



**FITCH-RONA EMS DISTRICT
Verona, Wisconsin**

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

December 31, 2020

FITCH-RONA EMS DISTRICT

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Commissioners
Fitch-Rona EMS District
Verona, Wisconsin

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fitch-Rona EMS District ("District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Wisconsin Retirement System schedules, and the Local Retiree Life Insurance Fund Schedules on pages 29 through 32 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. Management has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not 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. Such information is the responsibility of management. We have not audited, reviewed, or complied the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
April 28, 2021

BASIC FINANCIAL STATEMENTS

Fitch-Rona EMS District

**Statement of Net Position
December 31, 2020**

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 607,326 |
| Receivables: | |
| Ambulance (Net) | 283,440 |
| Other | 960 |
| Inventories | 57,141 |
| Prepaid Items | 55,675 |
| Net Pension Asset | 432,885 |
| Capital Assets | |
| Equipment and Vehicles | 1,679,073 |
| Less: Accumulated Depreciation | (1,059,851) |
| Net Capital Assets | 619,222 |
| Total Assets | 2,056,649 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Pension Outflows | 1,072,789 |
| Deferred OPEB Outflows | 43,313 |
| Total Deferred Outflows of Resources | 1,116,102 |
| Total Assets and Deferred Outflows of Resources | \$ 3,172,751 |
| LIABILITIES | |
| Accounts Payable | \$ 39,218 |
| Accrued Liabilities | 89,620 |
| Non-Current Liabilities | |
| Due Within One Year | |
| Compensated absences | 92,160 |
| Due in More than One Year | |
| Compensated absences | 295,643 |
| Net OPEB Liability | 92,973 |
| Total liabilities | 609,614 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Pension Inflows | 1,308,012 |
| Deferred OPEB Inflows | 24,499 |
| Total Deferred Inflows of Resources | 1,332,511 |
| NET POSITION | |
| Net Investment in Capital Assets | 619,222 |
| Restricted: | |
| Anti Idling Grant | 30,000 |
| EMT-FAP | 5,428 |
| Unrestricted | 575,976 |
| Total Net Position | 1,230,626 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 3,172,751 |

See accompanying notes and independent accountant's review report.

Fitch-Rona EMS District

**Statement of Activities
For the Year Ended December 31, 2020**

| <u>Functions/Programs</u> | <u>Program Revenue</u> | | | Net (Expense) |
|----------------------------------|-------------------------------|------------------------------------|--|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Revenue and Changes in Net Assets</u> |
| | | | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities | | | | |
| Public Safety | \$ 3,289,126 | \$ 1,523,446 | \$ 105,399 | \$ (289,467) |
| Total | <u>\$ 3,289,126</u> | <u>\$ 1,523,446</u> | <u>\$ 105,399</u> | <u>(289,467)</u> |
| General revenues: | | | | |
| Investment Earnings | | | | 5,225 |
| Miscellaneous | | | | 84,638 |
| Total General Revenues | | | | <u>89,863</u> |
| Change in Net Position | | | | (199,604) |
| Net Position - Beginning of Year | | | | <u>1,430,230</u> |
| Net Position - Ending | | | | <u>\$ 1,230,626</u> |

See accompanying notes and independent accountant's review report.

Fitch-Rona EMS District

**Balance Sheet
Governmental Fund
December 31, 2020**

| | <u>General Fund</u> | <u>Non-Major Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---|---|
| ASSETS | | | |
| Cash and Investments | \$ 601,899 | \$ 5,428 | \$ 607,327 |
| Receivables: | | | |
| Ambulance (Net) | 283,440 | - | 283,440 |
| Other | 960 | - | 960 |
| Inventories | 57,142 | - | 57,142 |
| Prepaid Items | 55,675 | - | 55,675 |
| Total Assets | <u>\$ 999,116</u> | <u>\$ 5,428</u> | <u>\$ 1,004,544</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 39,220 | \$ - | \$ 39,220 |
| Accrued Liabilities | 89,620 | - | 89,620 |
| Total Liabilities | <u>128,840</u> | <u>-</u> | <u>128,840</u> |
| Deferred Inflows of Resources | | | |
| Unavailable Run Revenue | 102,305 | - | 102,305 |
| Total Deferred Inflows | <u>102,305</u> | <u>-</u> | <u>102,305</u> |
| Fund Balance: | | | |
| Nonspendable | 112,817 | - | 112,817 |
| Restricted | 30,000 | 5,428 | 35,428 |
| Assigned | 251,751 | - | 251,751 |
| Unassigned | 373,403 | - | 373,403 |
| Total Fund Balance | <u>767,971</u> | <u>5,428</u> | <u>773,399</u> |
| Total Liabilities, Deferred Inflows, and Fund Balance | <u>\$ 999,116</u> | <u>\$ 5,428</u> | <u>\$ 1,004,544</u> |

