcount Weighted. Others: 2010 Public General Employees and Healthy Retirees, Headcount weighted
Improvement Scale	MP-2021

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation		Target Allocation Gross Rate of Return		Long-Term Expected Gross Rate of Return
Global Equity	60.00%	x	4.50%	=	2.70%
Global Fixed Income	20.00%	x	2.00%	=	0.40%
Private Investments	20.00%	x	7.00%	=	1.40%
Total					4.50%
Inflation					2.50%
Assumed Rate of Return					7.00%

The sum of each target allocation times its long-term expected rate is 7.00%.

NOTE 9 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the employer would make contributions consistent with the actuarially determined contribution. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable to this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate used for prior actuarial valuations was 7.35%.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at 6/30/2022	$ 791,054	$ 901,587	$ (110,533)
Changes for the year			
Service cost	24,761		24,761
Interest on total OPEB liability	55,966		55,966
Changes in benefits			
Difference between expected and actual experience	(18,663)		(18,663)
Changes in assumptions	12,262		12,262
Employer contributions		75,000	(75,000)
Employer contributions (benefits paid)		32,595	(32,595)
Employee contributions			
Net investment income		71,413	(71,413)
Benefit payments, including employee refunds	(32,595)	(32,595)	
Administrative expense		(1,774)	1,774
Other changes			
Net changes	41,731	144,639	(102,908)
Balance at 6/30/2023	$ 832,785	$ 1,046,226	$ (213,441)

NOTE 9 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following tables present the Net OPEB Liability (NOL) calculated using the healthcare claims trend assumption and the discount rate assumption at a rate 1% higher or 1% lower than the base assumptions, as described in the significant assumptions section of the required supplementary information.

Discount

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability at 6/30/2023	$ (213,441)	$ (213,441)	$ (213,441)
Change in Net OPEB Liability (NOL) from change in discount rate	87,780		(75,043)
Calculated NOL	$ (125,661)	$ (213,441)	$ (288,484)

Trend

	1% Decrease 7.25%	Current Trend Rate 8.25%	1% Increase 9.25%
Net OPEB Liability at 6/30/2023	$ (213,441)	$ (213,441)	$ (213,441)
Change in Net OPEB Liability (NOL) from change in trends	(95,455)		114,152
Calculated NOL	$ (308,896)	$ (213,441)	$ (99,289)

Components of Fire Authority's OPEB Expense for the Fiscal Year Ending June 30, 2023

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending June 30, 2023
Service Cost (Beginning of Year)	$ 24,761
Interest on Total OPEB Liability	55,966
Experience (Gains)/Losses	7,825
Changes of Assumptions	(6,183)
Employee Contributions	
Projected Earnings on OPEB Plan Investments	(65,674)
Investment Earnings (Gains)/Losses	10,358
Administrative Expenses	1,774
Other Changes in Fiduciary Net Position	
Total OPEB Expense	$ 28,827

NOTE 9 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences in experience	$ 45,956	$ (22,667)	$ 23,289
Differences in assumptions	75,189	(83,765)	(8,576)
Excess (Deficit) of Investment Returns	91,819	(58,190)	33,629
Total deferred outflows (inflows) to be amortized	$ 212,964	$ (164,622)	$ 48,342

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

Fiscal Year Ended June 30,	Expense
2024	$ 8,770
2025	2,066
2026	36,317
2027	1,189
Total	$ 48,342

Reconciliation of Net OPEB Liability

	Net OPEB Liability
Net OPEB Liability (Asset) June 30, 2022	$ (110,533)
Total OPEB Expense	28,827
Contributions	(107,595)
Change in deferred outflows of resources	(42,921)
Change in deferred inflows of resources	18,781
Net OPEB Liability (Asset) June 30, 2023	$ (213,441)

Total OPEB Liability by Participant Status

	2022
Active participants	$ 536,116
Inactive participants receiving benefits	296,669
Total	$ 832,785

NOTE 10 - LEASES

The Authority previously implemented the Governmental Accounting Standards Board (GASB) Standard No. 87, *Leases*, which is intended to improve the accounting and financial reporting of leases for the Authority.

This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard requires a lessee to recognize a lease liability and right-to-use lease asset and requires a lessor to recognize a lease receivable and a deferred inflow of resources. The Authority does not recognize leases with a term of 12 months or less ("short term leases") on the Statement of Net Position.

