

**NORTHEAST MICHIGAN COMMUNITY
MENTAL HEALTH AUTHORITY**

Financial Statements
September 30, 2014

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Northeast Michigan Community Mental Health Authority

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

The Authority is using an allowable alternative approach to present its financial information. Governmental entities that have single programs are allowed to present a combined government-wide and fund financial statement by using a columnar format that requires no reconciliation between fund types. The operations of the Authority are therefore presented using an Enterprise Fund accounting methodology. Thus, the financial information is presented in a manner similar to a private business enterprise. It is the intent of management that this reporting approach gives the reader a clearer picture of its financial condition.

The Authority as a Whole

The table below shows a comparison of the net position of the Authority as of September 30, 2014 compared to the prior year.

	Total business-type activities	
	2013-14	2012-13
Current assets	\$ 7,173,530	\$ 6,202,570
Non-current assets	2,413,143	2,598,052
Total assets	9,586,673	8,800,622
Long-term debt outstanding	774,879	815,232
Other liabilities	3,667,373	3,012,281
Total liabilities	4,442,252	3,827,513
Net Position		
Net investment in capital assets	2,413,143	2,598,052
Unrestricted	2,731,278	2,375,057
Total net position	\$ 5,144,421	\$ 4,973,109

Unrestricted Net Assets consists of \$845,292, an internally reserved amount to pay staff their earned leave pay, and \$1,885,986, an unreserved amount used to finance day-to-day operations. The \$1,885,986 used to finance day-to-day operations represents about 7.0% of current year expenditures, an increase of 1.4% as compared to 2012-13. The Authority's total net position improved by 3.5% as compared to a year ago.

Northeast Michigan Community Mental Health Authority

Management's Discussion and Analysis

As allowed by the Michigan Mental Health Code and the Authority's intergovernmental contracts, the Authority has established internal service funds to reserve a portion of its cash balances to fund self-insurance risk. No funds are reserved in this service fund in either 2013-14 or 2012-13.

The Authority has restricted a portion of its cash balance to fund 100% of its long-term debt obligations to pay for staff earned leave time. The Authority has no other long-term debt outstanding. The Authority's total restricted cash and related liability decreased (\$44,020) or (5.0%) as compared to a year ago.

The table below shows a comparison of the change in net position of the Authority as of September 30, 2014 compared to the prior year.

	Total business-type activities	
	2013-14	2012-13
Total program revenues	\$ 27,106,772	\$ 26,803,864
Health and human service expenses:		
Mental health services expense	7,714,361	7,486,576
Developmental disability services expense	16,085,770	16,077,087
Other support services expense	1,817,368	1,773,143
Board administration expense	1,317,961	1,417,699
Total health and human service expenses	26,935,460	26,754,505
Change in net position	\$ 171,312	\$ 49,359

Total revenues increased by 1.1% while total expenses increased by 0.1% in 2013-14 as compared to 2012-13.

Enterprise Fund Budgetary Highlights

Over the course of the year, the Authority amended the budget once in May 2014 to accommodate a net increase in funding of \$157,685. The largest budget increases were additions of \$424,812 in Medicaid revenues from the Northern Michigan Regional Entity (NMRE), \$281,000 in State Healthy Michigan Plan funds, and \$117,673 in Autism funds. These budget increases were partially offset by budget decreases of (\$496,776) in State General Funds and (\$147,080) in Adult Benefit Waiver funds. There were also minor changes in the budget due to the closure of one residential home directly operated by the Authority.

During 2013-14, actual Medicaid benefit expenditures of \$23,802,989 were \$993,999 less than allocated by the NMRE. These unused funds will be returned to the NMRE for future use as allowed by their contract with the MDCH.

Northeast Michigan Community Mental Health Authority

Management's Discussion and Analysis

During 2013-14, actual General Fund expenditures of \$1,040,233 were \$391,193 less than allocated by the MDCH. Of the unspent amount, the Authority transferred \$300,000 to four other Community Mental Health (CMH) providers including affiliate Northern Lakes CMH \$150,000, affiliate Centra Wellness CMH \$50,000, Allegan CMH \$50,000, and Ottawa CMH \$50,000, to cover all or a portion of their General fund shortfalls. The Authority will also carry forward \$56,571 to use in 2014-15, and will return \$34,622 to the MDCH as required by contract language.

During 2013-14, MDCH closed out their Adult Benefit Waiver (ABW) benefit program and initiated the Healthy Michigan Plan (HMP) benefit program. Actual ABW expenditures of \$134,057 exceeded revenues by (\$21,138). Funds managed by the former Northern Affiliation will be received to cover this shortfall. Actual HMP expenditures of \$373,276 were \$341,375 less than allocated by the NMRE. These unused funds will be returned to the NMRE for future use as allowed by their contract with the MDCH.

During 2013-14, actual MICHild expenditures exceeded revenues received by (\$6,364). The Authority used a portion of its General Fund allocation to cover this shortfall.

The change in net position of \$171,312 represents unused local funds primarily earned by the authority's participation in the MDCH Special Fund program which allows a CMH to utilize payments received from participating insurance companies (i.e. Medicare, Blue Cross Blue Shield, etc.) as local matching funds.

The Authority's net revenues were below planned levels by \$1,153,937 during 2013-14. The majority of this low revenue was due to under-utilization of the Medicaid, General Fund, and Healthy Michigan Plan contracts.

The Authority's net expenditures were below planned levels by \$1,325,249 during 2013-14. The majority of this under-spending was in staff wages and benefits \$1,064,849, information system costs \$50,070, program supplies \$50,109, maintenance of agency buildings and vehicles \$177,233, and client and capital equipment \$86,389. There was one notable change in depreciation methodology that resulted in a retroactive correction to vehicle depreciation expense amounts. The asset life for vehicles was reduced from a 5 year life expectancy to a 4 year life expectancy to match actual vehicle life expectancy.

Capital Asset and Debt Administration

As of September 30, 2014, the Authority had \$4,834,752 invested in capital assets, including land, buildings, equipment, vehicles, and leasehold improvements. This is an increase of \$92,783 or 2.0% as compared to 2012-13. The authority has no outstanding debt related to its capital assets.

