

• Allen Park • Brownstown • Ecorse • Flat Rock •



Downriver Mutual Aid

**Financial Report
with Supplemental Information
September 30, 2020**



• River Rouge • Riverview • Rockwood • Romulus •

• Gibraltar • Grosse Ile • Huron Twp. • Lincoln Park • Melvindale •

• Southgate • Taylor • Trenton • Woodhaven • Wyandotte •

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Independent Auditor's Report

To the Board of Directors
Downriver Mutual Aid

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Mutual Aid (DMAid) as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise Downriver Mutual Aid's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Downriver Mutual Aid as of September 30, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Downriver Mutual Aid

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major fund budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Downriver Mutual Aid's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moreau, PLLC

March 25, 2021

As management of Downriver Mutual Aid (DMAid), we offer readers this narrative overview and analysis of the financial activities for the year ended September 30, 2020.

Financial Highlights

- Effective July 1, 2009, the user fees from the E-911 revenue increased to 42 cents per line. Telecommunication companies submit the user fees on a quarterly basis to the Wayne County treasurer's office, which in turn issues revenue checks to the E-911 districts.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of DMAid as a whole and present a longer-term view of DMAid's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year and how much is available for future spending. Fund financial statements also report DMAid's operations in more detail than the government-wide financial statements by providing information about DMAid's most significant funds.

DMAid's Net Position

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 5,161,648	\$ 5,064,644
Capital assets	4,504,542	5,338,680
Total assets	9,666,190	10,403,324
Liabilities		
Current liabilities	883,108	136,025
Noncurrent liabilities	392,837	1,281,436
Total liabilities	1,275,945	1,417,461
Net Position		
Net investment in capital assets	4,350,297	4,576,181
Restricted:		
911 expenditures	2,852,353	2,870,267
Grant expenditures	852,915	1,602,216
Police expenditures	68,244	92,506
Fire expenditures	323,052	265,437
DRANO expenditures	169,675	98,193
Consortium program expenditures	12,301	-
Unrestricted	(238,592)	(518,937)
Total net position	\$ 8,390,245	\$ 8,985,863

DMAid's combined net position totals approximately \$8.4 million for the fiscal year ended September 30, 2020. Net position is further segregated between restricted and unrestricted net position. The restricted net position, which is restricted for a specific purpose/use, and net investment in capital assets total approximately \$8.6 million.

Downriver Mutual Aid

Management's Discussion and Analysis (Continued)

DMAid's Changes in Net Position

	Governmental Activities	
	2020	2019
Revenue		
Program revenue - Operating grants and contributions	\$ 2,967,807	\$ 2,868,257
General revenue - Other:		
Membership assessments	107,820	107,820
Investment earnings	23,079	41,732
Other revenue	-	30
Total revenue	3,098,706	3,017,839
Expenses		
Public safety:		
Police	101,854	113,912
Fire	176,291	124,570
DRANO operations	42,655	310,200
Highway safety	124,739	92,314
911	1,787,825	1,800,605
Michigan State Police/Chief	1,429,432	1,328,272
Shared Information Network Consortium	699	-
Debt service	30,829	73,021
Total expenses	3,694,324	3,842,894
Change in Net Position	(595,618)	(825,055)
Net Position - Beginning of year	8,985,863	9,810,918
Net Position - End of year	<u><u>\$ 8,390,245</u></u>	<u><u>\$ 8,985,863</u></u>

Governmental Activities

Governmental activities are those activities (such as police and fire) provided to the constituents of DMAid and supported by member assessments, forfeitures, and grants. Revenue and expenses vary from year to year depending on grant awards and related expenditures, as well as forfeiture receipts and related distributions to participating agencies. Operating grants and contributions increased by approximately \$100,000, or 3 percent, primarily due to a decreased number of state forfeiture receipts in 2020.

Financial Analysis of Individual Funds

Our analysis of DMAid's major funds begins on page 8, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not DMAid as a whole. The DMAid board creates funds to help manage money for specific purposes and to show accountability for certain activities. DMAid's major funds for 2020 include Highway Safety, the 911 activities, Michigan state police/chief activity, and the DRANO group.

