



**EAST CENTRAL DISPATCH CENTER**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2021

**EAST CENTRAL DISPATCH CENTER**  
**FINANCIAL REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
**EAST CENTRAL DISPATCH CENTER**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the **EAST CENTRAL DISPATCH CENTER** (the Organization) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization'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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Sikich LLP*

St. Louis, Missouri  
May 31, 2022

**EAST CENTRAL DISPATCH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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As management of the **EAST CENTRAL DISPATCH CENTER** (the Organization), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of the Organization for the year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS**

- \* The assets and deferred outflows of resources of the Organization exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$684,572 (net position).
- \* Operating revenues for the current fiscal year were \$2,382,411, a slight decrease of 0.3% from the prior fiscal year. Overall, the Organization's total net position increased by \$101,155 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented in this report consist of the statement of net position; statement of revenues, expenses, and change in net position; and statement of cash flows. The statement of net position provides information about the nature and amounts of investments in resources (assets), the obligations to creditors (liabilities), and deferred inflows/outflows of resources. It also provides the basis for assessing the liquidity and financial flexibility of the Organization. This year's revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position. This statement reports the revenues and expenses during the time periods indicated, and can be used to determine whether the Organization has successfully recovered all of its costs through user fees and other charges. The primary purpose of the statement of cash flows is to provide information about the Organization's cash receipts and cash payments. This statement reports cash receipts, cash payments, and net changes in cash resulting from activities related to operations, noncapital financing, and capital and related financing.

**STATEMENT OF NET POSITION**

The Organization's net position increased in 2021 by \$101,155. As of June 30, 2021, the Organization had a net position of \$684,572.

**EAST CENTRAL DISPATCH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

A summary of financial position follows:

	June 30		2021 Change	
	2021	2020	Amount	Percent
<b>ASSETS</b>				
Current assets	\$ 980,780	830,666	150,114	18.1 %
Capital assets	489,626	554,210	(64,584)	(11.7)
Total Assets	<u>1,470,406</u>	<u>1,384,876</u>	<u>85,530</u>	6.2
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Employee OPEB and pension related	<u>306,383</u>	<u>398,152</u>	<u>(91,769)</u>	(23.0)
<b>LIABILITIES</b>				
Other liabilities	126,741	115,502	11,239	9.7
Long-term liabilities	588,647	1,078,073	(489,426)	(45.4)
Total Liabilities	<u>715,388</u>	<u>1,193,575</u>	<u>(478,187)</u>	(40.1)
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Employee pension related	<u>376,829</u>	<u>6,036</u>	<u>370,793</u>	6,143.0
<b>NET POSITION</b>				
Net investment in capital assets	489,626	554,210	(64,584)	(11.7)
Unrestricted	<u>194,946</u>	<u>29,207</u>	<u>165,739</u>	567.5
Total Net Position	<u>\$ 684,572</u>	<u>583,417</u>	<u>101,155</u>	17.3 %

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

Operating revenues for the year ended June 30, 2021 were \$2,382,411 and consisted entirely of assessments on participating municipalities. Operating expenses consisted of personnel of \$1,976,059, administrative of \$247,799, and depreciation of \$64,584.

A condensed version of the statement of revenues, expenses, and change in net position is as follows:

**EAST CENTRAL DISPATCH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

	For The Years Ended June 30		2021 Change	
	2021	2020	Amount	Percent
<b>OPERATING REVENUES</b>	\$ 2,382,411	2,388,445	(6,034)	(0.3) %
<b>OPERATING EXPENSES</b>	<u>2,288,442</u>	<u>2,314,666</u>	<u>(26,224)</u>	(1.1)
<b>OPERATING INCOME</b>	93,969	73,779	20,190	27.4
<b>NONOPERATING REVENUE</b>	<u>7,186</u>	<u>3,238</u>	<u>3,948</u>	121.9
<b>CHANGE IN NET POSITION</b>	101,155	77,017	24,138	31.3
<b>NET POSITION, JULY 1</b>	<u>583,417</u>	<u>506,400</u>	<u>77,017</u>	(15.2)
<b>NET POSITION, JUNE 30</b>	<u><u>\$ 684,572</u></u>	<u><u>583,417</u></u>	<u><u>101,155</u></u>	17.3 %

**STATEMENT OF CASH FLOWS**

The Organization's rate structure is designed to collect sufficient revenues to recover operating and maintenance expenses. The net cash used in operating activities was used primarily for payment of operating expenses.