The capital asset purchases during fiscal year 2013-14 were mainly for agency multi-user pooled vehicles, residential home and computer equipment, and leasehold improvements at the Hillman office and one residential home. The Authority has a long-term vehicle replacement plan in place to replace high mileage and high maintenance vehicles. The Authority replaced nine vehicles during 2013-14.

Northeast Michigan Community Mental Health Authority

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets

The Authority's preliminary budget for 2014-15 is \$28,257,582. This is \$1,323,325 more than actual expenditures for the prior year and (\$3,127) less than budgeted for 2013-14. This is primarily due to projected ongoing costs to continue services at final 2013-14 levels. This budget will need to be amended to reflect additional reductions in funding. The amounts of such reductions are unknown at this time.

On January 1, 2014, new Prepaid Inpatient Health Plan (PIHP) affiliations began doing business throughout Michigan. The Northern Michigan Regional Entity (NMRE) took over as the Authority's PIHP (from the Northern Affiliation) on that date. The original plan adopted by the NMRE was a "do no harm" policy that would allow each affiliate member to transition its spending and services over a period of no more than 3 years to get to each affiliate members projected net Medicaid funding levels which is based upon Medicaid enrollment. Affiliates are currently in ongoing discussions to reduce the time period that each affiliate will be allowed to get to its enrollment funding levels. MDCH recalculates Medicaid rates periodically to reflect updated population, geographic, age, poverty, and morbidity factors. When this was last done, 4 of 5 affiliate members were notified of significant reductions in funding and are moving forward to reduce spending.

State General Funds are expected to continue to decrease significantly in 2014-15 to \$846,481. This is made up of \$789,910 in state General Fund allocations and \$56,571 in 2013-2014 unused General Funds that were carried forward and will be used in 2014-15. This is (\$193,752) less than was actually spent in 2013-14 and (\$1,213,692) less than was actually spent in 2012-13. State Legislation that was put into law in 2013-14 required the Authority to eliminate services to 31 individuals who were underinsured. Many individuals served by the Authority who were uninsured benefited from the States new Healthy Michigan Plan (HMP) and did not see a significant lapse in services. However, individuals having only Medicare insurance were not eligible for the HMP. The care of most of these individuals was transferred to their primary care physicians for continuation services. Because of ongoing reductions, the Authority will continue to identify and serve the most seriously ill uninsured individuals in 2014-15 within appropriated funding limits.

On April 1, 2014, Michigan added the Healthy Michigan Plan to be in compliance with the federal Patient Protection and Affordable Care Act. This new Medicaid expansion program funded 100% by the federal government was intended to replace or supplement insurable services for underinsured individuals previously covered by state General Fund benefit programs. With 9 months of history in place, anticipated funds from the HMP are expected to exceed service demand. Unused HMP funds must be returned to the NMRE at the end of the year.

The Authority plans to continue to emphasize self-determined individualized arrangements for community support, employment, and independent living services for persons with serious mental illnesses or developmental disabilities and will increase preventative services to children diagnosed with Autism spectrum disorders. All programs will be reviewed thoroughly to determine what reductions are necessary to bring expenditures in line with available funding.

The Authority is planning no new long-term debt borrowing in 2014-15.

Northeast Michigan Community Mental Health Authority

Management's Discussion and Analysis

Contacting the Authority's Management

This financial report is intended to provide all readers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Finance office.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Michigan Community
Mental Health Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of **Northeast Michigan Community Mental Health Authority** (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's 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 Authority'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 Authority'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 and the major fund of ***Northeast Michigan Community Mental Health Authority*** 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 management's discussion and analysis, as noted in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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 February 5, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Authority's internal control over financial reporting and compliance.

Straley Lamp & Kraenzlein P.C.

February 5, 2015

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

To the Board of Directors
Northeast Michigan Community
Mental Health Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities, the major fund, and the aggregate remaining fund information of ***Northeast Michigan Community Mental Health Authority*** (the “Authority”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated February 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’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 Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’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 Authority’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 over financial reporting 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 Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Straley Lamp & Kraenzlein P.C.

February 5, 2015

Northeast Michigan Community Mental Health Authority

Statement of Net Position

Proprietary Fund and Business-Type Activities

September 30, 2014

	<u>Enterprise Fund/ Business-Type Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 4,500,272
Restricted cash and cash equivalents	845,292
Investments	750,000
Accounts receivable	494,089
Inventory	17,906
Prepaid items	<u>565,971</u>
Total current assets	<u>7,173,530</u>
Non-current assets	
Capital assets not being depreciated	90,000
Capital assets being depreciated, net	<u>2,323,143</u>
Total non-current assets	<u>2,413,143</u>
Total assets	<u>9,586,673</u>
Liabilities	
Current liabilities	
Accounts payable	2,336,384
Accrued payroll and payroll taxes	1,196,639
Deferred revenue	63,937
Current portion of long-term debt	<u>70,413</u>
Total current liabilities	3,667,373
Non-current liabilities	
Long-term debt, net of current portion	<u>774,879</u>
Total liabilities	<u>4,442,252</u>
Net position	
Net investment in capital assets	2,413,143
Unrestricted	<u>2,731,278</u>
Total net position	<u><u>\$ 5,144,421</u></u>

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

Northeast Michigan Community Mental Health Authority

Statement of Revenue, Expenses and Changes in Net Position

Proprietary Fund and Business-Type Activities

For the Year Ended September 30, 2014

	<u>Enterprise Fund/ Business-Type Activities</u>
Operating revenue	
State contracts	\$ 26,030,498
Contributions from local units	269,748
Charges for services	725,651
Other revenue and reimbursements	71,365
	<hr/>
Total operating revenue	27,097,262
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Operating expenses - Health and Human Services	
Mental health services	
Outpatient clinic and case management	3,828,773
Residential	865,964
Inpatient	674,793
Prevention	759,880
Community support	614,904
Supported living and housing	620,641
Employment	225,442
Other	123,964
Developmental disability services	
Residential	7,200,461
Community support	1,953,870
Supported living and housing	3,568,945
Employment	1,338,381
Clinical support and case management	1,853,810
Other	142,662
Inpatient	27,641
Other support services	1,817,368
Board administration	1,317,961
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Total operating expenses	26,935,460
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Operating income	161,802
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Non-operating revenue (expenses)	
Interest revenue	9,510
	<hr/>
Change in net position	171,312
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Net position, beginning of year	4,973,109
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Net position, end of year	\$ 5,144,421
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The accompanying notes are an integral part of these financial statements.

