



Finance Committee Members:
Joe Brehler, Chairperson
Tim Hanna, Vice Chairperson
Ryan Sebolt
Dianne Holman
Paula Yensen

**FINANCE COMMITTEE
AGENDA
Wednesday, April 10th, 2024
5:30 p.m.
812 E. Jolly Rd, Atrium
Lansing, MI 48910**

Join Zoom Meeting
<https://zoom.us/j/98547470124>
Meeting ID: 985 4747 0124

***Action Items**

- 1. Call to Order**
- 2. Previous Meeting Minutes – March 13th, 2024**
- 3. Adoption of Agenda**
- 4. Public Comment on Agenda Items**

BUSINESS ITEMS:

- *5. New Expense Contract: Trace 3 – Joanne Holland**
- *6. Revenue Contract Renewal: Ingham County Justice Complex Millage for Jail Mental Health Service Expansion – KC Brown**
- *7. Expense Contract Amendment: Cognitive & Behavioral Consultants – Gwenda Summers**
- *8. Expense Contract Amendment: McBride Quality Care Services, Inc. –Youth Overnight Respite – Gwenda Summers**
- 9. Unfinished Business**

If you need accommodations in order to fully participate in this meeting, please call 517-346-8238. If, however, you are deaf/hard of hearing or deaf/blind, please call Michigan Relay Center, TTY/Voice by dialing 711 or 844-578-6563 and ask them to forward your message to the above number. Requests must be made no later than 48 hours prior to the meeting. This meeting is open to all members of the public under Michigan's Open Meetings Act.

10. **New Business**
 - a. **Maner Costerisan FY22 Audit Review**
11. **Public Comment**
12. **Adjournment**



FINANCE COMMITTEE
Meeting Minutes
Wednesday, March 13th, 2024
5:30 p.m.
812 E. Jolly Rd, Atrium
Lansing, MI 48910

Join Zoom Meeting
<https://zoom.us/j/98547470124>
Meeting ID: 985 4747 0124

Committee Members Present:

Tim Hanna
Joe Brehler
Paula Yensen
Dwight Washington – Bath, MI

Committee Members Excused:

Ryan Sebolt

Staff Present

Sara Lurie, Sue Panetta, John Peiffer, Josh Siwek, Joanne Holland, Marie Carrell, KC Brown, Stephanie Stevens

Other Board Members Present:

Dianne Holman

Public Present:

None

Others Present

None

Call to Order:

The meeting was called to order by Chairperson Joe Brehler at 5:30 p.m.

Previous Meeting Minutes:

MOVED by Tim Hanna and SUPPORTED by Paula Yensen to approve the Finance Committee meeting minutes of February 14th, 2024.

MOTION CARRIED unanimously.

Adoption of Agenda:

MOVED by Diane Holman and SUPPORTED by Tim Hanna to adopt the agenda of March 13th, 2024.

MOTION CARRIED unanimously.

Public Comment on Agenda Items:

None

BUSINESS ITEMS:

812 East Jolly Road Renovations: New Furniture/Furnishings Conference Rooms G-11A, B and C

ACTION:

MOVED by Tim Hanna and SUPPORTED by Paula Yensen that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to purchase new conference room furniture from DBI, 912 E Michigan Ave, Lansing, MI 48912, off the State of Michigan MIDeal purchasing plan and purchase other furnishings and materials to be purchased from other vendors and suppliers in order to upgrade the conference rooms G-11A, B and C at 812 Jolly Road at a total price of \$89,000.00.

MOTION CARRIED unanimously.

405 Greenlawn Suite 305: New Haworth Systems Office Furniture

ACTION:

MOVED by Tim Hanna and **SUPPORTED** by Paula Yensen that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to purchase Haworth Systems Furniture to furnish 21 offices and two conference rooms. The furniture will be purchase from DBI - 912 E Michigan Ave, Lansing, MI 48912, off the State of Michigan MIDeal purchasing plan to support ITRS-OP located at 405 Greenlawn Lansing, Michigan, Suite 305, at a price of \$77,799.94.

MOTION CARRIED unanimously.

405 Greenlawn Suites 230, & 305, New IT Infrastructure Equipment

ACTION:

MOVED by Tim Hanna and **SUPPORTED** by Paula Yensen that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to purchase all required IT infrastructure equipment required to support the two programs (AMHS Short Term Case Management and ITRS Outpatient) being located at 405 Greenlawn in suites 230 and 305 at a total price of \$116,724.20.

MOTION CARRIED unanimously.

Expense Contract Renewal: Zoom

Joanne mentions that this is just a renewal of existing licenses. The cost of zoom has increased but is a standard increase that we see year after year.

ACTION:

MOVED by Dianne Holman and **SUPPORTED** by Tim Hanna that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to renew the licenses from Zoom for the period of March 28, 2024 through March 27, 2025 and pay \$37,663.65.

MOTION CARRIED unanimously.

Expense Contract Amendment: Centered Care LLC

Marie Carrell presented the amendment to the expense contract. This is a private duty nursing provider and is a waiver service for adults who have high medical needs. The current contract contains RN services and this amendment would be to include LPN services.

Paula Yensen enquired about the rates per hour and if the rate has increased over time or if this has been a flat rate. Marie mentions that this is the first time LPN services have been added to this specific contract, so we do not have any data on previous years and if the rate has gone up. Paula Yensen mentioned that in the future she would like to see more information on rates for these types of contracts. It is important to make sure that we are paying a competitive wage so we can retain quality contract workers. In the fact sheet, Paula would like to see what we paid these types of staff previously or in other contracts. She would also like to see a little bit of history on these contracts. It is difficult to attract and retain medical staff so it would be helpful to see if we are being competitive. Sue mentions that she compares contracts to make sure it is competitive and in line with other contracts. If she is presented with a contract that is too high or too low, it does not get presented to the committee and board. She also mentions that contractors are usually paid more than employees.

ACTION:

MOVED by Tim Hanna and **SUPPORTED** by Dianne Holman that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to enter into a contract amendment with Centered Care LLC to purchase LPN Private Duty Nursing services indicated at the rates below for the retroactive period of October 1, 2023 through September 30, 2024.

Service Title	CPT (Billing) Code	Modifier	Modifier	Modifier*	Unit	Rate
Private Duty Nursing LNP***	S9124	TE		UN/UP/ UQ/UR/ US	Per Hour	\$41.04
Private Duty Nursing LNP***	S9124	TE	TV**	UN/UP/ UQ/UR/ US	Per Hour	\$54.72

*Rate varies depending on the number of Consumers served.

**Recognized Holidays: New Year's Day, Easter, Memorial Day, July 4, Labor Day, Thanksgiving, Christmas Day.

***Service can be provided to HSW consumers over 21 ONLY.

MOTION CARRIED unanimously.

Expense Contract Amendment: Case Management of Michigan

Occasionally, we need to place an individual in a residential setting outside of our service area. We contract with another provider in these instances to provide the case management. While we are waiting to negotiate for the next contract with them, we have agreed to reimbursement them at their current rate with the agreement that we would increase the rate once we have negotiated it.

ACTION:

MOVED by Dianne Holman and **SUPPORTED** by Tim Hanna that the Finance Committee of the CMHA-CEI Board of Directors authorize CMHA-CEI to enter into a contract amendment with Case Management of Michigan to purchase services at the updated rates below for the period of March 1, 2024 through September 30, 2024.