Capital Assets and Debt Administration

At the end of 2020, DMAid had \$4.5 million invested in a broad range of capital assets, including 911 equipment. These assets are necessary to carry out the day-to-day operations of DMAid. In 2013, debt was issued to pay for the 800 MHz replacement and new radio equipment. The debt payments will be paid using the 911 user fees.

Economic Factors and Next Year's Budgets and Rates

The money collected from the 911 user fees is used to pay for operating and capital expenditures. The provision to charge user fees was extended through 2021.

Contacting Downriver Mutual Aid Management

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

Downriver Mutual Aid

Statement of Net Position

September 30, 2020

Assets

Cash and cash equivalents (Note 3)	\$ 3,473,281
Receivables	693,775
Due from Downriver Community Conference (Note 8)	756,000
Restricted assets (Note 1)	238,592
Capital assets - Assets subject to depreciation (Note 4)	<u>4,504,542</u>
Total assets	9,666,190

Liabilities

Accrued liabilities and other	883,108
Noncurrent liabilities: (Note 7)	
Due within one year:	
Payable from restricted assets	238,592
Current portion of notes payable	<u>154,245</u>
Total liabilities	<u>1,275,945</u>

Net Position

Net investment in capital assets	4,350,297
Restricted:	
911 expenditures	2,852,353
Grant expenditures	852,915
Police expenditures	68,244
Fire expenditures	323,052
DRANO expenditures	169,675
Consortium program expenditures	12,301
Unrestricted	<u>(238,592)</u>
Total net position	<u><u>\$ 8,390,245</u></u>

Downriver Mutual Aid

Statement of Activities

Year Ended September 30, 2020

					Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs					
Primary government:					
Governmental activities:					
Public safety:					
Police	\$ 101,854	\$ -	\$ 81,854	\$ -	\$ (20,000)
Fire	176,291	-	219,871	-	43,580
DRANO operations	42,655	-	486	-	(42,169)
Highway safety	124,739	-	89,060	-	(35,679)
911	1,787,825	-	1,894,278	-	106,453
Michigan State					
Police/Chief	1,429,432	-	651,594	-	(777,838)
Shared Information					
Network Consortium	699	-	13,000	-	12,301
Community and economic development	-	17,664	-	-	17,664
Interest on long-term debt	30,829	-	-	-	(30,829)
Total primary government	<u>\$ 3,694,324</u>	<u>\$ 17,664</u>	<u>\$ 2,950,143</u>	<u>\$ -</u>	(726,517)
General revenue:					
Membership assessments					107,820
Unrestricted investment income					23,079
Total general revenue					130,899
Change in Net Position					(595,618)
Net Position - Beginning of year					8,985,863
Net Position - End of year					<u>\$ 8,390,245</u>

Downriver Mutual Aid

Governmental Funds Balance Sheet

September 30, 2020

	Highway Safety	911	Michigan State Police/Chief	DRANO Group	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 3)	\$ -	\$ 1,282,732	\$ 462,060	\$ 1,070,265	\$ 658,224	\$ 3,473,281
Receivables	75,867	601,448	-	3,460	13,000	693,775
Due from other funds	-	1,167	-	-	-	1,167
Due from Downriver Community Conference (Note 8)	-	756,000	-	-	-	756,000
Restricted assets (Note 1)	-	238,592	-	-	-	238,592
Total assets	<u>\$ 75,867</u>	<u>\$ 2,879,939</u>	<u>\$ 462,060</u>	<u>\$ 1,073,725</u>	<u>\$ 671,224</u>	<u>\$ 5,162,815</u>
Liabilities						
Due to other funds	\$ 547	\$ -	\$ -	\$ -	\$ 620	\$ 1,167
Accrued liabilities and other	75,320	27,586	327,499	415,489	37,214	883,108
Total liabilities	75,867	27,586	327,499	415,489	37,834	884,275
Deferred Inflows of Resources - Unavailable revenue	75,867	458,991	-	3,460	-	538,318
Total liabilities and deferred inflows of resources	151,734	486,577	327,499	418,949	37,834	1,422,593
Fund Balances (Deficit)						
Restricted:						
911 expenditures	-	2,393,362	-	-	-	2,393,362
Police	-	-	-	-	68,244	68,244
Fire	-	-	-	-	323,052	323,052
Grants	-	-	134,561	488,561	229,793	852,915
DRANO operations	-	-	-	166,215	-	166,215
Consortium programs	-	-	-	-	12,301	12,301
Unassigned	(75,867)	-	-	-	-	(75,867)
Total fund balances (deficit)	(75,867)	2,393,362	134,561	654,776	633,390	3,740,222
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 75,867</u>	<u>\$ 2,879,939</u>	<u>\$ 462,060</u>	<u>\$ 1,073,725</u>	<u>\$ 671,224</u>	<u>\$ 5,162,815</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