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation, totaled \$489,626 as of June 30, 2021. More information on capital asset activity during the fiscal year is provided in Note C of the financial statements.

**LONG-TERM DEBT**

The Organization's debt is detailed below. More information is provided in Notes D, E, and F.

	June 30 2021
Compensated absences	\$ 109,237
Net pension liability	386,193
Net OPEB obligation	<u>93,217</u>
Total Long-term Debt	<u><u>\$ 588,647</u></u>

**OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The Organization's overall financial position in 2021 showed a net position increase of \$101,155.

**EAST CENTRAL DISPATCH CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**REQUEST FOR INFORMATION**

This report is intended to provide interested parties with a general overview of the financial position of the Organization and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to the Executive Director at 7447 Dale Avenue, St. Louis, MO 63117.



**EAST CENTRAL DISPATCH CENTER**  
**STATEMENT OF NET POSITION**

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	<b>June 30 2021</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 980,780
<b>Capital Assets</b>	
Work in progress	240,000
Other capital assets, net of accumulated depreciation	249,626
Total Capital Assets	<u>489,626</u>
Total Assets	<u>1,470,406</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	246,669
Deferred amounts related to OPEB	59,714
Total Deferred Outflows Of Resources	<u>306,383</u>
<b>LIABILITIES</b>	
Accounts payable	39,611
Payroll liabilities	87,130
Noncurrent liabilities:	
Due within one year	85,378
Due in more than one year - compensated absences	27,308
Due in more than one year - net pension liability	386,193
Due in more than one year - total OPEB liability	89,768
Total Liabilities	<u>715,388</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	<u>376,829</u>
<b>NET POSITION</b>	
Net investment in capital assets	489,626
Unrestricted	194,946
Total Net Position	<u>\$ 684,572</u>

**EAST CENTRAL DISPATCH CENTER**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGE IN NET POSITION**

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	<b>For The Year Ended June 30 2021</b>
<b>OPERATING REVENUES</b>	
Assessments	<u>\$ 2,382,411</u>
<b>OPERATING EXPENSES</b>	
Personnel	1,976,059
Administrative	247,799
Depreciation	64,584
Total Operating Expenses	<u>2,288,442</u>
<b>OPERATING INCOME</b>	93,969
<b>NONOPERATING REVENUE</b>	
Other income	<u>7,186</u>
<b>CHANGE IN NET POSITION</b>	101,155
NET POSITION, JULY 1	<u>583,417</u>
<b>NET POSITION, JUNE 30</b>	<u><u>\$ 684,572</u></u>

**EAST CENTRAL DISPATCH CENTER**  
**STATEMENT OF CASH FLOWS**

	<b>For The Year Ended June 30 2021</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	
<b>Cash flows from operating activities:</b>	
Receipts from municipalities	\$ 2,461,191
Payments to suppliers	(238,950)
Payments to and for employees	(2,000,533)
Net Cash Provided By Operating Activities	221,708
<b>Cash flows provided by investing activities:</b>	
Receipts from other income	7,186
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	228,894
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	751,886
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	\$ 980,780
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
<b>Cash flows from operating activities:</b>	
Operating income	\$ 93,969
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	64,584
Decrease (increase) in:	
Accounts receivable	78,780
Deferred outflows of resources	91,769
Increase (decrease) in:	
Accounts payable	8,849
Payroll liabilities	2,390
Accrued compensated absences	(933)
Net pension liability	(498,298)
OPEB liability	9,805
Deferred inflows of resources	370,793
Total Adjustments	127,739
Net Cash Provided By Operating Activities	\$ 221,708

See notes to financial statements

# EAST CENTRAL DISPATCH CENTER

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**EAST CENTRAL DISPATCH CENTER** (the Organization) is a cooperative agreement agency voluntarily established in 2002 by its members for the purpose of providing the hardware, software, services, and other items necessary and appropriate for the establishment, operation, and maintenance of a joint police, fire, and other emergency communications center system for the mutual benefit of its members within St. Louis County, Missouri.