Fee Schedule				
Service	Code	Modifiers	Unit	Rate
Targeted Case Management	T1017	AF, AG, AH, HN, AE, HO, HP, SA, HM, TD	15 Minute	\$110.00
Evaluation and Management of Established Patient	99213	AF, AG, SA	Encounter: 20-29 Minutes	\$200.00

Nursing Assessments	T1001	AE, SA, TD	Encounter	\$110.00
Medication Administration	96372	AF, AG, SA, HM, TD, TE	Encounter	\$45.00

MOTION CARRIED unanimously.

Unfinished Business

None

New Business

None

Public Comment:

Sara mentions that we are planning on scheduling a tour of Greenlawn prior to the board meeting on March 21st. There will be snacks for everyone in-between.

Sue mentions that next month we will have auditors in.

The meeting was adjourned at 5:53 p.m. The next regularly scheduled Finance Committee meeting is Wednesday, April 10th, 2024 5:30pm, 812 E. Jolly Rd, Atrium.

Minutes Submitted by:

Stephanie Stevens
CCBHC Secretary



Agenda Item: Finance Committee
Agenda Item #F-5

Month, Year: April, 2024

Major Program: Information Services

Component Program: All

Agenda Item Title: New Expense Contract: Trace 3

SUMMARY OF CONTRACT/PROPOSAL:

Under this proposal, Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (CMHA-CEI) will contract with Trace 3 for design services related reviewing and redesigning the backbone of our datacenter for a total of \$55,940.

The revenue and expense of this contract are reflected in CMHA-CEI's 2024 Budget. Because this is an indirect expense, all revenue sources support this contract. This is a continuation of the Data Center Switching Upgrade project.

DESCRIPTION OF GOODS OR SERVICES REFERENCED IN CONTRACT/PROPOSAL:

CMHA-CEI maintains an on-site datacenter at 812 E. Jolly Road that houses all of the physical servers and infrastructure to maintain the network for the organization. This contract will involve a review of current design, protocols, and data flow in the data center, and prepare an updated design and configuration to take full advantage of newer protocols afforded by the upgraded switching equipment.

Time and materials are outlined in a Statement of Work provided by Trace 3 with a project plan in place covering Discovery, Design, Execution and Handover. We have asked Trace 3 to separate this design plan from the installation plan, as CEI IS Staff will handle the majority of the onsite installation, with Trace 3 assisting with configuration.

STAFF RECOMMENDATION:

Staff recommend that the Finance Committee of the Board of Directors of Community Mental Health Authority of Clinton, Eaton, Ingham Counties approve the following resolution:

The Finance Committee recommends that the Board of Directors of Community Mental Health Authority of Clinton, Eaton, Ingham Counties authorize CMHA-CEI to engage in network design services with Trace 3 and pay a total of \$55,940, to be expensed over five years as part of the Data Center Upgrade project.



Agenda Item: Finance Committee
Agenda Item #F-6

Month, Year: April, 2024

Major Program: Integrated Treatment & Recovery Services

Component Program: Correctional Assessment & Treatment Services (CATS)

Agenda Item Title: Revenue Contract Renewal: Ingham County Justice Complex Millage for Jail Mental Health Service Expansion

SUMMARY OF CONTRACT/PROPOSAL:

Under this contract renewal, Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (CMHA-CEI) will renew a contract with Ingham County Justice Complex for jail mental health service expansion and receive up to \$815,130 (funding is contingent on positions filled). This contract is for the term of January 1, 2024 through December 31, 2024.

The revenue and expense of this contract will be reflected in CMHA-CEI’s FY 2024/25 budget. This contract does cover the administrative costs incurred with the operation of this contract. This contract will not affect CMHA-CEI’s fund balance. If costs are expected to exceed the initial funding of \$815,130, CMHA-CEI has the option to request additional funds.

DESCRIPTION OF GOODS OR SERVICES REFERENCED IN CONTRACT/ PROPOSAL:

CMHA-CEI Corrections Assessment & Treatment Services (CATS) program has been receiving funding through the Justice Complex Millage since 2019. This funding provides three full time Mental Health Therapists, one full time Nurse Care Manager (RN), one Peer Recover Coach and one full time secretary; all of which provide MH therapy services for those individuals who do not meet criteria for the substance use disorders or PIHP funding. Funding also provides for a full time Program Coordinator

2A and a 0.3 FTE Coordinator. The Program Coordinator position manages Jail Re-entry Services and Medication Assisted Treatment endeavors in partnership with the Ingham County Health Department within the Ingham County Jail and community based outpatient programming.

STAFF RECOMMENDATION:

Staff recommend that the Finance Committee of Community Mental Health Authority of Clinton, Eaton, and Ingham Counties approve the following resolution:

The Finance Committee recommends that the Board of Directors of Community Mental Health Authority of Clinton, Eaton, and Ingham Counties authorize CMHA-CEI to approve the contract renewal with Ingham County Justice Complex Millage contract totaling \$815,130 for the term of January 1, 2024 through December 31, 2024.



Agenda Item: Finance Committee
Agenda Item #F-7

Month, Year: April, 2024

Major Program: Families Forward

Component Program: Children’s Trauma Initiative

Agenda Item Title: Expense Contract Amendment: Cognitive & Behavioral Consultants

SUMMARY OF CONTRACT/PROPOSAL:

Under this contract amendment, Community Mental Health Authority of Clinton, Eaton, Ingham Counties will purchase services from Cognitive & Behavioral Consultants, training consultant, to provide training and coaching in Dialectical Behavior Therapy for Adolescents for the retroactive period of October 1, 2023 through September 30, 2024. CMHA-CEI will pay no more than \$115,750 for these services. This is an increase from \$80,600 due to the addition of a training cohort for which Cognitive & Behavioral Consultants will be the training consultant.

Expenses from this contract are reflected in CMHA-CEI’s FY24 budget. The revenue sources that support this contract are federal block grant dollars. The expenses of this contract are reflected in the Contract-Training line item of the CBT Trauma Informed Grant budget. Indirect costs are reimbursed at 6.33%, for the first \$25,000 of each contract, for fiscal year 2024. Any indirect costs, including administration, that are not reimbursable by the grant must be covered with State General Funds or Local funding sources. This contract may decrease CMHA-CEI’s fund balance by an undetermined dollar amount if there are not enough State General Funds or Local funding sources to cover the remaining indirect costs.

DESCRIPTION OF GOODS OR SERVICES REFERENCED IN CONTRACT/PROPOSAL:

Cognitive & Behavioral Consultants will provide:

During the contract year 2024, two cohorts will be involved in various stages of the DBT for Adolescents Learning Collaborative (LC). The purpose of the DBT for Adolescents LC is to support participating clinicians and supervisors in the training, implementation, fidelity, and sustainability of DBT for Adolescents. Research studies have demonstrated that DBT for Adolescents is effective in reducing incidents of suicidal attempts in adolescents as well as

non-suicidal self-injurious behaviors (NSSI). The above will be accomplished through virtual trainings, consultation calls, regularly scheduled webinars, and the State EBP Conference.