The Authority has determined that this standard has no material impact on the Authority's financial statement.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2023 , which is the date the financial statements were available to be issued.

Management has determined that the Authority does not have any materially recognizable or non-recognizable subsequent events.

NOTE 12 – GASB 77 – PROPERTY TAX ABATEMENTS

The Authority received reduced property tax revenues during the year ending June 30, 2023, as a result of industrial facilities tax (IFT) exemption (PA 198 of 1974) in Howell Township and the City of Howell. The Authority also has some obsolete property rehabilitation act (OPRA) exemptions (PA 146 of 2000) in the City of Howell, which reduces property tax revenue for the Authority.

For the fiscal year ending June 30, 2023, tax losses amounted to just under $10,000 for IFT exemptions and $1,000 for OPRA exemptions for approximate total tax losses of $11,000. As it currently stands, these exemptions mature throughout the year 2031. The Authority does not have any other significant tax abatements in the member municipalities or other governments that reduce the Authority's tax revenue.

NOTE 13 - NEWLY ADOPTED ACCOUNTING STANDARDS

GASB 96 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-based Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based technology arrangements (SBITAs) for government end users (governments). This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The Authority implemented this standard for the year ended June 30, 2023, and has determined that it has no materially recognizable SBITA's.

NOTE 14 – UNION NEGOTIATIONS

The part-time fire fighters (10 employees) were members of the Michigan Association of Fire Fighters (MAFF) Union.

In fiscal year ended June 30, 2023, the members voted to approve decertification of the union.

NOTE 15 – UPCOMING GASB STANDARDS

GASB 100 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

In June, 2022, the GASB Issued Statement No. 100, *Accounting Changes and Error Corrections an amendment on GASB Statement No. 62.* This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

GASB 101 – COMPENSATED ABSENCES

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted in the 2025 fiscal year.

OTHER GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Standard No. 91, 92, 93, 94, 97, and 98 with implementation dates upcoming in the next few fiscal years. The Authority has assessed the impact of these standards and does not believe they will have any impact on the Authority's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HOWELL AREA FIRE AUTHORITY

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amount			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES	$ 3,169,500	$ 3,169,500	$ 3,352,654	$ 183,154
EXPENDITURES				
Personnel	2,265,100	2,265,100	1,952,027	313,073
Professional fees	82,500	90,500	71,120	19,380
Insurance - liability	47,000	51,000	48,974	2,026
Supplies	48,000	58,000	54,354	3,646
Equipment and capital outlay	908,500	179,500	104,375	75,125
Communications	18,000	31,000	28,717	2,283
Uniforms	45,000	45,000	32,704	12,296
Training	24,500	18,500	9,448	9,052
Repairs and maintenance	73,500	73,500	63,179	10,321
Unallocated	39,200	39,200	15,200	24,000
City Station #20	42,001	42,001	33,608	8,393
Oceola Township Fire Station #22	19,401	19,401	13,431	5,970
Marion Township Station #23	13,001	13,001	7,861	5,140
Cohoctah Township Station #24	14,401	14,401	8,332	6,069
Total expenditures	3,640,104	2,940,104	2,443,330	496,774
Excess of revenues over (under) expenditures	(470,604)	229,396	909,324	679,928
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	25,000	25,000	40,000	15,000
Transfers in	450,000	375,000	375,000	
Transfers out		(375,000)	(375,000)	
Total other financing sources (uses)	475,000	25,000	40,000	15,000
Net changes in fund balance	4,396	254,396	949,324	694,928
FUND BALANCE, JULY 1, 2022	5,063,130	5,063,130	5,063,130	
FUND BALANCE, JUNE 30, 2023	$ 5,067,526	$ 5,317,526	$ 6,012,454	$ 694,928

HOWELL AREA FIRE AUTHORITY

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Employer Contributions

	For the Plan Year Ended December 31,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarial determined contributions	$ 113,224	$ 80,263	$ 61,764	$ 46,605	$ 41,452	$ 40,251	$ 37,213	$ 39,703	$ 45,196
Contributions in relation to the actuarial determined contribution	188,224	310,263	61,764	46,605	41,452	40,251	93,542	160,340	45,196
Contribution deficiency (excess)	$ (75,000)	$ (230,000)	$	$	$	$	$ (56,329)	$ (120,637)	$
Covered employee payroll	$ 588,370	$ 520,595	$ 460,694	$ 434,956	$ 368,176	$ 360,276	$ 350,421	$ 334,155	$ 340,538
Contributions as a percentage of covered payroll	31.99%	59.60%	13.41%	10.71%	11.26%	11.17%	26.69%	47.98%	13.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

