

**OTSEGO COUNTY FIRE BOARD
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Dan Smith & Company, PC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Otsego County Fire Board
Otsego County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Otsego County Fire Board (the "Fire Board") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Fire Board as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages IV-VIII and 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Dan Smith & Company, PC
Gaylord, MI 49735

August 23, 2024

OTSEGO COUNTY FIRE BOARD

OTSEGO COUNTY FIRE BOARD MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED JUNE 30, 2024

As management of the Otsego County Fire Board, we offer readers of the Fire Board's financial statements this narrative overview and analysis of the financial activities of the Fire Board for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

During fiscal year 2024, the Fire Board's total net position increased by \$67,270.

The assets of the Fire Board exceeded its liabilities at the close of the most recent fiscal year by \$1,352,175 (net position). However, \$1,186,848 was invested in capital assets. Therefore, \$165,327 existed in the "current operational" net position.

The General Fund's revenues totaled \$605,307, while expenditures totaled \$422,879, creating an excess of revenues of \$182,428. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$165,327.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Fire Board's basic financial statements. The Fire Board's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Fire Board's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Fire Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fire Board is improving or deteriorating.

The statement of activities presents information showing how the Fire Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire Board maintains one individual governmental fund, which is referred to as the General Fund.

Governmental Fund. The governmental fund is used to account for essentially the same function as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Fire Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The Fire Board adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided in the financial statements to demonstrate expenditures in excess of budgeted amounts.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the Fire Board, assets exceeded liabilities by \$1,352,175 at the close of the most recent fiscal year.

**Otsego County Fire Board
Statement of Net Position
June 30,**

Assets	2024	2023
Current and Other Assets	\$ 179,051	\$ 57,455
Capital Assets, Net	1,368,071	1,508,773
Total Assets	<u>1,547,122</u>	<u>1,566,228</u>
Liabilities		
Current Liabilities	40,588	100,100
Noncurrent Liabilities	154,359	181,223
Total Liabilities	<u>194,947</u>	<u>281,323</u>
Net Position		
Unrestricted	165,327	(17,101)
Net Investment in Capital Assets	1,186,848	1,302,006
Total Net Position	<u>\$ 1,352,175</u>	<u>\$ 1,284,905</u>

A significant portion of the Fire Board's net position reflects its investment in capital assets (e.g., land, buildings, improvements, and vehicles and equipment). The Fire Board uses these capital assets to provide fire services to the City of Gaylord and participating townships; consequently, these assets are not available for future spending. The Fire Board is financed each year by the participating municipalities. This funding represents a significant portion of the Fire Board's revenue. Consequently, the Fire Board's ability to provide service is dependent upon the continuing support of those municipalities.

**Otsego County Fire Board
Statement of Activities
For the years ended June 30,**

	2024	2023
Revenues		
Program Revenues	\$ 599,488	\$ 463,436
General revenues	5,819	10,610
Total revenues	<u>605,307</u>	<u>474,046</u>
Expenses		
Fire & Rescue Services	538,037	568,163
Change in Net Position	67,270	(94,117)
Net Position - beginning	1,284,905	1,379,022
Net Position - ending	<u>\$ 1,352,175</u>	<u>\$ 1,284,905</u>

GOVERNMENTAL ACTIVITIES

During the fiscal year ending June 30, 2024, the Fire Board's governmental activities revenues exceeded its expenditures by \$182,428. The primary reason why revenues exceeded expenditures was due to the special assessments from participating governments, along with conservative fiscal management.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Fund. The focus of the Fire Board's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fire Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the operating fund of the Fire Board. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fund balance of the Fire Board's General Fund increased by \$182,428 during the current fiscal year, compared to a budgeted increase of \$129,375.

CAPITAL ASSETS

The Fire Board's investment in capital assets as of June 30, 2024, amounted to \$1,368,071 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, as well as vehicles and equipment. The Fire Board's investment in capital assets had a net decrease in the current fiscal year of approximately 9 percent, which was primarily the result of an increase depreciation for the current year, with minimal equipment purchases (turnout gear \$10,737).

	Capital Assets, net of depreciation	
	2024	2023
Land	\$ 38,455	\$ 38,455
Building and Improvements	62,538	66,856
Vehicles and Equipment	1,267,078	1,403,462
Total	<u>\$ 1,368,071</u>	<u>\$ 1,508,773</u>

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

LONG-TERM DEBT:

The Fire Board borrowed \$215,000 for a new mini pumper in February 2023, and started making payments towards the principal in March 2023, leaving a balance of \$181,223 as of June 30, 2024.