**1. Reporting Entity**

The financial statements of the Organization include the financial activities of the Organization and any component units, entities which are financially accountable to the Organization. The Organization does not currently have any component units.

**2. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Organization is accounted for as a governmental proprietary fund. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Revenue and expenses are categorized as either operating or nonoperating. Operating revenues and expenses include charges that are assessed to the beneficiaries of the service and the cost of providing the service. Nonoperating and other activities primarily include grants, interest income, interest expense, amortization, and contributions, if any.

When both restricted and unrestricted resources are available, the Organization will spend the most restricted amounts before the least restricted.

**3. Cash, Cash Equivalents, and Investments**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the Organization to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, certificates of deposit, and repurchase agreements. Investments, if any, are stated at fair value.

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Capital Assets**

Capital assets are stated at cost and are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Donated capital assets are reported at acquisition value in the period donated. All capital assets, except work in progress, if any, are depreciated. Depreciation is computed on the straight-line method, using asset lives as follows:

Asset	Years
Furniture and equipment	3 - 10

Depreciation charged to operations for the year ending June 30, 2021, amounted to \$64,584.

**5. Compensated Absences**

Employees earn vacation during the year based upon their years of continuous service, and may carry over one and one half of their current year's vacation accrual. Compensatory time may accumulate to 120 hours. Compensatory time accrued over 120 hours will be paid out at one and a half times the employee's rate of pay. Employees may accumulate up to 500 hours of sick time. Accrued vacation and compensatory time is payable to employees upon termination.

**6. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**7. Pensions**

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

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned or the Organization will not be able to recover collateral securities in the possession of an outside party. The Organization's bank deposits are required by state law to be collateralized by the deposit of certain securities in an amount at least equal to the uninsured deposits with the financial institution. The value of the securities must amount to the total of the Organization's cash not insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, the Organization's bank balance totaled \$982,477. The bank balance covered by FDIC was \$250,000, the amount collateralized by an irrevocable letter of credit held by the Federal Home Loan Bank of Des Moines was \$600,000, and \$132,477 was uncollateralized and therefore, exposed to custodial credit risk.

**2. Investments**

As of June 30, 2021, the Organization had no investments.

**NOTE C - CAPITAL ASSETS**

A summary of capital assets activity is as follows:

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - CAPITAL ASSETS (Continued)**

	For The Year Ended June 30, 2021			Balance June 30 2021
	Balance June 30 2020	Increases	Decreases	
Work in progress	\$ 240,000	-	-	240,000
Capital assets being depreciated:				
Furniture and equipment	524,449	-	-	524,449
Less - Accumulated depreciation	(210,239)	(64,584)	-	(274,823)
Total Capital Assets, Net	\$ 554,210	(64,584)	-	489,626

**NOTE D - LONG-TERM LIABILITIES**

A summary of long-term liabilities activity is as follows:

	For The Year Ended June 30, 2021			Balance June 30 2021	Amount Due Within One Year
	Balance June 30 2020	Additions	Reductions		
Compensated absences	\$ 110,170	114,768	115,701	109,237	81,928
Total OPEB liability	83,412	13,257	3,452	93,217	3,450
Total	\$ 193,582	128,025	119,153	202,454	85,378

**NOTE E - PENSION PLAN**

***Plan Description***

The Organization's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Organization participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://www.molagers.org).

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE E - PENSION PLAN (Continued)**

***Benefits Provided***

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	<b>2021</b> <b><u>Valuation</u></b>
Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	4%

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

***Employees Covered By Benefit Terms***

At June 30, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>22</u>
Total	<u>33</u>

***Contributions***

The Organization is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. 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 an unfunded accrued liability. Full-time employees of the Organization contribute 4% of their gross pay to the pension plan. The Organization's contribution rate is 11.8% of annual covered payroll.

***Net Pension Liability***

The Organization's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021. The pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing procedures incorporating the actuarial assumptions.



**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - PENSION PLAN (Continued)**

***Actuarial Assumptions***

The total pension liability in the February 28, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary increase	2.75% to 6.75%; including wage inflation
Investment rate of return	7.00%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality table for males and females.

The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above-described tables.