HOWELL AREA FIRE AUTHORITY

DEFINED BENEFIT PENSION PLAN
NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

Notes to the Schedule of Employer Contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	
Unfunded actuarial liability - Division 05	23 years
Gain/(loss) on investments - Division 05	19 - 22 years
Change in assumptions - Division 05	19 years
Change in experience - Division 05	16 - 18 years
Unfunded actuarial liability - Division 50	16 years
Gain/(loss) on investments - Division 50	10 - 14 years
Change in assumptions - Division 50	10 years
Change in experience - Division 50	10 years
Asset valuation method	5 years smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%
Retirement age	Age 60, with early retirement at age 55 with 15 years of service or 50 with 25 years of service with reduced benefits. Early retirement eligible with no reduced benefits at age 55 with 25 years of service.
Mortality	50% Female/50% Male 2014 Healthy Annuitant Annuity Mortality Table, Employee Mortality table, and Juvenile Mortality table

Previous Actuarial Methods and Assumptions

A ten-year smoothed valuation of assets. Inflation was estimated at 3.5%, salary increases were estimated at 3.75%, and the investment rate of return was estimated at 7.35%.

HOWELL AREA FIRE AUTHORITY

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	For the Plan Year Ended December 31,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
TOTAL PENSION LIABILITY (TPL)									
Service Cost	$ 91,492	$ 77,308	$ 64,359	$ 58,284	$ 48,820	$ 47,917	$ 46,816	$ 42,605	$ 43,419
Interest	159,201	148,561	129,457	116,051	114,574	107,326	100,346	85,979	79,417
Changes in benefit terms									
Differences between expected and actual experience	36,574	27,897	88,039	24,137	(3,075)	5,145	9,790	92,680	
Changes of assumptions		87,521	57,939	45,181				53,554	
Benefit payments, including refunds of employee contributions	(107,247)	(107,247)	(82,575)	(70,239)	(70,238)	(70,239)	(70,239)	(59,299)	(26,479)
Other changes	1		1	6,109					
Net change in total pension liability	180,021	234,040	257,220	179,523	90,081	90,149	86,713	215,519	96,357
TOTAL PENSION LIABILITY - BEGINNING	2,203,759	1,969,719	1,712,499	1,532,976	1,442,895	1,352,746	1,266,033	1,050,514	954,157
TOTAL PENSION LIABILITY - ENDING	$ 2,383,780	$ 2,203,759	$ 1,969,719	$ 1,712,499	$ 1,532,976	$ 1,442,895	$ 1,352,746	$ 1,266,033	$ 1,050,514
PLAN FIDUCIARY NET POSITION									
Contributions - employer	$ 188,224	$ 310,263	$ 61,764	$ 46,605	$ 41,452	$ 40,251	$ 93,542	$ 160,340	$ 45,196
Contributions - employee	16,530	13,965	12,767	10,707	9,867	9,655	9,391	8,591	8,507
Net investment income	(221,477)	260,807	193,477	179,732	(54,866)	165,880	125,622	(16,201)	59,281
Benefit payments, including refunds of employee contributions	(107,247)	(107,247)	(82,575)	(70,239)	(70,238)	(70,239)	(70,239)	(59,299)	(26,479)
Administrative Expenses	(4,077)	(2,969)	(3,013)	(3,097)	(2,713)	(2,625)	(2,487)	(2,337)	(2,191)
Net change in plan fiduciary net position	(128,047)	474,819	182,420	163,708	(76,498)	142,922	155,829	91,094	84,314
PLAN FIDUCIARY NET POSITION, BEGINNING	2,141,461	1,666,642	1,484,222	1,320,514	1,397,012	1,254,090	1,098,261	1,007,167	922,853
PLAN FIDUCIARY NET POSITION, ENDING	$ 2,013,414	$ 2,141,461	$ 1,666,642	$ 1,484,222	$ 1,320,514	$ 1,397,012	$ 1,254,090	$ 1,098,261	$ 1,007,167
NET PENSION LIABILITY									
(TOTAL PENSION LIABILITY - PLAN FIDUCIARY NET POSITION	$ 370,366	$ 62,298	$ 303,077	$ 228,277	$ 212,462	$ 45,883	$ 98,656	$ 167,772	$ 43,347
Plan fiduciary net position as a percentage of TPL	84.46%	97.17%	84.61%	86.67%	86.14%	96.82%	92.71%	86.75%	95.87%
Covered employee payroll	$ 588,370	$ 520,595	$ 460,694	$ 434,956	$ 368,176	$ 360,276	$ 350,421	$ 334,155	$ 340,538
Net pension liability as a percentage of covered employee payroll	62.95%	11.97%	65.79%	52.48%	57.71%	12.74%	28.15%	50.21%	12.73%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

