



Northern Lakes
Community Mental
Health Authority

Committee of the
Whole Packet

April 21, 2022



Administrative Office, 105 Hall Street, Suite A, Traverse City, MI 49684

COMMITTEE OF THE WHOLE - AGENDA

DATE: April 21, 2022
TIME: 12:30 p.m.
PLACE: Northern Lakes Community Mental Health Authority
 Virtual Meeting and 527 Cobb Street, Cadillac
 Dial 1-810-258-9588 Conference ID 445 649 049#

TIME	ID #	ITEM	POLICY #
12:30 p.m.		Receive and Review March 17, 2022 Minutes	2.08
12:35 p.m.		Public Comment <i>(May be limited to three minutes by the Board Chairperson)</i>	
12:40 p.m.	1	Update on Recipient Rights	3.7
12:50 p.m.	2	Financial, Single and Compliance Audit	2.4
1:20 p.m.	3	CEO Evaluation	3.9
1:50 p.m.	4	Forms <ul style="list-style-type: none"> - Conflict of Interest Disclosure Statement - Code of Conduct Declaration - Board Membership Survey 	3.3, 3.10
2:00 p.m.		May 19, 2022 Agenda Planning Options -Recipient Rights Presentation -Update on Recipient Rights -CEO Compensation -Services for People with an I/DD Presentation	3.2, 3.5
2:05 p.m.		Meeting Evaluation/Comments	
2:10 p.m.		Other/Adjourn	

Note: This is the Board's work group and often times the Board's work groups do not follow set times.

NEXT MEETING: May 19, 2022

NOTICE: If any person with a disability needs accommodations, please call the CEO's Office three days prior to the posted meeting date.

**Northern Lakes Community Mental Health Authority
Committee of the Whole
Annotated Agenda
April 21, 2022**

12:30 p.m. Receive and Review March 17, 2022 Meeting Minutes

12:35 p.m. Public Comment

This is an opportunity for the public to provide input consistent with board policy.

12:40 p.m. Update on Recipient Rights – Brian Newcomb

The Board will receive the monthly update.

12:50 p.m. Financial, Single and Compliance Audit – Roslund & Prestage

1:20 p.m. CEO Evaluation – Board Members

**1:50 p.m. Forms – Conflict of Interest Disclosure Statement – Board Members
Code of Conduct Declaration & Board Membership Survey**

2:00 p.m. May 19, 2022 Agenda Planning Options

-Recipient Rights Presentation

-Update on Recipient Rights

-CEO Compensation

-Services for People with an I/DD Presentation

2:05 p.m. Meeting Evaluation/Comments – Board Members

In keeping with our focus on continued improvement of Board operations, time is scheduled for review and comment on the effectiveness of this meeting using the Board adopted evaluation form.

2:10 p.m. Other/Adjourn

Note: This is the Board's work group and often times the Board's work groups do not follow set times.

NEXT MEETING: May 19, 2022

Office of Recipient Rights Director's Report
April 2022

Dates represented	10/1/19-04/11/20	10/1/20-04/11/21	10/1/21-04/11/22
Complaints	261	140	289
OJ, No Right Inv.	31	21	37
Interventions	7	2	13
Investigations	225	117	240
Investigations Comp	225	117	152
Investigations open	0	0	88
Inv > 90 days	11	24	0
Inv < 90 days	214/225 (95.1%)	93/117 (79.5%)	152/152(100%)
Summary Report Avg	223/225 (99.1%)	113/117 (96.6%)	148/150(98.7%)
NLCMHA staff alleg.	54	26	25
NLCMHA Staff W/I 1 yr	19	3	7

	Total Substantiated	Total Allegations Investigated	Substantiation Rate
FY2019	193	378	51%
FY2020	309	637	49%
FY2021	172	383	45%
FY2022	94	206	46%

Investigation Types

	Abuse I & II	Abuse III	Neglect I & II	Neglect III	Services Suited to Condition	Total
FY2019	34	34	19	83	96	266
FY2020	52	37	22	116	138	365
FY2021	23	32	17	80	74	226
FY2022	15	14	5	36	45	115

Site Visits Completed 10/01/2021-04/11/2022

Type of Provider	Number of locations
SRS in catchment	36/39 (92%)
SRS out of Catchment	25/46 (54%)
Crisis Residential	1/8 (1%)
Day Programs	2/7 (3%)
Drop In Centers	1/3 (33%)
Autism Centers	4/5 (80%)
Overall Completed	69/124 (56%)
New Contract sites	12 completed

Respectfully submitted,
Brian Newcomb
Director of Recipient Rights

**Northern Lakes Community
Mental Health Authority**

Audit Presentation
April 21, 2022



ITEM # 2



Independent Auditor's Report

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lakes Community Mental Health Authority (the CMHSP) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CMHSP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the CMHSP, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

Northern Lakes Community Mental Health Authority
Statement of Net Position
September 30, 2021

	Enterprise Fund Operating Fund	Internal Service Fund Self-Insurance Fund	Total Proprietary Funds
Current assets			
Cash and cash equivalents	\$ 22,703,087	\$ -	\$ 22,703,087
Investments	5,380,412	566,798	5,947,210
Due from other governmental units	617,720	-	617,720
Prepaid expenses	393,593	379,193	772,786
Total current assets	29,094,812	945,991	30,040,803
		PY Current assets	22,201,572
Noncurrent assets			
Capital assets not being depreciated	1,672,625	-	1,672,625
Capital assets being depreciated, net	4,947,626	-	4,947,626
Total noncurrent assets	6,620,251	-	6,620,251
		PY Noncurrent assets	7,257,546
Deferred outflows of resources			
Deferred outflow - related to pension	958,487	-	958,487
		PY Deferred outflow	801,944
Current liabilities			
Accounts payable	5,602,611	-	5,602,611
Accrued wages and related liabilities	1,056,304	-	1,056,304
Due to other governmental units	8,992,517	-	8,992,517
Self-funded insurance claims payable	-	246,000	246,000
Unearned revenue	131,064	-	131,064
Other current liabilities	44,667	-	44,667
Compensated absences, due within one year	212,975	-	212,975
Total current liabilities	16,040,138	246,000	16,286,138
		PY Current liabilities	11,000,438
Noncurrent liabilities			
Compensated absences, due beyond one year	1,206,857	-	1,206,857
Net pension liability	4,195,078	-	4,195,078
Total noncurrent liabilities	5,401,935	-	5,401,935
		PY Noncurrent liabilities	5,869,387
Deferred inflows of resources			
Deferred inflow - related to pension	673,136	-	673,136
Net Position			
Net investment in capital assets	6,620,251	-	6,620,251
Unrestricted	7,938,090	699,991	8,638,081
Total net position	\$ 14,558,341	\$ 699,991	\$ 15,258,332
PY Total net position	12,279,538	1,111,699	13,391,237

Northern Lakes Community Mental Health Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2021

	Enterprise Fund	Internal Service Fund		Total Proprietary Funds
	Operating Fund	Self-Insurance Fund	Adjustments	
Operating revenues				
Medicaid capitation	\$ 63,341,501	\$ -	\$ -	\$ 63,341,501
State and federal revenue	3,443,359	-	-	3,443,359
Local revenue	1,817,200	-	-	1,817,200
Contractual agreements	10,715,887	-	-	10,715,887
Charges for services	420,123	4,222,739	(4,222,739)	420,123
Total operating revenues	79,738,070	4,222,739	(4,222,739)	79,738,070
			PY Total operating revenues	73,414,154
Operating expenses				
Personnel	18,640,598	-	-	18,640,598
Fringe benefits	7,478,586	-	411,708	7,890,294
Direct operations	1,978,371	-	-	1,978,371
Contractual services	9,626,979	-	-	9,626,979
Contract agencies	7,687,063	-	-	7,687,063
Depreciation	740,922	-	-	740,922
Inpatient services	5,820,012	-	-	5,820,012
Local match	458,756	-	-	458,756
Occupied space	1,067,247	-	-	1,067,247
Residential contracts	23,031,042	-	-	23,031,042
Transportation	947,274	-	-	947,274
Claims expense	-	4,634,447	(4,634,447)	-
Total operating expenditures	77,476,850	4,634,447	(4,222,739)	77,888,558
			PY Total operating expenses	72,655,603
Operating income (loss)	2,261,220	(411,708)	-	1,849,512
Non-operating revenues (expenses)				
Investment income	10,803	-	-	10,803
Gain (loss) on sale of capital assets	6,780	-	-	6,780
Total non-operating income (loss)	17,583	-	-	17,583
Change in net position	2,278,803	(411,708)	-	1,867,095
PY Change in net position	937,382	(34,848)	-	902,534
Net position, beginning of year	12,279,538	1,111,699	-	13,391,237
Net position, end of year	\$ 14,558,341	\$ 699,991	\$ -	\$ 15,258,332

Total Net position	15,258,332
Total Operating expenses	77,888,558
Net Position as % of operating expenses	19.6%

Northern Lakes Community Mental Health Authority
Notes to the Financial Statements
September 30, 2021

The future minimum lease obligations as of September 30th, were as follows:

Year Ending September 30 th	Amount
2022	40,200
2023	40,200
2024	40,200
2025	40,200
2026	40,200
2027 - 2029	127,300

NOTE 11 - RISK MANAGEMENT

The CMHSP is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The CMHSP participated in the public entity risk pool – Michigan Municipal Risk Management Authority (MMRMA) for auto and general liability, property and crime and vehicle physical damage coverage.

MMRMA, a separate legal entity, is a self-insured association organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to various Michigan governmental entities.

As a member of this pool, the CMHSP is responsible for paying all losses, including damages, loss adjustment expenses and defense costs, for each occurrence that falls within the member’s self-insured retention. If a covered loss exceeds the CMHSP’s limits, all further payments for such loss are the sole obligation of the CMHSP. If for any reason MMRMA’s resources available to pay losses are depleted, the payment of all unpaid losses of the CMHSP is the sole obligation of the CMHSP. Settled claims have not exceeded the amount of coverage in any of the past three years.

The CMHSP’s coverage limits are \$15,000,000 for liability, \$1,500,000 for vehicle physical damage, and approximately \$23,118,083 for buildings and personal property.

NOTE 12 – BENEFITS – SELF INSURANCE

The CMHSP provides health insurance to all its eligible employees. The self-funded program is administered by Blue Cross/Blue Shield who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for self-insured programs are paid based on actual or illustrated rates. These premiums are available to pay claims, claim reserves, excess coverage and administrative costs. Excess coverage reinsurance purchased by the CMHSP covers individual claims in excess of \$100,000 annually. The liability at the end of the year is based on claims already incurred and reported as well as an estimate for claims incurred but not reported at September 30th.

The change in the claims liability is as follows:

Fiscal Year	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019	234,938	3,965,152	(4,047,795)	152,295
2020	152,295	3,895,130	(3,862,424)	185,000
2021	185,000	4,536,310	(4,475,310)	246,000

NOTE 13 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the CMHSP is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the regional

entity and the State. Such audits could lead to questioned costs and/or requests for reimbursement to the grantor or regulatory agencies. Cost settlement adjustments, if any, as a result of compliance audits are recorded in the year that the settlement is finalized. The amount of expenses which may be disallowed, if any, cannot be determined at this time, although the CMHSP expects such amounts, if any, to be immaterial.

NOTE 14 – ECONOMIC DEPENDENCE

The CMHSP receives over 90% of its revenues from the State of Michigan either directly from MDHHS or indirectly through the CMHSP's regional entity.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the CMHSP's fiscal year September 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued by the GASB in May 2020 and will be effective for the CMHSP's fiscal year ending September 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Northern Lakes Community Mental Health Authority
 Defined Benefit Pension Plan - Required Supplemental Information
 Schedule of Changes in Net Pension Liability and Related Ratios

	Plan Year Ended December 31,				
	2014	2015	2016	2017	2018
Total Pension Liability (TPL)					
Service Cost	\$ 167,075	\$ 145,474	\$ -	\$ -	\$ 591
Interest	1,902,442	1,879,130	1,885,019	1,947,417	1,931,299
Changes of Benefit Terms	-	(1,551,027)	-	-	-
Difference between expected & actual experience	-	(34,017)	882,482	10,189	(67,030)
Changes in assumptions	-	1,426,087	-	-	-
Benefit payments including employee refunds	(1,580,499)	(1,678,482)	(1,877,544)	(2,097,511)	(2,221,243)
Other	-	58,723	-	-	-
Net Change in Total Pension Liability	489,018	245,888	889,957	(139,905)	(356,383)
Total Pension Liability beginning	23,766,611	24,255,629	24,501,517	25,391,474	25,251,569
Total Pension Liability ending	24,255,629	24,501,517	25,391,474	25,251,569	24,895,186
Plan Fiduciary Net Position					
Contributions - employer	658,299	746,568	928,457	928,020	928,020
Net investment income	1,236,695	(293,520)	2,103,764	2,576,693	(794,485)
Benefit payments including employee refunds	(1,580,499)	(1,678,482)	(1,877,544)	(2,097,511)	(2,221,243)
Administrative expense	(45,266)	(43,310)	(41,553)	(40,897)	(40,370)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	269,229	(1,268,744)	1,113,124	1,366,305	(2,128,078)
Plan Fiduciary Net Position beginning	19,829,068	20,098,297	18,829,553	19,942,677	21,308,982
Plan Fiduciary Net Position ending	20,098,297	18,829,553	19,942,677	21,308,982	19,180,904
Employer Net Pension Liability (NPL)	\$ 4,157,332	\$ 5,671,964	\$ 5,448,797	\$ 3,942,588	\$ 5,714,282
Plan Fiduciary Net Position as a percentage of the TPL	82.9%	76.9%	78.5%	84.4%	77.0%
Covered Employee Payroll (from GASB 68 actuarial page)	\$ 1,595,639	\$ 1,399,881	\$ 991,949	\$ 778,558	\$ 678,746
Employer's NPL as a percentage of covered payroll	261%	405%	549%	506%	842%

Notes to Schedule

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.

Northern Lakes Community Mental Health Authority
 Defined Benefit Pension Plan - Required Supplemental Information
 Schedule of Changes in Net Pension Liability and Related Ratios

	Plan Year Ended December 31,	
	2019	2020
Total Pension Liability (TPL)		
Service Cost	\$ 497	\$ 359
Interest	1,898,832	1,814,877
Changes of Benefit Terms	-	-
Difference between expected & actual experience	(153,673)	146,528
Changes in assumptions	743,792	963,593
Benefit payments including employee refunds	(2,320,044)	(2,369,613)
Other	1	-
Net Change in Total Pension Liability	169,405	555,744
Total Pension Liability beginning	24,895,186	25,064,591
Total Pension Liability ending	25,064,591	25,620,335
Plan Fiduciary Net Position		
Contributions - employer	979,068	1,049,160
Net investment income	2,539,278	2,450,120
Benefit payments including employee refunds	(2,320,044)	(2,369,613)
Administrative expense	(43,712)	(39,905)
Other	1	-
Net Change in Plan Fiduciary Net Position	1,154,591	1,089,762
Plan Fiduciary Net Position beginning	19,180,904	20,335,495
Plan Fiduciary Net Position ending	20,335,495	21,425,257
Employer Net Pension Liability (NPL)	\$ 4,729,096	\$ 4,195,078
Plan Fiduciary Net Position as a percentage of the TPL	81.1%	83.6%
Covered Employee Payroll (from GASB 68 actuarial page)	\$ 551,795	\$ 490,135
Employer's NPL as a percentage of covered payroll	857%	856%

Notes to Schedule

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.

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For information
about our services
call Alpha Center
at 1-800-49-ALPHA
or (231) 922-4850

After-Hours
Crisis Intervention
1-800-442-7315 TDD/TTY
or (231) 922-4850

Management Representation Letter

Roslund, Prestage & Company, P.C.
525 West Warwick Drive, Suite A
Alma, Michigan 48801

This representation letter is provided in connection with your audit of the financial statements of Northern Lakes Community Mental Health Authority (the CMHSP), which comprise the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2021, and the respective changes in financial position and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 25, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the CMHSP is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the CMHSP or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the organization and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the CMHSP's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the CMHSP's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The CMHSP has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures, maintenance of the depreciation listing, and submission of audited financial information. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the

adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, maintenance of the depreciation listing, and submission of audited financial information.