September 30, 2020

Fund Balances Reported in Governmental Funds	\$ 3,740,222
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 are not reported in the funds	4,504,542
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	538,318
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(392,837)
Net Position of Governmental Activities	<u>\$ 8,390,245</u>

Downriver Mutual Aid

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended September 30, 2020

	Highway Safety	911	Michigan State Police/Chief	DRANO Group	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Membership assessments	\$ -	\$ -	\$ -	\$ 107,820	\$ 308,444	\$ 416,264
Federal grants	89,060	-	-	-	-	89,060
Reimbursements	-	21,106	-	-	20,164	41,270
Forfeiture receipts - State	-	-	651,594	-	-	651,594
911 user charges	-	1,434,104	-	-	-	1,434,104
Other revenue	-	15,056	2,789	3,932	5,569	27,346
Total revenue	89,060	1,470,266	654,383	111,752	334,177	2,659,638
Expenditures						
Current services:						
Salaries	1,878	58,635	696	14,954	31,191	107,354
Fringe benefits	207	7,363	404	2,224	5,332	15,530
Professional services	1,281	775,000	12	17,899	10,281	804,473
Office supplies	-	-	1	9	2,799	2,809
Communication costs	-	303	1	21	4,575	4,900
Maintenance	-	69,160	121	11	5,769	75,061
Building rent	-	9,541	15	184	6,029	15,769
Training	-	9	-	7	17,279	17,295
Business meetings	-	502	-	-	-	502
Insurance	-	23,902	670	3,808	11,415	39,795
Manpower reimbursement	122,797	-	-	-	62,453	185,250
Miscellaneous	-	1,909	66,817	518	25,038	94,282
Forfeiture outlay	-	-	945,102	392,216	2,700	1,340,018
Capital outlay	-	24,393	3	49	101,874	126,319
Debt service	-	919,428	-	-	-	919,428
Total expenditures	126,163	1,890,145	1,013,842	431,900	286,735	3,748,785
Net Change in Fund Balances	(37,103)	(419,879)	(359,459)	(320,148)	47,442	(1,089,147)
Fund Balances (Deficit) - Beginning of year	(38,764)	2,813,241	494,020	974,924	585,948	4,829,369
Fund Balances (Deficit) - End of year	<u><u>\$ (75,867)</u></u>	<u><u>\$ 2,393,362</u></u>	<u><u>\$ 134,561</u></u>	<u><u>\$ 654,776</u></u>	<u><u>\$ 633,390</u></u>	<u><u>\$ 3,740,222</u></u>

See notes to financial statements.

Downriver Mutual Aid

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended September 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ (1,089,147)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	68,733
Depreciation expense	(902,871)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	439,068
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	888,599
Change in Net Position of Governmental Activities	<u>\$ (595,618)</u>

September 30, 2020**Note 1 - Significant Accounting Policies*****Reporting Entity***

Downriver Mutual Aid (DMAid) is a program funded by 18 communities of the southern Wayne County area of Metropolitan Detroit. Each member community has a representative on the board of directors. It was established to enhance the separate operations of the various communities through its mutual police, fire, and narcotics divisions. DMAid is administered by Downriver Community Conference (DCC) and is coordinated with the Michigan State Police. DMAid has received approval of its interlocal agreement from the governor of the State of Michigan. This agreement recognizes DMAid as a separate legal entity. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Accounting and Reporting Principles

DMAid follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by DMAid:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how DMAid has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

September 30, 2020**Note 1 - Significant Accounting Policies (Continued)**

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, DMAid considers amounts collected within 60 days of year end to be available for recognition. Conversely, federal grant reimbursements that will be collected after the period of availability have been recorded as deferred inflows, along with a receivable.