See accompanying notes and independent accountant's review report.

Fitch-Rona EMS District

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position December 31, 2020

| | | |
|--|----|-------------|
| Total fund balance, governmental funds | \$ | 773,399 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| <p>The net pension asset is not a current financial resource, and is therefore not reported in the fund statements.</p> | | |
| | | 432,885 |
| <p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p> | | |
| Governmental capital assets | | 1,679,073 |
| Accumulated depreciation | | (1,059,851) |
| | | 619,222 |
| <p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the plans. These items are reflected in the statement of net position and are being amortized with pension and OPEB expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p> | | |
| Deferred outflows of resources | | 1,116,102 |
| Deferred inflows of resources | | (1,332,511) |
| <p>Some revenues are accrued on the government-wide statements but not on the fund statements because they are not available and spendable.</p> | | |
| Unavailable run revenue | | 102,305 |
| | | 102,305 |
| <p>Some liabilities, (such as Long-term Compensated Absences and Long-term debt), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p> | | |
| Net OPEB Liability | | (92,973) |
| Compensated absences | | (387,803) |
| | | (480,776) |
| <hr style="border: 0.5px solid black;"/> | | |
| Net Position of Governmental Activities in the Statement of Net Position | \$ | 1,230,626 |

See accompanying notes and independent accountant's review report.

Fitch-Rona EMS District

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2020**

| | <u>General Fund</u> | <u>Non-Major Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|---|
| REVENUES | | | |
| Municipal Assessments: | | | |
| City of Fitchburg | \$ 715,006 | \$ - | \$ 715,006 |
| City of Verona | 643,553 | - | 643,553 |
| Town of Verona | 74,602 | - | 74,602 |
| Charges for Services (Net) | 1,491,952 | - | 1,491,952 |
| Grant Funds | 35,588 | 7,464 | 43,052 |
| Donations | 6,952 | - | 6,952 |
| Investment Earnings | 5,225 | - | 5,225 |
| Miscellaneous Income | 77,684 | - | 77,684 |
| Total Revenues | <u>3,050,562</u> | <u>7,464</u> | <u>3,058,026</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | 3,129,953 | 8,691 | 3,138,644 |
| Capital Outlay | 56,864 | 899 | 57,763 |
| Total Expenditures | <u>3,186,817</u> | <u>9,590</u> | <u>3,196,407</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (136,255) | (2,126) | (138,381) |
| Fund Balance - Beginning | 904,226 | 7,554 | 911,780 |
| Fund Balance - Ending | <u>\$ 767,971</u> | <u>\$ 5,428</u> | <u>\$ 773,399</u> |

See accompanying notes and independent accountant's review report.

Fitch-Rona EMS District

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental
Fund to the Statement of Activities
For the Year Ended December 31, 2020**

Net change in fund balance - governmental fund: \$ (138,381)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Depreciation (\$158,485) in excess of capital expenditures (\$86,477) (72,008)

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.

Unavailable run revenue 31,297

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in net compensated absences earned (62,681)

Pension and OPEB expenses reported in the governmental funds representes current year required contributions into the defined benefit plans. Pension and OPEB expenses in the Statement of Activities is actuarially determined by the defined benefit plans as the difference between the net pension asset or liability from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan 211,159

Actuarially determined change in net pension asset between years, with adjustments (163,308)

Actuarially determined change in net OPEB liability between years, with adjustments (5,682)

Change in net position of governmental activities \$ (199,604)

See accompanying notes and independent accountant's review report.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

The financial statements of the Fitch-Rona EMS District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Fitch-Rona EMS District ("District") is a joint venture of the City of Fitchburg, City of Verona, and the Town of Verona, Wisconsin, all of which have joint control of the operations of the District. The District provides emergency medical services to these communities. The communities contribute to the operation of the District based upon each community's equalized property value.