Northeast Michigan Community Mental Health Authority

Statement of Cash Flows

Proprietary Fund

For the Year Ended September 30, 2014

	Enterprise Fund
Cash flows from operating activities	
Cash received from providing services	\$ 28,154,862
Cash payments to suppliers and affiliates	(9,471,713)
Cash payments for personnel services	(17,266,608)
Net cash provided by operating activities	1,416,541
Cash flows from capital and related financing activities	
Purchase of capital assets	(311,955)
Proceeds from sale of capital assets	-
Net cash used by capital and related financing activities	(311,955)
Cash flows from investing activities	
Proceeds from redemptions of investments	1,000,017
Purchase of investments	(750,000)
Interest received	9,510
Net cash provided by investing activities	259,527
Increase in cash and cash equivalents	1,364,113
Cash and cash equivalents, beginning of the year	3,981,451
Cash and cash equivalents, end of the year	\$ 5,345,564
Cash and cash equivalents per the statement of net position:	
Cash and cash equivalents	\$ 4,500,272
Restricted cash and cash equivalents	845,292
	\$ 5,345,564
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 161,802
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	493,209
Loss on sale of capital assets	3,655
Changes in assets and liabilities:	
Accounts receivable	16,119
Inventory	(280)
Prepaid items	127,297
Accounts payable	304,049
Accrued payroll and payroll taxes	293,810
Deferred revenue	60,900
Compensated absences	(44,020)
Net cash provided by operating activities	\$ 1,416,541

Non-cash transactions: There were no significant non-cash investing or financing activities during the year.

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

Northeast Michigan Community Mental Health Authority

Statement of Fiduciary Assets and Liabilities

Agency Fund

September 30, 2014

Assets

Current assets

Cash and cash equivalents

\$ 69,360

Liabilities

Due to consumers

\$ 69,360

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northeast Michigan Community Mental Health Authority (the “Authority”), is a multi-county governmental authority serving Alcona, Alpena, Montmorency and Presque Isle Counties, located in northeastern Michigan. The Authority provides community services to consumers diagnosed with severe mental illnesses, developmental disabilities, and/or substance abuse conditions. Services provided by the Authority include inpatient treatment, residential services, case management, outpatient treatment, employment, and prevention services. The Authority operates under a 12-member Board of Directors.

Reporting Entity - These financial statements represent the financial condition and the results of operations of the Authority. The Authority is not a component of any other reporting entity, as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. Based on this same criteria, management has not identified any potential component units requiring consideration for inclusion in the Authority’s financial statements.

Government-Wide and Fund Financial Statements - As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements. The Authority’s only major fund comprises the government-wide financial statements. Accordingly, this is presented in the Statement of Net Position and the Statement of Revenue, Expenses and Changes in Net Position.

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

The Risk Reserve Internal Service Fund (a proprietary fund type) is used to account for assets held as a reserve against potential liabilities relative to and as allowed by its contract with the Michigan Department of Community Health (“MDCH”). Pursuant to these contractual provisions, the Risk Reserve Internal Service Fund has not been presented in these financial statements as there is no current year activity or net assets at September 30, 2014.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. There has been no inter-fund activity for the year ended September 30, 2014.

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

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

The Enterprise Fund is the Authority's primary operating fund, and only major fund. It accounts for all financial resources of the Authority, except those accounted for in another fund.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's operating fund are contract revenues from MDCH and first and third party payers. Operating expenses include the cost of providing mental health and development disability services together with related support services and administration. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents - The Authority's cash consists of cash on hand and demand deposits. Restricted cash and cash equivalents represent amounts held in reserve accounts as authorized by resolution of the Authority's Board.

Investments - The Authority's investments consist of certificates of deposit with initial maturities greater than three months.

Receivables - Receivables consist primarily of amounts due from individuals and private or governmental insurance programs and grant reimbursements under the terms of contracts with other agencies, governments and organizations for services rendered. Receivables from first and third party payers are presented net of an allowance for uncollectible accounts as estimated by management. The allowance was \$22,060 at September 30, 2014.

Inventory and Prepaid Items - Inventory is valued at cost, primarily determined on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include buildings, improvements, equipment and vehicles are capitalized and reported in the financial statements. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded for reporting purposes at historical cost or estimated historical cost if constructed or purchased.

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Leasehold and building improvements	15
Equipment	5-7
Vehicles	4

Compensated Absences - Reflects the accrual of compensated absences adjusted to current salary costs. Permanent employees earn annual leave based upon full or part-time status proportionate to the time worked. Annual leave is 100% vested when earned and may be accrued to a total of 360 hours. Employees are paid 100% of annual accumulated leave when they terminate employment. A small number of employees have accrued leave hours exceeding 360 as allowed by a revision in the leave policy in April 2000. Upon termination, these employees are paid a percentage of their unused leave balances exceeding 360 hours, depending upon the number of hours accumulated and their employment classification.

MDCH Revenue

MDCH revenue is recognized as earned.

General Fund Revenue

The Authority provides mental health services on behalf of the Michigan Department of Community Health (“MDCH”). Currently, the Authority contracts directly with the MDCH for General Fund revenues to support the services provided for priority population residing in Alcona, Alpena, Montmorency and Presque Isle Counties. The Authority performs an annual settlement of General Funds with MDCH.

Medicaid Revenue

Northeast Michigan Community Mental Health Authority receives Medicaid revenue from the Northern Michigan Regional Entity (the “NMRE”) Pre-Paid Inpatient Health Plan. The NMRE contracts directly with the MDCH to administer Medicaid revenues for Medicaid-qualified services provided to the residents of the covered counties.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Initial cash settlements under managed care contracts require substantial use of judgment and are subject to review by the Michigan Department of Community Health. Accordingly, the reported amounts of revenue, deferred revenue and due from/to the State could change.