FUTURE FINANCIAL OUTLOOK

The Fire Board will continue to operate under a conservative fiscal posture. The Board will also have ongoing discussions regarding major repairs and new equipment purchase requirements as the needs arise.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fire Board's finances for all those with an interest in the Fire Board's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fire Board's Secretary/Treasurer, 811 S. Wisconsin, Gaylord MI 49735.

**OTSEGO COUNTY FIRE BOARD
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

ASSETS

Current Assets:

Cash	\$ 171,762
Prepaid Insurance	7,289
Total Current Assets	<u>179,051</u>

Capital Assets

Vehicles	2,407,734
Building	386,111
Equipment	723,100
Land	38,455
Accumulated Depreciation	(2,187,329)

Total Capital Assets	<u>1,368,071</u>
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Total Assets	<u><u>1,547,122</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	9,965
Accrued Wages	3,759
Notes Payable - Current Portion	26,864
Total Current Liabilities	<u>40,588</u>

Noncurrent Liabilities:

Note Payable - Mini Pumper	154,359
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Total Liabilities	<u>194,947</u>
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NET POSITION

Net Position, Unrestricted	165,327
Net Investment in Capital Assets	1,186,848

Total Net Position	<u><u>\$ 1,352,175</u></u>
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See accompanying notes to the financial statements

**OTSEGO COUNTY FIRE BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

P R O G R A M R E V E N U E S				NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRI- BUTIONS	CAPITAL GRANTS AND CONTRI- BUTIONS	
GOVERNMENTAL ACTIVITIES:				
Fire & Rescue Services	\$ (538,037)	\$ -	\$ -	\$ 61,451
GENERAL REVENUES				
Insurance Reimbursement				3,523
Interest Income				2,296
Total General Revenues				5,819
Change in Net Position				67,270
Net Position - Beginning of Year				1,284,905
Net Position - End of Year				\$ 1,352,175

See accompanying notes to the financial statements

**OTSEGO COUNTY FIRE BOARD
BALANCE SHEET - GENERAL FUND
JUNE 30, 2024**

ASSETS

Current Assets

Cash	\$ 171,762
Prepaid Insurance	7,289

Total Current Assets	<u>179,051</u>
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LIABILITIES AND FUND EQUITY

Current Liabilities

Accounts Payable	9,965
Accrued Wages	3,759

Total Liabilities	<u>13,724</u>
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Fund Equity

Fund Balance:

Unrestricted	165,327
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Total Fund Equity	<u>165,327</u>
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Total Liabilities and Fund Equity	<u>\$ 179,051</u>
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See accompanying notes to the financial statements

**OTSEGO COUNTY FIRE BOARD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

TOTAL FUND BALANCE- GOVERNMENTAL ACTIVITIES PER THE BALANCE SHEET	\$	165,327
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Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in the governmental activities are not financial resources and therefore are not used in the funds		1,368,071
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Long-Term debt proceeds are considered other financing sources in the fund statements, but carried as a liability in the Statement of Net Position		(181,223)
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES PER THE STATEMENT OF NET POSITION	\$	1,352,175
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See accompanying notes to the financial statements

**OTSEGO COUNTY FIRE BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

REVENUES

Fire Contracts	\$ 560,005
Service Fees/Misc.	39,483
Insurance Reimbursement	3,523
Interest Income	2,296

Total Revenues	605,307
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EXPENDITURES

Wages - Fire Runs	109,397
Salaries	40,000
Payroll Taxes	11,141
Capital Outlay	10,737
Repairs & Maintenance	83,109
Firefighters' Supplies	21,231
Service Contracts	10,448
Insurance	33,650
Education and Training	13,299
Building Maintenance	21,584
Utilities	13,342
Debt Service - Truck Payment	35,400
Fuel and Oil	5,705
Professional Fees	4,342
Office Supplies	6,371
Miscellaneous	3,123

Total Expenditures	422,879
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Excess of Revenues over Expenditures	182,428
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Fund Balance (Deficit) - Beginning of Year	(17,101)
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Fund Balance - End of Year	\$ 165,327
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See accompanying notes to the financial statements