STAFF RECOMMENDATIONS:

Because this provides CMHA-CEI's Families Forward with a unique opportunity to partner with Cognitive & Behavioral Consultants in advancing clinical interventions for youth and families, staff recommends that the Finance Committee of the CMHA-CEI Board of Directors approve the following resolution:

The Finance Committee recommends that the Board of Directors of the Community Mental Health Authority of Clinton, Eaton, Ingham Counties authorize CMHA-CEI to enter into a contract renewal with Cognitive & Behavioral Consultants to provide DBT for Adolescents expert training and consultation to CMHA-CEI and pay no more than \$115,750 for those services for the retroactive period October 1, 2023 through September 30, 2024.



Agenda Item: Finance Committee
Agenda Item #F-8

Month, Year: April, 2024

Major Department: Families Forward
Component Program: Families Forward
Agenda Item Title: Expense Contract Amendment: McBride Quality Care Services, Inc. -Youth Overnight Respite

SUMMARY OF CONTRACT/PROPOSAL:

Under this contract amendment, Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (CMHA-CEI) will purchase therapeutic respite/crisis group home services for children and adolescents with serious emotional disturbance, referred by CMHA-CEI Families Forward, and pay a 15-minute rate of \$3.93 or \$377.13 per day, per bed for six beds for the period of April 1, 2024 through September 30, 2024. Access to the therapeutic respite/crisis beds is on a 24 hour, 7 days a week basis.

The revenue and expense of this contract are reflected in CMHA-CEI's FY 2024 budget. The revenue source that supports this contract is Traditional Medicaid, Medicaid Serious Emotional Disturbances Waiver and Medicaid Healthy Michigan Plan, State General Funds, and local funds. The expenses of this contract are reflected in the various contract line items of the Families Forward Appletree budget. This contract will not impact CMHA-CEI's fund balance.

DESCRIPTION OF GOODS OR SERVICES REFERENCED IN CONTRACT/PROPOSAL:

This program provides a structured, staffed, well-supervised, therapeutic environment for up to six children and/or adolescents, serving both males and females. The facility is available for brief respite and urgent placements. The length of stay varies depending

upon the individualized needs of the children and their families. A typical length of stay is 1-3 days. Children utilizing this respite option also continue to attend their regular school. The cost of school transportation is incorporated into the per diem rate.

STAFF RECOMMENDATION:

Staff recommends that the Finance Committee of the Board of Directors of Community Mental Health Authority of Clinton, Eaton, and Ingham Counties approve the following resolution:

The Finance Committee recommends that the Community Mental Health Authority of Clinton, Eaton, and Ingham Counties Board of Directors authorize CMHA-CEI to enter into a contract amendment with McBride Quality Care Services to purchase Respite Care Services (Billing Code T1005) for the period of April 1, 2024 through September 30, 2024 at 15-minute rate of \$3.93 or \$377.13 per day, per bed for six beds. Rate includes Direct Care Worker Wage Increase.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

March 21, 2024

To the Board of Directors
Community Mental Health Authority of Clinton, Eaton, and Ingham Counties

We have audited the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Community Mental Health Authority of Clinton, Eaton, & Ingham Counties are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based IT Arrangements*, during the year ended September 30, 2023. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the Community Mental Health Authority of Clinton, Eaton, & Ingham Counties during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the business-type activities and the major fund were:

Management's calculation of the current and noncurrent portions of the compensated absences liability was based on an estimate of the percentage of employees' usage of compensated absences.

Management's calculation of depreciation/amortization expense for the current period is based on an estimate of the useful lives of the capital assets.

Management's calculation of adult client inpatient liability based on estimate of claims incurred but not reported.

Management’s calculation of the percentages for the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

Management’s calculation of net pension liability is based on actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Material misstatements were not detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 21, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Directors of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC

COMMUNITY
MENTAL HEALTH
AUTHORITY OF
CLINTON, EATON,
AND INGHAM
COUNTIES



Fiscal Year Ended
September 30,
2023

Financial
Statements and
Single Audit Act
Compliance

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes in Fund Net Position	13
Statement of Cash Flows	1
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to Financial Statements	19
Required Supplementary Information	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in Authority's Net Pension Liability and Related Ratios	38
Schedule of the Net Pension Liability	40
Schedule of Contributions	41
Single Audit Act Compliance	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	47
Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards	51
Schedule of Findings and Questioned Costs	52
Summary Schedule of Prior Audit Findings	53





2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Mental Health Authority of Clinton, Eaton, & Ingham Counties

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties (the Authority), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' 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 business-type activities, the major fund, and the aggregate remaining fund information of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties, as of September 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Community Mental Health Authority of Clinton, Eaton, & Ingham Counties 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 Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' 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 and *Government 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 and *Government 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 Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' 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 Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control over financial reporting and compliance.

Maney Costeiran PC

March 21, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Management's Discussion and Analysis

These financial statements are the responsibility of management of the Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (the "Authority"). We offer readers this narrative overview and analysis for the fiscal year ended September 30, 2023. 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.

This management's discussion and analysis contains information on the basic financial statements of the Authority, together with any required explanation, which would be essential to acquire a full understanding of the data contained therein.

Financial Position Summary

Analysis of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position over time serves as a useful indicator of the Authority's financial position. The Authority's liabilities and deferred inflows of resources exceed the Authority's assets and deferred outflows of resources by \$13,430,690 and \$13,027,503 as of September 30, 2023 and 2022, respectively. These represent decreases in net position of \$(403,187) and \$(1,001,345) from the prior periods for 2023 and 2022, respectively.

A condensed summary of the Authority's statements of net position for the years ended September 30, 2023 and 2022 is shown below:

	Net Position			
	2023	2022*	Change	% Change
Assets				
Current and other assets	\$ 39,277,867	\$ 48,339,283	\$ (9,061,416)	-18.7%
Capital assets, net	28,030,095	29,010,354	(980,259)	-3.4%
Total assets	67,307,962	77,349,637	(10,041,675)	-13.0%
Deferred outflows of resources	38,151,894	24,244,024	13,907,870	57.4%
Liabilities				
Current and other liabilities	26,790,725	45,220,139	(18,429,414)	-40.8%
Long-term liabilities	92,099,821	55,380,814	36,719,007	66.3%
Total liabilities	118,890,546	100,600,953	18,289,593	18.2%
Deferred inflows of resources	-	14,649,208	(14,649,208)	-100.0%
Net position				
Net investment in capital assets	15,911,052	16,073,627	(162,575)	-1.0%
Restricted	400,000	400,000	-	0.0%
Unrestricted	(29,741,742)	(30,130,127)	388,385	1.3%
Total net position	\$ (13,430,690)	\$ (13,656,500)	\$ 225,810	1.7%

*The balances for 2022 have not been restated for the implementation of GASB 96.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Management's Discussion and Analysis

The amount of the Authority's net investment in capital assets at September 30, 2023 is \$15.9 million. Unrestricted net position of \$(29,741,742) represent 221.4% of total net position. The Authority's net position decreased by about \$403,000. This was due to CCBHC revenue exceeding CCBHC expenditures by approximately \$11.6 million. However, the Authority had an increase in its net pension liability, net of related deferred inflows and outflows reduced the Authority's net position by over \$10.0 million, resulting in the small change in total net position overall.