- 28) The CMHSP has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The CMHSP has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASBS No. 84 .
- 32) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended, and GASBS No. 84 .
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the organization's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenses for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: Joanie Blamer 3/25/2022
Title: Executive Director

Signature: Lauri Fische 3/25/2022
Title: Chief Financial Officer

Signature: Chris Byrne 3/25/2022
Title: Finance Manager

**Northern Lakes Community
Mental Health Authority**
Financial Statements
September 30, 2021



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Independent Auditor's Report

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lakes Community Mental Health Authority (the CMHSP) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CMHSP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the CMHSP, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022 on our consideration of the CMHSP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the CMHSP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the CMHSP's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Roslund, Prestage & Company, P.C." The signature is written in black ink and is positioned above the printed name of the firm.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

March 25, 2022

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY

Introduction

Management of Northern Lakes Community Mental Health Authority (Northern Lakes CMHA) presents the following overview and analysis of financial activities during the past fiscal year. Northern Lakes CMHA was created as a mental health authority effective October 1, 2003 by the joint actions of the Boards of Commissioners for the following counties in the State of Michigan: Crawford, Grand Traverse, Leelanau, Missaukee, Roscommon and Wexford. Northern Lakes CMHA replaced the former Great Lakes Community Mental Health and North Central Community Mental Health as a merged organization.

Overview of the Financial Statements

This annual report consists of three financial statements with accompanying footnotes. They are the statement of net position, the statement of revenues, expenses and change in net position and the statement of cash flows. The notes to the financial statements provide information about the activities of the Authority.

One of the most important questions asked about Northern Lakes CMHA finances is, **“Is the Authority better or worse off as a result of the year’s activities?”** The statement of net position, the statement of revenues, expenses and change in net position and the statement of cash flows report information about Northern Lakes CMHA as a whole is a way to help answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the full accrual basis of accounting.

The statement of net position presents the financial position of Northern Lakes CMHA on a full accrual historical cost basis. You can think of Northern Lakes CMHA net position-the difference between assets and deferred outflows of resources (what Northern Lakes CMHA owns) and liabilities (what Northern Lakes CMHA owes)-as one way to measure Northern Lakes CMHA financial health, or financial position. Over time, increases or decreases in Northern Lakes CMHA net position are one indicator of whether financial health is improving or deteriorating. You will need to also consider other factors, such as changes in the condition of Northern Lakes CMHA capital assets, to assess overall health.

The statement of revenues, expenses and changes in net position presents the results of Northern Lakes CMHA activities over the course of the year and information as to how the net position changed during the year.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, capital and investing activities. This statement presents cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to obtain a full understanding of material data provided in the statements. The notes present information about Northern Lakes CMHA accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY

Government-wide Financial Analysis

Total assets and deferred outflows of resources for Northern Lakes CMHA amounted to \$37,619,541. Total liabilities and deferred inflows of resources amounted to \$22,361,109. The difference between the two is total net position.

	Net Position	
	2021	2020
Assets		
Current and other assets	\$ 30,040,803	\$ 22,201,572
Capital assets, net	6,620,251	7,257,546
Total assets	<u>36,661,054</u>	<u>29,459,118</u>
Deferred outflows of resources	<u>958,487</u>	<u>801,944</u>
Liabilities		
Long-term liabilities	5,401,835	5,869,387
Other liabilities	16,286,138	11,000,438
Total liabilities	<u>21,687,973</u>	<u>16,869,825</u>
Deferred inflows of resources	<u>673,136</u>	<u>-</u>
Net position		
Investment in capital assets	6,620,251	7,257,546
Unrestricted	8,638,081	6,133,691
Total net position	<u>\$ 15,258,332</u>	<u>\$ 13,391,237</u>
	Change in Net Position	
	2021	2020
Revenues		
Medicaid capitation	\$ 63,341,501	\$ 57,628,420
State and Federal revenue	3,443,359	3,379,191
Local revenue	1,817,200	1,925,626
Contractual agreements	10,715,887	9,810,577
Charges for services	420,123	670,340
Other revenues	17,583	143,983
Total revenues	<u>79,755,653</u>	<u>73,558,137</u>
Expenses		
Personnel expense	18,640,598	16,962,164
Other operating expense	59,247,960	55,693,439
Total expenses	<u>77,888,558</u>	<u>72,655,603</u>
Change in net position	1,867,095	902,534
Net position, beginning of year	<u>13,391,237</u>	<u>12,488,703</u>
Net position, end of year	<u>\$ 15,258,332</u>	<u>\$ 13,391,237</u>

NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY

Financial Analysis

The average daily cash balance was \$22,757,428 during the fiscal year, which was \$12,700,542 more than the previous **year's** average of \$10,056,886. Capitation advances increased dramatically with the direct care worker wage premium implemented by legislation. Cash available averaged 28.3% of the annual spending budget, which is 14.6% more than the previous year. Interest income recorded at market value was \$10,803 which represents a return on daily cash of 0.05%.

Spending on qualified Medicaid services increased by \$5,588,524 to \$63,216,944 which represents a 9.70% increase between fiscal year 2020 and fiscal year 2021. The Authority continued to participate in the direct care worker wage premium and provider stability throughout fiscal year 2021 accounting for a majority of the increase in Medicaid covered services. The Medicaid contract for services to the six counties served by Northern Lakes CMHA is held with the Northern Michigan Regional Entity (NMRE). The NMRE is the prepaid inpatient health plan serving five community mental health boards in the 21 counties of Northern Lower Michigan.

Current assets increased between fiscal years 2020 and 2021 by \$7,839,231. This is a significant increase between the fiscal years and is accounted for by increased levels of Medicaid capitation received covering over \$5M in wage premiums and provider stability funds. Noncurrent assets decreased 8.8% due to greater depreciation of capital assets than purchased during the fiscal year. GASB 68 defined benefit pension deferred outflows increased 19.5% or \$156,543 due to a combination of excess investment earnings compared to expected earnings and assumption changes.

Current liabilities increased by \$5,285,700 between FY 2020 and FY 2021. This increase is a combination of increased payables to providers for the wage premium, provider stability, and a payable to the Northern Michigan Regional Entity. Noncurrent liabilities decreased 8% from the decrease in Net Pension Liability. Compensated absences increased slightly during the fiscal year.

Revenues increased by 8.6% from Medicaid sources to provide the wage premiums and provider stability payments made available.

Expenses increased by 7.2% from the previous year as a result of the above mentioned Medicaid expansion to cover the direct care worker wage premium and provider stability payments.

Changes in financial position, which help ensure Northern Lakes CMHA's future ability to provide on-going services were:

1. The public health emergency provided individuals a stay on Medicaid redeterminations and requirements to meet a Medicaid deductible. This one time change put Northern Lakes CMHA in a position to use some limited local funds for infrastructure purposes. Changes are being made to the Traverse City office to open a Crisis Welcoming Center that would be open 24/7. Grants have been earned to provide the on going staffing services. It is Northern Lakes CMHA's desire to use this service as a building block to the community's plan for a crisis center open to all providing a full array of mental health services including crisis, diversion, observation, and short term residential.

NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY

2. The staffing crisis being experienced in all sectors of the economy are also being experienced at Northern Lakes CMHA. The efforts to recruit and also retain qualified staff include wellness initiatives, media campaigns, wage and benefit survey participation, community awareness, sign-on incentives, intern support with compensation, and flexibility in remote work options. Northern Lakes CMHA and the provider network have worked in tandem to support programs and each other in times of staffing crises. One example of collaboration is in residential homes. At one point a home in Cadillac was staffed by Northern Lakes CMHA residential staff, clinical staff, administrative staff, a contracted residential provider, and a contracted home healthcare provider. This home maintained a safe environment for the residents to remain while recruiting its own staff to regain its independence in staffing.
3. Remote work requires the ability for staff to be connected to the tools they need to be successful. Northern Lakes CMHA implemented travel software allowing staff to use internet based software or an associated application available on a smart phone to track and report travel. The application allows administrative staff to inventory agency vehicles and record and save a shared address book. Individual staff can create their own address book for ease of tracking mileage and recording of vehicle usage. What once required duplicative recording, written authorization, and paper tracking is now entered one time for all purposes.
4. Residential opportunities for community living continue to be challenging. This challenge is being felt by all sectors of the community but even more so when a person needs supports to remain living as independently as possible. This year a community partner rolled out a technology called Personal Emergency Response System (PERS). PERS provides devices that allow a person to call a person for support. The devices consist of a stationary unit, a small unit that can be worn to reach the unit when on premises and a mobile device that a person can use while in the community to ask for supports. The importance of this technology has never been greater in a system challenged with staffing and affordable space.

Budgetary Highlights

In August 2021, Northern Lakes CMHA Board of Directors accepted and approved a recommendation to modify its budget of \$76,001,017 to \$80,358,368 for fiscal year 2021. The continuation and increase of the direct care wage premium for behavioral health Medicaid as well as the opening of provider stability application influenced capitation increases. Northern Lakes CMHA met its performance indicators allowing a performance based incentive of about \$500,000. Northern Health Care Management experienced delays in enrollments from housing and staffing shortages during the fiscal year.

Capital Assets and Debt Administration

Capital Assets. As of September 30, 2021, Northern Lakes CMHA had \$6,620,251 invested in a broad range of capital assets including land, buildings and improvements, equipment and furnishings, and vehicles. This amount represents a net decrease (including additions and disposals) of \$637,295 or 8.8% from last year. Additional information on capital assets can be found in notes 4 and 8 to the financial statements.

Long-term Debt. Northern Lakes CMHA long-term debt is limited to compensated absences (earned but not used paid time off) and a net pension liability. Additional details on this liability are provided in Notes 7 and 9 to the financial statements.

NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY

Economic Factors and Next Year's Budget.

Northern Lakes CMHA continues to have the ability to provide virtual services in areas that were not available in March of 2020 or pre-pandemic. The current public health emergency allowing for these expanded virtual opportunities will be next evaluated on April 17, 2022. It will be important to the provision of service based on the desire of the individuals being served for Centers for Medicare and Medicaid Services to continue in some capacity, virtual engagement. Another area affected by the possible expiration of the public health emergency is the reinstatement of Medicaid redeterminations and Medicaid deductibles. Northern Lakes CMHA, consumers, and guardians will need to be prepared to maintain Medicaid eligibility and meet deductibles. The Federal government has provided unprecedented funding to most sectors of public government. It is expected the next two years will continue to provide much needed supports to the public mental health system. As the pandemic moves into the living with covid phase, governmental supports may begin to wane. Northern Lakes CMHA will need to be ready for possible reductions to capitated funding in the future. Available staffing in all areas of service from direct care workers to the CEO will be very important to be able to recruit and retain qualified staff to provide the important work staff of Northern Lakes CMHA do to serve the public.

Request for Information

This financial report is designed to provide a general overview of Northern Lakes CMHA finances. Questions concerning any of the information provided in this report or request for additional financial information may be addressed to the Chief Financial Officer at 105 Hall Street, Traverse City, Michigan 49684.

BASIC FINANCIAL STATEMENTS



Northern Lakes Community Mental Health Authority
Statement of Net Position
September 30, 2021

	Enterprise Fund Operating Fund	Internal Service Fund Self-Insurance Fund	Total Proprietary Funds
Current assets			
Cash and cash equivalents	\$ 22,703,087	\$ -	\$ 22,703,087
Investments	5,380,412	566,798	5,947,210
Due from other governmental units	617,720	-	617,720
Prepaid expenses	393,593	379,193	772,786
Total current assets	<u>29,094,812</u>	<u>945,991</u>	<u>30,040,803</u>
Noncurrent assets			
Capital assets not being depreciated	1,672,625	-	1,672,625
Capital assets being depreciated, net	4,947,626	-	4,947,626
Total noncurrent assets	<u>6,620,251</u>	<u>-</u>	<u>6,620,251</u>
Deferred outflows of resources			
Deferred outflow - related to pension	958,487	-	958,487
Current liabilities			
Accounts payable	5,602,611	-	5,602,611
Accrued wages and related liabilities	1,056,304	-	1,056,304
Due to other governmental units	8,992,517	-	8,992,517
Self-funded insurance claims payable	-	246,000	246,000
Unearned revenue	131,064	-	131,064
Other current liabilities	44,667	-	44,667
Compensated absences, due within one year	212,975	-	212,975
Total current liabilities	<u>16,040,138</u>	<u>246,000</u>	<u>16,286,138</u>
Noncurrent liabilities			
Compensated absences, due beyond one year	1,206,857	-	1,206,857
Net pension liability	4,195,078	-	4,195,078
Total noncurrent liabilities	<u>5,401,935</u>	<u>-</u>	<u>5,401,935</u>
Deferred inflows of resources			
Deferred inflow - related to pension	673,136	-	673,136
Net Position			
Net investment in capital assets	6,620,251	-	6,620,251
Unrestricted	7,938,090	699,991	8,638,081
Total net position	<u>\$ 14,558,341</u>	<u>\$ 699,991</u>	<u>\$ 15,258,332</u>

Northern Lakes Community Mental Health Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2021

	Enterprise Fund	Internal Service Fund		Total Proprietary Funds
	Operating Fund	Self-Insurance Fund	Adjustments	
Operating revenues				
Medicaid capitation	\$ 63,341,501	\$ -	\$ -	\$ 63,341,501
State and federal revenue	3,443,359	-	-	3,443,359
Local revenue	1,817,200	-	-	1,817,200
Contractual agreements	10,715,887	-	-	10,715,887
Charges for services	420,123	4,222,739	(4,222,739)	420,123
Total operating revenues	79,738,070	4,222,739	(4,222,739)	79,738,070
Operating expenses				
Personnel	18,640,598	-	-	18,640,598
Fringe benefits	7,478,586	-	411,708	7,890,294
Direct operations	1,978,371	-	-	1,978,371
Contractual services	9,626,979	-	-	9,626,979
Contract agencies	7,687,063	-	-	7,687,063
Depreciation	740,922	-	-	740,922
Inpatient services	5,820,012	-	-	5,820,012
Local match	458,756	-	-	458,756
Occupied space	1,067,247	-	-	1,067,247
Residential contracts	23,031,042	-	-	23,031,042
Transportation	947,274	-	-	947,274
Claims expense	-	4,634,447	(4,634,447)	-
Total operating expenditures	77,476,850	4,634,447	(4,222,739)	77,888,558
Operating income (loss)	2,261,220	(411,708)	-	1,849,512
Non-operating revenues (expenses)				
Investment income	10,803	-	-	10,803
Gain (loss) on sale of capital assets	6,780	-	-	6,780
Total non-operating income (loss)	17,583	-	-	17,583
Change in net position	2,278,803	(411,708)	-	1,867,095
Net position, beginning of year	12,279,538	1,111,699	-	13,391,237
Net position, end of year	\$ 14,558,341	\$ 699,991	\$ -	\$ 15,258,332

Northern Lakes Community Mental Health Authority
Statement of Cash Flows
For the Year Ended September 30, 2021

	Enterprise Fund Operating Fund	Internal Service Fund Self-Insurance Fund	Total Proprietary Funds
Cash flows from operating activities			
Receipts from the State and other governments	\$ 84,721,822	\$ -	\$ 84,721,822
Receipts from customers	420,123	-	420,123
Payments to employees	(25,997,077)	-	(25,997,077)
Payments to providers and suppliers	(51,021,035)	-	(51,021,035)
Receipts from interfund charges	-	4,222,739	4,222,739
Self-insurance claims paid	-	(4,475,310)	(4,475,310)
Net cash provided by (used in) operating activities	<u>8,123,833</u>	<u>(252,571)</u>	<u>7,871,262</u>
Cash flows from capital and related activities			
Acquisition of capital assets	(119,847)	-	(119,847)
Proceeds from sale of capital assets	23,000	-	23,000
Net cash provided by (used in) capital and related act.	<u>(96,847)</u>	<u>-</u>	<u>(96,847)</u>
Cash flows from investment activities			
Investment income	10,803	-	10,803
Net proceeds from sale (purchase) of investments	<u>(1,761,344)</u>	<u>252,571</u>	<u>(1,508,773)</u>
Net cash provided by (used in) investment activities	<u>(1,750,541)</u>	<u>252,571</u>	<u>(1,497,970)</u>
Net increase in cash and cash equivalents	6,276,445	-	6,276,445
Cash and cash equivalents, beginning of year	<u>16,426,642</u>	<u>-</u>	<u>16,426,642</u>
Cash and cash equivalents, end of year	<u>\$ 22,703,087</u>	<u>\$ -</u>	<u>\$ 22,703,087</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 2,261,220	\$ (411,708)	\$ 1,849,512
Depreciation	740,922	-	740,922
Changes in assets and liabilities:			
Due from other governmental units	(183,707)	-	(183,707)
Prepaid expenses	31,557	98,137	129,694
Deferred outflow - related to pension	(156,543)	-	(156,543)
Accounts payable	(437,241)	-	(437,241)
Accrued wages and related liabilities	139,532	-	139,532
Due to other governmental units	5,597,759	-	5,597,759
Self-funded insurance claims payable	-	61,000	61,000
Unearned revenue	(10,177)	-	(10,177)
Other current liabilities	1,393	-	1,393
Deferred inflow - related to pension	673,136	-	673,136
Net pension liability	<u>(534,018)</u>	<u>-</u>	<u>(534,018)</u>
Net cash provided by (used in) operating activities	<u>\$ 8,123,833</u>	<u>\$ (252,571)</u>	<u>\$ 7,871,262</u>

**NOTES TO THE
FINANCIAL STATEMENTS**



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northern Lakes Community Mental Health Authority (the CMHSP) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the CMHSP.