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE B - DEPOSITS AND INVESTMENTS

The captions on the financial statements relating to cash and cash equivalents are as follows:

	Business- type Activities	Fiduciary Fund	Total
Cash and cash equivalents	\$ 4,500,272	\$ 69,360	\$ 4,569,632
Restricted cash and cash Equivalents	845,292	-	845,292
Investments	750,000	-	750,000
	<u>\$ 6,095,564</u>	<u>\$ 69,360</u>	<u>\$ 6,164,924</u>

Cash and investments are comprised of the following at year-end:

Petty cash	\$ 2,950
Checking and savings accounts	5,411,974
Certificates of deposit (due within one year)	750,000
	<u>\$ 6,164,924</u>

Deposit Risk

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. As of year-end, \$4,947,121 of the Authority's bank balance of \$6,257,595 was exposed to custodial credit risk because it exceeded FDIC Insurance limits.

Interest Rate Risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate changes.

Statutory Authority

The Authority is authorized by the State of Michigan to invest surplus funds in the following:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE B - DEPOSITS AND INVESTMENTS - (Continued)

- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the Authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

NOTE C - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Authority for the year ended September 30, 2014:

	Beginning Balance	Increases	(Decreases)	Ending Balance	Due within one year
Compensated absences	\$ 889,312	\$ -	\$ (44,020)	\$ 845,292	\$ 70,413

NOTE D - LEASES

The Authority is party to numerous operating leases, for which aggregate rental expense was \$283,515. These leases are for residential property and office facilities used to shelter and serve the needs of consumers.

The following is a schedule of future minimum lease payments required under the operating leases that have initial or remaining terms as of September 30, 2014:

September 30,	
2015	161,080
2016	116,282
2017	98,766
2018	99,656
2019	101,210
Thereafter	374,405
	\$ 951,399

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Land	\$ 90,000	\$ -	\$ -	\$ -	\$ 90,000
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
Capital assets being depreciated					
Buildings	1,910,237	-	-	-	1,910,237
Building improvements	364,101	-	-	-	364,101
Leasehold improvements	298,127	36,407	-	-	334,534
Vehicles	1,323,237	239,844	(203,411)	-	1,359,670
Computer equipment	355,633	21,369	(9,722)	-	367,280
Client equipment	99,581	-	(6,039)	-	93,542
Other equipment	301,053	14,335	-	-	315,388
Total capital assets being depreciated	<u>4,651,969</u>	<u>311,955</u>	<u>(219,172)</u>	<u>-</u>	<u>4,744,752</u>
Accumulated depreciation					
Buildings	(697,847)	(62,875)	-	-	(760,722)
Building improvements	(170,190)	(22,158)	-	-	(192,348)
Leasehold improvements	(60,100)	(28,423)	-	-	(88,523)
Vehicles	(652,258)	(318,668)	199,756	-	(771,170)
Computer equipment	(293,541)	(27,826)	9,722	-	(311,645)
Client equipment	(61,966)	(10,543)	6,039	-	(66,470)
Other equipment	(208,015)	(22,716)	-	-	(230,731)
Total accumulated depreciation	<u>(2,143,917)</u>	<u>(493,209)</u>	<u>215,517</u>	<u>-</u>	<u>(2,421,609)</u>
Capital assets being depreciated, net	<u>2,508,052</u>	<u>(181,254)</u>	<u>(3,655)</u>	<u>-</u>	<u>2,323,143</u>
Capital assets, net	<u>\$ 2,598,052</u>	<u>\$ (181,254)</u>	<u>\$ (3,655)</u>	<u>\$ -</u>	<u>\$ 2,413,143</u>

Depreciation expense of \$493,209 was charged entirely to a single Health and Human Services function.

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE F - PENSION PLANS

Defined Contribution Plan

The Authority has adopted a defined contribution retirement plan covering all full-time employees. Employer contributions of up to 7.5% of gross wages are paid to the plan trustees on a biweekly basis at the same time that wages are paid. The covered payroll for the plan was \$10,632,906. Total employer contributions for the year ended September 30, 2014 were \$700,600.

Alternative Social Security Plan

The authority contributes 5.7% of all non-union employees' salary to the plan. Employees are also required to contribute 6.2% of their salary to the plan. The contributions to the plan are made in lieu of Federal social security contributions. Under this plan, employees are 100% vested in their account at inception. Employees of the authority not eligible to participate in this plan are covered by the Federal Social Security System. The covered payroll for the plan was \$5,811,242. Total employer contributions for the year ended September 30, 2014, were \$331,241.

NOTE G - CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, the Authority is subject to periodic audits of its agreements. Such audits could lead to questioned costs and/or requests for reimbursement to grantor or regulatory agencies.

As is the case with other entities, the Authority faces exposure from potential claims and legal proceedings involving environmental and other matters. No such claims or proceedings have been asserted as of September 30, 2014.

NOTE H - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employees injuries (workers compensation), as well as medical and death benefits provided to employees. The Authority has purchased commercial insurance for excess claims for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years, and there was no reduction of coverage in the current year.

The Authority provides medical benefits to its employees through self-insurance. Blue Cross Blue Shield is the third party administrator. The Authority has stop loss coverage for any claims exceeding \$55,000 per member.

The Authority has prepaid item for claims incurred but not reported at September 30, 2014. GASB 10 requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonable estimated.

Northeast Michigan Community Mental Health Authority

Notes To Financial Statements

NOTE H - RISK MANAGEMENT – *(continued)*

The changes in claims in the year ended September 30, 2014 is as follows:

Estimate of prepaid claims, beginning of year	\$ 285,709
Incurred claims and changes in estimates	(2,352,866)
Claim payments	<u>2,237,676</u>
Estimate of prepaid claims, end of year	<u>\$ 170,519</u>

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 5, 2015, the date on which the financial statements were available to be issued.

Straley Lamp & Kraenzlein P.C.



Certified Public Accountants

Philip T. Straley, CPA/PFS
Bernard R. Lamp, CPA
James E. Kraenzlein, CPA/ABV/CFF
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J. Michael Kearly, CPA
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Jeffrey A. Taphouse, CPA
John D. Faulman, CPA
Andrew R. Lamp, CPA
Donald C. Levren

Gordon A. Nethercut, CPA-Retired

AUDIT COMMUNICATIONS

To the Board of Directors
Northeast Michigan
Community Mental Health Authority

We have audited the financial statements of the business-type activities, the major fund and the aggregate remaining fund information of Northeast Michigan Community Mental Health Authority (the "Authority") for the year ended September 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*.