The following summarizes the revenue, expense, and changes in net position for the years ended September 30, 2023 and 2022:

	Changes in Net Position			
	2023	2022*	Change	% Change
Operating revenues				
Medicaid and Healthy Michigan contracts	\$ 107,069,593	\$ 109,368,212	\$ (2,298,619)	-2.1%
CCBHC demonstration	57,302,659	35,501,909	21,800,750	61.4%
State General Fund contract	7,259,857	7,447,960	(188,103)	-2.5%
Local sources	7,192,429	5,567,966	1,624,463	29.2%
Federal grant revenue	4,410,416	4,782,483	(372,067)	-7.8%
Charges for services	5,393,010	7,094,824	(1,701,814)	-24.0%
Rental income-supportive housing	1,331,649	1,220,196	111,453	9.1%
Total operating revenues	189,959,613	170,983,550	18,976,063	11.1%
Operating expenses				
Adults with mental illness	60,651,254	52,348,468	8,302,786	15.9%
Children with emotional disturbance	23,742,539	20,656,196	3,086,343	14.9%
Developmental disabilities	69,140,453	69,458,562	(318,109)	-0.5%
Substance abuse	7,603,761	5,716,467	1,887,294	33.0%
Community benefit program	4,642,357	2,442,451	2,199,906	90.1%
Board administration	23,792,582	20,439,887	3,352,695	16.4%
Local expense	342,256	517,628	(175,372)	-33.9%
Supportive housing	208,516	186,812	21,704	11.6%
Total expenses	190,123,718	171,766,471	18,357,247	10.7%
Operating income (loss)	(164,105)	(782,921)	618,816	-79.0%
Nonoperating revenues (expenses)				
Interest expense	(237,028)	(470,975)	233,947	-49.7%
Investment income	33	12,007	(11,974)	-99.7%
Gain on sale of capital assets	(2,087)	240,544	(242,631)	-100.9%
Total nonoperating revenues (expenses)	(239,082)	(218,424)	(20,658)	9.5%
Change in net position	(403,187)	(1,001,345)	598,158	-59.7%
Net position, beginning of year, as restated	(13,027,503)	(12,655,155)	(372,348)	2.9%
Net position, end of year	\$ (13,430,690)	\$ (13,656,500)	\$ 225,810	-1.7%

*The balances for 2022 have not been restated for the implementation of GASB 96.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Management's Discussion and Analysis

Financial Operations Highlights

The following are significant financial operating highlights for the fiscal year ended September 30, 2023:

- Current assets and other assets decreased by 18.7% or \$9,061,416 from \$48,339,283 in 2022 to \$39,277,867 in 2023 principally due to decreases in cash and receivables from Mid-State Health Network.
- Deferred outflows of resources increased by 57.4% or \$13,907,870 from \$24,244,024 to \$38,151,894 principally due to fluctuations in investment returns for assets held in trust for the defined benefit pension plan. More detailed information is available in the notes to the financial statements.
- The net pension liability increased by 86.6% or \$37,594,253 from \$43,410,641 to \$81,004,894 principally due to increases in employee wages, significant investment losses, and changes in plan assumptions. More detailed information is available in the notes to the financial statements.
- Deferred inflows of resources decreased by 100% or \$14,649,208 from \$14,649,208 to \$0 due to differences in experience and changes in the assumptions used in the actuarial valuation for the defined benefit pension plan. More detailed information is available in the notes to the financial statements.
- Total operating revenues increased by 11.0% or \$18,976,063 from \$170,983,550 to \$189,959,613 in 2023 principally due to changes in State funding and increases in eligible Medicaid costs.
- Operating expenses increased by 10.7% or \$18,357,247 from \$171,766,471 in 2022 to \$190,123,718 in 2023 principally due to inflation, increases in employee wages and benefits, and rate increases to providers.

Capital Assets

Capital Assets. As of September 30, 2023, the Authority had approximately \$28.0 million invested in a variety of capital assets as reflected in the following schedule:

	Capital Assets	
	2023	(As restated) 2022
Not being depreciated:		
Land	\$ 2,316,569	\$ 2,316,569
Construction in progress	662,809	447,003
Total, not being depreciated:	<u>2,979,378</u>	<u>2,763,572</u>
Being depreciated/amortization:		
Buildings and Improvements	32,650,350	32,451,015
Right to use - leased buildings	11,128,409	10,541,700
Equipment	8,752,347	8,752,347
Vehicles	3,811,929	3,633,246
Subscription assets	810,738	628,997
Accumulated depreciation/amortization	(32,103,056)	(29,131,526)
Total, being depreciated/amortized	<u>25,050,717</u>	<u>26,875,779</u>
Total capital assets, net	<u>\$ 28,030,095</u>	<u>\$ 29,639,351</u>

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Management's Discussion and Analysis

Factors Impacting the Future

The public mental health system in Michigan continues to operate in an ever changing environment. Legislative changes at the State and Federal level may present organizational and funding changes that are not yet known. The Authority continues to stay abreast of such changes and advocate and adapt as necessary to promote its mission.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional information, contact the Chief Financial Officer at 812 East Jolly Rd., Suite 210, Lansing, MI 48910.

BASIC FINANCIAL STATEMENTS

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Statement of Net Position

September 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 30,659,603
Accounts receivable	110,619
Due from Mid-State Health Network	4,668,987
Due from other governments	2,662,562
Other assets	774,477
Total current assets	<u>38,876,248</u>

Noncurrent assets:

Restricted cash and cash equivalents	401,619
Capital assets not being depreciated/amortized	2,979,378
Capital assets being depreciated/amortized, net	25,050,717
Total noncurrent assets	<u>28,431,714</u>

Total assets

67,307,962

Deferred outflows of resources

Deferred pension amounts	<u>38,151,894</u>
--------------------------	-------------------

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	16,071,175
Due to State of Michigan	430,729
Due to Mid State Health Network	2,647,277
Unearned revenue	2,691,420
Compensated absences, current portion	3,072,610
Long-term obligations, current portion	1,877,514
Total current liabilities	<u>26,790,725</u>

Noncurrent liabilities:

Long-term obligations, net of current portion	10,241,529
Compensated absences, net of current portion	853,398
Net pension liability	81,004,894
Total noncurrent liabilities	<u>92,099,821</u>

Total liabilities

118,890,546

Net position

Net investment in capital assets	15,911,052
Restricted	400,000
Unrestricted	(29,741,742)

Total net position

\$ (13,430,690)

The accompanying notes are an integral part of these financial statements.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended September 30, 2023

Operating revenues	
Medicaid and Healthy Michigan contracts	\$ 107,069,593
CCBHC demonstration	57,302,659
State general fund contract	7,259,857
Local sources	7,192,429
Federal grant revenue	4,410,416
Charges for services	5,393,010
Rental income-supportive housing	<u>1,331,649</u>
Total operating revenues	<u>189,959,613</u>
Operating expenses	
Adults with mental illness	60,651,254
Children with emotional disturbance	23,742,539
Developmental disabilities	69,140,453
Substance abuse	7,603,761
Community benefit program	4,642,357
Board administration	23,792,582
Local expense	342,256
Supportive housing	<u>208,516</u>
Total operating expenses	<u>190,123,718</u>
Operating loss	<u>(164,105)</u>
Nonoperating revenues (expenses)	
Interest expense	(237,028)
Investment income	33
Gain on sale of capital assets	<u>(2,087)</u>
Total nonoperating revenues (expenses)	<u>(239,082)</u>
Change in net position	(403,187)
Net position, beginning of year, as restated	<u>(13,027,503)</u>
Net position, end of year	<u><u>\$ (13,430,690)</u></u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Statement of Cash Flows