Reporting Entity

The CMHSP operates under provisions of the Michigan Mental Health Code for the purpose of providing services relating to the mental health, developmental disabilities, and substance abuse needs of the residents of Crawford, Grand Traverse, Leelanau, Missaukee, Roscommon and Wexford Counties. As the community mental health services provider for the Counties, the CMHSP serves community members by assuring local access, organizing and integrating the provision of services, coordinating care, implementing public policy, ensuring interagency collaboration, and preserving public interest.

Financial Statement Presentation

Under GASB 34, the CMHSP is considered a special purpose government and has elected to present the basic statements as an Enterprise Fund and an Internal Service Fund (types of proprietary funds) which are designed to be self-supporting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the CMHSP are charges related to serving its customers (including primarily “per member per month” capitation and state and county appropriations). Operating expenses for the CMHSP include cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses including investment income and interest expense.

As a general rule, the effect of interfund activity has been eliminated when presenting total proprietary fund activity.

All amounts shown are in U.S. dollars.

Fund Accounting

The accounts of the CMHSP are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The CMHSP reports the following major enterprise fund:

Operating Fund – This fund is used to account for those activities that are financed and operated in a manner similar to private business relating to revenues earned, costs incurred, and/or net income. This fund of the CMHSP accounts for its general operations.

In addition, the CMHSP reports the following major internal service fund:

Self-Insurance Fund – This internal service fund is used to report the financing of goods or services provided by the CMHSP to other departments and funds on a cost-reimbursement basis, specifically self-insurance.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenses are recognized in the accounts and reported in the financial statements. The proprietary funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The proprietary funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and all liabilities associated with their activity are included on the statement of net position.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

Cash and Cash Equivalents

The CMHSP's cash and cash equivalents are considered to be cash on hand, money market funds, demand deposits, and certificates of deposit.

Investments

Investments for the CMHSP are reported at fair value (generally based on quoted market prices).

Accounts Receivable/Payable

Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable is stated net of allowances for uncollectible amounts, if any.

Due from/Due to Other Governmental Units

Due from/due to other governmental units consist primarily of amounts due from/to the regional entity and the State of Michigan.

Inventories

The CMHSP does not recognize supplies inventory as an asset. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year to year. The costs of such supplies are expensed when purchased.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets

Capital assets are defined by the CMHSP as individual assets with an initial cost equal to or 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Land	Not Depreciated
Buildings and improvements	5 - 40
Equipment, furnishings and software	2 - 10
Vehicles	5

The CMHSP reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Accrued Wages and Related Liabilities

Accrued wages and related liabilities relate to salaries and wages earned in September but not paid until October.

Unearned Revenue

The CMHSP reports unearned revenue when revenue does not meet either the “measurable” and “available” criteria for recognition in the current period, or when resources are received by the CMHSP before it has a legal claim to them, such as when grant money is received prior to the incurrence of qualifying expenses. In subsequent periods, when both revenue recognition criteria are met, or when the CMHSP has legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Self-Funded Insurance Claims Payable

The amounts recorded in liabilities include amounts for medical, pharmacy and dental claims liability based on management’s estimate. The CMHSP may not be billed for these until several months after the date of service. The actual cost may vary from the estimated amount for a variety of reasons. The methodology used in estimating reserves considers factors such as historical data adjusted for payment patterns, cost trends, service and benefit mixes, seasonality, utilization of health care services, internal processing changes, the amount of time it took to pay claims from prior periods, changes in the past few months in the claims adjudication procedures, changes in benefits, events that would lead to excessive claims, large increases or decreases in membership, and other relevant factors.

Compensated Absences

The CMHSP’s policy permits employees to accumulate earned but unused paid time off benefits, which are eligible for payment upon separation from the CMHSP’s service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary related benefits, where applicable.

Net Pension Liability

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

Deferred Outflows/Inflows 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The CMHSP has one item that qualifies for reporting in this category which relates to pensions (see Note 9).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The CMHSP has one item that qualifies for reporting in this category which relates to pensions (see Note 9).

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Net Position

Net investment in capital assets

This category consists of capital asset balances, net of accumulated depreciation, less outstanding balances of debt related to those assets.

Restricted

Net position in this category is reported as restricted when constraints placed on net position use is either:

- Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or
- Imposed by law through constitutional provisions or enabling legislation.

Unrestricted

If net position does not meet the criteria for the above categories, it is reported as unrestricted.

In addition, the CMHSP will first use restricted resources when an expense is incurred for purposes for which either restricted or unrestricted net position is available.

MDHHS Revenue

General Fund Revenue

The CMHSP provides mental health services on behalf of the Michigan Department of Health and Human Services (MDHHS). Currently, the CMHSP contracts directly with the MDHHS for General Fund revenues to support the services provided for the priority population residing in the Counties. The CMHSP performs an annual cost settlement of General Funds with MDHHS.

Medicaid Revenue

Beginning January 2014, Northern Michigan Regional Entity assumed the regional entity contract with the MDHHS. The CMHSP contracts to receive Medicaid, Healthy Michigan and other revenues through the regional entity. The CMHSP performs an annual cost settlement of capitated funding with the regional entity.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Michigan’s statutory authority allows governmental entities to invest in the following investments:

- 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 institution.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 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 Investments 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.

At September 30th the carrying amount of the CMHSP’s cash and cash equivalents are as follows:

Description	Amount
Petty Cash	1,100
Checking, Savings and Money Market	22,701,987
Total	22,703,087

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The CMHSP’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the summary of significant accounting policies. The CMHSP’s investment policy does not have specific limits in excess of state law on investment credit. The ratings for each investment are identified below for investments held at year-end.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the CMHSP’s deposits may not be returned. State law does not require and the CMHSP does not have a policy for deposit custodial credit risk. As of year-end \$22,953,770 of the CMHSP’s bank balance of \$23,203,770 was exposed to custodial credit risk because it was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

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The CMHSP believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the CMHSP evaluates each financial institution with which it deposits funds and assesses the level of risk at each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk

State law limits allowable investments but does not limit concentration of credit risk as identified in the summary of significant accounting policies. The CMHSP's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Investments

As of September 30th, the CMHSP had the following investments:

Investments	Amount
U.S. agencies	199,954
Bond mutual funds	5,430,111
Money markets	317,145
Total	5,947,210

Investment Type	Rating	Amount
U.S. agencies:		
Federal National Mortgage Association	AA+	199,954
Total U.S. agencies:		199,954

Investments

State statutes authorize the CMHSP to invest in obligations and certain repurchase agreements of the United States Treasury and related governmental agencies, commercial paper, banker's acceptances of the United States banks, obligations of the State of Michigan or any of its political subdivisions, and mutual funds composed entirely of the above investments. See above for a listing of the CMHSP's investments. The CMHSP's investment policy complies with the state statutes and has no additional investment policies that would limit its investment choices.

Interest Rate Risk – Investments

Under state statutes, investment in commercial paper is limited to maturities of not more than 270 days after the date of purchase. The CMHSP's investment policy does not place any further limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments

Years	1 - 5	6 - 10	11 - 15	Total
U.S. agencies	199,954	-	-	199,954

Custodial Credit Risk – Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the CMHSP will not be able to recover the value of its investments that are in the possession of an outside party. The CMHSP requires all security transactions, including collateral for repurchase agreements, to be made on a cash basis or a delivery vs. payment basis. Securities may be held by a third party custodian and must be evidenced by safekeeping receipts. The CMHSP does not have any additional policies for custodial credit risk over investments.

Credit Risk - Investments

State statutes limit investments in commercial paper to be rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Investments in obligations of the State of Michigan or its political subdivisions must be rated as investment grade by not less than one rating service. Investments in bonds, obligations, or repurchase agreements must be made with the U.S. Treasury and banker's acceptances with United States banks. The CMHSP's investment policy limits investments to be made with prudent

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judgment as to the safety of the invested capital and probable outcome of income.

Concentration of Credit Risk - Investments

The CMHSP's investment policy places no limit on the amount it may invest in any one issuer. At September 30th, concentrations in securities of any one issuer greater than 5% of investment fair value were as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal National Mortgage Association	100%

Fair Value of Investments

The CMHSP measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At year-end, the CMHSP had the following recurring fair value measurements.

Description	Value as of Sept 30 th	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
U.S. agencies	199,954	199,954	-	-
Bond mutual funds	5,430,111	5,430,111	-	-
Total debt securities	5,630,065	5,630,065	-	-

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units as of September 30th consists of the following:

Description	Amount
State of Michigan	429,682
Other governmental units	188,038
Total	617,720

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NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	1,672,625	-	-	-	1,672,625
Total capital assets not being depreciated	1,672,625	-	-	-	1,672,625
Capital assets being depreciated					
Buildings and improvements	13,307,720	20,975	-	-	13,328,695
Equipment, furnishings and software	3,781,443	56,480	-	-	3,837,923
Vehicles	1,051,838	42,393	(38,928)	-	1,055,303
Total capital assets being depreciated	18,141,001	119,847	(38,928)	-	18,221,921
Accumulated depreciation					
Buildings and improvements	(8,524,367)	(484,213)	-	-	(9,008,580)
Equipment, furnishings and software	(3,620,903)	(77,363)	-	-	(3,698,268)
Vehicles	(410,810)	(179,346)	22,708	-	(567,447)
Total accumulated depreciation	(12,556,080)	(740,922)	22,708	-	(13,274,295)
Total capital assets being depreciated, net	5,584,921	(621,074)	(16,220)	-	4,947,626
Total capital assets, net	7,257,546	(621,074)	(16,220)	-	6,620,251

NOTE 5 - DUE TO OTHER GOVERNMENTAL UNITS

Due to other governmental units as of September 30th consists of the following:

Description	Amount
MESC	27,440
Northern Michigan Regional Entity	8,087,604
State of Michigan	877,473
Total	8,992,517

NOTE 6 - UNEARNED REVENUE

The amount reported as unearned revenue represents revenues received in advance of the period earned as follows:

Description	Amount
Consumer funds	3,467
General Fund Carryforward	127,597
Total	131,064

Northern Lakes Community Mental Health Authority
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NOTE 7 - LONG-TERM LIABILITIES

The changes in the long-term liabilities are as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Compensated absences	1,341,519	279,541	(201,228)	1,419,832	212,975

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

As of September 30th, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital assets not being depreciated	1,672,625
Capital asset being depreciated, net	4,947,626
Net investment in capital assets	6,620,251

NOTE 9 – RETIREMENT PLANS

Defined Contribution Retirement Plan – 401(a)

Plan Description

The CMHSP offers all employees a retirement plan created in accordance with the Internal Revenue Code, Section 401(a). The assets of the plan were held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. MERS of Michigan acts as the custodian for the plan and holds the custodial account for the beneficiaries of this Section 401(a) plan.

The assets may not be diverted to any other use. MERS of Michigan is the agent of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. Plan balances and activities are not reflected in the CMHSP's financial statements. Plan provisions are established or amended by Board resolution.

Eligibility

Employees who work over 1,000 hours per plan year are eligible to participate in the plan.

Contributions

The plan has three contribution levels: (1) 5% employer and 5% employee; (2) 3% employer and 3% employee; and (3) 1% employer and 0% employee.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 60 years of age. Employees vest 25% each year for the first four years of service and are 100% vested thereafter.

Forfeitures

Forfeitures are first used to pay administrative expenses and remaining funds are reallocated as an employer contribution.

Funding

For the year ended September 30th, employer contributions (reduced by \$0 in forfeitures) amounted to \$804,411. Employee contributions (reduced by \$35,202 in loan payments) amounted to \$787,256. The outstanding liability to the plan at year-end was \$0.

Defined Benefit Pension Plan

Plan Description

The CMHSP's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The CMHSP 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

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information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

The CMHSP's plans offer the following benefits:

- Frozen Benefit as of 1/1/2016
- Vesting period ranges from 6 years to 8 years.
- Normal retirement age is age 60 with early retirement (unreduced) allowed at age 55 with 25 years of service.
- Early retirement (reduced) is allowed at age 50 with 25 years of service or age 55 with 15 years of service.
- Final Average Compensation is calculated based on 5 years.
- Member (employee) contribution rate is 0.0%.

Employees Covered by Benefit Terms

As of the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Active employees	9
Inactive employees entitled to but not yet receiving benefits	6
Inactive employees or beneficiaries currently receiving benefits	121
Total	136

The CMHSP's defined benefit pension plan is closed to new hired employees. All new eligible employees participate in the defined contribution plan.

Contributions

The CMHSP 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.

The CMHSP's actuarially determined monthly contribution is \$87,430 for the plan year ending December 31, 2020.

Net Pension Liability

The CMHSP's net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the annual 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: 7.35%, net of investment and administrative expenses, including inflation

Although no specific price inflation assumptions are needed for the valuation, the long-term wage inflation assumption would be consistent with the price inflation.

Mortality rates used were based on the MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study conducted.

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.

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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 Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global Fixed Income	20.00%	3.75%	0.75%	2.50%	0.25%
Private Investments	20.00%	9.75%	1.95%	2.50%	1.45%
Total	100.00%		7.35%		4.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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.

Changes in Net Pension Liability

Calculating the Net Pension Liability			
Changes in net pension liability	Total pension liability (a)	Increase (decrease) plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at 01/01/2020	25,064,591	20,335,495	4,729,096
Changes for the year			
Service cost	359	-	359
Interest on total pension liability	1,814,877	-	1,814,877
Changes in benefits	-	-	-
Difference between expected and actual experience	146,528	-	146,528
Changes in assumptions	963,593	-	963,593
Employer contributions	-	1,049,160	(1,049,160)
Employee contributions	-	-	-
Net investment income	-	2,450,120	(2,450,120)
Benefit payments, including employee refunds	(2,369,613)	(2,369,613)	-
Administrative expense	-	(39,905)	39,905
Other changes	-	-	-
Net changes	555,744	1,089,762	(534,018)
Balances as of 12/31/2020	25,620,335	21,425,257	4,195,078

Northern Lakes Community Mental Health Authority
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the CMHSP, calculated using the discount rate of 7.60%, as well as what the CMHSP's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Net Pension Liability at 12/31/2020	4,195,078	4,195,078	4,195,078
Change in Net Pension Liability (NPL)	2,163,861	-	(1,876,817)
Calculated Net Pension Liability	6,358,939	4,195,078	2,318,261
Note: the current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.			

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

For the year ended September 30, 2021, the CMHSP recognized pension expense of \$1,209,193. The CMHSP reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Excess) Deficit Investment Returns	-	(673,136)
Differences in Experience	-	-
Differences in Assumptions	-	-
Contributions Subsequent to 12/31/2020*	958,487	-
Totals	958,487	(673,136)

*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 in the following fiscal year.

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

Plan year ended	Amount
2021	(134,860)
2022	71,079
2023	(418,093)
2024	(191,263)

NOTE 10 - OPERATING LEASES

The CMHSP has entered into various operating leases for the use of real and personal property. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the financial statements. Lease expense for the fiscal year was approximately \$77,500.

Northern Lakes Community Mental Health Authority
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September 30, 2021

The future minimum lease obligations as of September 30th, were as follows:

Year Ending September 30 th	Amount
2022	40,200
2023	40,200
2024	40,200
2025	40,200
2026	40,200
2027 - 2029	127,300

NOTE 11 - RISK MANAGEMENT

The CMHSP is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The CMHSP participated in the public entity risk pool – Michigan Municipal Risk Management Authority (MMRMA) for auto and general liability, property and crime and vehicle physical damage coverage.

MMRMA, a separate legal entity, is a self-insured association organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to various Michigan governmental entities.

As a member of this pool, the CMHSP is responsible for paying all losses, including damages, loss adjustment expenses and defense costs, for each occurrence that falls within the member’s self-insured retention. If a covered loss exceeds the CMHSP’s limits, all further payments for such loss are the sole obligation of the CMHSP. If for any reason MMRMA’s resources available to pay losses are depleted, the payment of all unpaid losses of the CMHSP is the sole obligation of the CMHSP. Settled claims have not exceeded the amount of coverage in any of the past three years.