Internal Control

As stated in our engagement letter dated October 1, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and for expressing our opinions on the financial statements, but not to provide any assurance on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Compliance

We are also engaged to perform a compliance examination in accordance with *CMH Compliance Examination Guidelines*, issued by the Michigan Department of Community Health. The compliance examination is performed to test the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements. However, providing an opinion on compliance with those provisions will not be an objective of our audit, and accordingly, we will not express such an opinion.

We will issue a separate report on the results of our compliance examination. The report is currently pending final forms and guidance from the Michigan Department of Community Health.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter about planning matters on October 1, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 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 governmental unit 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 useful lives of fixed assets in determining depreciation expense, incurred but not reported employee health care claims and the settlements under state contracts.

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

The disclosures in the financial statements 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 trivial, and communicate them to the appropriate level of management. We are pleased to report that no uncorrected misstatements existed.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 5, 2015.

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 governmental unit’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

1. Recent Pronouncements. Accounting standard setting bodies and regulatory agencies continually update the accounting principles that impact the Authority. In prior year’s audit-related communications letters we noted important accounting standards changes. For the current year, there was one new Government Accounting Standards Board (GASB) release, which was GASB – No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB No. 68). This new standard has no impact on the Authority.

This report is intended solely for the information and use of the Authority’s governing body and management, and is not intended to be and should not be used by anyone other than these specified parties.

We commend the Authority for its excellent record keeping system and appreciate the opportunity to serve Northeast Michigan Community Mental Health Authority. If you have any questions, or if we can be of further service, please feel free to contact us.

We wish to thank the staff of Authority for their assistance during the audit.

Very truly yours,

Straley Lamp & Kraenzlein P.C.

February 5, 2015



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April 24, 2015

Michigan Department of Community Health
Office of Audit
Quality Assurance and Review Section
P.O. Box 30479
Lansing, MI 48909-7979

Re: Management response to FY14 CPA Audit Communication Letter (Management Letter), FY14
Financial Audit, and FY14 Compliance Examination

To Whom It May Concern:

To meet the reporting requirements of the MDCH/CMHSP Managed Mental Health Supports and Services Contract: FY13-14, between MDCH and Northeast Michigan Community Mental Health Authority (NeMCMHA), please find below NeMCMHA's response to the management letter (Audit Communications) received from the independent audit firm of Straley Lamp & Kraenzlein P.C. (SIL).

Management Letter and Compliance Audit Response:

The Management letter issued by SIL on February 5, 2015 for our fiscal year 2013-2014 financial audit indicated that there were no material audit adjustments, no disagreements with management, no difficulties encountered in performing the audit, no reportable conditions, and no comments or recommendations.

NeMCMHA response to this letter: None.

The Compliance Examination report issued by SIL on March 25, 2015 for our fiscal year 2013-2014 compliance audit indicated that there were no findings and questioned costs, no examination adjustments, no prior year findings and questioned costs, and no comments or recommendations.

NeMCMHA response to this report: No Plan of Correction required.

Please also find attached our audited financial statements and compliance examination results for the year ending September 30, 2014. These reports have been filed electronically with the Department of Treasury as required by statute.

Sincerely,

Cheryl Jaworowski, CPA
Finance Director

Cc: Ed LaFramboise, Director
David Schneider, Director of Affiliation Services

**NORTHEAST MICHIGAN COMMUNITY
MENTAL HEALTH AUTHORITY**

CMH COMPLIANCE EXAMINATION

September 30, 2014

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MEDICAID, ABW, GF AND CMHS BLOCK GRANT PROGRAMS AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH CMH COMPLIANCE EXAMINATION GUIDELINES
ISSUED BY THE MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

To the Board of Directors
Northeast Michigan Community Mental Health Authority

Compliance

We have examined the compliance of the Northeast Michigan Community Mental Health Authority (the "Authority") with the specified requirements described in *CMH Compliance Examination Guidelines*, issued by the Michigan Department of Community Health ("MDCH"), that are applicable to its Medicaid, Adult Benefits Waiver ("ABW"), General Fund ("GF") and Community Mental Health Services ("CMHS") Block Grant Programs for the year ended September 30, 2014. Compliance with these requirements is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with specified requirements based on specified criteria established by MDCH and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Northeast Michigan Community Mental Health Authority complied, in all material respects, with the specified requirements referred to above that are applicable to its Medicaid, ABW, GF and CMHS Block Grant Programs for the year ended September 30, 2014.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations and programs applicable to its Medicaid, ABW, GF and CMHS Block Grant Programs. In planning and performing our examination, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on its Medicaid, ABW, GF and CMHS Block Grant Programs in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with criteria established by MDCH, 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 Authority'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 the Medicaid, ABW, GF or CMHS Block Grant programs 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 the Medicaid, ABW, GF or CMHS Block Grant programs 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 MDCH contract 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 significant deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

Examination Schedules

As required by CMH Compliance Examination Guidelines, we have prepared the accompanying Examined FSR Schedule and Examined Cost Settlement Schedule.

Purpose of this Report

This report is intended solely for the information and use of the Authority's compliance with specified requirements described in *CMH Compliance Examination Guidelines*, issued by the MDCH. This report is an integral part of our examination in accordance with these guidelines in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

			REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
A		MEDICAID SERVICES - Summary From FSR - Medicaid Worksheet			
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	-	-	-
AC		ADULT BENEFIT WAIVER SERVICES - Summary From FSR - ABW Worksheet			
AC	190	TOTAL REVENUE	-	-	-
AC	290	TOTAL EXPENDITURE	-	-	-
AC	295	NET ABW SERVICES SURPLUS (DEFICIT)	-	-	-
AC	390	Total Redirected Funds	-	-	-
AC	400	BALANCE ABW SERVICES	-	-	-
AE		AUTISM BENEFIT SERVICES - Summary From FSR - Autism Worksheet			
AE	190	TOTAL REVENUE	-	-	-
AE	290	TOTAL EXPENDITURE	-	-	-
AE	295	NET AUTISM BENEFIT SERVICES SURPLUS (DEFICIT)	-	-	-
AE	390	Total Redirected Funds	-	-	-
AE	400	BALANCE AUTISM BENEFIT SERVICES	-	-	-
AG		HEALTH HOME SERVICES - Summary From FSR - Health Home Services Worksheet			
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 Worksheet			
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	-	-	-
B		GENERAL FUND			
B	100	REVENUE			
B	101	CMH Operations	898,516		898,516
B	102	Categorical			-
B	103	State Services	232,910		232,910
B	120	Subtotal - Current Period General Fund Revenue	1,131,426		1,131,426
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			-
B	124	Intentionally left blank			
B	140	Subtotal - Other General Fund Revenue			-
B	190	TOTAL REVENUE	1,131,426		1,131,426
B	200	EXPENDITURE			
B	201	100% MDCH Matchable Services / Costs	296,352		296,352
B	202	100% MDCH Matchable Services Based on CMHSP Local Match Cap			-
B	203	90% MDCH Matchable Services / Costs - REPORTED	721,469		
		90% MDCH Matchable Services / Costs - EXAMINATION ADJUSTMENTS			
		90% MDCH Matchable Services / Costs	\$ 721,469	649,322	649,322
B	204	State Services - Payments to MDCH for State Services	81,576		81,576
B	205	Intentionally left blank			
B	290	TOTAL EXPENDITURE	1,027,250		1,027,250
B	295	NET GENERAL FUND SURPLUS (DEFICIT)	104,176		104,176
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	301.3	(TO) ABW - Redirected for Unfunded MH ABW Costs - AC302 (PIHP use only)			-
B	301.5	(TO) Health Home Services - Redirected for Unfunded Health Home Services AG302 (PIHP use only)			-
B	302	(TO) Mental Health Innovation Grant C301			-
B	303	(TO) GF Cost of MICHild - Required Match - D302	(11,600)		(11,600)
B	304	(TO) GF Cost of MICHild - Above Required Match - D303	(6,364)		(6,364)
B	305	(TO) GF Cost of SED - Required Match - E301			-
B	306	(TO) GF Cost of SED - Above Required Match Screen - E303			-
B	307	(TO) GF Cost of SED - Not SED Waiver eligible - E305			-
B	308	(TO) GF Cost of Children's Waiver - F301			-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

				REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
B	309	(TO) Allowable GF Cost of Injectable Medications - G301		-	-	-
B	309.5	(TO) PIHP to Affiliate ABW Services Contracts - IA302		-	-	-
B	309.7	(TO) PIHP to Affiliate Health Home Services Contracts - IC302		-	-	-
B	310	(TO) CMHSP to CMHSP Earned Contracts - J305 (explain - section Q)		-	-	-
B	311	(TO) Substance Abuse - L301		-	-	-
B	312	Intentionally left blank				
B	313	FROM CMHSP to CMHSP Earned Contracts - J302		4,981		4,981
B	314	FROM Non-MDCH Earned Contracts - K302				
B	330	Subtotal Redirected Funds rows 301 - 314		(12,983)	-	(12,983)
B	331	FROM Local Funds - M302				
B	332	FROM Risk Corridor - N303				
B	390	Total Redirected Funds		(12,983)	-	(12,983)
B	400	BALANCE GENERAL FUND (cannot be < 0)		91,193	-	91,193

OTHER GF CONTRACTUAL OBLIGATIONS

MENTAL HEALTH INNOVATION GRANT						
C	100	Revenue				
C	170	MH Innovation Grant Revenue				-
C	180	MH Innovation Grant Prior Year Carry Forward				-
C	190	Total Revenue		-	-	-
C	290	Expenditure				-
C	295	NET SURPLUS (DEFICIT)		-	-	-
C	300	Redirected Funds (To) From				
C	301	FROM General Fund - B302				-
C	302	FROM Local Funds - M303				-
C	390	Total Redirected Funds		-	-	-
C	400	BALANCE MENTAL HEALTH INNOVATION GRANT (cannot be < 0)		-	-	-

MICHILD - MENTAL HEALTH (Non-Autism)						
D	1		Enter Current MICHild FFP	0.7642		
D	190	Revenue				
D	290	Expenditure		37,593		37,593
D	295	NET MICHILD SURPLUS (DEFICIT)		55,557		55,557
D	300	Redirected Funds (To) From		(17,964)	-	(17,964)
D	301	Federal share applied - REPORTED	37,593			
		Federal share applied - EXAMINATION ADJUSTMENT	-			
		Federal share applied - EXAMINED	37,593			
D	302	FROM General Fund - Required Match - B303		11,600	-	11,600
D	303	FROM General Fund - Above Required Match - B304		6,364		6,364
D	304	FROM Local Funds - M304				
D	390	Total Redirected Funds		17,964	-	17,964
D	400	BALANCE MICHILD (cannot be < 0)		-	-	-

FEE FOR SERVICE MEDICAID

SED WAIVER						
E	100	REVENUE				
E	101a	FFS Medicaid - Federal portion recvd at current year FFP rate - SED-Trad.	0.6632			-
E	101b	Intentionally left blank	0.6632			-
E	101c	Intentionally left blank	0.6632			-
E	101d	Intentionally left blank	0.6632			-
E	102	FFS Medicaid - Federal portion recvd at subsequent year FFP rate - SED-Trad.	0.6554			-
E	103	FFS Medicaid - SED-DHS				-
E	190	TOTAL REVENUE		-	-	-
E	200	EXPENDITURE				
E	201	Expenditure - Traditional - Federal Reimbursable				-
E	202	Expenditure - Traditional - Not SED waiver eligible				-
E	203	Expenditure - SED-DHS - Federal Reimbursable				-
E	204	Expenditure - SED-DHS - Not SED waiver eligible				-
E	290	TOTAL EXPENDITURE		-	-	-
E	295	NET SED WAIVER (DEFICIT)		-	-	-
E	300	Redirected Funds (To) From				
E	301	FROM General Fund - Required Match - B305				-
E	302	FROM Local Funds - Required Match - M305				-
E	303	FROM General Fund - Above Required Match Screen - B306				-
E	304	FROM Local Funds - Above Required Match Screen - M306				-
E	305	FROM General Fund - Not SED Waiver eligible - B307				-
E	306	FROM Local Funds - Not SED Waiver eligible - M307				-
E	390	Total Redirected Funds		-	-	-
E	400	BALANCE SED WAIVER (must = 0)		-	-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
----------	-------------------------	-----------------