Year Ended September 30, 2023

Cash flows from operating activities

Cash received from contracts, grants, consumers, and others	\$ 185,892,938
Cash paid to suppliers	(98,390,063)
Cash paid to employees	<u>(92,024,286)</u>

Net cash provided used in operating activities (4,521,411)

Cash flows for capital and related financing activities

Purchase/construction of capital assets	(777,652)
Proceeds from installment loans	492,529
Principal payments on long-term obligations	(1,896,922)
Interest payments on long-term obligations	<u>(237,028)</u>

Net cash used in capital and related financing activities (2,419,073)

Cash flows from investing activities

Investment income	<u>33</u>
-------------------	-----------

Change in cash and cash equivalents (6,940,451)

Cash and cash equivalents, beginning of year 38,001,673

Cash and cash equivalents, end of year \$ 31,061,222

continued...

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Statement of Cash Flows

Year Ended September 30, 2023

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (164,105)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation/amortization expense	2,971,530
Changes in operating assets, deferred outflows, liabilities and deferred inflows that provided (used) cash:	
Accounts receivable	46,590
Due from Mid-State Health Network	330,920
Due from other governments	1,464,339
Other assets	279,116
Deferred outflows - pension amounts	(13,907,870)
Accounts payable and accrued liabilities	(567,660)
Due to State of Michigan	(9,926)
Due to Mid State Health Network	(20,639,475)
Compensation absences	38,665
Net pension liability	37,594,253
Unearned revenue	2,691,420
Deferred inflows - pension amounts	<u>(14,649,208)</u>

Net cash used in operating activities \$ (4,521,411)

concluded

Noncash financing activities

Subscription-based IT arrangement inflows	\$ 586,709
Subscription-based IT arrangement outflows	<u>(586,709)</u>

Total noncash financing activities -

The accompanying notes are an integral part of these financial statements.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2023

	Private Purpose Trust Fund
Assets	
Cash and cash equivalents	\$ 11,625
Liabilities	
Accounts payable	-
	<hr/>
Net position held in trust	<u><u>\$ 11,625</u></u>

The accompanying notes are an integral part of these basic financial statements.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND
INGHAM COUNTIES**

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended September 30, 2023

	Private Purpose Trust Fund
Increases - Investment loss	\$ (470)
Net position, beginning of year	<u>12,095</u>
Net position, end of year	<u><u>\$ 11,625</u></u>

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Community Mental Health Authority of Clinton, Eaton, Ingham Counties ("Authority") was established under section 205 of the Michigan Health Code and is governed by an elected 12-member board. The accompanying financial statements present the Authority and the entities for which the Authority is considered to be financially accountable. The Authority activities are funded through federal grants, state allocations, premium revenue, county appropriations, service fees, and local gifts and grants.

As of January 1, 2014, the Authority became an affiliate of Mid-State Health Network (MSHN), a 21-county Prepaid Inpatient Health Plan (PIHP).

Financial Statements

The financial statements report information on all of the activities of the Authority.

The operations of the Authority are accounted for as an enterprise fund (a proprietary fund) which is designed to be self-supporting. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Enterprise fund 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.

The enterprise fund is the Authority's primary operating fund. It accounts for all financial resources of the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's operating fund are contract revenues received directly or indirectly from the Michigan Department of Health and Human Services (MDHHS) and first and third party billings. Operating expenses include the cost of providing mental health and substance abuse services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

Fiduciary Funds

Fiduciary funds report amounts held in a fiduciary capacity for others. The Authority reports a single fiduciary fund, a private purpose trust fund. The private purpose trust fund accounts for assets held by the Authority in a trust for the benefit of parties outside the Authority. These amounts are not used to operate Authority programs.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Deposits and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents includes \$400,000 in cash held by Ingham County, Michigan (the "County"), on behalf of the Authority, in accordance with the lease agreement between the Authority and the County financed through Ingham County, Michigan bonds. The remaining \$1,619 represents cash held by the Authority on behalf of consumers. The Authority serves as representative payee for many consumers.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

Receivables and Payables

Accounts receivable/payable balances represent amounts that have arisen in the ordinary course of business. Accounts receivable are stated net of allowances, if any. Due from/due to other governmental units consist primarily of amounts due to/due from the PIHP, the State of Michigan, and other local governmental units. After year-end, due from/to balances with Mid-State Health Network are settled based on the Authority's Financial Status Report.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the financial statements.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Construction in progress, if any, are not depreciated. Right to use assets of the Authority are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other capital assets are depreciated using the straight-line method over the following useful lives:

Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10-15
Right to use - leased buildings	1-15
Equipment	3-10
Vehicles	4
Subscription asset	2

Leases - lessee

The Authority is a lessee for several noncancellable lease of buildings. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset). The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription-Based Information Technology Arrangements (SBITA)

The Authority has noncancellable subscription-based information technology arrangements. The Authority recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The Authority recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a subscription, the Authority initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the Authority determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The Authority uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority's deferred outflows of resources are related to the net pension liability.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

Compensated Absences

It is the Authority's policy to permit employees to accumulate paid time off, subject to certain limitations. Any earned but unused paid time off is reported as a current liability or long-term liability in the statement of net position based on client balance and historical use.

Unearned Revenue

Unearned revenue may include the portion of the current year MDHHS General Fund contract amount that may be carried-over to and expended in subsequent fiscal years. Such carryover is generally limited to five percent of the MDHHS contract amount. The funds carried over must generally be spent in the following year. At September 30, 2023, there was no general fund carryover balance. Additionally, the Authority reports unearned revenue for the unspent portion of private, State and Federal grants received in advance.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

The Authority's net position is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization and is reduced by the balance of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Medicaid and Health Michigan Revenue

Beginning in January 2014, Mid-State Health Network assumed the regional entity contract with the MDHHS. The Authority contracts to receive Medicaid, Healthy Michigan, Autism, and other revenue through the regional PIHP. The Authority performs an annual cost settlement of capitated funding with the PIHP.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

State General Fund Contract Revenue

The Authority provides mental health services on behalf of the Michigan Department of Health and Human Services (MDHHS). Currently, the Authority contracts directly with the MDHHS for general fund revenue to support the services provided for the priority population residing in the counties it serves. The Authority performs an annual cost settlement of general funds with MDHHS. State general fund savings, which are limited to 5 percent of the MDHHS general fund contract amount, must be spent in the following year. In addition, the MDHHS makes fee-for-service payments to the Authority for certain covered services.

2. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in any securities allowed under this act. The Authority's deposits and investments are in accordance with statutory authority.