Fund Accounting

DMAid accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow DMAid to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes special revenue funds. DMAid reports the following funds as major governmental funds:

- The Highway Safety Fund accounts for a federal program to provide additional law enforcement on area highways.
- The 911 Fund accounts for the activity of the 911 services that are provided to the downriver communities.
- The Michigan State Police/Chief Fund accounts for the activities of joint undercover police drug task force operations.
- The DRANO (Downriver Area Narcotics Organization) Group Fund accounts for the general activities of the narcotics task force

Interfund Activity

During the course of operations, DMAid has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Specific Balances and Transactions**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

September 30, 2020**Note 1 - Significant Accounting Policies (Continued)****Receivables and Payables**

In general, outstanding balances between funds are reported as due to/due from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds.

Restricted Assets

Provisions of the 911 Fund bonds require amounts to be set aside for debt service principal and interest totaling \$238,592 at September 30, 2020. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include 911 equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by DMAid as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

911 equipment is depreciated using the straight-line method over useful lives of 5 to 20 years. Furniture, equipment, and vehicles are depreciated over 3 to 12 years.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The 911 Fund is used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

DMAid did not report deferred outflows in the current year.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

DMAid reports deferred inflows related to unavailable revenue in the governmental funds balance sheet only. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position of DMAid is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

September 30, 2020**Note 1 - Significant Accounting Policies (Continued)****Net Position Flow Assumption**

DMAid will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is DMAid's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

DMAid will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is DMAid's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Forfeited Property

As of September 30, 2020, DMAid had acquired various assets through forfeiture. These assets are not recorded in the financial statements since no objective basis of valuation has been determined, and the assets do not represent a spendable financial resource. If and when those assets are sold at an auction, the proceeds from the sale are recorded as revenue. Cash received during raids and other activities is recognized as revenue after adjudication and offset of various expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. DMAid is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for DMAid's financial statements for the year ended September 30, 2020 but were extended to September 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

September 30, 2020**Note 1 - Significant Accounting Policies (Continued)**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. DMAid is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for DMAid's financial statements for the year ended September 30, 2020 but were extended to September 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for DMAid's financial statements for the September 30, 2022 fiscal year. All other requirements of the statement are effective for DMAid's financial statements for the September 30, 2021 fiscal year. Lease modification requirements are effective one year later.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. DMAid is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for DMAid's financial statements for the year ending September 30, 2023.

Note 2 - Stewardship, Compliance, and Accountability***Noncompliance with Legal or Contractual Provisions***

DMAid was not in compliance with the State of Michigan Public Act 2 of 1968, Uniform Budgeting and Accounting Act, Section 141.435 (2), which requires total budgeted expenditures not to exceed estimated revenue plus accumulated fund balance. DMAid's final budget for the Highway Safety Fund resulted in a projected deficit.

DMAid has a fund deficit in the Highway Safety Fund, which is a result of grant revenue not recorded as revenue in the current year since it was not available to finance expenditures of the current period (received within 60 days of year end) in accordance with GASB Statement No. 33.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

September 30, 2020**Note 3 - Deposits and Investments (Continued)**

DMAid has designated a bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. DMAid's deposits and investments are in accordance with statutory authority.

DMAid's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, DMAid's deposits may not be returned to it. DMAid does not have a deposit policy for custodial credit risk. The bank deposits of both DMAid and the related party Downriver Community Conference (as described in Note 8) are held in Downriver Community Conference's name. Therefore, the custodial credit risk can only be calculated on an overall basis for both entities. At year end, Downriver Community Conference and Downriver Mutual Aid had \$3,938,231 of bank deposits (checking and savings accounts) that was uninsured and uncollateralized. The cash balances (including restricted assets) recorded on the financial statements for Downriver Community Conference and DMAid at September 30, 2020 totaled \$1,837,916 and \$3,711,873, respectively. DMAid believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, DMAid 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.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. DMAid's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. At September 30, 2020, DMAid does not have investments with credit risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. DMAid has no investment policy that would further limit its investment choices. At September 30, 2020, DMAid does not have investments with custodial credit risk.