**OTSEGO COUNTY FIRE BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 182,428
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation expense is reported in the Statement of Activities but not in the governmental fund financial statement	(151,439)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives.	10,737
The debt service payments are shown for both principal and interest in the fund statement, but only interest is recorded statement of activities	25,544
CHANGE IN NET POSITION - STATEMENT OF ACTIVITIES	\$ 67,270

See accompanying notes to the financial statements

**OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Otsego County Fire Board was organized in 1977 by the City of Gaylord and various townships of Otsego County, Michigan. The Fire Board operates under a governing body of thirteen members referred to as the Otsego County Fire Board. The Fire Board is currently comprised of members from the City of Gaylord and the following five Townships: Bagley, Chester, Dover, Hayes and Livingston. The Fire Board is responsible for the operation of the fire department and maintenance of assets. The Fire Board appoints a Chairman to preside over the Fire Board's quarterly meetings, a Secretary to record activities of the Board and the Treasurer to pay bills and maintain cash and other assets.

The Fire Board has followed the guidelines of the Governmental Accounting Standards Board's Statement No. 61 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the Fire Board.

Fiduciary funds are established to hold and manage assets for specific individuals or other external parties in accordance with trust or other custodial arrangements; the Fire Board does not hold any funds that meet these criteria and thus no fiduciary funds are presented in its basic financial statements.

The Fire Board manages the assets of and provides firemen to the Otsego County Fire Department. These financial statements should not and do not reflect any activity or assets of the Otsego County Fire Department.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Fire Board. The Fire Board's activities are all accounted for in one governmental fund, which is primarily supported by contract revenue from the City of Gaylord and the townships that receive services from the Fire Board.

As permitted by GASB Statement No. 34, the Fire Board presents the statement of net position and the statement of activities separately and presents reconciling statements in order to show the relationship between the government wide statements and the governmental fund statements.

Fund Financial Statements. The General Fund is the Fire Board's operating fund and accounts for all financial resources of the Fire Board.

**OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest and other miscellaneous income associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Fire Board.

Restricted net position includes assets that are subject to restrictions beyond the Fire Board's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

ASSETS, LIABILITIES AND EQUITY

Deposits

The Fire Board's cash and cash equivalents are considered to be cash on hand and demand deposits.

State statutes authorize public authorities to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations. The Fire Board has designated one bank for the deposit of its funds. The Fire Board's deposits are in accordance with State statutes.

**OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital assets

Capital assets, which include land, buildings and improvements, vehicles, and equipment are reported in the government-wide financial statements. Capital assets are defined by the fire Board as assets that are used in operations and have an initial, individual cost of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The capital assets of the Fire Board are depreciated using the straight-line method over the following estimated useful lives:

	<u>YEARS</u>
Building and Improvements	20-50
Vehicles and Equipment	3-30

Long-term debt

In the government-wide financial statements, outstanding debt is reported as a liability.

The fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES AND EQUITY (CONTINUED)

Fund equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Non-spendable - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - Amounts reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire Board. A formal resolution of the Fire Board is required to establish, modify, or rescind a fund balance commitment.

Assigned - Includes amounts that are constrained by the Fire Board's intent to be used for specific purposes but are neither restricted nor committed. The Fire Board has delegated the authority to assign fund balance to the President or his designee.

Unassigned – Includes amounts that are available for any purpose, and are the residual classification within the General Fund.

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

NOTE B: BUDGETARY INFORMATION

The Fire Board adopts a budget each year for expenditures applicable to the General Fund. The operating budget includes proposed expenditures and the means of financing them and is stated on a basis consistent with accounting principles generally accepted in the United States of America. Budgets lapse at fiscal year-end.

**OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE C: DEPOSITS

Deposit balances as of June 30, 2024, consisted of cash and cash equivalents of \$171,762.

Custodial credit risk is the risk that in the event of a bank failure, the Fire Board's deposits may not be returned. State law does not require, and the Fire Board does not have a policy for deposit custodial credit risk. As of June 30, 2024, \$189,064 of the Fire Board's bank balance of \$189,064 was fully insured.