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

Statement of net position

Cash and cash equivalents	\$ 30,659,603
Restricted cash and cash equivalents	401,619

Statement of fiduciary net position

Private purpose trust fund	
Cash and cash equivalents	<u>11,625</u>

Total	<u>\$ 31,072,847</u>
--------------	----------------------

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The Authority's deposits includes \$400,000 maintained by the County Treasurer. These funds are deposited in the name of the County Treasurer. Other county funds are also deposited in those accounts and, as such, because of the complexities of FDIC regulation No. 330.8, it is not possible to readily determine the amount of insurance that would be allocated to the Authority's deposits. The Authority's deposit accounts are comprised of checking accounts with local banks with combined balances of \$31.0 million, of which \$30.8 million was uninsured.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

3. OTHER ASSETS

Other assets consisted of the following amounts at September 30, 2023:

Prepays	\$ 340,570
Deposits	<u>433,907</u>
Totals	<u><u>\$ 774,477</u></u>

4. CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Disposals/ Adjustments	Transfers	Ending Balance
Capital assets not being depreciated/amortized:					
Land	\$ 2,316,569	\$ -	\$ -	\$ -	\$ 2,316,569
Construction in progress	447,003	417,228	(2,087)	(199,335)	662,809
	<u>2,763,572</u>	<u>417,228</u>	<u>(2,087)</u>	<u>(199,335)</u>	<u>2,979,378</u>
Capital assets being depreciated/amortized:					
Buildings and Improvements	32,451,015	-	-	199,335	32,650,350
Right to use - leased building	10,541,700	586,709	-	-	11,128,409
Equipment	8,752,347	-	-	-	8,752,347
Vehicles	3,633,246	178,683	-	-	3,811,929
Subscription assets	628,997	181,741	-	-	810,738
	<u>56,007,305</u>	<u>947,133</u>	<u>-</u>	<u>199,335</u>	<u>57,153,773</u>
Less accumulated depreciation/amortization for:					
Buildings and Improvements	(16,890,646)	(732,950)	-	-	(17,623,596)
Right to use - leased building	(1,396,870)	(1,548,145)	-	-	(2,945,015)
Equipment	(7,445,677)	(279,060)	-	-	(7,724,737)
Vehicles	(3,398,333)	(104,641)	-	-	(3,502,974)
Subscription assets	-	(306,734)	-	-	(306,734)
	<u>(29,131,526)</u>	<u>(2,971,530)</u>	<u>-</u>	<u>-</u>	<u>(32,103,056)</u>
Total capital assets being depreciated/amortized, net	<u>26,875,779</u>	<u>(2,024,397)</u>	<u>-</u>	<u>199,335</u>	<u>25,050,717</u>
	<u><u>\$ 29,639,351</u></u>	<u><u>\$ (1,607,169)</u></u>	<u><u>\$ (2,087)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,030,095</u></u>

For the years ended September 30, 2023, depreciation/amortization expense was allocated to the related expense category on the Statement of Revenues, Expenses and Changes in Net Position.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

Subscription-based information Technology Arrangements

The Authority is involved in eight arrangements that qualify as long-term subscription-based information technology ("SBITA") arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the Authority has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3.11 percent based on the Authority's incremental borrowing rate. The remaining useful life is 2 years. No liability was outstanding for these arrangements at September 30, 2023.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

Accounts payable	\$ 7,796,653
Payroll and benefit accruals	5,939,762
Inpatient care accruals	1,793,886
Retiree healthcare offset accrual	307,992
Unearned donations	70,891
Other accruals	<u>161,991</u>
Total	<u><u>\$ 16,071,175</u></u>

6. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leased liabilities	\$ 9,233,757	\$ 586,709	\$ (1,420,003)	\$ 8,400,463	\$ 1,327,447
Installment loans	3,702,970	492,529	(476,919)	3,718,580	550,067
Compensated absences	3,887,343	5,951,266	(5,912,601)	3,926,008	3,072,610
	<u>\$ 16,824,070</u>	<u>\$ 7,030,504</u>	<u>\$ (7,809,523)</u>	<u>\$ 16,045,051</u>	<u>\$ 4,950,124</u>

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

Debt service requirements to maturity for all installment loans of the Authority are as follows:

Year Ended September 30,	Principal	Interest	Total
2024	\$ 550,067	\$ 222,307	\$ 772,374
2025	634,698	184,009	818,707
2026	602,206	146,257	748,463
2027	494,337	108,877	603,214
2028	366,767	81,928	448,695
2029-2033	625,993	228,651	854,644
2034-2038	444,512	56,905	501,417
	<u>\$ 3,718,580</u>	<u>\$ 1,028,934</u>	<u>\$ 4,747,514</u>

The net present value of future minimum payments as of September 30, 2023, were as follows:

Year Ended September 30,	Principal	Interest	Total
2024	\$ 1,327,447	\$ 277,036	\$ 1,604,483
2025	859,341	236,375	1,095,716
2026	670,302	203,353	873,655
2027	577,618	184,161	761,779
2028	492,449	166,640	659,089
2029-2033	2,298,790	621,741	2,920,531
2034-2038	2,174,516	128	2,174,644
	<u>\$ 8,400,463</u>	<u>\$ 1,689,434</u>	<u>\$ 10,089,897</u>

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

Terms for all installment loans of the Authority are as follows:

Installment loan	Annual Payment	Interest Rate	Loan End Date	Balance
4233 Appletree Ln.	\$ 14,529	6.89%	1/1/2029	\$ 90,688
520 Cherry St.	54,974	5.10%	3/10/2027	208,274
4020 Aurelius Rd.	67,315	5.10%	3/10/2027	254,258
Group Homes	148,644	3.52%	4/1/2021	868,065
1305 E. Jolly	30,438	3.69%	9/4/2023	723,853
812 E. Jolly Rd	9,178	4.70%	11/20/2029	74,124
606 W Shiawassee & 520 Cherry	40,923	6.75%	5/22/2029	403,868
14354 Turner Rd.	15,721	6.50%	1/8/2028	77,993
4817 Van Atta Rd.	17,770	6.50%	2/8/2028	88,157
Willoughby	22,597	4.61%	5/22/2036	442,158
2919-21 Aurelius Road	4,845	3.82%	10/1/2024	66,440
Chase Vehicle Loans	123,132	6.61%	2/27/2027	420,702
				<u>\$ 3,718,580</u>

Terms for all leased liabilities of the Authority are as follows:

Leased asset	Annual Payment	Interest Rate	Lease End Date	Balance
5850 Holt St.	\$ 26,040	3.50%	5/31/2025	\$ 42,190
210 W Railroad St	76,260	3.50%	4/30/2025	117,536
801 Waverly	76,460	3.50%	2/28/2026	246,939
5913 Executive Drive	430,000	3.50%	1/31/2025	560,346
9120 Eaton Highway	21,358	3.50%	5/31/2026	54,486
County of Ingham - Forest	50,670	3.50%	5/31/2028	223,408
1520 W Wieland	23,136	3.50%	4/30/2024	13,351
551 Courthouse Drive	56,435	3.50%	6/30/2028	248,090
1369 Carlisle	24,662	3.50%	9/30/2024	24,233
12450 Greenfield Road	29,508	3.50%	9/30/2024	28,995
138 E Santee Highway	25,022	3.50%	9/30/2024	24,587
3962 Vanneter Road	29,926	3.50%	1/31/2024	9,908
838 Louisa	26,385	3.50%	7/31/2025	21,664
Storage Rental FKA Five Star Store It	54,232	3.50%	1/14/2025	53,289
R&W Investments - Suite 2	19,096	3.50%	2/28/2027	61,674
R&W Investments - Suite 203	74,937	3.50%	2/28/2027	242,020
Jolly Road	569,424	3.50%	11/1/2037	6,427,746
				<u>\$ 8,400,463</u>

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

7. PENSION PLANS

General Information About the Plan

Plan Description. The Authority's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Authority participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers from 2.25 to 2.5%. Participants are considered to be fully vested in the plan after 6 or 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	620
Inactive employees entitled to but not yet receiving benefits	712
Active employees	<u>888</u>
Total membership	<u><u>2,220</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended September 30, 2023, the Authority contributed \$13,157,316. In addition, the employer may establish contribution rates to be paid by its covered employees.