The actuarial assumptions used in the February 28, 2021 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Real Rate Of Return</u>
Alpha	15.00%	3.67%
Equity	35.00	4.78
Fixed income	31.00	1.41
Real assets	36.00	3.29
Strategic assets	8.00	5.25
Cash/leverage	(25.00)	(0.29)

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - PENSION PLAN (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability is 7.00%. 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 payment to determine the total pension liability.

***Changes in the Net Pension Liability***

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at June 30, 2020</b>	<u>\$ 2,409,993</u>	<u>1,525,502</u>	<u>884,491</u>
<b>Changes for the year</b>			
Service cost	154,360	-	154,360
Interest	179,284	-	179,284
Difference between expected and actual experience	(141,692)	-	(141,692)
Assumption changes	(40,864)	-	(40,864)
Contributions - employer	-	162,362	(162,362)
Contributions - employee	-	55,038	(55,038)
Net investment income	-	437,375	(437,375)
Benefit payments, including refunds	(26,345)	(26,345)	-
Administrative expense	-	(3,394)	3,394
Other	-	(1,995)	1,995
<b>Net Changes</b>	<u>124,743</u>	<u>623,041</u>	<u>(498,298)</u>
<b>Balances at June 30, 2021</b>	<u>\$ 2,534,736</u>	<u>2,148,543</u>	<u>386,193</u>

The funded status of the Plan at June 30, 2021 was 84.76%. The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021.

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

The following presents the net pension liability of the Organization, calculated using the discount rate of 7.00%, as well as what the Organization's net pension liability would be using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - PENSION PLAN (Continued)**

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability	\$ 835,486	386,193	5,734

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

For the year ended June 30, 2021, the Organization recognized pension expense of \$122,595. Reported deferred outflows and inflows of resources are related to the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Difference between expected and actual experience	\$ 205,011	(129,032)	75,979
Assumption changes	41,658	(35,696)	5,962
Net difference between projected and actual earnings on pension plan investments	-	(212,101)	(212,101)
Total	\$ 246,669	(376,829)	(130,160)

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

<b>For The Plan Years Ending June 30</b>		
2022		\$ (38,278)
2023		(26,429)
2024		(28,814)
2025		(45,848)
2026		18,183
Thereafter		(8,974)
Total		\$ (130,160)

***Payable to the Pension Plan***

At June 30, 2021, the Organization reported a payable of \$17,753 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

***Plan Description***

The Organization's OPEB plan (the Plan) provides OPEB for all full-time employees of the Organization. The Plan is a single-employer defined benefit OPEB plan administered by the Organization. The Plan, as established by Organization resolution, assigned the authority to establish and amend the benefit terms and financing requirements to the Organization. No assets are accumulated in a trust for the Plan. The Plan does not issue a stand-alone report.

***Benefits Provided***

The Plan provides healthcare benefits to employees and their spouses who are eligible to retire once they have attained age 51 plus 12 years of service, or age 55 with 5 years of service. Coverage ceases upon eligibility for Medicare. Employees and spouses must be on the plan at time of retirement to be eligible to participate in the plan after retirement. Medical and prescription drug benefits are available to retirees in the Organization's insurance plan. Employees who meet retiree healthcare eligibility conditions may also purchase dental benefits until age 65 or eligible for Medicare, whichever is first. Retirees must contribute 100% of the retiree healthcare premiums for single/family coverage.

***Employees Covered by Benefit Terms***

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>25</u>
Total	<u>27</u>

***Total OPEB Liability***

The Organization's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019. The OPEB liability was then rolled forward to the measurement date of June 30, 2021, utilizing procedures incorporating the actuarial assumptions.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00 to 6.70% including inflation
Discount rate	1.92%
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 4.0%

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The discount rate was based on the index of 20 year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate is 1.92%. The discount rate was 2.45% as of the prior measurement date.

Mortality rates for general employees were based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality scale. Mortality rates for police and fire employees were based on the RP-2014 Blue Collar Health Annuitant Mortality Table projected 2 years after the valuation, with MP-2014 Mortality Improvement Scale. The margin for future mortality improvement is the projection 2 years after the valuation date.