The governing body ("Commission") is made up of nine members. The members are appointed by the participating municipalities. The Commission has authority to adopt its own budget and control the financial affairs of the District.

The reporting entity for the District is based on criteria established by the Governmental Accounting Standards Board. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all activities and funds of the District.

The government-wide statement of net position and statement of activities are reported using economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue when earned.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements (Continued)

Funds are organized as major funds and nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund – Accounts for the District’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

The District reports the following nonmajor governmental fund:

Special Revenue Fund – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

C. Measurement Focus and Financial Statement Presentation

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Assessments are recognized as revenues in the year which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus and Financial Statement Presentation (Continued)**

Fund Financial Statements (Continued)

The modified accrual basis of accounting is used by all governmental funds. Under modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related liability is incurred, except for principal and unmatured interest on general long-term debt, claims, judgments, compensated absences and pension obligations, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled to the resources and the amounts are made available. Amounts owed to the District which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include municipal assessments, public charges for services, and interest. Other general revenues and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

All Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from the estimates.

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

Cash and investments consist of the following at December 31, 2020:

| | |
|------------------------------------|-------------------|
| Deposits in Financial Institutions | \$ 607,326 |
| | <u>\$ 607,326</u> |

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

Deposits and Investments (Continued)

Investments Authorized by Wisconsin Statutes

Investment of District funds is restricted by State statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bond issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

The District has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on averages balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Receivables

Accounts receivable have been shown net of an allowance for uncollectible accounts.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
D. Assets, Liabilities, and Net Position or Equity (Continued)

Inventories

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting.

Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, and an estimated useful life in excess of 1 year for general capital assets. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | | |
|-----------|------|-------|
| Vehicles | 6-10 | Years |
| Equipment | 3-6 | Years |

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports 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 (expenditure) until then. The District has items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system and OPEB plan.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The District has items that qualify for reporting in the category. The deferred inflows of resources are related to the WRS pension system, the OPEB plans, and other deferred revenue amounts.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

Compensated Absences

Under terms of employment, Fitch-Rona EMS District employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested sick leave and vacation time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for sick leave and vacation time will be made at rates in effect when the benefits are used. Accumulated sick leave and vacation time liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments. Accumulated sick and vacation liabilities at December 31, 2020, are \$387,803.

Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in the governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Government fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – Resources which cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.

Restricted – Resources with constraints placed on the use of resources are either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Committed – Resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – Resources neither restricted nor committed for which a government has a stated intended use as established by the Commission or a body or official to which the Commission has delegated the authority to assign amounts for specific purposes.

Unassigned – Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

Equity Classifications (Continued)

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Pensions

For purposes of measuring the net pension (asset), deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (“WRS”) and additions to/deductions from WRS’ fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- 2. Stewardship, Compliance, and Accountability**

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 - B.

The budgeted amounts presented include any amendments made in the final budget column. Changes to the overall budget must be approved by a majority vote, first by the Commission and then by each of the municipalities.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the object level of expenditures.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

3. Deposits and Investments

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time accounts and \$250,000 for demand accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relation to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk. As of December 31, 2020, the District had no deposits with financial institutions that were exposed to custodial credit risk.

4. Receivables

Accounts receivable of \$504,882 are shown net of an allowance for doubtful accounts of \$221,441. All amounts are expected to be collected within one year.

5. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------------|--------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets being depreciated | | | | |
| Vehicles and Equipment | <u>\$ 1,592,596</u> | <u>\$ 86,477</u> | <u>\$ -</u> | <u>\$ 1,679,073</u> |
| Total Capital Assets Being Depreciated | <u>1,592,596</u> | <u>86,477</u> | <u>-</u> | <u>1,679,073</u> |
| Less: Accumulated depreciation for | | | | |
| Vehicles and Equipment | <u>901,366</u> | <u>158,485</u> | <u>-</u> | <u>1,059,851</u> |
| Total Accumulated Depreciation | <u>901,366</u> | <u>158,485</u> | <u>-</u> | <u>1,059,851</u> |
| Capital Assets, Net of Depreciation | <u><u>\$ 691,230</u></u> | <u><u>\$ (72,008)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 619,222</u></u> |

Depreciation expense for the year ending December 31, 2020, was \$158,485.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

6. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------|----------------------|------------------|---------------------------|--|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Compensated absences | \$ 325,122 | \$ 62,681 | \$ - | \$ 387,803 | \$ 92,160 |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 325,122</u> | <u>\$ 62,681</u> | <u>\$ -</u> | <u>\$ 387,803</u> | <u>\$ 92,160</u> |

The compensated absence liability attributed to governmental activities are being liquidated in the General Fund.

7. Operating Leases

The District leases the space housing its operations under a leasing arrangement with the City of Verona. Lease payments are payable semi-annually. Total rent expense was \$7,125 for 2020.

8. Net Position/Fund Balance

Net position reported on the government-wide Statement of Net position as of December 31, 2020, includes the following:

Governmental Activities

| | |
|---|-------------------|
| Net Investment in Capital Assets | |
| Other capital assets, net of accumulated depreciation | \$ 619,222 |
| Total Invested in Capital Assets | <u>\$ 619,222</u> |

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

8. Net Position/Fund Balance (Continued)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

| | | |
|---|----|-----------------------|
| Nonspendable | | |
| Major Funds | | |
| General Fund | | |
| Prepaid Items | \$ | 55,675 |
| Inventories | | 57,142 |
| Total Nonspendable Fund Balance | | <u>112,817</u> |
| Restricted | | |
| Major Funds | | |
| General Fund | | |
| EPIC grant-Anti Idling | | 30,000 |
| Special Revenue Funds | | |
| EMT-FAP restricted for EMS funding assistance | | 5,428 |
| Total Restricted Fund Balance | | <u>35,428</u> |
| Assigned Fund Balance | | |
| Major Funds | | |
| General Fund | | |
| Legal Fees | | 24,000 |
| Employee Benefits | | 217,862 |
| Bicycle Response Team | | 792 |
| Ambulance Fund | | 9,097 |
| Total Assigned Fund Balance | | <u>251,751</u> |
| Unassigned Fund Balance | | <u>373,403</u> |
| Total Fund Balance | \$ | <u><u>773,399</u></u> |

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

9. Employee Retirement Plan

Defined Benefit Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

9. Employee Retirement Plan (Continued)

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|-----------------------------|---------------------------------|
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$148,550 in contributions from the employer.

Contribution rates as of December 31, 2020, are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|---|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.75% | 6.75% |
| Protective with Social Security | 6.75% | 11.65% |
| Protective without Social Security | 6.75% | 16.25% |

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

9. Employee Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the District reported a liability (asset) of (\$432,885) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.01342508%, which was an increase of 0.00050761% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the District recognized pension expense of \$161,312.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between projected and actual experience | \$ 821,715 | \$ (411,212) |
| Changes of assumptions | 33,733 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (884,971) |
| Changes in proportion and difference between Employer contributions and proportionate share of contributions | 6,182 | (11,829) |
| Employer contributions subsequent to the measurement date | 211,159 | - |
| Total | <u>\$ 1,072,789</u> | <u>\$ (1,308,012)</u> |

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

9. Employee Retirement Plan (Continued)

\$211,159 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an increase in the net pension (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31: | Net Deferred Outflows (Inflows) of Resources |
|--------------------------------|---|
| 2020 | \$ (133,994) |
| 2021 | (100,109) |
| 2022 | 14,247 |
| 2023 | (226,526) |
| 2024 | - |
| Total | \$ (446,382) |

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | December 31, 2018 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2019 |
| Actuarial Cost Method: | Entry Age |
| Asset Valuation Method: | Fair Market Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Post-Retirement Adjustments* | 1.9%* |