NOTE D: CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2024

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 38,455	\$ -	\$ -	\$ 38,455
Capital assets, being depreciated:				
Buildings and improvements	386,111	-	-	386,111
Vehicles and equipment	3,120,097	10,737	-	3,130,834
	<u>3,506,208</u>	<u>10,737</u>	<u>-</u>	<u>3,516,945</u>
Less accumulated depreciation for:				
Buildings and improvements	(319,255)	(4,318)	-	(323,573)
Vehicles and equipment	(1,716,635)	(147,121)	-	(1,863,756)
	<u>(2,035,890)</u>	<u>(151,439)</u>	<u>-</u>	<u>(2,187,329)</u>
Total Capital assets being depreciated, net	<u>1,470,318</u>	<u>(140,702)</u>	<u>-</u>	<u>1,329,616</u>
Governmental activities capital assets, net	<u>\$ 1,508,773</u>	<u>\$ (140,702)</u>	<u>\$ -</u>	<u>\$ 1,368,071</u>

**OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE E: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

Description	Balance July 1, 2023	Issued	Retired	Balance June 30, 2023	Due within 1 Year
Mini Pumper Note	206,767	-	25,544	181,223	26,864

This note payable was established in March 2023. The \$215,000 was borrowed to pay for a new mini pumper. The monthly payment is \$2,950, with an interest rate of 5.05% for 7 years. The annual principal and interest requirements, to amortize the note payable as of June 30, 2024 are as follows:

	Principal	Interest	Total
2025	26,864	8,536	35,400
2026	28,253	7,147	35,400
2027	29,713	5,687	35,400
2028	31,249	4,151	35,400
2029	32,864	2,536	35,400
2030	32,280	835	33,115
	181,223	28,892	210,115

NOTE F: OTHER INFORMATION

Risk Management and Litigation

The Fire Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it obtains coverage from commercial insurance companies. The Fire Board participates in the Michigan Municipal Liability and Property pool, a self-insured group. The pool is considered a public entity risk pool. The Fire Board pays annual premiums to the pool for the respective coverages. In the event a pool's total claims and expenses for a policy year exceed the normal annual premiums for said years, all members of the pool's policy may be subject to special assessment premiums to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying, depending on the specific type of coverage of reinsurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three years. The Fire Board also carries commercial insurance for other types of loss.

**OTSEGO COUNTY FIRE BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE F: OTHER INFORMATION (CONTINUED)

Funding

The Fire Board is financed each year by the participating municipalities. This funding represents virtually all of the Fire Board's revenue. Consequently, the Fire board's ability to provide service is dependent upon the continuing support of those municipalities.

NOTE G: SUBSEQUENT EVENTS

The Otsego County Fire Board has evaluated subsequent events and transactions for potential recognition and disclosure through August 23, 2024, the date the financial statements were available to be issued.

Furthermore, as of July 1, 2024, the Fire Board has petitioned the State of Michigan to operate as a "Fire Authority".

**OTSEGO COUNTY FIRE BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Fire Contracts	\$ 560,000	\$ 560,000	\$ 560,005	\$ 5
Service Fees/Misc.	36,000	38,500	39,483	983
Insurance Reimbursement	-	3,500	3,523	23
Interest Income	1,000	2,100	2,296	196
Total Revenues	597,000	604,100	605,307	1,207
EXPENDITURES				
Wages - Fire Runs	120,600	121,000	109,397	11,603
Salaries	40,000	40,000	40,000	-
Payroll Taxes	13,000	13,000	11,141	1,859
Capital Outlay	11,000	11,000	10,737	263
Repairs & Maintenance	67,000	88,000	83,109	4,891
Firefighters' Supplies	61,500	28,425	21,231	7,194
Service Contracts	25,000	11,000	10,448	552
Insurance	34,000	34,000	33,650	350
Education and Training	6,000	13,500	13,299	201
Building Maintenance	32,000	24,500	21,584	2,916
Utilities	16,700	16,200	13,342	2,858
Debt Service - Truck Payment	36,000	46,100	35,400	10,700
Fuel and Oil	8,500	8,500	5,705	2,795
Professional Fees	7,000	5,000	4,342	658
Office Supplies	6,000	6,500	6,371	129
Miscellaneous	37,200	8,000	3,123	4,877
Total Expenditures	521,500	474,725	422,879	51,846
Excess of Revenues over Expenditures	75,500	129,375	182,428	53,053
Fund Balance (Deficit) - Beg. of Year	(17,101)	(17,101)	(17,101)	-
Fund Balance - End of Year	\$ 58,399	\$ 112,274	\$ 165,327	\$ 53,053