The Plan has not had a formal actuarial experience study performed.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2020</b>	<b>\$ 83,412</b>
<b>Changes for the year</b>	
Service cost	8,329
Interest	2,103
Changes in assumptions or other inputs	2,825
Benefit payments, including refunds	(3,452)
Net Change in OPEB Liability	9,805
<b>Balance at June 30, 2021</b>	<b>\$ 93,217</b>

Changes of assumptions and other inputs reflect a change in the valuation interest rate from 2.45% in 2020 to 1.92% in 2021.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the Organization, calculated using the discount rate of 1.92%, as well as what the Organization's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (0.92%) or 1% point higher (2.92%) than the current discount rate:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB liability	<b>\$ 195,824</b>	<b>93,217</b>	<b>176,910</b>

**EAST CENTRAL DISPATCH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the Organization, calculated using the healthcare cost trend rates of 8.25% decreasing to 3.25%, as well as what the Organization's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (7.25% decreasing to 2.25%) or 1% point higher (9.25% decreasing to 4.25%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 184,887	93,217	183,191

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

For the year ended June 30, 2021, the Organization recognized OPEB expense of \$17,287. Deferred outflows resources related to OPEB are from the following sources. The Plan does not have any deferred inflows as of June 30, 2021.

	<u>Outflows</u>
Differences between expected and actual experience	\$ 2,375
Assumption changes	57,339
Total	\$ 59,714

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

<b>For The Years Ending June 30</b>		<u>Outflows</u>
2022		\$ 6,855
2023		6,855
2024		6,855
2025		6,855
2026		6,855
Thereafter		25,439
Total		\$ 59,714

# EAST CENTRAL DISPATCH CENTER

## NOTES TO FINANCIAL STATEMENTS

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### NOTE G - OPERATIONS

The Organization has been working in cooperation with the City of Richmond Heights for certain administrative services. The City of Richmond Heights performs cash receipt and disbursement, payroll, and other financial duties on behalf of the Organization. The Organization is overseen by a Board of Directors, comprised of the City Manager from the City of Richmond Heights and each of the other participating municipalities.

### NOTE H - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. The Organization has chosen to cover such losses through the purchase of commercial insurance. Health insurance is provided by a third-party insurance company. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

### NOTE I - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the Organization. The statements which might impact the Organization are as follows:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

**EAST CENTRAL DISPATCH CENTER  
REQUIRED SUPPLEMENTAL INFORMATION**

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**



**EAST CENTRAL DISPATCH CENTER**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>							
Service cost	\$ 154,360	153,348	145,658	145,542	143,393	143,219	120,342
Interest on the total pension liability	179,284	152,989	128,281	112,126	96,271	67,161	50,883
Difference between expected and actual experience	(141,692)	83,952	94,463	(4,962)	(3,717)	114,439	51,969
Changes of assumptions	(40,864)	-	-	-	-	89,748	-
Benefit payments, including refunds	(26,345)	(29,787)	(32,918)	(27,057)	(9,860)	(16,324)	(3,688)
Net Change In Total Pension Liability	<u>124,743</u>	<u>360,502</u>	<u>335,484</u>	<u>225,649</u>	<u>226,087</u>	<u>398,243</u>	<u>219,506</u>
Total Pension Liability Beginning	<u>2,409,993</u>	<u>2,049,491</u>	<u>1,714,007</u>	<u>1,488,358</u>	<u>1,262,271</u>	<u>864,028</u>	<u>644,522</u>
Total Pension Liability Ending (a)	<u>\$ 2,534,736</u>	<u>2,409,993</u>	<u>2,049,491</u>	<u>1,714,007</u>	<u>1,488,358</u>	<u>1,262,271</u>	<u>864,028</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 162,362	156,874	149,655	148,854	128,161	137,237	143,014
Contributions - employee	55,038	54,565	52,054	53,641	50,757	51,787	51,536
Net investment income	437,375	17,864	74,204	124,709	77,108	(1,799)	5,178
Benefit payments, including refunds	(26,345)	(29,787)	(32,918)	(27,057)	(9,860)	(16,324)	(3,688)
Administrative expense	(3,394)	(4,305)	(3,867)	(2,476)	(2,361)	(2,189)	(2,424)
Other changes	(1,995)	(7,858)	(15,235)	(3,095)	3,565	(4,381)	22,068
Net Change In Plan Fiduciary Net Position	<u>623,041</u>	<u>187,353</u>	<u>223,893</u>	<u>294,576</u>	<u>247,370</u>	<u>164,331</u>	<u>215,684</u>
Plan Fiduciary Net Position Beginning	<u>1,525,502</u>	<u>1,338,149</u>	<u>1,114,256</u>	<u>819,680</u>	<u>572,310</u>	<u>407,979</u>	<u>192,295</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 2,148,543</u>	<u>1,525,502</u>	<u>1,338,149</u>	<u>1,114,256</u>	<u>819,680</u>	<u>572,310</u>	<u>407,979</u>
<b>Net Pension Liability Ending (a)-(b)</b>	<u>\$ 386,193</u>	<u>884,491</u>	<u>711,342</u>	<u>599,751</u>	<u>668,678</u>	<u>689,961</u>	<u>456,049</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.76 %	63.30	65.29	65.01	55.07	45.34	47.22
Covered Payroll (for February 28/29 Valuation)	\$ 1,319,815	1,407,985	1,363,954	1,268,434	1,287,091	1,246,790	1,211,651
Net Pension Liability as a Percentage of Covered Payroll	29.26 %	62.82	52.15	47.28	51.95	55.34	37.64