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

9. Employee Retirement Plan (Continued)

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
As of December 31, 2019

| <u>Core Fund Asset Class</u> | <u>Asset Allocation %</u> | <u>Lon-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
|----------------------------------|---------------------------|---|---|
| Global Equities | 49 | 8 | 5.1 |
| Fixed Income | 24.5 | 4.9 | 2.1 |
| Inflation Sensitive Assets | 15.5 | 4 | 1.2 |
| Real Estate | 9 | 6.3 | 3.5 |
| Private Equity/Debt | 8 | 10.6 | 7.6 |
| Multi-Asset | 4 | 6.9 | 4 |
| Total Core Fund | <u>110</u> | 7.5 | 4.6 |
| | | | |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70 | 7.5 | 4.6 |
| International Equities | 30 | 8.2 | 5.3 |
| Total Variable Fund | <u>100</u> | 7.8 | 4.9 |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

9. Employee Retirement Plan (Continued)

Single Discount rate. A single discount rate of 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the District’s proportionate share of the net pension (asset) to changes in the discount rate. The following presents the District’s proportionate share of the net pension (asset) calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| | 1% Decrease to Discount Rate (6.0%) | Current Discount Rate (7.0%) | 1% Increase to Discount Rate (8.0%) |
|---|--|---|--|
| District's proportionate share of the net pension liability (asset) | \$ 1,114,758 | \$ (432,885) | \$ (1,589,927) |

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

10. Other Postemployment Benefits

Plan description. The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

10. Other Postemployment Benefits (Continued)

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2020, are:

| Coverage Type | Employer Contribution |
|------------------------------|------------------------------|
| 50% Post Retirement Coverage | 40% of employee contribution |

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those ages 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019, are as listed below:

Life Insurance
Employee Contribution Rates*

For the year ended December 31, 2019

| Attained Age | Basic | Supplemental |
|--------------|--------|--------------|
| Under 30 | \$0.05 | \$0.05 |
| 30-34 | 0.06 | 0.06 |
| 35-39 | 0.07 | 0.07 |
| 40-44 | 0.08 | 0.08 |
| 45-49 | 0.12 | 0.12 |
| 50-54 | 0.22 | 0.22 |
| 55-59 | 0.39 | 0.39 |
| 60-64 | 0.49 | 0.49 |
| 65-69 | 0.57 | 0.57 |

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$394 in contributions from the employer.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

10. Other Postemployment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At December 31, 2020, the LRLIF Employer reported a liability (asset) of \$92,973 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.02183400%, which was an increase of 0.002853% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized OPEB expense of \$8,904.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ (4,165) |
| Changes of assumptions | 34,299 | (10,226) |
| Net differences between projected and actual earnings on OPEB plan investments | 1,753 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 7,261 | (10,108) |
| Employer contributions subsequent to the measurement date | - | - |
| Totals | \$ 43,313 | \$ (24,499) |

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

| | Net Deferred Outflows (Inflows) of Resources |
|-------------------------|---|
| Year ended December 31: | |
| 2021 | \$ 12,548 |
| 2022 | 12,548 |
| 2023 | 12,359 |
| 2024 | 12,164 |
| 2023 | 10,771 |
| Thereafter | 7,422 |
| Total | \$ 67,812 |

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

10. Other Postemployment Benefits (Continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--------------------------------|
| Actuarial Valuation Date: | January 1, 2019 |
| Measurement Date of Net OPEB Liability (Asset): | December 31, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 2.74% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate | 2.87% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

10. Other Postemployment Benefits (Continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2020

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-----------------------------------|----------------------|------------------------------|---|
| US Credit Bonds | Barclays Credit | 45% | 2.12% |
| US Long Credit Bonds | Barclays Long Credit | 5% | 2.90% |
| US Mortgages | Barclays MBS | 50% | 1.53% |
| Inflation | | | 2.20% |
| Long-Term Expected Rate of Return | | | 4.25% |

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

FITCH-RONA EMS DISTRICT
Notes to Financial Statements
December 31, 2020

10. Other Postemployment Benefits (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

| | 1% Decrease to Discount Rate (1.87%) | Current Discount Rate (2.87%) | 1% Increase to Discount Rate (3.87%) |
|--|---|--|---|
| EMS's proportionate share of the net pension liability (asset) | \$ 128,381 | \$ 92,973 | \$ 66,035 |