The CMHSP’s coverage limits are \$15,000,000 for liability, \$1,500,000 for vehicle physical damage, and approximately \$23,118,083 for buildings and personal property.

NOTE 12 – BENEFITS – SELF INSURANCE

The CMHSP provides health insurance to all its eligible employees. The self-funded program is administered by Blue Cross/Blue Shield who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for self-insured programs are paid based on actual or illustrated rates. These premiums are available to pay claims, claim reserves, excess coverage and administrative costs. Excess coverage reinsurance purchased by the CMHSP covers individual claims in excess of \$100,000 annually. The liability at the end of the year is based on claims already incurred and reported as well as an estimate for claims incurred but not reported at September 30th.

The change in the claims liability is as follows:

Fiscal Year	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019	234,938	3,965,152	(4,047,795)	152,295
2020	152,295	3,895,130	(3,862,424)	185,000
2021	185,000	4,536,310	(4,475,310)	246,000

NOTE 13 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the CMHSP is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the regional

entity and the State. Such audits could lead to questioned costs and/or requests for reimbursement to the grantor or regulatory agencies. Cost settlement adjustments, if any, as a result of compliance audits are recorded in the year that the settlement is finalized. The amount of expenses which may be disallowed, if any, cannot be determined at this time, although the CMHSP expects such amounts, if any, to be immaterial.

NOTE 14 – ECONOMIC DEPENDENCE

The CMHSP receives over 90% of its revenues from the State of Michigan either directly from MDHHS or indirectly through the CMHSP's regional entity.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the CMHSP's fiscal year September 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, was issued by the GASB in May 2020 and will be effective for the CMHSP's fiscal year ending September 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**REQUIRED SUPPLEMENTAL
INFORMATION**



Northern Lakes Community Mental Health Authority
 Defined Benefit Pension Plan - Required Supplemental Information
 Schedule of Employer Pension Contributions

Fiscal Year Ending	Actuarial Determined Contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered Employee Payroll *	Contributions as a Percentage of Covered Employee Payroll
Sept 30, 2015	\$ 724,554	\$ 724,554	\$ -	\$ 1,618,123	45%
Sept 30, 2016	882,657	882,657	-	491,596	180%
Sept 30, 2017	928,205	928,205	-	-	-
Sept 30, 2018	928,152	928,152	-	-	-
Sept 30, 2019	962,052	962,052	-	-	-
Sept 30, 2020	1,030,050	1,030,050	-	-	-
Sept 30, 2021	1,133,346	1,133,346	-	-	-

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

* Effective January 1, 2016, benefits from this plan for active employees were frozen. Those individuals have retained any earned benefit through January 1, 2016, but are now participating in the CMHSP's defined contribution plan. Accordingly, covered payroll for the fiscal year ended September 30, 2016 only includes pensionable wages for the period from October 1, 2015 through December 31, 2015.

Notes to Schedule of Contributions

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, which is 21 months prior to the beginning of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, closed
Amortization period	10 years
Asset valuation method	10 year smoothed
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.60%, (7.35% net of investment and administrative expense)
Retirement age	The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	Mortality rates used were based on the MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

Northern Lakes Community Mental Health Authority
 Defined Benefit Pension Plan - Required Supplemental Information
 Schedule of Changes in Net Pension Liability and Related Ratios

	Plan Year Ended December 31,				
	2014	2015	2016	2017	2018
Total Pension Liability (TPL)					
Service Cost	\$ 167,075	\$ 145,474	\$ -	\$ -	\$ 591
Interest	1,902,442	1,879,130	1,885,019	1,947,417	1,931,299
Changes of Benefit Terms	-	(1,551,027)	-	-	-
Difference between expected & actual experience	-	(34,017)	882,482	10,189	(67,030)
Changes in assumptions	-	1,426,087	-	-	-
Benefit payments including employee refunds	(1,580,499)	(1,678,482)	(1,877,544)	(2,097,511)	(2,221,243)
Other	-	58,723	-	-	-
Net Change in Total Pension Liability	489,018	245,888	889,957	(139,905)	(356,383)
Total Pension Liability beginning	23,766,611	24,255,629	24,501,517	25,391,474	25,251,569
Total Pension Liability ending	24,255,629	24,501,517	25,391,474	25,251,569	24,895,186
Plan Fiduciary Net Position					
Contributions - employer	658,299	746,568	928,457	928,020	928,020
Net investment income	1,236,695	(293,520)	2,103,764	2,576,693	(794,485)
Benefit payments including employee refunds	(1,580,499)	(1,678,482)	(1,877,544)	(2,097,511)	(2,221,243)
Administrative expense	(45,266)	(43,310)	(41,553)	(40,897)	(40,370)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	269,229	(1,268,744)	1,113,124	1,366,305	(2,128,078)
Plan Fiduciary Net Position beginning	19,829,068	20,098,297	18,829,553	19,942,677	21,308,982
Plan Fiduciary Net Position ending	20,098,297	18,829,553	19,942,677	21,308,982	19,180,904
Employer Net Pension Liability (NPL)	\$ 4,157,332	\$ 5,671,964	\$ 5,448,797	\$ 3,942,588	\$ 5,714,282
Plan Fiduciary Net Position as a percentage of the TPL	82.9%	76.9%	78.5%	84.4%	77.0%
Covered Employee Payroll (from GASB 68 actuarial page)	\$ 1,595,639	\$ 1,399,881	\$ 991,949	\$ 778,558	\$ 678,746
Employer's NPL as a percentage of covered payroll	261%	405%	549%	506%	842%

Notes to Schedule

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.

Northern Lakes Community Mental Health Authority
 Defined Benefit Pension Plan - Required Supplemental Information
 Schedule of Changes in Net Pension Liability and Related Ratios

	Plan Year Ended December 31,	
	2019	2020
Total Pension Liability (TPL)		
Service Cost	\$ 497	\$ 359
Interest	1,898,832	1,814,877
Changes of Benefit Terms	-	-
Difference between expected & actual experience	(153,673)	146,528
Changes in assumptions	743,792	963,593
Benefit payments including employee refunds	(2,320,044)	(2,369,613)
Other	1	-
Net Change in Total Pension Liability	169,405	555,744
Total Pension Liability beginning	24,895,186	25,064,591
Total Pension Liability ending	25,064,591	25,620,335
Plan Fiduciary Net Position		
Contributions - employer	979,068	1,049,160
Net investment income	2,539,278	2,450,120
Benefit payments including employee refunds	(2,320,044)	(2,369,613)
Administrative expense	(43,712)	(39,905)
Other	1	-
Net Change in Plan Fiduciary Net Position	1,154,591	1,089,762
Plan Fiduciary Net Position beginning	19,180,904	20,335,495
Plan Fiduciary Net Position ending	20,335,495	21,425,257
Employer Net Pension Liability (NPL)	\$ 4,729,096	\$ 4,195,078
Plan Fiduciary Net Position as a percentage of the TPL	81.1%	83.6%
Covered Employee Payroll (from GASB 68 actuarial page)	\$ 551,795	\$ 490,135
Employer's NPL as a percentage of covered payroll	857%	856%

Notes to Schedule

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.



**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 Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

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, each major fund, and the aggregate remaining fund information of Northern Lakes Community Mental Health Authority (the CMHSP), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CMHSP's basic financial statements, and have issued our report thereon dated March 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CMHSP's internal control over financial reporting (internal control) to determine the 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 the CMHSP's internal control. Accordingly, we do not express an opinion on the effectiveness of the CMHSP's 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CMHSP's 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 determination of financial statement amounts. 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.

Sincerely,

A handwritten signature in black ink that reads "Roslund, Prestage & Company, P.C." in a cursive script.

Roslund, Prestage & Company, P.C.
March 25, 2022



Communication with Those Charged with Governance at the Conclusion of the Audit

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lakes Community Mental Health Authority (the CMHSP) for the year ended September 30, 2021. 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 previously issued letter (*Communication with Those Charged with Governance during Planning*). 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 CMHSP are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the CMHSP 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 were:

Management's estimate of the payout of employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimated lives of capital assets are based on the expected life of the asset. We evaluated the key factors and assumptions used to develop the estimated lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

The assumptions used in the actuarial valuations of the pension plans are based on historical trends and industry standards. We evaluated the key factors and assumptions used to develop the information used in the financial statements 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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.

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 governmental unit'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 CMHSP'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 management's discussion and analysis and the schedule for the pension plan which are 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.

Restriction on Use

This information is intended solely for the information and use of the members of the board and management of the CMHSP and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Roslund, Prestage & Company, P.C.
Certified Public Accountants



**Northern Lakes Community Mental Health Authority
Financial Statements
September 30, 2021**

www.northernlakescmh.org

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call Alpha Center
at 1-800-49-ALPHA
or (231) 922-4850

After-Hours
Crisis Intervention
1-800-442-7315 TDD/TTY
or (231) 922-4850

Management Representation Letter

Roslund, Prestage & Company, P.C.
525 West Warwick Drive, Suite A
Alma, Michigan 48801

This representation letter is provided in connection with your audit of the financial statements of Northern Lakes Community Mental Health Authority (the CMHSP), which comprise the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2021, and the respective changes in financial position and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 25, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the CMHSP is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the CMHSP or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the organization and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the CMHSP's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the CMHSP's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The CMHSP has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures, maintenance of the depreciation listing, and submission of audited financial information. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the

adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, maintenance of the depreciation listing, and submission of audited financial information.

- 28) The CMHSP has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The CMHSP has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASBS No. 84 .
- 32) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended, and GASBS No. 84 .
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the organization's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenses for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: Joanie Blamer 3/25/2022
Title: Executive Director

Signature: Lauri Fische 3/25/2022
Title: Chief Financial Officer

Signature: Chris Byrne 3/25/2022
Title: Finance Manager

Report on Compliance
Northern Lakes Community Mental Health Authority
September 30, 2021





INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

Report On Compliance

We have examined Northern Lakes Community Mental Health Authority's (the CMHSP) compliance with the compliance requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services that are applicable to its Medicaid Contract, General Fund (GF) Contract, Community Mental Health Services (CMHS) Block Grant, and Substance Abuse Prevention and Treatment (SAPT) Block Grant programs for the year ended September 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Medicaid Contract, GF Contract, CMHS Block Grant, and SAPT Block Grant programs.

Independent Accountants' Responsibility

Our responsibility is to express an opinion on the CMHSP's compliance with the Medicaid Contract, GF Contract, CMHS Block Grant, and SAPT Block Grant programs based on our examination of the compliance requirements referred to above.

Our examination of compliance was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CMHSP complied, in all material respects, with the compliance requirements referred to above.

An examination involves performing procedures to obtain evidence about the CMHSP's compliance with the specified compliance requirements referred to above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the compliance requirements described in the *Compliance Examination Guidelines* issued by the Michigan Department of Health and Human Services.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. However, our examination does not provide a legal determination of the CMHSP's compliance.

Opinion on Each Program

In our opinion, the CMHSP complied, in all material respects, with the specified compliance requirements referred to above that are applicable to its Medicaid Contract, GF Contract, CMHS Block Grant, and SAPT Block Grant programs for the year ended September 30, 2021.

Northern Lakes Community Mental Health Authority
Schedule of Findings
September 30, 2021

Control deficiencies that are individually or cumulatively material weaknesses in internal control over the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants:

None

Material noncompliance with the provisions of laws, regulations, or contracts related to the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants:

None

Known fraud affecting the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants:

None

Northern Lakes Community Mental Health Authority
Explanation of Examination Adjustments
September 30, 2021

There were no examination adjustments for the September 30, 2021 fiscal year.

Northern Lakes Community Mental Health Authority
Comments and Recommendations
September 30, 2021

During our compliance audit, we may have become aware of matters that are opportunities for strengthening internal controls, improving compliance and increasing operating efficiency. These comments and recommendations are expected to have an impact greater than \$10,000, but not individually or cumulatively be material weaknesses in internal control over the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants program(s). Furthermore, we consider these matters to be immaterial deficiencies, not findings. The following comments and recommendations are in regard to those matters.

There are no comments or recommendations for the September 30, 2021 fiscal year.

www.northernlakescmh.org

Management Representation Letter

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1-800-442-7315 TDD/TTY
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Roslund, Prestage & Company, P.C.
Certified Public Accountants
525 W. Warwick Dr.
Alma, MI 48801

In connection with your examination of Northern Lakes Community Mental Health Authority's (the CMHSP's) compliance with the specified criteria contained in the *Community Mental Health Compliance Examination Guidelines* (the Guidelines) issued by the Michigan Department of Health and Human Services, for the fiscal year end September 30, 2021, for the purpose of expressing an opinion that the CMHSP complied, in all material respects with criteria specified in the Guidelines, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your examination.

- 1) We are responsible for compliance with the criteria specified in the Guidelines.
- 2) We are responsible for establishing and maintaining effective internal control over compliance.
- 3) We have performed an evaluation of (1) the entity's compliance with specified requirements or (2) the entity's controls for ensuring compliance and detecting noncompliance with requirements, as applicable.
- 4) We have disclosed to you all:
 - a) deficiencies in internal control relevant to the engagement of which we are aware.
 - b) known actual, suspected, or alleged fraud or noncompliance.
 - c) all other matters you have deemed appropriate.
- 5) We have disclosed to you our interpretation of any compliance requirements that have varying interpretations.
- 6) We have disclosed to you any communications from regulatory agencies, internal auditors, and other practitioners concerning possible noncompliance with the specified requirements, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report.
- 7) We have disclosed to you all events subsequent to the fiscal year ended September 30, 2021 that would have a material effect on the CMHSP's conformity with the Guidelines, including, but not limited to, the following:
 - Relevant internal auditors' reports issued during the subsequent period.
 - Other practitioners' reports identifying noncompliance issued during the subsequent period.
 - Regulatory agencies' reports on the entity's noncompliance issued during the subsequent period.
 - Information about the entity's noncompliance obtained through other professional engagements for that entity.
- 8) We have made available to you all records relevant to the CMHSP's conformity with the Guidelines.
- 9) We have responded fully to all inquiries made to us by you during the engagement.
- 10) We have complied with our responsibilities (as applicable) as defined in the Guidelines including:
 - a) Maintaining internal control over the Medicaid Contract, General Fund Contract, CMHS Block Grant, and SAPT Block Grant Programs that provides reasonable assurance that we are managing the Medicaid Contract, General Fund Contract, CMHS Block Grant, and SAPT Block Grant Programs in compliance with laws, regulations, and the provisions of contracts that could have a material effect on the Medicaid Contract, General Fund Contract, CMHS Block Grant, and SAPT Block Grant Programs. Complying with laws, regulations, and the provisions of contracts related to the Medicaid Contract, General Fund Contract, CMHS Block Grant, and SAPT Block Grant Programs. Examples of these would include, but not be limited to: the Medicaid Contract, the Managed Mental Health Supports and Services Contract (General Fund Contract), the CMHS Block Grant Contract, the SAPT Block Grant Contract, the Mental Health Code (Michigan Compiled Laws 330.1001 – 330.2106), applicable sections of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards located at 2 CFR 200, the Medicaid Provider Manual, and Generally Accepted Accounting Principles (GAAP).
 - b) Preparing appropriate financial statements.
 - c) Ensuring that the examination required by the Guidelines, and any examination required by the PIHP from which we received Medicaid Program funds, are properly performed and submitted when due.
 - d) Following up and taking corrective action on examination findings.
 - e) Preparing a corrective action plan to address each examination finding, and comment and recommendation included in the current year's reports including the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
- 11) We have complied with specified requirements (as applicable) as defined in the Guidelines including:

- a) The Financial Status Report (FSR) and related CRCS agrees with agency financial records (general ledger) as required by the reporting instructions.
 - b) The FSRs include only allowed activities as specified in the contracts; allowable costs as specified in the Federal cost principles (2 CFR 200, Subpart E)(General Fund Contract, Section 6.6.1; and Medicaid Contract, Section 7.8); and allowed activities and allowable costs as specified in the Mental Health Code, Sections 240, 241, and 242.
 - c) The FSRs include revenues and expenditures in proper categories and according to reporting instructions.
 - d) Differences between the general ledger and FSR are adequately explained and justified.
 - e) The expenditures reported on the FSR specifically comply with the Federal cost principles in 2 CFR 200.402.
 - f) Reimbursements to subcontractors are supported by a valid subcontract and adequate, appropriate supporting documentation on costs and services. (2 CFR Part 200, Subpart E – Cost Principles, 200.403 (g)).
 - g) We made you aware of all net cost basis contracts.
 - h) Net cost basis contracts, if any, are supported by appropriate documentation. (2 CFR Part 200, Subpart E – Cost Principles, 200.403 (g)).
 - i) We made you aware of all related parties, including subcontractors. (2 CFR Part 200, Subpart E – Cost Principles, 200.404).
 - j) Payments to FQHCs and RHCs for specialty services included in the specialty services waiver, if any, are no less than amounts paid to non-FQHC and RHCs for similar services.
 - k) Reported costs for less-than-arms-length transactions, if any, are limited to underlying cost. (2 CFR Part 200, Subpart E – Cost Principles, 200.465 (c)).
 - l) Reported costs for sale and leaseback arrangements, if any, are limited to underlying cost. (2 CFR Part 200, Subpart E – Cost Principles, 200.465 (b)).
 - m) Capital asset purchases that cost greater than \$5,000 are capitalized and depreciated over the useful life of the asset rather than expensing it in the year of purchase. (2 CFR Part 200, Subpart E – Cost Principles, 200.436 and 200.439).
 - n) All invoices for remodeling or renovation projects, if any, have been accumulated for a total project cost when determining capitalization requirements. Individual invoices related to remodeling or renovation projects have not been expensed simply because they are less than \$5,000.
 - o) Costs are allocated to programs in accordance with relative benefits received.
 - p) Medicaid costs are charged to the Medicaid Program.
 - q) General Fund costs are charged to the General Fund Program.
 - r) Administrative/indirect costs are distributed to programs on a basis that produce an equitable result in consideration of relative benefits derived. (2 CFR Part 200, Appendix VII).
 - s) Distributions of salaries and wages for employees that work on multiple activities or cost objectives are supported in accordance with the standards listed in 2 CFR Part 200, Subpart E-Cost Principles, 200.430(i).
 - t) We followed the procurement requirements contained in 2 CFR 200.318 through 200.326 and ensured that organizations or individuals selected and offered contracts have not been debarred or suspended or otherwise excluded from, or ineligible for participation in, Federal assistance programs as required by 45 CFR 92.35.
 - u) We determined responsible parties' insurance coverage and ability to pay before, or as soon as practical after, the start of services as required by MCL 330.1817.
 - v) We completed a new determination if informed of a significant change in a responsible party's ability to pay as required by MCL 330.1828.
 - w) Charges for services to responsible parties determined to have an ability to pay represent the lesser of ability to pay determinations or cost of services according to MCL 330.1804.
 - x) General Fund Carryforward earned in the previous year was used in the current year on allowable General Fund expenditures as required by sections 7.7.1 and 7.7.1.1. of the MDHHS-CMHSP contract.
 - y) We have met the local match requirement and all items considered as local match qualify as local match according to Section 7.2 of the General Fund Contract and Section 8.2 of the Medicaid Contract.
- 12) We have complied with compliance requirements related to CMHS Block Grants (CFDA 93.958) as defined in the Guidelines, as applicable, including:
- a) The CMHS Block Grant funds were expended only on allowable activities in accordance with the Federal Block Grant provisions and the Grant Agreement between MDHHS and the CMHSP.
 - b) We complied with the applicable cash management compliance requirements that are contained in the Federal Block Grant Provisions. This includes the requirement that when entities are funded on a reimbursement basis, program costs must be paid for by CMHSP funds before reimbursement is requested from MDHHS.
 - c) If we contracted with other sub-recipients ("sub-recipient" per the 2 CFR Part 200.330 definition) to carry out the Federal CMHS Block Grant Program, we affirm that we have complied with the Sub-recipient Monitoring and Management requirements at 2 CFR Part 200.331 (a) through (h).

- 13) We have complied with compliance requirements related to SAPT Block Grants (CFDA #93.959) as defined in the Guidelines, as applicable, including:
- a) The SAPT Block Grant funds were expended only on allowable activities in accordance with the Federal Block Grant provisions and the Grant Agreement between MDHHS and the CMHSP.
 - b) We complied with the applicable cash management compliance requirements that are contained in the Federal Block Grant Provisions. This includes the requirement that when entities are funded on a reimbursement basis, program costs must be paid for by CMHSP funds before reimbursement is requested from MDHHS.
 - c) If we contracted with other sub-recipients ("sub-recipient" per the 2 CFR Part 200.330 definition) to carry out the Federal SAPT Block Grant Program, we affirm that we have complied with the Sub-recipient Monitoring and Management requirements at 2 CFR Part 200.331 (a) through (h).

Your report is intended solely for the information and use of the CMHSP's management and Michigan Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.

No events have occurred subsequent to the FSR date and through the date of this letter that would require adjustment to or disclosure in the report on compliance.

Joanie Blamer
CEO/Director's Signature

Joanie Blamer
CEO/Director's Printed Name

4/12/2022
Date

Lauri Fischer
CFO's Signature

LAURI FISCHER
CFO/Accountant's Printed Name

4/12/2022
Date

Chris Biggar
Lead Accountant's Signature

Chris Biggar
Lead Accountant's Printed Name

4/12/2022
Date

Report on Compliance

Northern Lakes Community Mental Health Authority

September 30, 2021



Northern Lakes Community Mental Health Authority
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September 30, 2021

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

Report On Compliance

We have examined Northern Lakes Community Mental Health Authority's (the CMHSP) compliance with the compliance requirements described in the *Compliance Examination Guidelines* issued by Michigan Department of Health and Human Services that are applicable to its Medicaid Contract, General Fund (GF) Contract, Community Mental Health Services (CMHS) Block Grant, and Substance Abuse Prevention and Treatment (SAPT) Block Grant programs for the year ended September 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Medicaid Contract, GF Contract, CMHS Block Grant, and SAPT Block Grant programs.

Independent Accountants' Responsibility

Our responsibility is to express an opinion on the CMHSP's compliance with the Medicaid Contract, GF Contract, CMHS Block Grant, and SAPT Block Grant programs based on our examination of the compliance requirements referred to above.

Our examination of compliance was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CMHSP complied, in all material respects, with the compliance requirements referred to above.

An examination involves performing procedures to obtain evidence about the CMHSP's compliance with the specified compliance requirements referred to above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement of the compliance requirements described in the *Compliance Examination Guidelines* issued by the Michigan Department of Health and Human Services.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. However, our examination does not provide a legal determination of the CMHSP's compliance.

Opinion on Each Program

In our opinion, the CMHSP complied, in all material respects, with the specified compliance requirements referred to above that are applicable to its Medicaid Contract, GF Contract, CMHS Block Grant, and SAPT Block Grant programs for the year ended September 30, 2021.

Purpose of this Report

This report is intended solely for the information and use of the board and management of the CMHSP and the Michigan Department of Health and Human Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Roslund, Prestage & Company, P.C.".

Roslund, Prestage & Company, P.C.
Certified Public Accountants

April 12, 2022

Northern Lakes Community Mental Health Authority
Schedule of Findings
September 30, 2021

Control deficiencies that are individually or cumulatively material weaknesses in internal control over the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants:

None

Material noncompliance with the provisions of laws, regulations, or contracts related to the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants:

None

Known fraud affecting the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants:

None

MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF) FINANCIAL STATUS REPORT - ALL NON MEDICAID							
CMHSP:	Northern Lakes Community Mental Health Authority			FISCAL YEAR:	FY 20 / 21		
SUBMISSION TYPE:				YE Final		EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
SUBMISSION DATE:				2/28/2022			
				Column A	Column B		
A	MEDICAID SERVICES - Summary From FSR - Medicaid (incl Direct Care Wage)						
A 190	TOTAL REVENUE						-
A 290	TOTAL EXPENDITURE						-
A 295	NET MEDICAID SERVICES SURPLUS (DEFICIT)						-
A 390	Total Redirected Funds						-
A 400	BALANCE MEDICAID SERVICES (A 400 + A 401)						-
AC	INTENTIONALLY LEFT BLANK						
AE	OPIOID HEALTH HOME SERVICES - Summary From FSR - Opioid Health Home Services						
AE 190	TOTAL REVENUE						-
AE 290	TOTAL EXPENDITURE						-
AE 295	NET SURPLUS (DEFICIT)						-
AE 390	Total Redirected Funds						-
AE 400	BALANCE OPIOID HEALTH HOME SERVICES						-
AG	HEALTH HOME SERVICES - Summary From FSR - Health Home Services						
AG 190	TOTAL REVENUE						-
AG 290	TOTAL EXPENDITURE						-
AG 295	NET HEALTH HOME SERVICES SURPLUS (DEFICIT)						-
AG 390	Total Redirected Funds						-
AG 400	BALANCE HEALTH HOME SERVICES						-
AI	HEALTHY MICHIGAN SERVICES - Summary From FSR - Healthy Michigan (incl Direct Care Wage)						
AI 190	TOTAL REVENUE						-
AI 290	TOTAL EXPENDITURE						-
AI 295	NET HEALTHY MICHIGAN SERVICES SURPLUS (DEFICIT)						-
AI 390	Total Redirected Funds						-
AI 400	BALANCE HEALTHY MICHIGAN SERVICES (AI 400 + AI 401)						-
AK	MI HEALTH LINK SERVICES - Summary From FSR - MI Health Link						
AK 190	TOTAL REVENUE						-
AK 290	TOTAL EXPENDITURE						-
AK 295	NET MI HEALTH LINK SERVICES SURPLUS (DEFICIT)						-
AK 390	Total Redirected Funds						-
AK 400	BALANCE MI HEALTH LINK SERVICES						-
RES	RESTRICTED FUND BALANCE ACTIVITY						
RES 180	Beginning Restricted Fund balance						-
RES 190	TOTAL REVENUE (Deposits)						-
RES 290	TOTAL EXPENDITURE (PBIP & SUD NON-MEDICAID only)						-
RES 390	Total Redirected Funds						-
RES 400	BALANCE RESTRICTED FUND						-
B	GENERAL FUND						
B 100	REVENUE						
B 101	CMH Operations						2,551,945
B 102	Intentionally left blank						
B 103	Intentionally left blank						
B 120	Subtotal - Current Period General Fund Revenue						2,551,945
B 121	1st & 3rd Party Collections (Not in Section 226a Funds) 100% Services						-
B 122	1st & 3rd Party Collections (Not in Section 226a Funds) 90% Services						-
B 123	Prior Year GF Carry Forward						118,759
B 124	Intentionally left blank						
B 140	Subtotal - Other General Fund Revenue						118,759
B 190	TOTAL REVENUE						2,670,704
B 200	EXPENDITURE						
B 201	100% MDHHS Matchable Services / Costs						445,488
B 202	100% MDHHS Matchable Services Based on CMHSP Local Match Cap						-
B 203	90% MDHHS Matchable Services / Costs - REPORTED						1,539,254
	90% MDHHS Matchable Services / Costs - EXAMINATION ADJUSTMENTS						
	90% MDHHS Matchable Services / Costs - EXAMINED TOTAL						1,539,254
B 204	Intentionally left blank						
B 205	Intentionally left blank						
B 290	TOTAL EXPENDITURE						1,830,817
B 295	NET GENERAL FUND SURPLUS (DEFICIT)						839,887
B 300	Redirected Funds (To) From						
B 301	(TO) Medicaid - Redirected for Unfunded Medicaid Costs - A331 (PIHP use only)						-
B 301.1	(TO) Healthy Michigan - Redirected for Unfunded Healthy Michigan Costs - AI331 (PIHP use only)						-
B 301.2	Intentionally left blank						
B 301.3	(TO) Opioid Health Home Services - Redirected for Unfunded Opioid Health Home Services AE331 (PIHP use only)						-
B 301.4	(TO) Health Home Services - Redirected for Unfunded Health Home Services AG331 (PIHP use only)						-
B 301.5	(TO) MI Health Link - Redirected for Unfunded MI Health Link Costs - AK331 (PIHP use only)						-
B 303	Intentionally left blank						
B 304	(TO) Targeted Case Management - D301						-
B 305	Intentionally left blank						
B 306	Intentionally left blank						
B 307	Intentionally left blank						
B 308	Intentionally left blank						
B 309	(TO) Allowable GF Cost of Injectable Medications - G301						(18,228)
B 310	(TO) PIHP to Affiliate Medicaid Services Contracts - I304						-
B 310.1	Intentionally left blank						
B 310.2	(TO) PIHP to Affiliate Opioid Health Home Services Contracts - IB304						-
B 310.3	(TO) PIHP to Affiliate Health Home Services Contracts - IC304						-
B 310.4	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID304						-

MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF) FINANCIAL STATUS REPORT - ALL NON MEDICAID							
CMHSP:	Northern Lakes Community Mental Health Authority			FISCAL YEAR:	FY 20 / 21		
SUBMISSION TYPE:				YE Final		EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
SUBMISSION DATE:				2/28/2022			
				Column A	Column B		
B	312	(TO) CMHSP to CMHSP Earned Contracts - J305 (explain - section Q)			-	-	-
B	313	FROM CMHSP to CMHSP Earned Contracts - J302					
B	314	FROM Non-MDHHS Earned Contracts - K302					
B	330	Subtotal Redirected Funds rows 301 - 314			(18,228)	-	(18,228)
B	331	FROM Local Funds - M302					
B	332	FROM Risk Corridor - N303					
B	390	Total Redirected Funds			(18,228)	-	(18,228)
B	400	BALANCE GENERAL FUND (cannot be < 0)			821,659	-	821,659
C INTENTIONALLY LEFT BLANK							
FEE FOR SERVICE MEDICAID							
D	TARGETED CASE MANAGEMENT - (GHS Only)						
D	190	Revenue					-
D	290	Expenditure					-
D	295	NET TARGETED CASE MANAGEMENT (cannot be > 0)			-	-	-
D	300	Redirected Funds (To) From					
D	301	FROM General Fund - B304					-
D	302	FROM Local Funds - M304					-
D	303	(TO) CMHSP to CMHSP Earned Contracts - J304.4			-	-	-
D	304	FROM CMHSP to CMHSP Earned Contracts - J303.4					-
D	390	Total Redirected Funds			-	-	-
D	400	BALANCE TARGETED CASE MANAGEMENT (GHS Only) (must = 0)			-	-	-
E INTENTIONALLY LEFT BLANK							
F INTENTIONALLY LEFT BLANK							
G	INJECTABLE MEDICATIONS						
G	190	Revenue					-
G	290	Expenditure			18,228		18,228
G	295	NET INJECTABLE MEDICATIONS (cannot be > 0)			(18,228)	-	(18,228)
G	300	Redirected Funds (To) From					
G	301	FROM General Fund - B309			18,228		18,228
G	302	FROM Local Funds - M309					-
G	390	Total Redirected Funds			18,228	-	18,228
G	400	BALANCE INJECTABLE MEDICATIONS (must = 0)			-	-	-
OTHER FUNDING							
H	MDHHS EARNED CONTRACTS						
H	100	REVENUE					
H	101	Comprehensive Services for Behavioral Health			1,214,190		
H	102	Housing and Homeless Services			-		
H	103	Juvenile Justice Programs			100,314		
H	104	Suicide Lifeline Programs			-		
H	105	Projects for Assistance in Transition from Homelessness			-		
H	106	Regional Perinatal Collaborative			-		
H	107	Substance Abuse & Mental Health COVID-19 Grant Program			-		
H	108	Substance Use and Gambling Services			-		
H	109	Intentionally left blank					
H	150	Other MDHHS Earned Contracts (describe):			52,330		
H	151	Other MDHHS Earned Contracts (describe):			-		
H	190	TOTAL REVENUE			1,366,834		
H	200	EXPENDITURE					
H	201	Comprehensive Services for Behavioral Health			1,214,190		
H	202	Housing and Homeless Services			-		
H	203	Juvenile Justice Programs			100,314		
H	204	Suicide Lifeline Programs			-		
H	205	Projects for Assistance in Transition from Homelessness			-		
H	206	Regional Perinatal Collaborative			-		
H	207	Substance Abuse & Mental Health COVID-19 Grant Program			-		
H	208	Substance Use and Gambling Services			-		
H	209	Intentionally left blank					
H	250	Other MDHHS Earned Contracts (describe):			52,330		
H	251	Other MDHHS Earned Contracts (describe):			-		
H	290	TOTAL EXPENDITURE			1,366,834		
H	400	BALANCE MDHHS EARNED CONTRACTS (cannot be < 0)			-		
I	PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS - CMHSP USE ONLY						
I	100	REVENUE					
I	101	Revenue - from PIHP Medicaid (incl Direct Care Wage)			55,796,688		55,796,688
I	104	Revenue - from PIHP Healthy Michigan Plan (incl Direct Care Wage)			6,911,232		6,911,232
I	122	1st & 3rd Party Collections - Medicare/Medicaid Consumers - Affiliate			509,024		509,024
I	123	1st & 3rd Party Collections - Healthy Michigan Plan Consumers - Affiliate			-		-
I	190	TOTAL REVENUE			63,216,944	-	63,216,944
I	201	Expenditure - Medicaid (incl Direct Care Wage)			56,262,721		
I	202	Expenditure - Healthy Michigan Plan (incl Direct Care Wage)			6,911,232		
I	203	Expenditure - MI Health Link (Medicaid) Services (incl Direct Care Wage)			-		
I	290	TOTAL EXPENDITURE			63,173,953		
I	295	NET PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS SURPLUS (DEFICIT)			42,991		
I	300	Redirected Funds (To) From					
I	301	(TO) CMHSP to CMHSP Earned Contracts - J306			(42,991)	-	(42,991)
I	302	FROM CMHSP to CMHSP Earned Contracts - J303					-