Note: Information is not available for fiscal years prior to 2015.

**EAST CENTRAL DISPATCH CENTER**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined pension contribution	\$ 162,362	156,874	149,655	152,877	128,161	137,237	143,014	110,228
Contributions in relation to the actuarially determined contribution	<u>162,362</u>	<u>156,874</u>	<u>149,655</u>	<u>148,854</u>	<u>128,161</u>	<u>137,237</u>	<u>143,014</u>	<u>110,228</u>
Contribution Deficiency	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>4,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	<u>\$ 1,375,950</u>	<u>1,364,121</u>	<u>1,301,345</u>	<u>1,341,030</u>	<u>1,268,925</u>	<u>1,294,688</u>	<u>1,288,411</u>	<u>993,044</u>
Contributions as a Percentage of Covered Payroll	11.80 %	11.50	11.50	11.10	10.10	10.60	11.10	11.10

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method  
 Amortization method

Entry age normal and modified terminal funding  
 A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period  
 Asset valuation method  
 Inflation  
 Salary increases  
 Investment rate of return  
 Retirement age  
 Mortality

Multiple bases from 9 to 22 years  
 5 years smoothed market; 20% corridor  
 2.75% wage inflation; 2.25% price inflation  
 2.75% to 6.75%; including wage inflation  
 7.00%, net of investment expenses  
 Experience-based table of rates that are specific to the type of eligibility condition.  
 The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females.  
 The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females.  
 The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other information:

Information prior to 2014 is not available.  
 The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021  
 There were no other benefit changes during the year.

**EAST CENTRAL DISPATCH CENTER**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED JUNE 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 8,329	928	939	912
Interest	2,103	602	1,052	1,321
Difference between expected and actual experience of the total OPEB liability	-	2,923	-	-
Changes of assumptions	2,825	66,905	540	19
Benefit payments, including refunds	<u>(3,452)</u>	<u>(13,438)</u>	<u>(11,287)</u>	<u>(9,309)</u>
Net Change In Total OPEB Liability	9,805	57,920	(8,756)	(7,057)
Total OPEB Liability Beginning	<u>83,412</u>	<u>25,492</u>	<u>34,248</u>	<u>41,305</u>
Total OPEB Liability Ending (a)	<u>\$ 93,217</u>	<u>83,412</u>	<u>25,492</u>	<u>34,248</u>
Covered Payroll (for June 30 Valuation)	\$ 1,365,264	1,325,499	1,174,218	1,399,700
Total OPEB Liability as a Percentage of Covered Payroll	6.83 %	6.29	2.17	2.45

**Notes:**

Information is not available for fiscal years prior to 2018.

There are no assets accumulated in a trust to pay related benefits for this Plan.

*Changes of benefit terms.* Amounts presented reflect an increase in the retirees' share of health insurance premiums of 0% in 2019.

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2021	1.92 %
2020	2.45
2019	3.13
2018	3.62
2017	3.56