HOWELL AREA FIRE AUTHORITY

DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

	For the Plan Year Ended June 30,					
	2023	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost (End of Year)	$ 24,761	$ 24,981	$ 25,927	$ 26,759	$ 47,446	$ 47,446
Amortization of unfunded liability	(15,642)	(21,913)	11,253	(18,594)	36,075	34,475
Actuarially Determined Employer Contribution	9,119	3,068	37,180	8,165	83,521	81,921
Contributions in relation to the actuarial determined contribution	(107,595)	(105,569)	114,014	28,768	351,790	75,955
Contribution deficiency (excess)	$ 116,714	$ 108,637	$ (76,834)	$ (20,603)	$ (268,269)	$ 5,966
Covered employee payroll	$ 645,616	$ 634,989	$ 546,516	$ 460,969	$ 412,239	$ 1,035,096
Contributions as a percentage of covered payroll	-16.67%	-16.63%	20.86%	6.24%	85.34%	7.34%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

HOWELL AREA FIRE AUTHORITY

DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	For the Plan Year Ended June 30,					
	2023	**2022**	**2021**	**2020**	**2019**	**2018**
TOTAL OPEB LIABILITY						
Service Cost	$ 24,761	$ 24,981	$ 25,927	$ 26,759	$ 47,446	$ 45,564
Interest	55,966	53,983	53,013	36,343	26,273	24,443
Differences between expected and actual experience	(18,663)	(8,893)	(5,907)	103,419	2,750	
Changes of assumptions	12,262	26,792	(31,097)	113,521	(193,963)	
Benefit payments, including refunds of employee contributions	(32,595)	(30,569)	(25,014)	(28,768)	(29,254)	(25,955)
Net change in total OPEB liability	41,731	66,294	16,922	251,274	(146,748)	44,052
TOTAL OPEB LIABILITY - BEGINNING	791,054	724,760	707,838	456,564	603,312	559,260
TOTAL OPEB LIABILITY - ENDING	$ 832,785	$ 791,054	$ 724,760	$ 707,838	$ 456,564	$ 603,312
PLAN FIDUCIARY NET POSITION						
Contributions to OPEB trust	$ 75,000	$ 75,000	$ 89,000	$	$ 351,790	$ 50,000
Contributions (benefits paid)	32,595	30,569	25,014	28,768	29,254	25,955
Net investment income	71,413	(74,214)	182,084	14,447	16,932	14,965
Benefit payments, including refunds of employee contributions	(32,595)	(30,569)	(25,014)	(28,768)	(29,254)	(25,955)
Administrative Expenses	(1,774)	(1,625)	(1,349)	(1,133)	(867)	(504)
Net change in plan fiduciary net position	144,639	(839)	269,735	13,314	367,855	64,461
PLAN FIDUCIARY NET POSITION, BEGINNING	901,587	902,426	632,691	619,377	251,522	187,061
PLAN FIDUCIARY NET POSITION, ENDING	$1,046,226	$ 901,587	$ 902,426	$ 632,691	$ 619,377	$ 251,522
NET OPEB LIABILITY (TOTAL OPEB LIABILITY - PLAN FIDUCIARY NET POSITION)	$ (213,441)	$ (110,533)	$ (177,666)	$ 75,147	$ (162,813)	$ 351,790
Plan fiduciary net position as a percentage of the total OPEB liability	125.63%	113.97%	124.51%	89.38%	135.66%	41.69%
Covered employee payroll	$ 645,616	$ 634,989	$ 546,516	$ 460,969	$ 412,239	$ 1,035,096
Net OPEB liability as a percentage of covered employee payroll	-33.06%	-17.41%	-32.51%	16.30%	-39.49%	33.99%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available will be presented.