OPEB plan fiduciary net position. Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past four years. There were no significant reductions in coverage compared to the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

Fitch-Rona EMS District

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2020

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|------------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Town/Village Assessments | | | | |
| City of Fitchburg | \$ 715,895 | \$ 715,895 | \$ 715,006 | \$ (889) |
| City of Verona | 643,417 | 643,417 | 643,553 | 136 |
| Town of Verona | 74,585 | 74,585 | 74,602 | 17 |
| Charges For Services | | | | |
| Ambulance Run Fees (net) | 1,750,432 | 1,750,432 | 1,491,952 | (258,480) |
| Project/Grants | - | - | 35,588 | 35,588 |
| Donations | - | - | 6,952 | 6,952 |
| Investment Income | 3,725 | 3,725 | 5,225 | 1,500 |
| Miscellaneous | 10,550 | 10,550 | 77,684 | 67,134 |
| | | | | |
| Total Revenues | <u>3,198,604</u> | <u>3,198,604</u> | <u>3,050,562</u> | <u>(148,042)</u> |
| EXPENDITURES | | | | |
| CURRENT | | | | |
| Staff Payroll and FICA | 2,099,698 | 2,099,698 | 2,058,843 | 40,855 |
| Retirement Plan | 209,002 | 209,002 | 205,484 | 3,518 |
| Life, Health and Workers' Compensation Insurance | 392,857 | 392,857 | 385,798 | 7,059 |
| Personnel Recruitment | 2,800 | 2,800 | 5,839 | (3,039) |
| Uniforms | 9,684 | 9,684 | 12,074 | (2,390) |
| Rent | 7,125 | 7,125 | 7,125 | - |
| Utilities | 1,000 | 1,000 | - | 1,000 |
| Facility Furnishings | 1,400 | 1,400 | 531 | 869 |
| Property Insurance | 19,200 | 19,200 | 22,347 | (3,147) |
| Oil, Gas, and Lube | 22,025 | 22,025 | 18,645 | 3,380 |
| Tune-up and Repair | 24,750 | 24,750 | 24,701 | 49 |
| Equipment and Maintenance | 26,150 | 26,150 | 38,950 | (12,800) |
| Medical Supplies | 75,452 | 75,452 | 115,969 | (40,517) |
| Medical Director Annual Fee | 33,000 | 33,000 | 33,000 | - |
| Staff Training | 32,500 | 32,500 | 5,456 | 27,044 |
| Staff Support | 6,400 | 6,400 | 8,365 | (1,965) |
| Subscription and Dues | 700 | 700 | 1,583 | (883) |
| Office Supplies | 2,600 | 2,600 | 1,970 | 630 |
| Postage | 600 | 600 | 509 | 91 |
| Telephone | 10,000 | 10,000 | 8,835 | 1,165 |
| Legal Fees | 3,400 | 3,400 | 3,335 | 65 |
| Accounting Fees | 14,600 | 14,600 | 12,179 | 2,421 |
| Computer Support | 24,000 | 24,000 | 15,105 | 8,895 |
| Public Education | 1,500 | 1,500 | 5 | 1,495 |
| Bank Fees | - | - | 1,148 | (1,148) |
| Flex Plan Admin | - | - | 1,351 | (1,351) |
| Intern Program | 7,652 | 7,652 | - | 7,652 |
| Ambulance Billing | 105,026 | 105,026 | 97,479 | 7,547 |
| Donation Disbursement | - | - | 2,454 | (2,454) |
| Miscellaneous | 2,400 | 2,400 | 40,873 | (38,473) |
| Total Current Expenditures | <u>3,135,521</u> | <u>3,135,521</u> | <u>3,129,953</u> | <u>5,568</u> |
| EXPENDITURES | | | | |
| CAPITAL OUTLAY | | | | |
| Equipment Purchases | 63,138 | 63,138 | 56,864 | 6,274 |
| Total Capital Outlay Expenditures | <u>63,138</u> | <u>63,138</u> | <u>56,864</u> | <u>6,274</u> |
| | | | | |
| Total Expenditures | <u>3,198,659</u> | <u>3,198,659</u> | <u>3,186,817</u> | <u>11,842</u> |
| | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | (55) | (55) | (136,255) | (136,200) |
| | | | | |
| Fund Balances - Beginning | 904,226 | 904,226 | 904,226 | - |
| | | | | |
| Fund Balances - Ending | <u>\$ 904,171</u> | <u>\$ 904,171</u> | <u>\$ 767,971</u> | <u>\$ (136,200)</u> |