F	CHILDREN'S WAIVER			
F 190	Revenue			-
F 290	Expenditure			-
F 295	NET CHILDREN'S WAIVER (cannot be > 0)			-
F 300	Redirected Funds (To) From			
F 301	FROM General Fund - B308			-
F 302	FROM Local Funds - M308			-
F 303	FROM Activity not otherwise reported - O301			-
F 390	Total Redirected Funds			-
F 400	BALANCE CHILDREN'S WAIVER (must = 0)			-

G	INJECTABLE MEDICATIONS			
G 190	Revenue	49,987		49,987
G 290	Expenditure	49,987		49,987
G 295	NET INJECTABLE MEDICATIONS (cannot be > 0)			-
G 300	Redirected Funds (To) From			
G 301	FROM General Fund - B309			-
G 302	FROM Local Funds - M309			-
G 390	Total Redirected Funds			-
G 400	BALANCE INJECTABLE MEDICATIONS (must = 0)			-

OTHER FUNDING

H	MDCH EARNED CONTRACTS			
H 100	REVENUE			
H 101	PASARR	97,123		97,123
H 102	DCH Block Grants for CMH services			-
H 103	DD Council Grants			-
H 104	PATH/Homeless	37,818		37,818
H 105	Prevention			-
H 106	Aging			-
H 107	HUD Shelter Plus Care			-
H 150	Other MDCH Earned Contracts (describe):			-
H 151	Other MDCH Earned Contracts (describe): HAP DCH Housing Assistance	3,495		3,495
H 152	Other MDCH Earned Contracts (describe):			-
H 190	TOTAL REVENUE	138,436		138,436
H 200	EXPENDITURE			
H 201	PASARR	97,123		97,123
H 202	DCH Block Grants for CMH services			-
H 203	DD Council Grants			-
H 204	PATH/Homeless	37,818		37,818
H 205	Prevention			-
H 206	Aging			-
H 207	HUD Shelter Plus Care			-
H 250	Other MDCH Earned Contracts (describe):			-
H 251	Other MDCH Earned Contracts (describe): HAP DCH Housing Assistance	3,495		3,495
H 252	Other MDCH Earned Contracts (describe):			-
H 290	TOTAL EXPENDITURE	138,436		138,436
H 400	BALANCE MDCH EARNED CONTRACTS (must = 0)			-

I	PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS - CMHSP USE ONLY			
I 100	REVENUE			
I 101	Revenue - from PIHP Medicaid	23,802,989		23,802,989
I 104	Revenue - from PIHP Healthy Michigan Plan	373,276		373,276
I 122	1st & 3rd Party Collections - Medicare/Medicaid Consumers - Affiliate	540,007		540,007
I 123	1st & 3rd Party Collections - Healthy Michigan Plan Consumers - Affiliate			-
I 190	TOTAL REVENUE	24,716,272		24,716,272
I 201	Expenditure - Medicaid	24,342,996		24,342,996
I 202	Expenditure - Healthy Michigan Plan	373,276		373,276
I 290	TOTAL EXPENDITURE	24,716,272		24,716,272
I 295	NET PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS SURPLUS (DEFICIT)			-
I 300	Redirected Funds (To) From			
I 301	(TO) CMHSP to CMHSP Earned Contracts - J306			-
I 302	FROM CMHSP to CMHSP Earned Contracts - J303			-
I 303	FROM Non-MDCH Earned Contracts - K303			-
I 390	Total Redirected Funds			-
I 400	BALANCE PIHP to AFFILIATE MEDICAID SERVICES CONTRACTS (must = 0)			-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
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PIHP to AFFILIATE ABW SERVICES CONTRACTS - CMHSP USE ONLY					
IA	100	REVENUE			
IA	101	Revenue - MH - from PIHP	134,057		134,057
IA	102	Revenue - SA - from PIHP			-
IA	190	TOTAL REVENUE	134,057	-	134,057
IA	200	EXPENDITURE			
IA	201	Expenditure - MH	134,057		134,057
IA	202	Expenditure - SA			-
IA	290	TOTAL EXPENDITURE	134,057	-	134,057
IA	295	NET PIHP to AFFILIATE ABW SERVICES CONTRACTS SURPLUS (DEFICIT)	-	-	-
IA	300	Redirected Funds (To) From			
IA	301	(TO) CMHSP to CMHSP Earned Contracts - J306.5	-	-	-
IA	302	FROM General Fund - B309.5			-
IA	303	FROM CMHSP to CMHSP Earned Contracts - J303.5			-
IA	304	FROM Non-MDCH Earned Contracts - K303.5			-
IA	305	FROM Substance Abuse MDCH Contract - L300.5			-
IA	306	FROM Local Funds - M309.5			-
IA	390	Total Redirected Funds	-	-	-
IA	400	BALANCE PIHP to AFFILIATE ABW SERVICES CONTRACTS (cannot be < 0)	-	-	-

PIHP to AFFILIATE AUTISM BENEFIT SERVICES CONTRACTS - CMHSP USE ONLY					
IB	100	REVENUE			
IB	101	Revenue - Medicaid - from PIHP	293,512		293,512
IB	102	Revenue - MICHild - from PIHP	31,271		31,271
IB	190	TOTAL REVENUE	324,783	-	324,783
IB	200	EXPENDITURE			
IB	201	Expenditure - Medicaid	293,512		293,512
IB	202	Expenditure - MICHild	31,271		31,271
IB	290	TOTAL EXPENDITURE	324,783	-	324,783
IB	400	BALANCE PIHP to AFFILIATE AUTISM BENEFIT SERVICES CONTRACTS (must = 0)	-	-	-

PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS - CMHSP USE ONLY					
IC	190	Revenue - Medicaid Health Home Services - from PIHP			-
IC	290	Expenditure - Medicaid Health Home Services			-
IC	295	NET PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS SURPLUS (DEFICIT)	-	-	-
IC	300	Redirected Funds (To) From			
IC	302	FROM General Fund - B309.7			-
IC	306	FROM Local Funds - M309.7			-
IC	390	Total Redirected Funds	-	-	-
IC	400	BALANCE PIHP to AFFILIATE HEALTH HOME SERVICES CONTRACTS	-	-	-