SUPPLEMENTARY INFORMATION

HOWELL AREA FIRE AUTHORITY

COMBINING BALANCE SHEET
FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
JUNE 30, 2023

	General Fund - Pre Consolidation	Capital Reserve Equipment Fund	Site/ Building Reserve Fund	Eliminations	Totals Restated General Fund
Assets					
Cash and investments	$ 4,624,608	$ 1,111,215	$ 300,772	$	$ 6,036,595
Receivables	6,267				6,267
Prepaid expenditures	78,725				78,725
Total assets	$ 4,709,600	$ 1,111,215	$ 300,772	$	$ 6,121,587
Liabilities					
Accounts payable	$ 12,626	$	$	$	$ 12,626
Due to others	25,996				25,996
Accrued expenditures	10,299				10,299
Accrued wages	60,212				60,212
Total liabilities	109,133				109,133
Fund Balance					
Nonspendable	78,725				78,725
Restricted	13,576				13,576
Committed		1,111,215	300,772		1,411,987
Unassigned	4,508,166				4,508,166
Total fund balance	4,600,467	1,111,215	300,772		6,012,454
Total liabilities and fund balance	$ 4,709,600	$ 1,111,215	$ 300,772	$	$ 6,121,587

HOWELL AREA FIRE AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund - Pre Consolidation	Capital Reserve Equipment Fund	Site/ Building Reserve Fund	Eliminations	Totals Restated General Fund
REVENUES					
Fire millage	$ 3,239,195	$	$	$	$ 3,239,195
State grants	58,810				58,810
Interest	25,811	780	134		26,725
Donations	1,500				1,500
Miscellaneous	26,424				26,424
Total revenues	3,351,740	780	134		3,352,654
EXPENDITURES					
Current:					
Fire protection	2,387,510				2,387,510
Capital outlay	55,820				55,820
Total expenditures	2,443,330				2,443,330
Excess of revenues over (under) expenditures	908,410	780	134		909,324
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	40,000				40,000
Transfers in		350,000	25,000	(375,000)	
Transfers (out)	(375,000)			375,000	
Total other financing sources (uses)	(335,000)	350,000	25,000		
Net changes in fund balances	573,410	350,780	25,134		949,324
FUND BALANCE, JULY 1, 2022	4,027,057	760,435	275,638		5,063,130
FUND BALANCE, JUNE 30, 2023	$ 4,600,467	$ 1,111,215	$ 300,772	$	$ 6,012,454

HOWELL AREA FIRE AUTHORITY

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES	$ 3,169,500	$ 3,351,740	$ 182,240
EXPENDITURES			
Personnel	2,265,100	1,952,027	313,073
Professional fees	90,500	71,120	19,380
Insurance	51,000	48,974	2,026
Supplies	58,000	54,354	3,646
Equipment and capital outlay	179,500	104,375	75,125
Communications	31,000	28,717	2,283
Uniforms	45,000	32,704	12,296
Training	18,500	9,448	9,052
Repairs and maintenance	73,500	63,179	10,321
Unallocated	39,200	15,200	24,000
City station #20	42,001	33,608	8,393
Oceola Township Fire Station #22	19,401	13,431	5,970
Marion Township Station #23	13,001	7,861	5,140
Cohoctah Township Station #24	14,401	8,332	6,069
Total expenditures	2,940,104	2,443,330	496,774
Excess of revenues over (under) expenditures	229,396	908,410	679,014
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	25,000	40,000	15,000
Transfers (out)	(375,000)	(375,000)	
Total other financing sources (uses)	(350,000)	(335,000)	15,000
Net change in fund balance	(120,604)	573,410	694,014
FUND BALANCE, JULY 1, 2022	4,027,057	4,027,057	
FUND BALANCE, JUNE 30, 2023	$ 3,906,453	$ 4,600,467	$ 694,014

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information. See statement for reconciliation of funds presented together for GASB 54 purposes.

HOWELL AREA FIRE AUTHORITY

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property tax revenue			
City of Howell	$ 515,000	$ 502,483	$ (12,517)
Howell Township	600,000	626,513	26,513
Marion Township	840,000	869,201	29,201
Oceola Township	1,000,000	1,046,292	46,292
Cohoctah Township	190,000	194,706	4,706
State grants		58,810	58,810
Interest income	5,000	25,811	20,811
Donations	1,500	1,500	
Miscellaneous	18,000	26,424	8,424
Total revenues	$ 3,169,500	$ 3,351,740	$ 182,240

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information. See statement for reconciliation of funds presented together for GASB 54 purposes.