September 30, 2020

Note 4 - Capital Assets

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

Governmental Activities

	Balance October 1, 2019	Additions	Disposals and Adjustments	Balance September 30, 2020
Capital assets being depreciated:				
Furniture and equipment	\$ 1,192,237	\$ 68,733	\$ -	\$ 1,260,970
Vehicles	174,855	-	-	174,855
911 system	9,573,592	-	-	9,573,592
Subtotal	10,940,684	68,733	-	11,009,417
Accumulated depreciation:				
Furniture and equipment	810,863	80,930	-	891,793
Vehicles	172,880	410	-	173,290
911 system	4,618,261	821,531	-	5,439,792
Subtotal	5,602,004	902,871	-	6,504,875
Net capital assets	\$ 5,338,680	\$ (834,138)	\$ -	\$ 4,504,542

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
911 system	\$ 821,531
Other programs	81,340
Total governmental activities	\$ 902,871

Note 5 - Assets Held in Trust

DMAid holds cash and other assets seized as evidence. At September 30, 2020, the cash balance recorded in the financial statements was \$34,438. In addition, DMAid holds other noncash assets related to pending cases. The value of the noncash assets has not been recorded. Upon resolution of the cases, the assets either are returned to the owners, are destroyed, or become the property of DMAid.

Note 6 - Operating Leases

In September 2006, DMAid entered into a five-year operating lease for office space. During 2013, the lease was extended through August 2021, with an early termination clause should funding for the DRANO unit cease. Effective October 1, 2020, the lease was assigned to another governmental agency.

September 30, 2020

Note 7 - Long-term Debt

DMAid issued term notes to provide for the construction of the 911 system. 911 fees will be used to pay off the debt. Long-term debt activity for the year ended September 30, 2020 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Reductions	Ending Balance	Due within One Year
Note payable:						
Flagstar promissory note - \$3,675,000 - Maturing through 2020	2% over LIBOR	437,500	\$ 437,500	\$ (437,500)	\$ -	\$ -
Flagstar promissory note - \$3,250,000 - Maturing through 2021	4.04%	392,882 - 451,054	843,936	(451,099)	392,837	392,837
Total governmental activities long-term debt			\$ 1,281,436	\$ (888,599)	\$ 392,837	\$ 392,837

The Flagstar promissory notes above require a debt service ratio of no less than one to one in the 911 Fund. Downriver Mutual Aid was in compliance with the required ratio as of September 30, 2020. It also requires that DMAid maintain a minimum cash reserve for at least six months' principal and interest payments. Management has asserted that DMAid was in compliance with the requirements as of September 30, 2020.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Year Ending September 30	Governmental Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2021	\$ 392,882	\$ 9,960	\$ 402,842

Assets Pledged as Collateral**Direct Borrowings and Direct Placements**

DMAid's outstanding Flagstar promissory note is secured with collateral of the 911 system.

Note 8 - Related Party Transactions

The directors and officers of Downriver Community Conference (DCC), a related organization, are also directors and officers of DMAid.

DCC performs administrative and accounting services for DMAid. During the year ended September 30, 2020, there were transactions related to the central cost allocation plan and expenditure reimbursements between DCC and Downriver Mutual Aid totaling \$20,719, which were recorded as expenditures on the financial statements.

During the year ended September 30, 2020, DCC had cash shortfalls that were covered by the 911 Fund, which are reflected as due from Downriver Community Conference on the financial statements.

September 30, 2020**Note 8 - Related Party Transactions (Continued)**

In addition, DMAid reimburses member communities for various expenditures, distributes forfeited funds from adjudicated enforcement activity seizures, and purchases equipment on behalf of member communities. These amounts are outlined below:

Related party:	
City of Allen Park, Michigan	\$ 59,684
Brownstown Township	56,459
City of Romulus, Michigan	53,759
City of Dearborn, Michigan	18,200
City of Ecorse, Michigan	225
City of Flat Rock, Michigan	1,395
City of Grosse Ile, Michigan	7,380
Huron Township	2,340
City of Lincoln Park, Michigan	4,612
City of Riverview, Michigan	2,925
City of Rockwood, Michigan	3,600
City of Southgate, Michigan	3,683
City of Taylor, Michigan	13,329
City of Trenton, Michigan	8,408
City of Woodhaven, Michigan	54,299
City of Wyandotte, Michigan	8,745
	<hr/>
Total related party	299,043
Non-related party amounts	<hr/> 437,331
	<hr/>
Total	<hr/> <hr/> \$ 736,374