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
FINANCIAL STATUS REPORT - ALL NON MEDICAID**

CMHSP:	Northern Lakes Community Mental Health Authority		FISCAL YEAR:	FY 20 / 21		
	SUBMISSION TYPE:		YE Final		REPORTED	EXAMINATION ADJUSTMENTS
	SUBMISSION DATE:		2/28/2022			
			Column A	Column B		EXAMINED TOTALS
I	303	FROM Non-MDHHS Earned Contracts - K303				-
I	304	FROM General Fund - B310				-
I	306	FROM Local Funds - M309.1				-
I	390	Total Redirected Funds		(42,991)		(42,991)
I	400	BALANCE PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS (must = 0)		-		-

IA INTENTIONALLY LEFT BLANK

IB	PIHP to AFFILIATE OPIOID HEALTH HOME SERVICES CONTRACTS - CMHSP USE ONLY					
IB	190	Revenue - Medicaid Opioid Health Home Services - from PIHP				-
IB	290	Expenditure - Medicaid Opioid Health Home Services				-
IB	295	NET PIHP to AFFILIATE OPIOID HEALTH HOME SERVICES CONTRACTS SURPLUS (DEFICIT)		-		-
IB	300	Redirected Funds (To) From				
IB	304	FROM General Fund - B310.2				-
IB	306	FROM Local Funds - M309.3				-
IB	390	Total Redirected Funds		-		-
IB	400	BALANCE PIHP to AFFILIATE OPIOID HEALTH HOME SERVICES CONTRACTS (cannot be < 0)		-		-

IC	PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS - CMHSP USE ONLY					
IC	190	Revenue - Medicaid Health Home Services - from PIHP		182,504		182,504
IC	290	Expenditure - Medicaid Health Home Services		86,010		86,010
IC	295	NET PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS SURPLUS (DEFICIT)		96,494		96,494
IC	300	Redirected Funds (To) From				
IC	304	FROM General Fund - B310.3				-
IC	306	FROM Local Funds - M309.4				-
IC	390	Total Redirected Funds		-		-
IC	400	BALANCE PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS (cannot be < 0)		96,494		96,494

ID	PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS - CMHSP USE ONLY					
ID	100	REVENUE				
ID	101	Revenue - MI Health Link - from PIHP				-
ID	122	1st & 3rd Party Collections - MI Health Link Consumers - Affiliate				-
ID	190	TOTAL REVENUE		-		-
ID	200	EXPENDITURE				
ID	201	Expenditure				-
ID	202	Intentionally left blank				
ID	290	TOTAL EXPENDITURE		-		-
ID	295	NET PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS SURPLUS (DEFICIT)		-		-
ID	300	Redirected Funds (To) From				
ID	301	(TO) CMHSP to CMHSP Earned Contracts - J306.3		-		-
ID	302	FROM CMHSP to CMHSP Earned Contracts - J303.3				-
ID	303	FROM Non-MDHHS Earned Contracts - K303.3				-
ID	304	FROM General Fund - B310.4				-
ID	305	Intentionally left blank				
ID	306	FROM Local Funds - M309.5				-
ID	390	Total Redirected Funds		-		-
ID	400	BALANCE PIHP to AFFILIATE MI HEALTH LINK SERVICES CONTRACTS (must = 0)		-		-

J	CMHSP to CMHSP EARNED CONTRACTS					
J	190	Revenue		420,123		420,123
J	290	Expenditure		463,114		463,114
J	295	NET CMHSP to CMHSP EARNED CONTRACTS SURPLUS (DEFICIT)		(42,991)		(42,991)
J	300	Redirected Funds (To) From				
J	301	(TO) Medicaid Services - A302 (PIHP use only)		-		
J	301.1	(TO) Healthy Michigan - A1302 (PIHP use only)		-		
J	301.2	Intentionally left blank				
J	301.3	(TO) MI Health Link - AK302 (PIHP use only)		-		
J	302	(TO) General Fund - B313		-		-
J	303	(TO) PIHP to Affiliate Medicaid Services Contracts - I302		-		-
J	303.2	Intentionally left blank				
J	303.3	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID302		-		-
J	303.4	(TO) Targeted Case Management - D304		-		-
J	304	FROM Medicaid Services - A301 (PIHP use only)				-
J	304.1	FROM Healthy Michigan - A1301 (PIHP use only)				-
J	304.2	Intentionally left blank				
J	304.3	FROM MI Health Link - AK301 (PIHP use only)				-
J	304.4	FROM Targeted Case Management - D303				-
J	305	FROM General Fund - B312				-
J	306	FROM PIHP to Affiliate Medicaid Services Contracts - I301		42,991		42,991
J	306.2	Intentionally left blank				
J	306.3	FROM PIHP to MI Health Link Services Contracts - ID301				-
J	307	FROM Local Funds - M310				-
J	390	Total Redirected Funds		42,991		42,991
J	400	BALANCE CMHSP to CMHSP EARNED CONTRACTS (must = 0)		-		-

K	NON-MDHHS EARNED CONTRACTS					
K	190	Revenue		89,776		89,776
K	290	Expenditure		89,776		89,776
K	295	NET NON-MDHHS EARNED CONTRACTS SURPLUS (DEFICIT)		-		-
K	300	Redirected Funds (To) From				
K	301	(TO) Medicaid Services - A303 (PIHP use only)		-		
K	301.1	(TO) Healthy Michigan - A1303 (PIHP use only)		-		
K	301.2	Intentionally left blank				
K	301.3	(TO) MI Health Link - AK303 (PIHP use only)		-		
K	302	(TO) General Fund - B314		-		-
K	303	(TO) PIHP to Affiliate Medicaid Services Contracts - I303		-		-
K	303.2	Intentionally left blank				

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
FINANCIAL STATUS REPORT - ALL NON-MEDICAID**

CMHSP:	Northern Lakes Community Mental Health Authority		FISCAL YEAR:	FY 20 / 21		
	SUBMISSION TYPE:		YE Final		REPORTED	EXAMINATION ADJUSTMENTS
	SUBMISSION DATE:		2/28/2022			
			Column A	Column B		EXAMINED TOTALS
K	303.3	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID303		-	-	-
K	304	(TO) Local Funds - M315		-	-	-
K	305	FROM Local Funds - M311				
K	390	Total Redirected Funds		-	-	-
K	400	BALANCE NON-MDHHS EARNED CONTRACTS (must = 0)		-	-	-

L INTENTIONALLY LEFT BLANK

M		LOCAL FUNDS				
M	100	REVENUE				
M	101	County Appropriation for Mental Health		1,026,740		1,026,740
M	102	County Appropriation for Substance Abuse - Non Public Act 2 Funds				-
M	103	Section 226 (a) Funds		255,817	-	255,817
M	104	Affiliate Local Contribution to State Medicaid Match Provided from CMHSP (PIHP only)				-
M	105	Medicaid Fee for Service Adjuster Payments				-
M	106	Local Grants				-
M	107	Interest		10,803		10,803
M	108	Intentionally left blank				
M	109	SED Partner				-
M	110	All Other Local Funding		53,891		53,891
M	111	Performance Bonus Incentive Pool (PBIP) Restricted Local Funding		440,207		440,207
M	190	TOTAL REVENUE		1,787,458	-	1,787,458
M	200	EXPENDITURE				
M	201	GF 10% Local Match		153,925	-	153,925
M	202	Reported Local match cap amount				
		Examination Adjustment Local match cap amount				
		Examined Total Local match cap amount		-		
M	203	GF Local Match Capped per MHC 330.1308		-	-	-
M	204	Local Cost for State Provided Services		327,723		327,723
M	205	Local Contribution to State Medicaid Match (CMHSP Contribution Only)		458,756		458,756
M	206	Local Contribution to State Medicaid Match on Behalf of Affiliate (PIHP Only)				-
M	207	Local Match to Grants and MDHHS Earned Contracts				-
M	208	Intentionally left blank				
M	209	Local Only Expenditures		33,136		33,136
M	290	TOTAL EXPENDITURE		973,540	-	973,540
M	295	NET LOCAL FUNDS SURPLUS (DEFICIT)		813,918	-	813,918
M	300	Redirected Funds (To) From				
M	301	(TO) Medicaid Services - A332 (PIHP use only)		-		
M	301.1	(TO) Healthy Michigan - AI332 (PIHP use only)		-		
M	301.2	Intentionally left blank				
M	301.3	(TO) Opioid Health Home Services - AE332 (PIHP use only)		-		
M	301.4	(TO) Health Home Services - AG332 (PIHP use only)		-		
M	301.5	(TO) MI Health Link - AK332 (PIHP use only)		-		
M	302	(TO) General Fund - B331		-	-	-
M	304	(TO) Targeted Case Management - D302		-	-	-
M	305	Intentionally left blank				
M	306	Intentionally left blank				
M	307	Intentionally left blank				
M	308	Intentionally left blank				
M	309	(TO) Injectable Medications - G302		-	-	-
M	309.1	(TO) PIHP to Affiliate Medicaid Services Contracts - I306		-	-	-
M	309.2	Intentionally left blank				
M	309.3	(TO) PIHP to Affiliate Opioid Health Home Services Contracts - IB306		-	-	-
M	309.4	(TO) PIHP to Affiliate Health Home Services Contracts - IC306		-	-	-
M	309.5	(TO) PIHP to Affiliate MI Health Link Services Contracts - ID306		-	-	-
M	310	(TO) CMHSP to CMHSP Earned Contracts - J307		-	-	-
M	311	(TO) Non-MDHHS Earned Contracts - K305		-	-	-
M	313	(TO) Activity Not Otherwise Reported - O302		-	-	-
M	313.3	FROM MI Health Link (Medicare) - AK336 - (PIHP use only)				-
M	314	Intentionally left blank				
M	315	FROM Non-MDHHS Earned Contracts - K304				-
M	390	Total Redirected Funds		-	-	-
M	400	BALANCE LOCAL FUNDS		813,918	-	813,918

N		RISK CORRIDOR				
N	100	REVENUE				
N	101	Stop/Loss Insurance				-
N	102	Medicaid ISF for PIHP Share Risk Corridor				-
N	103	MDHHS for MDHHS Share of Medicaid Risk Corridor				-
N	104	Restricted Fund balance for PIHP Share Risk Corridor				-
N	190	TOTAL REVENUE				-
N	300	Redirected Funds (To) From				
N	301	(TO) Medicaid Services - PIHP Share - A333 (PIHP use only)		-		
N	301.1	(TO) Healthy Michigan - PIHP Share - AI333 (PIHP use only)		-		
N	301.2	(TO) Restricted Fund balance for PIHP Share - A335 & AI335 (PIHP use only)		-		
N	302	(TO) Medicaid Services - MDHHS Share - A334 (PIHP use only)		-		
N	302.1	(TO) Healthy Michigan - MDHHS Share - AI334 (PIHP use only)		-		
N	302.3	Intentionally left blank				
N	303	(TO) General Fund - B332		-	-	-
N	304	Intentionally left blank				
N	390	Total Redirected Funds		-	-	-
N	400	BALANCE RISK CORRIDOR (must = 0)		-	-	-

O		ACTIVITY NOT OTHERWISE REPORTED				
O	100	REVENUE				
O	101	MI CHOICE Home & Community Based Waiver		10,842,967		10,842,967
O	102	Other Revenue (describe):				-

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
FINANCIAL STATUS REPORT - ALL NON MEDICAID**

CMHSP:	Northern Lakes Community Mental Health Authority		FISCAL YEAR:	FY 20 / 21			
	SUBMISSION TYPE:		YE Final		REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
	SUBMISSION DATE:		2/28/2022				
			Column A	Column B			
O	103	Other Revenue (describe):					-
O	190	TOTAL REVENUE		10,842,967	-		10,842,967
O	200	EXPENDITURE					
O	201	MI CHOICE Home & Community Based Waiver		9,492,004			9,492,004
O	202	Other Expenditure (describe):					-
O	203	Other Expenditure (describe):					-
O	290	TOTAL EXPENDITURE		9,492,004	-		9,492,004
O	295	NET ACTIVITY NOT OTHERWISE REPORTED SURPLUS (DEFICIT)		1,350,963	-		1,350,963
O	300	Redirected Funds (To) From					
O	301	Intentionally left blank					
O	302	FROM Local Funds - M313					-
O	390	Total Redirected Funds		-	-		-
O	400	BALANCE ACTIVITY NOT OTHERWISE REPORTED		1,350,963	-		1,350,963

P		GRAND TOTALS					
P	190	GRAND TOTAL REVENUE		80,577,310	-		80,577,310
P	290	GRAND TOTAL EXPENDITURE		77,494,276	-		77,494,276
P	390	GRAND TOTAL REDIRECTED FUNDS (must = 0)		-	-		-
P	400	NET INCREASE (DECREASE)		3,083,034	-		3,083,034