Net Pension Liability. The Authority's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-term Expected Real Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.25%</u></u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	<u>\$ 246,319,193</u>	<u>\$ 202,908,552</u>	<u>\$ 43,410,641</u>
Changes for the year:			
Service cost	7,132,788	-	7,132,788
Interest	17,620,186	-	17,620,186
Differences between expected and actual experience	3,399,386	-	3,399,386
Employer contributions	-	10,371,959	(10,371,959)
Employee contributions	-	2,821,228	(2,821,228)
Net investment income	-	(22,217,262)	22,217,262
Benefit payments, including refunds of employee contributions	(13,697,057)	(13,697,057)	-
Administrative expense	-	(417,818)	417,818
Net changes	<u>14,455,303</u>	<u>(23,138,950)</u>	<u>37,594,253</u>
Balances at December 31, 2022	<u>\$ 260,774,496</u>	<u>\$ 179,769,602</u>	<u>\$ 81,004,894</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 7.25%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 113,908,237	\$ 81,004,894	\$ 53,678,597

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

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

For the year ended September 30, 2023, the Authority recognized pension expense of \$20,650,372. The Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 5,031,329	\$ -	\$ 5,031,329
Changes in assumptions	6,856,204	-	6,856,204
Net difference between projected and actual earnings on pension plan investments	17,561,095	-	17,561,095
	<u>29,448,628</u>	<u>-</u>	<u>29,448,628</u>
Contributions subsequent to the measurement date	8,703,266	-	8,703,266
Total	<u>\$ 38,151,894</u>	<u>\$ -</u>	<u>\$ 38,151,894</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2024	\$ 8,446,795
2025	7,498,114
2026	6,124,769
2027	<u>7,378,950</u>
Total	<u>\$ 29,448,628</u>

Payable to the Pension Plan . At September 30, 2023, the Authority had no amounts payable for contributions to the pension plan.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

8. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits, the Local 459 union provides postretirement healthcare benefits for eligible retirees of the Authority. To be eligible upon retirement, the criteria are as follows:

Local 459 Residential Unit and RN Unit:

- The employee must have retired from employment with CEI-CMH after October 1, 1991
- Be in a Residential, RN, or Local 459 position for 10 years, including the five prior to retirement
- Be at least 60 years of age with six years of service
- Or be a retired CEI-CMH employee, receiving healthcare coverage through the employer, but the retired employee that is not the policyholder and loses coverage (i.e., divorce from the policyholder, death of the policyholder)

Local 459 Large Unit:

- The employee must have retired from employment with CEI-CMH after October 1, 1991
- Be in a Residential, RN, or Local 459 position for 10 years, including the five prior to retirement
- Be at least 60 years of age with 10 years of service credit or 55 years of age with 20 years of service
- Or be a retired CEI-CMH employee, receiving healthcare coverage through the employer, but the retired employee that is not the policyholder and loses coverage (i.e., divorce from the policyholder, death of the policyholder)

The plan allows retirees to purchase healthcare insurance for \$150 less than the cost per month. If the plan does not have proper funding for this discount, the cost to the retiree will increase. The Authority is obligated to make annual contributions of \$30,039 under the plan and is not required to provide any additional funding to the plan.

9. CONTINGENCIES

Under the terms of various federal and state grants and regulatory requirements, the Authority is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the state. Such audits could lead to questioned costs and/or requests for reimbursement to grantor or regulatory agencies. The amount, if any, of expenses which may be disallowed cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

As is the case with other entities, the Authority faces exposure from potential claims and legal proceedings involving environmental and other matters. No such claims or proceedings have been asserted as of September 30, 2023.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Financial Statements

10. CONCENTRATION AND ECONOMIC DEPENDENCY

For the years ended September 30, 2023, approximately 90.4 percent of total revenue is either directly or indirectly, received or due from the Michigan Department of Health and Human Services.

11. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Authority manages its risk exposures through commercial insurance and excess coverage policies. On risks that are commercially insured, the Authority retains risk of loss ranging from \$1,000 to \$25,000. Settlements have not exceeded commercial insurance coverage in any of the past three years.

In addition, the Authority provides dental employee benefits through a self-insurance plan. Claims expenditures and liabilities are reported in the general fund when it is probable that a loss has occurred and the amount can be reasonably estimated. No estimated claims liability was outstanding at September 30, 2023

12. NET POSITION

Net Investment in Capital Assets

As of September 30, 2023, the Authority's net investment in capital assets was comprised of the following:

Invested in capital assets:	
Capital assets not being depreciated/amortized	\$ 2,979,378
Capital assets being depreciated/amortization, net	<u>25,050,717</u>
	<u>28,030,095</u>
Less related debt:	
Lease liabilities	8,400,463
Direct borrowings - installment loans	<u>3,718,580</u>
	<u>12,119,043</u>
Total net investment in capital assets	<u>\$ 15,911,052</u>

Restricted Net Position

Restricted net position represents cash held by Ingham County, Michigan (the "County"), on behalf of the Authority, in accordance with the lease agreement between the Authority and the County financed through Ingham County, Michigan bonds. The Authority is required to maintain a \$400,000 balance in the cash held by the County. The County uses the funds to perform major repairs and maintenance on the leased building which are then reimbursed by the Authority to maintain the required balance.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Notes to Financial Statements

13. RESTATEMENT

The Authority adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, in the current year. As a result of this change, the beginning net position of the Authority was increased by \$628,997, which corresponded to an increase of the same amount in capital assets.



REQUIRED SUPPLEMENTARY INFORMATION

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in Authority's Net Pension Liability and Related Ratios

	Year Ended September 30,			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 7,132,788	\$ 5,837,913	\$ 5,324,347	\$ 5,089,214
Interest	17,620,186	16,667,039	15,296,369	14,990,484
Differences between expected and actual experience	3,399,386	4,335,925	1,255,314	(758,661)
Changes in assumptions	-	9,531,020	8,362,775	5,996,773
Benefit payments, including refunds of employee contributions	(13,697,057)	(12,873,787)	(12,047,115)	(11,049,713)
Net change in total pension liability	14,455,303	23,498,110	18,191,690	14,268,097
Total pension liability, beginning of year	246,319,193	222,821,083	204,629,393	190,361,296
Total pension liability, end of year	260,774,496	246,319,193	222,821,083	204,629,393
Plan fiduciary net position				
Employer contributions	10,371,959	13,444,477	17,522,034	8,720,466
Employee contributions	2,821,228	2,526,836	1,885,144	2,225,875
Net investment income (loss)	(22,217,262)	24,009,488	21,915,507	17,651,945
Benefit payments, including refunds of employee contributions	(13,697,057)	(12,873,787)	(12,047,115)	(11,049,713)
Administrative expense	(417,818)	(283,054)	(298,868)	(303,603)
Other	-	-	(251)	-
Net change in plan fiduciary net position	(23,138,950)	26,823,960	28,976,451	17,244,970
Plan fiduciary net position, beginning of year	202,908,552	176,084,592	147,108,141	129,863,171
Plan fiduciary net position, end of year	179,769,602	202,908,552	176,084,592	147,108,141
Authority's net pension liability	\$ 81,004,894	\$ 43,410,641	\$ 46,736,491	\$ 57,521,252
Plan fiduciary net position as a percentage of total pension liability	68.94%	82.38%	79.03%	71.89%
Covered payroll	\$ 56,419,767	\$ 52,985,834	\$ 44,823,123	\$ 43,117,027
Authority's net pension liability as a percentage of covered payroll	143.58%	81.93%	104.27%	133.41%