Required Supplemental Information

Downriver Mutual Aid

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
911

Year Ended September 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 21,000	\$ 15,627	\$ -	\$ (15,627)
Reimbursements	12,000	21,106	21,106	-
911 user charges:				
Cell phone - Wayne County	580,000	570,634	484,799	(85,835)
Land line	1,200,000	1,265,602	949,305	(316,297)
Other revenue	-	-	15,056	15,056
Total revenue	1,813,000	1,872,969	1,470,266	(402,703)
Expenditures				
Current services:				
General government:				
Salaries	46,328	53,097	58,635	(5,538)
Fringe benefits	6,323	6,713	7,363	(650)
Office supplies	600	1,000	-	1,000
Building rent	7,261	31,052	9,541	21,511
Travel	3,011	3,500	9	3,491
Other	853,740	880,178	870,776	9,402
Capital outlay	237,677	74,909	24,393	50,516
Debt service	1,027,130	888,599	919,428	(30,829)
Total expenditures	2,182,070	1,939,048	1,890,145	48,903
Net Change in Fund Balance	(369,070)	(66,079)	(419,879)	(353,800)
Fund Balance - Beginning of year	2,813,241	2,813,241	2,813,241	-
Fund Balance - End of year	<u><u>\$ 2,444,171</u></u>	<u><u>\$ 2,747,162</u></u>	<u><u>\$ 2,393,362</u></u>	<u><u>\$ (353,800)</u></u>

Downriver Mutual Aid

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
Michigan State Police/Chief

Year Ended September 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Forfeiture receipts - State	\$ 1,504,500	\$ 654,481	\$ 651,594	\$ (2,887)
Other revenue	-	-	2,789	2,789
Total revenue	1,504,500	654,481	654,383	(98)
Expenditures				
Current services:				
General government:				
Salaries	2,900	619	696	(77)
Fringe benefits	900	361	404	(43)
Office supplies	50	1	1	-
Building rent	50	17	15	2
Other	1,841,609	685,051	1,012,723	(327,672)
Capital outlay	-	3	3	-
Total expenditures	1,845,509	686,052	1,013,842	(327,790)
Net Change in Fund Balance	(341,009)	(31,571)	(359,459)	(327,888)
Fund Balance - Beginning of year	494,020	494,020	494,020	-
Fund Balance - End of year	<u><u>\$ 153,011</u></u>	<u><u>\$ 462,449</u></u>	<u><u>\$ 134,561</u></u>	<u><u>\$ (327,888)</u></u>

Downriver Mutual Aid

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds (Continued) Highway Safety

Year Ended September 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 122,188	\$ 163,087	\$ 89,060	\$ (74,027)
Expenditures				
Current services:				
General government:				
Salaries	2,276	2,334	1,878	456
Fringe benefits	523	258	207	51
Other miscellaneous	119,389	160,495	124,078	36,417
Total expenditures	122,188	163,087	126,163	36,924
Net Change in Fund Balance	-	-	(37,103)	(37,103)
Fund Balance (Deficit) - Beginning of year	(38,764)	(38,764)	(38,764)	-
Fund Balance (Deficit) - End of year	<u><u>\$ (38,764)</u></u>	<u><u>\$ (38,764)</u></u>	<u><u>\$ (75,867)</u></u>	<u><u>\$ (37,103)</u></u>

Downriver Mutual Aid

Required Supplemental Information
Budgetary Comparison Schedule - Special Revenue Funds
DRANO Group

Year Ended September 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Membership assessments	\$ 107,820	\$ 107,820	\$ 107,820	\$ -
Other revenue	-	3,909	3,932	23
Total revenue	107,820	111,729	111,752	23
Expenditures				
Salaries	-	7,181	14,954	(7,773)
Fringes	-	899	2,224	(1,325)
Office supplies	-	11	9	2
Building rent	-	135	7	128
Travel	-	1	-	1
Other	913,302	21,086	414,657	(393,571)
Capital outlay	-	32	49	(17)
Total expenditures	913,302	29,345	431,900	(402,555)
Net Change in Fund Balance	(805,482)	82,384	(320,148)	(402,532)
Fund Balance - Beginning of year	974,924	974,924	974,924	-
Fund Balance - End of year	<u>\$ 169,442</u>	<u>\$ 1,057,308</u>	<u>\$ 654,776</u>	<u>\$ (402,532)</u>