HOWELL AREA FIRE AUTHORITY

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Favorable (Unfavorable)
PERSONNEL			
Salaries - fire personnel	$ 1,568,400	$ 1,311,811	$ 256,589
Salaries - board	4,500	3,300	1,200.00
Payroll taxes	118,000	102,232	15,768
Health insurance	275,000	229,351	45,649
Retiree health	40,000	37,053	2,947
Disability insurance	31,200	25,387	5,813
Worker compensation insurance	80,000	24,379	55,621
Pension	133,000	143,514	(10,514)
OPEB	15,000	75,000	(60,000)
Total personnel	2,265,100	1,952,027	313,073
PROFESSIONAL FEES			
Payroll administration	25,000	22,313	2,687
Accounting/audit services	25,500	21,661	3,839
Computer support	24,000	21,350	2,650
Attorney fees	11,000	3,010	7,990
Recruitment	5,000	2,332	2,668
Training		454	(454)
Total professional fees	90,500	71,120	19,380
INSURANCE			
General liability	51,000	48,974	2,026
SUPPLIES			
Office supplies	5,000	3,134	1,866
Food and beverage	3,000	1,429	1,571
Postage	2,000	749	1,251
Fuel	35,000	35,825	(825)
Operating supplies	7,000	7,642	(642)
Small tools	5,000	5,112	(112)
Maps		9	(9)
Software	1,000	454	546
Total supplies	58,000	54,354	3,646
EQUIPMENT AND CAPITAL OUTLAY			
Capital outlay and equipment	179,500	104,375	75,125

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information. See statement for reconciliation of funds presented together for GASB 54 purposes.

HOWELL AREA FIRE AUTHORITY

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Favorable (Unfavorable)
COMMUNICATIONS	31,000	28,717	2,283
UNIFORMS			
Clothing allowance	10,000	8,088	1,912
Protective clothing	35,000	24,616	10,384
Total uniforms	45,000	32,704	12,296
TRAINING			
Public teaching	9,000	6,561	2,439
Community promotion	5,000	1,500	3,500
Seminars and conferences	3,000	610	2,390
Educational supplies	1,500	777	723
Total training	18,500	9,448	9,052
REPAIRS AND MAINTENANCE			
Equipment	15,000	13,055	1,945
Vehicles	3,500	996	2,504
Radios	55,000	49,128	5,872
Total repairs and maintenance	73,500	63,179	10,321
UNALLOCATED			
Mileage	1,000	198	802
Physicals and examinations	9,000	3,643	5,357
Miscellaneous	4,700	997	3,703
Dues and memberships	5,500	3,410	2,090
Printing and publications	1,000		1,000
Purchases with donation funds	1,500	189	1,311
Tax chargebacks	10,000	1,076	8,924
Hazardous material projects	6,500	5,687	813
Total unallocated	39,200	15,200	24,000

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information. See statement for reconciliation of funds presented together for GASB 54 purposes.

HOWELL AREA FIRE AUTHORITY

GENERAL FUND (PRE GASB 54 RESTATEMENT)
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance Favorable (Unfavorable)
CITY STATION #20			
Grounds maintenance	5,000	1,749	3,251
Telephone	4,000	2,423	1,577
Utilities	26,000	21,059	4,941
Repairs and maintenance	7,000	8,377	(1,377)
Lease	1		1
Total city station #20	42,001	33,608	8,393
OCEOLA TOWNSHIP FIRE STATION #22			
Grounds maintenance	3,300	1,539	1,761
Telephone	2,000	2,115	(115)
Utilities	10,600	7,619	2,981
Repairs and maintenance	3,500	2,158	1,342
Lease	1		1
Total Oceola Township fire station #22	19,401	13,431	5,970
MARION TOWNSHIP STATION #23			
Telephone	2,000	1,816	184
Utilities	6,500	4,352	2,148
Repairs and maintenance	4,500	1,693	2,807
Lease	1		1
Total Marion Township station #23	13,001	7,861	5,140
COHOCTAH TOWNSHIP STATION #24			
Grounds maintenance	1,500	78	1,422
Telephone	3,000	2,016	984
Utilities	6,400	3,448	2,952
Repairs and maintenance	3,500	2,790	710
Lease	1		1
Total Cohoctah Township station #24	14,401	8,332	6,069
Total expenditures	$ 2,940,104	$ 2,443,330	$ 496,774

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information. See statement for reconciliation of funds presented together for GASB 54 purposes.