See notes to required supplementary information

Year Ended September 30,				
2019	2018	2017	2016	2015
\$ 4,904,624	\$ 4,493,037	\$ 4,354,609	\$ 4,127,824	\$ 3,870,120
14,280,009	13,667,194	13,263,528	12,152,849	11,459,913
367,733	(645,703)	(3,475,041)	2,836,306	-
-	-	-	7,283,317	-
(10,477,747)	(9,642,503)	(8,690,487)	(7,363,207)	(6,756,119)
9,074,619	7,872,025	5,452,609	19,037,089	8,573,914
181,286,677	173,414,652	167,962,043	148,924,954	140,351,040
190,361,296	181,286,677	173,414,652	167,962,043	148,924,954
6,231,848	5,261,429	4,547,711	6,450,797	3,933,716
2,120,618	2,014,166	1,865,480	1,864,397	1,710,455
(5,366,078)	16,310,244	12,864,590	(1,701,255)	6,895,996
(10,477,747)	(9,642,503)	(8,690,487)	(7,363,207)	(6,756,119)
(265,705)	(258,239)	(253,915)	(252,678)	(253,580)
-	-	-	-	-
(7,757,064)	13,685,097	10,333,379	(1,001,946)	5,530,468
137,620,235	123,935,138	113,601,759	114,603,705	109,073,237
129,863,171	137,620,235	123,935,138	113,601,759	114,603,705
<u>\$ 60,498,125</u>	<u>\$ 43,666,442</u>	<u>\$ 49,479,514</u>	<u>\$ 54,360,284</u>	<u>\$ 34,321,249</u>
68.22%	75.91%	71.47%	67.64%	76.95%
\$ 41,569,131	\$ 38,182,016	\$ 37,049,477	\$ 35,973,110	\$ 33,983,937
145.54%	114.36%	133.55%	151.11%	100.99%

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Contributions

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2023	\$ 13,157,316	\$ 13,157,316	\$ -	\$ 56,419,767	23.3%
2022	11,596,356	11,596,356	-	52,985,834	21.9%
2021	10,141,248	12,141,248	2,000,000	50,704,130	23.9%
2020	7,041,758	17,041,758	10,000,000	48,107,909	35.4%
2019	4,836,154	6,836,154	2,000,000	44,695,318	15.3%
2018	5,081,177	5,081,177	-	42,331,620	12.0%
2017	4,547,711	4,547,711	-	40,566,869	11.2%
2016	4,443,370	4,443,370	-	38,147,940	11.6%
2015	3,933,716	5,992,167	2,058,451	37,866,337	15.8%

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Changes in Authority's Net Pension Liability and Related Ratios

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions. There were no changes in assumptions during plan year 2022. In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

Changes in benefits. There were no changes in benefits during plan year 2022.

Schedule of the Net Pension Liability

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 9 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2023, based on the 12/31/2022 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	15-20 years, depending on division
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	A weighted gender and age blend of the Pub-2010 Pre-Retirement Mortality Tables multiplied by 100, the Non-Disabled retired plan members and beneficiaries tables multiplied by 106%, and the Disabled retired plan members multiplied by 100%. Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

SINGLE AUDIT ACT COMPLIANCE



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Community Mental Health Authority of Clinton, Eaton, & Ingham Counties

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the major fund, and the aggregate remaining fund information of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' basic financial statements, and have issued our report thereon dated September 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

March 21, 2024



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Community Mental Health Authority of Clinton, Eaton, & Ingham Counties

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of as of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' major federal programs for the year ended September 30, 2023. Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Mental Health Authority of Clinton, Eaton, & Ingham Counties complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Mental Health Authority of Clinton, Eaton, & Ingham Counties' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costerian PC

March 21, 2024

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON,
AND INGHAM COUNTIES**

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through Number	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery				
American Rescue Funds CACS	21.027	CACS	n/a	\$ 6,527
American Rescue Funds IC Room & Board	21.027	IC	n/a	30,701
American Rescue Funds ICYOU	21.027	IC	n/a	130,000
				<u>167,228</u>
U.S. Department of Health and Human Services				
Medicaid Cluster:				
Medicaid Assistance Program				
OBRA - PASARR	93.778	MDHHS	E20233075-00	588,288
State Opioid Response	93.778	MSHN	n/a	125,395
Michigan Child Collaborative Care	93.778	UofM	E20231980-00	123,819
				<u>837,502</u>
Community Funded Projects				
CMHA-CEI Crisis Stabilization Unit Project	93.493	Direct	1H79FG000835-01	<u>135,152</u>
Block Grants for Community Mental Health Services:				
Children's Mental Health COVID Supplemental Services	93.958	MDHHS	E20231873-00	240,000
Mental Health COVID Supplemental Services	93.958	MDHHS	E20231801-00	870,892
ACT and Dual ACT/IDDT Financial Incentive	93.958	MDHHS	E20231792-00	96,620
Behavior Health Workforce Stabilization	93.958	MDHHS	E20235193-00	36,905
Trauma Formed Cognitive Behavior Therapy	93.958	MDHHS	E20232405-00	910,243
Veteran's System of Care	93.958	MDHHS	E20232253-00	215,400
Juvenile Justice Screening Project	93.958	MDHHS	E20232572-00	100,000
JIMHO Drop In	93.958	MDHHS	E20232250-00	4,312
Navigate	93.958	Network180	E20231822-00	350,546
				<u>2,824,918</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Prevention and Treatment of Substance Abuse	93.959	MSHN	n/a	<u>445,616</u>
Total U.S. Department of Health and Human Services				<u>4,243,187</u>
Total Expenditures of Federal Awards				<u>\$ 4,410,416</u>

See accompanying notes to schedule of expenditures of federal awards.

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Community Mental Health Authority of Clinton, Eaton, and Ingham Counties (the "Authority") under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Authority's financial statements. Such expenditures are recognized following cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the Authority has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The Authority receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Abbreviation	Pass-through Agency Name
CACS	Capital Area Community Services
IC	Ingham County
MSHN	Mid-State Health Network
MDHHS	Michigan Department of Health and Human Services
Network180	Kent County Community Mental Health Authority
UofM	University of Michigan



**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.958	Block Grants for Community Mental Health Services Medicaid Cluster
93.778	

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON, EATON, AND INGHAM COUNTIES
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

There were no findings for the prior year.