**Fitch-Rona EMS
WISCONSIN RETIREMENT SYSTEM
December 31, 2020**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE**

| Year ended December 31 | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered- employee payroll | Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability (asset) |
|---------------------------|---|---|---------------------------------|--|--|
| 2019 | 0.01342508% | \$ (432,885) | \$ 1,408,057 | (30.74%) | 102.96% |
| 2018 | 0.01291747% | 459,563 | 1,211,026 | 37.95% | 96.45% |
| 2017 | 0.01219684% | (362,138) | 1,297,311 | (27.91%) | 102.93% |
| 2016 | 0.01115907% | 91,977 | 1,239,031 | 7.42% | 99.12% |
| 2015 | 0.01055969% | 171,593 | 1,054,524 | 16.27% | 98.20% |
| 2014 | 0.01074421% | (263,835) | 1,025,458 | (25.73%) | 102.74% |

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED**

| Year ended December 31 | Contractually required contributions | Contributions in relation to the contractually required contributions | Contribution deficiency (excess) | Covered-employee payroll | Contributions as a percentage of covered- employee payroll |
|---------------------------|---|---|--|-----------------------------|---|
| 2020 | \$ 211,159 | \$ (211,159) | - | \$ 1,798,650 | 11.74% |
| 2019 | 150,814 | (150,814) | - | 1,408,058 | 10.71% |
| 2018 | 131,965 | (131,965) | - | 1,211,026 | 10.90% |
| 2017 | 134,929 | (134,929) | - | 1,297,311 | 10.40% |
| 2016 | 117,483 | (117,483) | - | 1,235,605 | 9.51% |
| 2015 | 128,032 | (128,032) | - | 1,054,524 | 12.14% |

**Fitch- Rona EMS
LOCAL RETIREE LIFE INSURANCE FUND
December 31, 2020**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE**

| Year ended December 31 | Proportion of the net OPEB liability (asset) | Proportionate share of the net OPEB liability (asset) | Covered- employee payroll | Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll | Plan fiduciary net position as a percentage of the total OPEB liability (asset) |
|---------------------------|--|--|---------------------------------|---|---|
| 2019 | 0.02183400% | \$ 92,973 | \$ 1,593,000 | 5.84% | 37.58% |
| 2018 | 0.01898100% | 48,977 | 1,194,000 | 4.10% | 48.69% |
| 2017 | 0.02845000% | 62,714 | 876,592 | 7.15% | 44.81% |

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED**

| Year ended December 31 | Contractually required contributions | Contributions in relation to the contractually required contributions | Contribution deficiency (excess) | Covered- employee payroll | Contributions as a percentage of covered- employee payroll |
|---------------------------|--|---|--|---------------------------------|---|
| 2020 | \$ 516 | (516) | \$ - | \$ 1,630,000 | 0.03% |
| 2019 | 503 | (503) | - | 1,593,000 | 0.03% |
| 2018 | 2,141 | (2,141) | - | 1,187,305 | 0.18% |

FITCH-RONA EMS DISTRICT
Notes to Required Supplementary Information
December 31, 2020

1. Excess Expenditures and Other Financing Uses Over Appropriations

The District controls expenditures at the department level. Some individual objects experienced expenditures which exceeded appropriations. The detail of those items can be found in the District's year-end budget to actual report. In total expenditures were \$11,842 under budget.

2. Employee Retirement Plan

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 4 preceding years.

Changes to Benefit Terms: There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions: No significant change in assumptions were noted from the prior year

3. Local Retiree Life Insurance Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Changes to Benefit Terms: There were no changes of benefit terms for any participating employer in LRLIF.

Changes of Assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.