Q		REMARKS				
Q		This section has been provided for the CMHSP to provide narrative descriptions as requested in the FSR instructions or where additional narrative would be meaningful to the CMHSP / MDHHS.				
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MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)							
FINANCIAL STATUS REPORT - ALL NON MEDICAID - SUPPLEMENTAL							
CMHSP:	Northern Lakes Community Mental Health Authority			FISCAL YEAR:	FY 20 / 21	YEAR TO DATE REPORTING	
				SUBMISSION TYPE:	YE Final		
				SUBMISSION DATE:	2/28/2022		
				Column A	Column B	Column C	
H	Grant Program Code	Grant Program Title	Project Code	Project Title	REVENUE	EXPENDITURES	BALANCE
H	CBH	Comprehensive Services for Behavioral Health	ABHS	Asian Behavioral Health Services			-
H	CBH	Comprehensive Services for Behavioral Health	BC / BWC	Benefits Coaches / Benefits to Work Coaches			-
H	CBH	Comprehensive Services for Behavioral Health	BCDP	Branch County Diversion Project			-
H	CBH	Comprehensive Services for Behavioral Health	BHC	Behavioral Health Consultant	41,827	41,827	-
H	CBH	Comprehensive Services for Behavioral Health	BHSNA	Behavioral Health Services for Native Americans			-
H	CBH	Comprehensive Services for Behavioral Health	BHSV	Behavioral Health Services for Vietnam Veterans			-
H	CBH	Comprehensive Services for Behavioral Health	CLUB	Clubhouse Engagement			-
H	CBH	Comprehensive Services for Behavioral Health	CRIM	Criminal Justice			-
H	CBH	Comprehensive Services for Behavioral Health	CRMGT	Care Management			-
H	CBH	Comprehensive Services for Behavioral Health	CSC	Child System of Care			-
H	CBH	Comprehensive Services for Behavioral Health	DROP**		6,800	6,800	-
H	CBH	Comprehensive Services for Behavioral Health	DROP**		7,026	7,026	-
H	CBH	Comprehensive Services for Behavioral Health	DROP**				-
H	CBH	Comprehensive Services for Behavioral Health	FIT	Fit Together			-
H	CBH	Comprehensive Services for Behavioral Health	HBHS	Hispanic Behavioral Health Services			-
H	CBH	Comprehensive Services for Behavioral Health	IHC	Integrated Healthcare	199,575	199,575	-
H	CBH	Comprehensive Services for Behavioral Health	**CSSE	Intensive Crisis Stabilization Service(s) Expansion			-
H	CBH	Comprehensive Services for Behavioral Health	IMH	Health Innovation in Manistee and Benzie Counties			-
H	CBH	Comprehensive Services for Behavioral Health	JHCH	Justice Involved Health Coach			-
H	CBH	Comprehensive Services for Behavioral Health	MHAJJ	Mental Health Access and Juvenile Justice Diversion	98,690	98,690	-
H	CBH	Comprehensive Services for Behavioral Health	MHJSE	Mental Health and Juvenile Justice Screening Expansion			-
H	CBH	Comprehensive Services for Behavioral Health	MHJSP	Mental Health Juvenile Justice Screening Project			-
H	CBH	Comprehensive Services for Behavioral Health	MHTC	58th District Mental Health Court Expansion			-
H	CBH	Comprehensive Services for Behavioral Health	MICHT	Michigan Healthy Transitions			-
H	CBH	Comprehensive Services for Behavioral Health	NCC	Enhanced Nutrition Care Coordination and Medical Culinary Ed Prgms			-
H	CBH	Comprehensive Services for Behavioral Health	NTPH	Navigators for Transition from Psychiatric Hospitals			-
H	CBH	Comprehensive Services for Behavioral Health	OBRA	Pre-Admission Screening Annual Resident Reviews	743,172	743,172	-
H	CBH	Comprehensive Services for Behavioral Health	PACC	Promoting Access and Continuity of Care			-
H	CBH	Comprehensive Services for Behavioral Health	PCPCP	Psychiatric Consultation to Primary Care Practices			-
H	CBH	Comprehensive Services for Behavioral Health	PDTOB	Peer Driven Tobacco Cessation			-
H	CBH	Comprehensive Services for Behavioral Health	PHC	Peer(s) as Health Coach(es)			-
H	CBH	Comprehensive Services for Behavioral Health	PIPBHC	Promoting Integration of Primary and Behavioral Health Care			-
H	CBH	Comprehensive Services for Behavioral Health	PMTO*				-
H	CBH	Comprehensive Services for Behavioral Health	RCV	Recovery Conference			-
H	CBH	Comprehensive Services for Behavioral Health	RPTS	Regional PMTO Training Support			-
H	CBH	Comprehensive Services for Behavioral Health	RT	Rural Transportation			-
H	CBH	Comprehensive Services for Behavioral Health	RTTSE	Infant and Early Childhood Mental Health Consultation			-
H	CBH	Comprehensive Services for Behavioral Health	SCCHB	Saginaw Community Care HUB			-
H	CBH	Comprehensive Services for Behavioral Health	SFEP	First Episode Psychosis			-
H	CBH	Comprehensive Services for Behavioral Health	SPTTA	Statewide PMTO Training and TA			-
H	CBH	Comprehensive Services for Behavioral Health	TBR	Technology-Based Recovery Support			-
H	CBH	Comprehensive Services for Behavioral Health	TCR	Transportation to Crisis Residential			-
H	CBH	Comprehensive Services for Behavioral Health	TFCC	Trauma Focused CBT Coordination & Training			-
H	CBH	Comprehensive Services for Behavioral Health	TFCO	Treatment Foster Care Oregon			-
H	CBH	Comprehensive Services for Behavioral Health	TIC / TISC	Trauma Informed Care / System of Care			-
H	CBH	Comprehensive Services for Behavioral Health	TPC	Tuscola Peer Center			-
H	CBH	Comprehensive Services for Behavioral Health	VET*				-
H	SUBTOTAL Comprehensive Services for Behavioral Health				1,097,090	1,097,090	-
H	CCBH	COVID-19 Comprehensive Services for Behavioral Health	CMHCSS	Children's Mental Health COVID Supplemental Services	12,035	12,035	-
H	CCBH	COVID-19 Comprehensive Services for Behavioral Health	MHCSS	Mental Health COVID Supplemental Services	105,065	105,065	-
H	SUBTOTAL COVID-19 Comprehensive Services for Behavioral Health				117,100	117,100	-
H	CSUGS	COVID-19 Substance Use and Gambling Services	PREVII	Prevention II COVID			-
H	CSUGS	COVID-19 Substance Use and Gambling Services	SUDADII	Substance Use Disorder Administration COVID			-
H	CSUGS	COVID-19 Substance Use and Gambling Services	TRMTII	Treatment COVID			-
H	CSUGS	COVID-19 Substance Use and Gambling Services	WSSII	Women's Specialty Services COVID			-
H	SUBTOTAL COVID-19 Substance Use and Gambling Services				-	-	-
H	EBSJJ	Evidence Based Services for Youth in the Juvenile Justice System	EBSJJ	Evidence Based Services for Youth in the Juvenile Justice System	100,314	100,314	-
H	SUBTOTAL Evidence Based Services for Youth in the Juvenile Justice System				100,314	100,314	-
H	HHS	Housing and Homeless Services	PSH	Permanent Supportive Housing Dedicated Plus			-
H	HHS	Housing and Homeless Services	RRP	Consolidated Rapid Re-Housing			-
H	HHS	Housing and Homeless Services	SH	Permanent Supportive Housing Statewide Leasing			-
H	HHS	Housing and Homeless Services	SPC*	Permanent Supportive Housing			-
H	SUBTOTAL Housing and Homeless Services				-	-	-
H	JURT	Juvenile Urgent Response Teams	JURT	Juvenile Urgent Response Teams			-
H	SUBTOTAL Juvenile Urgent Response Teams				-	-	-
H	JJDP	Pilot Programs for Juvenile Justice Diversion	JJDP	Pilot Programs for Juvenile Justice Diversion			-
H	SUBTOTAL Pilot Programs for Juvenile Justice Diversion				-	-	-
H	PATH	Projects for Assistance in Transition from Homelessness	PATH	Projects for Assistance in Transition from Homelessness			-
H	SUBTOTAL Projects for Assistance in Transition from Homelessness				-	-	-
H	RPC	Regional Perinatal Collaborative	RPC	Regional Perinatal Collaborative			-
H	SUBTOTAL Regional Perinatal Collaborative				-	-	-
H	SAMES	Substance Abuse & Mental Health Emergency Supplemental	SAMES	Substance Abuse & Mental Health Emergency Supplemental			-
H	SUBTOTAL Substance Abuse & Mental Health Emergency Supplemental				-	-	-
H	SAMHC	Substance Abuse & Mental Health COVID-19 Grant Program	SAMHC	Substance Abuse & Mental Health COVID-19 Grant Program			-
H	SUBTOTAL Substance Abuse & Mental Health COVID-19 Grant Program				-	-	-
H	SLCBG	Suicide Lifeline Capacity Building Grant	SLCBG	Suicide Lifeline Capacity Building Grant			-
H	SUBTOTAL Suicide Lifeline Capacity Building Grant				-	-	-
H	SPLP	Suicide Prevention Lifeline Planning	SPLP	Suicide Prevention Lifeline Planning			-
H	SUBTOTAL Suicide Prevention Lifeline Planning				-	-	-

MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)								
FINANCIAL STATUS REPORT - ALL NON MEDICAID - SUPPLEMENTAL								
CMHSP:	Northern Lakes Community Mental Health Authority			FISCAL YEAR:	FY 20 / 21			
				SUBMISSION TYPE:	YE Final		YEAR TO DATE REPORTING	
				SUBMISSION DATE:	2/28/2022			
H MDHHS EARNED CONTRACTS				Column A	Column B	Column C		
H	Grant Program Code	Grant Program Title	Project Code	Project Title	REVENUE	EXPENDITURES	BALANCE	
H	SUGS	Substance Use and Gambling Services	CG	Community Grant			-	Must = 0
H	SUGS	Substance Use and Gambling Services	GRT	Gambling Residential Treatment			-	Must = 0
H	SUGS	Substance Use and Gambling Services	MCDPP	Michigan Gambling Disorder Prevention Project			-	Must = 0
H	SUGS	Substance Use and Gambling Services	MSOR	Michigan State Opioid Response			-	Must = 0
H	SUGS	Substance Use and Gambling Services	MYTIEP	Michigan Youth Treatment Improvement & Enhancement PIHP			-	Must = 0
H	SUGS	Substance Use and Gambling Services	PREV	Prevention			-	Must = 0
H	SUGS	Substance Use and Gambling Services	SDA	State Disability Assistance			-	Must = 0
H	SUGS	Substance Use and Gambling Services	SORII	State Opioid Response II			-	Must = 0
H	SUGS	Substance Use and Gambling Services	SPFS	Strategic Partnership for Success			-	Must = 0
H	SUGS	Substance Use and Gambling Services	SUDADM	Substance Use Disorder - Administration (ADM)			-	Must = 0
H	SUGS	Substance Use and Gambling Services	SUDT	Substance Use Disorder Services - Tobacco			-	Must = 0
H	SUGS	Substance Use and Gambling Services	SUDTII	Substance Use Disorder Services - Tobacco II			-	Must = 0
H	SUGS	Substance Use and Gambling Services	WSS	Substance Use Disorder Services - Womens' Specialty Services			-	Must = 0
H	SUBTOTAL Substance Use and Gambling Services				-	-	-	Must = 0
H	Other MDHHS Earned Contracts (describe): MATF - Merit Award Trust Fund				52,330	52,330	-	Must = 0
H	Other MDHHS Earned Contracts (describe):						-	Must = 0
H	SUBTOTAL Other MDHHS Earned Contracts				52,330	52,330	-	Must = 0
H	BALANCE MDHHS EARNED CONTRACTS (must = 0)				1,366,834	1,366,834	-	Must = 0
Q	REMARKS							
Q	This section has been provided for the CMHSP to provide narrative descriptions as requested in the FSR instructions or where additional narrative would be meaningful to the CMHSP / MDHHS.							
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**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
FINANCIAL STATUS REPORT - ALL NON MEDICAID DIRECT CARE WAGE - SUPPLEMENTAL**

CMHSP:	Northern Lakes Community Mental Health Authority	FISCAL YEAR:	FY 20 / 21
		SUBMISSION TYPE:	YE Final
		SUBMISSION DATE:	2/28/2022
			YEAR TO DATE REPORTING
			Column A Column B

		Fiscal period	Total
I		10/1/20-9/30/21	

PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS - CMHSP USE ONLY			
I	201	Expenditure - Medicaid	53,778,515
I	201	Expenditure - Medicaid Direct Care Wage	2,484,206
I	201	SUBTOTAL Medicaid Expenditures (incl Direct Care Wage)	56,262,721
I	202	Expenditure - Healthy Michigan Plan	6,883,624
I	202	Expenditure - Healthy Michigan Plan Direct Care Wage	27,608
I	202	SUBTOTAL Healthy Michigan Plan Expenditures (incl Direct Care Wage)	6,911,232
I	203	Expenditure - MI Health Link	-
I	203	Expenditure - MI Health Link Direct Care Wage	-
I	203	SUBTOTAL MI Health Link Expenditures (incl Direct Care Wage)	-
I	290	TOTAL EXPENDITURE	63,173,953

REMARKS			
	Remarks may be added about any entry or activity on the report for which additional information may be useful.		
	Total Medicaid Direct Care Wage (Medicaid DCW - I. 201 + MI Health Link DCW - I. 203)	2,484,206	

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
GENERAL FUND CONTRACT RECONCILIATION AND CASH SETTLEMENT**

CMHSP: Northern Lakes Community Mental Health Authority
FISCAL YEAR: FY 20 / 21
SUBMISSION TYPE: YE Final
SUBMISSION DATE: 2/28/2022

1. General Fund Services - Available Resources	Funding Resources
a. CMH Operations (FSR B 101)	2,551,945
b. Intentionally left blank	
c. Intentionally left blank	
d. Sub-Total General Fund Contract Authorization	\$ 2,551,945
e. 1st & 3rd Party Collections (FSR B 121 + B 122)	-
f. Prior Year GF Carry-Forward (FSR B 123)	118,759
g. Intentionally left blank	
h. Redirected CMHSP to CMHSP Contracts (FSR B 313)	-
i. Redirected Non-MDHHS Earned Contracts (FSR B 314)	-
j. Sub-Total Other General Fund Resources	\$ 118,759
k. Local 10% Associated to 90/10 Services (FSR M 201)	153,925
l. Local 10% Match Cap Adjustment (FSR M 203)	-
m. Sub-Total Local 10% Associated to 90/10 Services	\$ 153,925
n. Total General Fund Services - Resources	\$ 2,824,629

3. Summary of Resources / Expenditures	Amount
a. Total General Fund Services - Resources	2,824,629
b. Total General Fund Services - Expenditures	2,002,970
c. Sub-Total General Fund Services Surplus (Deficit)	\$ 821,659
d. Less: Forced Lapse to MDHHS (GF work sheet 5 d column F)	-
e. Net General Fund Services Surplus (Deficit)	\$ 821,659

4. Disposition:	Amount
a. Surplus	
b. Transfer to Fund Balance - GF Carry-Forward Earned	(127,597)
c. Lapse to MDHHS - Contract Settlement	(694,062)
d. Total Disposition - Surplus	\$ (821,659)

e. Deficit	
f. Redirected from Local (FSR B 331)	-
g. Redirected from risk corridor (FSR B 332)	-
h. Total Disposition - Deficit	\$ -

5. Cash Settlement: (Due MDHHS) / Due CMHSP	Amount
a. Forced Lapse to MDHHS	-
b. Lapse to MDHHS - Contract Settlement	(694,062)
c. Return of Prior Year General Fund Carry-Forward	
d. Intentionally left blank	
e. Contract Authorization - Late Amendment	-
f. Intentionally left blank	
g. Misc: (please explain)	
h. Total Cash Settlement: (Due MDHHS) / Due CMHSP	\$ (694,062)

2. General Fund Services - Expenditures	90/10 - Local Cap	Expenditures
a. 100% MDHHS Matchable Services (FSR B 201)		445,488
b. 100% MDHHS Matchable Services - CMHSP Local Match Cap (FSR B 202)		-
c. 90/10% MDHHS Matchable Services (FSR B 203 Column A)	1,539,254	
d. Local 10% Match Cap Adjustment (FSR M 203)	-	1,539,254
e. Intentionally left blank		
f. Intentionally left blank		
g. Sub-Total General Fund Services - Expenditures		\$ 1,984,742
h. GF Supplement for Unfunded Medicaid - (PIHP use only) (FSR B 301)		-
i. GF Supplement for Unfunded Healthy Michigan - (PIHP use only) (FSR B 301.1)		-
j. Intentionally left blank		
k. GF Supplement for Unfunded Opioid Health Home Services (PIHP use only) (FSR B 301.3)		-
l. GF Supplement for Unfunded Health Home Services (PIHP use only) (FSR B 301.4)		-
m. GF Supplement for Unfunded MI Health Link - (PIHP use only) (FSR B 301.5)		-
n. GF Supplement for Unfunded Targeted Case Management (FSR B 304)		-
o. Intentionally left blank		
p. Intentionally left blank		
q. GF Supplement for Injectable Medications (FSR B 309)		18,228
r. GF Supplement for PIHP to Affiliate Medicaid Services Contracts (FSR B 310)		-
s. Intentionally left blank		
t. GF Supplement for PIHP to Affiliate Opioid Health Home Services Contracts (FSR B 310.2)		-
u. GF Supplement for PIHP to Affiliate Health Home Services Contracts (FSR B 310.3)		-
v. GF Supplement for PIHP to Affiliate MI Health Link Services Contracts (FSR B 310.4)		-
w. GF Supplement for CMHSP to CMHSP Contracts (FSR B 312)		-
x. Sub-Total General Fund Services Supplement - Expenditures		\$ 18,228
y. Total General Fund Services - Expenditures		\$ 2,002,970

6. General Fund MDHHS Commitment	
a. MDHHS / CMHSP Contract Funded Expenditures	1,730,286
b. Earned General Fund Carry-Forward	127,597
c. Total MDHHS General Fund Commitment	\$ 1,857,883

7. Report Certification	Cash Settlement	Carry Forward
Examined	\$ (694,062)	\$ 127,597
Original	\$ (694,062)	\$ 127,597
Increase (Decrease)	\$ -	\$ -
Comments:		

**MDHHS/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
GENERAL FUND CONTRACT SETTLEMENT WORKSHEET**

CMHSP: Northern Lakes Community Mental Health Authority
FISCAL YEAR: FY 20 / 21
SUBMISSION TYPE: YE Final
SUBMISSION DATE: 2/28/2022

1. General Fund (Formula and Categorical Funding)	Contract Authorization	Cash Received			Amount Due CMHSP / (MDHHS) Cash Settlement
		Through 9/30	After 9/30 Prior to Settlement	Total	
a. CMH Operations	2,551,945	2,551,945		2,551,945	-
c. Total Current FY GF Authorization / Cash Received / Cash Settlement	\$ 2,551,945	\$ 2,551,945	\$ -	\$ 2,551,945	\$ -

2. Current Year - General Fund Carry-Forward - Maximum	Contract Authorization	Maximum C/F
a. CMH Operations	2,551,945	
b. Total Current Year Maximum Carry-Forward	\$ 2,551,945	\$ 127,597