September 30, 2020

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for special revenue funds. All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. The amounts of expenditures outstanding at September 30, 2020 have not been calculated.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

Excess of Expenditures Over Appropriations in Budgeted Funds

The 911 Fund had expenditures greater than budgeted in salaries and fringe benefits due to the timing of filling a new staff position changing from after year end to before year end. The debt service expenditures were greater than budgeted due to September's interest expense not being included in the forecast.

The Michigan State Police/Chief Fund had expenditures greater than budgeted in the salaries, fringe benefits, and other categories due to staff spending more time on this project than anticipated.

The DRANO group had staff time that needed to be allocated that was not discovered during the revision of the budget; therefore, all categories are overexpended. The other category includes the accrual of the payout to MNET/MSP.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
911:			
Salaries	\$ 53,097	\$ 58,635	\$ (5,538)
Fringe benefits	6,713	7,363	(650)
Debt service	888,599	919,428	(30,829)
Michigan State Police/Chief:			
Salaries	619	696	(77)
Fringe benefits	361	404	(43)
Other	685,051	1,012,723	(327,672)
DRANO Group:			
Salaries	7,181	14,954	(7,773)
Fringes	899	2,224	(1,325)
Other	21,086	414,657	(393,571)
Capital outlay	32	49	(17)

Other Supplemental Information

Downriver Mutual Aid**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds****September 30, 2020**

	Special Revenue Funds				
	Drug Group	Police	Fire	Shared Information Network Consortium	Total
Assets					
Cash and cash equivalents	\$ 242,414	\$ 87,164	\$ 328,646	\$ -	\$ 658,224
Receivables	-	-	-	13,000	13,000
Total assets	\$ 242,414	\$ 87,164	\$ 328,646	\$ 13,000	\$ 671,224
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ 620	\$ 620
Accrued liabilities and other	12,621	18,920	5,594	79	37,214
Total liabilities	12,621	18,920	5,594	699	37,834
Fund Balances					
Restricted:					
Police	-	68,244	-	-	68,244
Fire	-	-	323,052	-	323,052
Grants	229,793	-	-	-	229,793
Consortium programs	-	-	-	12,301	12,301
Total fund balances	229,793	68,244	323,052	12,301	633,390
Total liabilities and fund balances	\$ 242,414	\$ 87,164	\$ 328,646	\$ 13,000	\$ 671,224

Downriver Mutual Aid

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended September 30, 2020

	Special Revenue Funds				
	Drug Group	Police	Fire	Shared Information Network Consortium	Total
Revenue					
Membership assessments	\$ -	\$ 75,573	\$ 219,871	\$ 13,000	\$ 308,444
Reimbursements	-	2,500	17,664	-	20,164
Other revenue	1,788	3,781	-	-	5,569
Total revenue	1,788	81,854	237,535	13,000	334,177
Expenditures					
Current services:					
Salaries	-	7,001	23,666	524	31,191
Fringe benefits	-	1,609	3,626	97	5,332
Professional services	-	4,098	6,182	1	10,281
Office supplies	-	2,105	689	5	2,799
Communication costs	-	3,848	689	38	4,575
Maintenance	-	3,463	2,306	-	5,769
Building rent	-	88	5,931	10	6,029
Training	-	14,561	2,718	-	17,279
Insurance	-	1,916	9,499	-	11,415
Manpower reimbursement	-	-	62,453	-	62,453
Miscellaneous	-	24,163	874	1	25,038
Forfeiture outlay	-	-	2,700	-	2,700
Capital outlay	-	43,264	58,587	23	101,874
Total expenditures	-	106,116	179,920	699	286,735
Net Change in Fund Balances	1,788	(24,262)	57,615	12,301	47,442
Fund Balances - Beginning of year	228,005	92,506	265,437	-	585,948
Fund Balances - End of year	\$ 229,793	\$ 68,244	\$ 323,052	\$ 12,301	\$ 633,390