3. Prior Year - General Fund Carry-Forward	FY	If balance of Prior Year GF Carry-Forward is not zero, balance must be explained
a. Prior Year GF Carry-Forward Earned	118,759	
b. Prior Year GF Carry-Forward (FSR B 123)	118,759	
c. Balance of Prior Year General Fund Carry-Forward	\$ -	

4. Categorical - Categories	Authorization	Expenditures	Lapse	Cost Above Authorizations
a. Other Funding - Please explain			-	-
b. Other Funding - Please explain			-	-
c. Other Funding - Please explain			-	-
d. Totals	\$ -	\$ -	\$ -	\$ -

5. Narrative: Both CRCS and Contract Settlement Worksheet

SPECIAL FUND ACCOUNT
For Recipient Fees and Third-Party Reimbursement

As Added to Mental Health Code per PA 423, 1980

CMHSP: Northern Lakes Community Mental Health Authority
FISCAL YEAR: FY 20 / 21
SUBMISSION TYPE: YE Final
SUBMISSION DATE: 2/28/2022

Part A: Mental Health Code (MHC) 330.1311 - County Funding Level		EXAMINATION ADJUSTMENTS	EXAMINED TOTAL
1. County Funding - 1979/1980	\$ 28,554		\$ 28,554
2. County Funding - Current Fiscal Year	\$ 1,026,740		\$ 1,026,740

Part B: Mental Health Code (MHC) 330.1226a - Cash Collections Year to Date by Service Category and Source						
Service Category	(1) Individuals Relatives	(2) Insurers Including Medicare	(3) Medicaid Health Plan Organizations	(4) Total	EXAMINATION ADJUSTMENTS	EXAMINED TOTAL
1. Inpatient Services				\$ -		\$ -
2. Residential Services	\$ 80,716			\$ 80,716		\$ 80,716
3. Community Living Services				\$ -		\$ -
4. Outpatient Services	\$ 23,339	\$ 151,762		\$ 175,101		\$ 175,101
5. Total	\$ 104,055	\$ 151,762	\$ -	\$ 255,817	\$ -	\$ 255,817

Part C: Mental Health Code (MHC) 330.1226a - Cash Collections Quarterly Summary				EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
1. First Quarter		\$ 49,094			\$ 49,094
2. Second Quarter		\$ 82,149			\$ 82,149
3. Third Quarter		\$ 64,129			\$ 64,129
4. Fourth Quarter		\$ 60,445			\$ 60,445
5. Total		\$ 255,817		\$ -	\$ 255,817

Explanation of Accrual and Examination Adjustments

section 7.2.4 Special Fund Account of the CMHSP contract

Northern Lakes Community Mental Health Authority
Explanation of Examination Adjustments
September 30, 2021

There were no examination adjustments for the September 30, 2021 fiscal year.

Northern Lakes Community Mental Health Authority
Comments and Recommendations
September 30, 2021

During our compliance audit, we may have become aware of matters that are opportunities for strengthening internal controls, improving compliance and increasing operating efficiency. These comments and recommendations are expected to have an impact greater than \$10,000, but not individually or cumulatively be material weaknesses in internal control over the Medicaid Contract, General Fund Contract, and/or Community Mental Health Services Block Grants program(s). Furthermore, we consider these matters to be immaterial deficiencies, not findings. The following comments and recommendations are in regard to those matters.

There are no comments or recommendations for the September 30, 2021 fiscal year.

**Northern Lakes Community
Mental Health Authority**

Federal Awards
(Supplementary Information
To Financial Statements)
September 30, 2021





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

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

Report on Compliance for Each Major Federal Program

We have audited Northern Lakes Community Mental Health Authority's (the CMHSP's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the CMHSP's major federal programs for the year ended September 30, 2021. The CMHSP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the CMHSP's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the CMHSP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the CMHSP's compliance.

Opinion on Each Major Federal Program

In our opinion, the CMSHP 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, 2021.

Report on Internal Control over Compliance

Management of the CMHSP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the CMHSP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CMHSP's internal control over compliance.

Northern Lakes Community Mental Health Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Current Year Expenditures	Amounts paid to Subrecipients
U.S. Department of Health and Human Services					
Medicaid Cluster:					
Medical Assistance Program:					
OBRA	93.778	MDHHS	E20210668-00	\$ 557,379	\$ -
NFTI	93.778	MDHHS	E20210538-00	20,000	-
Medical Assistance Program	93.778	U of M	E20212559-00	46,626	-
Total Medicaid Cluster				624,005	-
Block Grants for Community Mental Health Services:					
Comprehensive Services for Behavioral Health - Behavioral Health Consultant	93.958	MDHHS	E20210237-00	41,827	-
Comprehensive Services for Behavioral Health - New Connections Drop-in Center	93.958	MDHHS	E20210242-00	7,026	-
Comprehensive Services for Behavioral Health - Integrated Health Care	93.958	MDHHS	E20210635-00	199,575	-
Comprehensive Services for Behavioral Health - Mental Health Access & Juvenile Justice Diversion	93.958	MDHHS	E20210232-00	98,690	-
Comprehensive Services for Behavioral Health - Kandu Island Drop-In Center	93.958	MDHHS	E20210243-00	6,800	-
COVID 19 - Mental Health Supplemental Services - Children's SED - CCBH	93.958	MDHHS	E20214955-00	12,035	-
COVID 19 - Mental Health Supplemental Services - Adults SMI - CCBH	93.958	MDHHS	E20214889-00	105,065	-
Total CFDA #93.958				471,018	-
Total U.S. Department of Health and Human Services				1,095,023	-
TOTALS				\$ 1,095,023	\$ -

Northern Lakes Community Mental Health Authority
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

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 program:

• 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:

CFDA Number(s)

Name of Federal Program or Cluster

93.958

Block Grants for Community Mental Health Services

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

2020-001: Activities Allowed/Allowable Costs - Significant deficiency in internal control over compliance/immaterial noncompliance

Program: CFDA #93.778 Medical Assistance Program; OBRA/PASARR

Condition: During testing it was noted that wages charged to the program had not been updated for cost-of-living raises paid to the employees during the year.

Status: Issue not noted for FY 2021.

2020-002: Activities Allowed/Allowable Costs - immaterial noncompliance

Program: CFDA #93.778 Medical Assistance Program; OBRA/PASARR

Condition: During testing it was noted that a rate charged for contracted services was based on an approved rate from 2014 and had not been updated to the new rate.

Status: Issue not noted for FY 2021.

2020-003: Activities Allowed/Allowable Costs - immaterial noncompliance

Program: CFDA #93.778 Medical Assistance Program; NFTI

Condition: During testing it was noted that there was not adequate support for an item charged to the NFTI grant.

Status: Issue not noted for FY 2021.

www.northernlakescmh.org

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(231) 935-3082 FAX

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Cadillac MI 49601
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(231) 775-1692 FAX

2715 South Townline Road
Houghton Lake MI 48629
(989) 366-8550
(989) 366-9420 FAX

204 Meadows Drive
Grayling MI 49738
(989) 348-8522
(989) 348-6434 FAX

To access services call
(800) 492-5742 or
(231) 922-4850

TTY 711

After-Hours
Crisis Intervention
1-800-442-7315 TTY
or (231) 922-4850

Single Audit Management Representation Letter

Roslund, Prestage & Company, P.C.
525 West Warwick Drive, Suite A
Alma, MI 48801

This representation letter is provided in connection with your audit of the financial statements of Northern Lakes Community Mental Health Authority (the CMHSP), which comprise the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2021, and the respective changes in financial position and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 29, 2022, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the CMHSP is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the CMHSP or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the organization and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the CMHSP's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the CMHSP's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The CMHSP has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related disclosures, schedule of expenditures of federal awards, various adjusting entries, maintenance of the depreciation listing, and submission of audited financial information. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures, schedule of expenditures of federal awards, various adjusting entries, maintenance of the depreciation listing, and submission of audited financial information.
- 28) The CMHSP has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The CMHSP has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements include all fiduciary activities required by GASB Statement No. 84 , as amended.
- 32) The financial statements properly classify all funds and activities in accordance with GAAP.
- 33) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- 40) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the organization's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted or unrestricted) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 52) With respect to federal award programs:
- a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property **(including donated surplus property)**, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
 - f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement (including its [Addendum OR Addenda] , relating to federal awards and [have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards OR confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards].
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signature: Janie Blamer
Title: Executive Director

Signature: Lauri Fischer
Title: Chief Financial Officer

Signature: Chris Bujer 3/29/2022
Title: Lead Accountant

**Northern Lakes Community
Mental Health Authority**

Federal Awards
(Supplementary Information
To Financial Statements)
September 30, 2021



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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 Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

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, each major fund, and the aggregate remaining fund information of Northern Lakes Community Mental Health Authority (the CMHSP), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CMHSP's basic financial statements, and have issued our report thereon dated March 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CMHSP's internal control over financial reporting (internal control) to determine the 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 the CMHSP's internal control. Accordingly, we do not express an opinion on the effectiveness of the CMHSP's 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CMHSP's 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 determination of financial statement amounts. 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.

Sincerely,

Roslund, Prestage & Company, P.C.
March 25, 2022



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

To the Members of the Board
Northern Lakes Community Mental Health Authority
Traverse City, Michigan

Report on Compliance for Each Major Federal Program

We have audited Northern Lakes Community Mental Health Authority's (the CMHSP's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the CMHSP's major federal programs for the year ended September 30, 2021. The CMHSP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the CMHSP's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the CMHSP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the CMHSP's compliance.

Opinion on Each Major Federal Program

In our opinion, the CMSHP 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, 2021.

Report on Internal Control over Compliance

Management of the CMHSP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the CMHSP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CMHSP's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lakes Community Mental Health Authority as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CMHSP's basic financial statements. We issued our report thereon dated March 25, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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.

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.



Roslund, Prestage & Company, P.C.
Certified Public Accountants

March 29, 2022

Northern Lakes Community Mental Health Authority
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Current Year Expenditures	Amounts paid to Subrecipients
U.S. Department of Health and Human Services					
Medicaid Cluster:					
Medical Assistance Program:					
OBRA	93.778	MDHHS	E20210668-00	\$ 557,379	\$ -
NFTI	93.778	MDHHS	E20210538-00	20,000	-
Medical Assistance Program	93.778	U of M	E20212559-00	46,626	-
Total Medicaid Cluster				<u>624,005</u>	<u>-</u>
Block Grants for Community Mental Health Services:					
Comprehensive Services for Behavioral Health - Behavioral Health Consultant	93.958	MDHHS	E20210237-00	41,827	-
Comprehensive Services for Behavioral Health - New Connections Drop-in Center	93.958	MDHHS	E20210242-00	7,026	-
Comprehensive Services for Behavioral Health - Integrated Health Care	93.958	MDHHS	E20210635-00	199,575	-
Comprehensive Services for Behavioral Health - Mental Health Access & Juvenile Justice Diversion	93.958	MDHHS	E20210232-00	98,690	-
Comprehensive Services for Behavioral Health - Kandu Island Drop-In Center	93.958	MDHHS	E20210243-00	6,800	-
COVID 19 - Mental Health Supplemental Services - Children's SED - CCBH	93.958	MDHHS	E20214955-00	12,035	-
COVID 19 - Mental Health Supplemental Services - Adults SMI - CCBH	93.958	MDHHS	E20214889-00	105,065	-
Total CFDA #93.958				<u>471,018</u>	<u>-</u>
Total U.S. Department of Health and Human Services				1,095,023	-
TOTALS				<u>\$ 1,095,023</u>	<u>\$ -</u>

Northern Lakes Community Mental Health Authority
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Northern Lakes Community Mental Health Authority under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Northern Lakes Community Mental Health Authority, it is not intended to and does not present its financial position or changes in net position of Northern Lakes Community Mental Health Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

Northern Lakes Community Mental Health Authority has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Revenues related to federal expenditures are reported as follows in the financial statements of Northern Lakes Community Mental Health Authority:

	Amount
Federal revenues subject to single audit as seen on SEFA	1,095,023
State revenues and remaining federal revenues not subject to single audit	2,348,336
Total state and federal revenues	3,443,359

Northern Lakes Community Mental Health Authority
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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 X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.958	Block Grants for Community Mental Health Services

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

- Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

Northern Lakes Community Mental Health Authority
Schedule of Prior Audit Findings
Year Ended September 30, 2021

2020-001: Activities Allowed/Allowable Costs - Significant deficiency in internal control over compliance/immaterial noncompliance

Program: CFDA #93.778 Medical Assistance Program; OBRA/PASARR

Condition: During testing it was noted that wages charged to the program had not been updated for cost-of-living raises paid to the employees during the year.

Status: Issue not noted for FY 2021.

2020-002: Activities Allowed/Allowable Costs - immaterial noncompliance

Program: CFDA #93.778 Medical Assistance Program; OBRA/PASARR

Condition: During testing it was noted that a rate charged for contracted services was based on an approved rate from 2014 and had not been updated to the new rate.

Status: Issue not noted for FY 2021.

2020-003: Activities Allowed/Allowable Costs - immaterial noncompliance

Program: CFDA #93.778 Medical Assistance Program; NFTI

Condition: During testing it was noted that there was not adequate support for an item charged to the NFTI grant.

Status: Issue not noted for FY 2021.

Northern Lakes Community Mental Health *Board Member Conflict of Interest Declaration*

In accordance with the NLCMH Board Governance Conflict of Interest policy, I hereby certify that a member of my family or I have the following interests, in the following entities or individuals, with which or with whom NLCMH may enter into a relationship or transaction in which I may have a financial or conflicting interest.

Name of Entity/Individual

Address

Description of Interest: _____

Name of Entity/Individual

Address

Description of Interest: _____

I hereby acknowledge receiving a copy of the NLCMH Conflict of Interest policy.

I have disclosed any and all activities and interests that I or members of my immediate family have or have taken part in that, when considered in conjunction with my position with or relation to NLCMH, might possibly constitute a conflict of interest.

I agree to refrain from voting or using my personal influence on any matter that may represent a conflict of interest.

I agree to refrain from accepting gifts, gratuities or entertainment intended to influence my judgment or actions concerning the business of NLCMH.

If any situation should arise in the future which may involve me in a conflict of interest in accordance with the Conflict of Interest policy, I will promptly notify the Board consistent with this policy.

NLCMH Board Member

ITEM # 4

Date

Northern Lakes Community Mental Health Authority

Board Member Code of Conduct Declaration

This is to confirm my receipt and review of the NLCMHA Board Governance Code of Conduct policy. This policy was written to formally establish the Board's ethics and serves as a foundation of the administrative Code of Conduct. Key aspects of this policy are as follows:

1. The expectation that Board Members have loyalty to the ownership, unconflicted by loyalties to staff, other organizations, and any personal interest as a consumer.
2. The expectation that Board Members practice consistent with the NLCMHA Conflict of Interest policy.
3. The expectation that Board Members not attempt to exercise individual authority over the organization.
4. The expectation that Board Members comply with the confidentiality regulations of the Michigan Mental Health Code and the Administrative Rules.
5. The expectation that Board Members will be properly prepared to complete their Board responsibilities.
6. The expectation that all board members shall review Code of Conduct policy during their initial orientation and shall sign this NLCMHA Code of Conduct Declaration. This shall be repeated no less than annually.

NLCMHA Board Member

Date

6/1/2020

**NORTHERN LAKES CMH
BOARD MEMBERSHIP SURVEY**

SECTION 330.1222 MENTAL HEALTH CODE

(1) The composition of a community mental health services board shall be representative of providers of mental health services, recipients or primary consumers of mental health services, agencies and occupations having a working involvement with mental health services, and the general public. At least 1/3 of the membership shall be primary consumers or family members, and of that 1/3 at least 2 members shall be primary consumers. All board members shall be 18 years of age or older.

Primary consumer, family members and public officials are defined as:

Primary Consumer “means an individual who has received or is receiving services from the Department or a community mental health services program or services from the private sector equivalent to those offered by the Department or a community mental health services program.”

Family Member “means a parent, step-parent, spouse, sibling, child, or grandparent of a primary consumer, or an individual upon whom a primary consumer is dependent for at least 50% of his or her financial support.”

Public Officials “means individuals serving in an elected or appointed public office or employed more than 20 hours per week by an agency of federal, state, city, or local government.”

PLEASE MARK YES OR NO IN EACH AREA.

Based on the definitions above, do you qualify as a:

Agency/Occupation Working with Mental Health Services	Yes _____	No _____
Family Member	Yes _____	No _____
General Public	Yes _____	No _____
Primary Consumer	Yes _____	No _____
Provider of Mental Health Services	Yes _____	No _____
Public Official	Yes _____	No _____

Would you be willing to have this information available for review by the Department of Community Health survey team?

Name or Initials