CMHSP to CMHSP EARNED CONTRACTS					
J	190	Revenue	105,781		105,781
J	290	Expenditure	100,800		100,800
J	295	NET CMHSP to CMHSP EARNED CONTRACTS SURPLUS (DEFICIT)	4,981	-	4,981
J	300	Redirected Funds (To) From			
J	301	(TO) Medicaid Services - A302 (PIHP use only)	-	-	-
J	301.5	(TO) Healthy Michigan - AI302 (PIHP use only)	-	-	-
J	302	(TO) General Fund - B313	(4,981)	-	(4,981)
J	303	(TO) PIHP to Affiliate Medicaid Services Contracts - I302	-	-	-
J	303.5	(TO) PIHP to Affiliate ABW Services Contracts - IA303	-	-	-
J	304	FROM Medicaid Services - A301 (PIHP use only)			-
J	304.5	FROM Healthy Michigan - AI301 (PIHP use only)			-
J	305	FROM General Fund - B310			-
J	306	FROM PIHP to Affiliate Medicaid Services Contracts - I301			-
J	306.5	FROM PIHP to Affiliate ABW Services Contracts - IA301			-
J	307	FROM Local Funds - M310			-
J	390	Total Redirected Funds	(4,981)	-	(4,981)
J	400	BALANCE CMHSP to CMHSP EARNED CONTRACTS (must = 0)	-	-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

		REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
K	NON-MDCH EARNED CONTRACTS			
K 190	Revenue	55,045		55,045
K 290	Expenditure	52,670		52,670
K 295	NET NON-MDCH EARNED CONTRACTS SURPLUS (DEFICIT)	2,375	-	2,375
K 300	Redirected Funds (To) From			
K 301	(TO) Medicaid Services - A303 (PIHP use only)	-	-	-
K 301.5	(TO) Healthy Michigan - A1303 (PIHP use only)	-	-	-
K 302	(TO) General Fund - B314	-	-	-
K 303	(TO) PIHP to Affiliate Medicaid Services Contracts - I303	-	-	-
K 303.5	(TO) PIHP to Affiliate ABW Services Contracts - IA304	-	-	-
K 304	(TO) Local Funds - M315	(2,375)	-	(2,375)
K 305	FROM Local Funds - M311			
K 390	Total Redirected Funds	(2,375)	-	(2,375)
K 400	BALANCE NON-MDCH EARNED CONTRACTS (must = 0)	-	-	-

L	SUBSTANCE ABUSE MDCH CONTRACT			
L 100	REVENUE			
L 101	State Agreement			-
L 102	MiChild - SA			-
L 190	TOTAL REVENUE	-	-	-
L 200	EXPENDITURE			
L 201	State Agreement			-
L 202	MiChild - SA			-
L 290	TOTAL EXPENDITURE	-	-	-
L 295	NET SUBSTANCE ABUSE CONTRACT SURPLUS (DEFICIT)	-	-	-
L 300	Redirected Funds (To) From			
L 300.3	(TO) ABW - Redirected for Unfunded SA ABW Costs - AC303 (PIHP use only)	-	-	-
L 300.5	(TO) PIHP to Affiliate ABW Services Contracts - IA305	-	-	-
L 301	FROM General Funds - B311			-
L 302	FROM Local Funds - M312			-
L 390	Total Redirected Funds	-	-	-
L 400	BALANCE SUBSTANCE ABUSE CONTRACT	-	-	-

M	LOCAL FUNDS			
M 100	REVENUE			
M 101	County Appropriation for Mental Health	266,639		266,639
M 102	County Appropriation for Substance Abuse - Non Public Act 2 Funds			-
M 103	Section 226 (a) Funds	225,229		225,229
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	9,510		9,510
M 108	Public Act 2 - SA			-
M 109	SED Partner			-
M 110	All Other Local Funding	12,044		12,044
M 190	TOTAL REVENUE	513,422	-	513,422
M 200	EXPENDITURE			
M 201	GF 10% Local Match	72,147	-	72,147
M 202				
	Reported Local match cap amount			
	Examination adjustment local match cap amount			
	Adjusted local match cap amount	\$ -		
M 203	GF Local Match Capped per MHC 330.1308	-	-	-
M 204	Local Cost for State Provided Services	13,236		13,236
M 205	Local Contribution to State Medicaid Match (CMHSP Contribution Only)	250,088		250,088
M 206	Local Contribution to State Medicaid Match on Behalf of Affiliate (PIHP Only)			-
M 207	Local Match to Grants and MDCH Earned Contracts			-
M 208	Public Act 2 - SA			-
M 209	Local Only Expenditures	72,494		72,494
M 290	TOTAL EXPENDITURE	407,965	-	407,965
M 295	NET LOCAL FUNDS SURPLUS (DEFICIT)	105,457	-	105,457
M 300	Redirected Funds (To) From			
M 301	(TO) Medicaid Services - A332 (PIHP use only)	-	-	-
M 301.1	(TO) Healthy Michigan - A1332 (PIHP use only)	-	-	-
M 301.3	(TO) ABW Services - AC304 (PIHP use only)	-	-	-
M 301.5	(TO) Health Home Services - AG304 (PIHP use only)	-	-	-
M 302	(TO) General Fund - B331	-	-	-
M 303	(TO) MH Innovation Grant - C302	-	-	-
M 304	(TO) MiChild - D304	-	-	-
M 305	(TO) SED Waiver - Required Match - E302	-	-	-
M 306	(TO) SED Waiver - Above Required Match Screen - E304	-	-	-
M 307	(TO) Not SED Waiver eligible - E306	-	-	-

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED FINANCIAL STATUS REPORT - ALL NON MEDICAID
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

				REPORTED	EXAMINATION ADJUSTMENTS	EXAMINED TOTALS
M	308	(TO) Children's Waiver - F302		-	-	-
M	309	(TO) Injectable Medications - G302		-	-	-
M	309.5	(TO) PIHP to Affiliate ABW Services Contracts - IA306		-	-	-
M	309.7	(TO) PIHP to Affiliate Health Home Services Contracts - IC306		-	-	-
M	310	(TO) CMHSP to CMHSP Earned Contracts -J307		-	-	-
M	311	(TO) Non-MDCH Earned Contracts - K305		-	-	-
M	312	(TO) Substance Abuse - L302		-	-	-
M	313	(TO) Activity Not Otherwise Reported - O302		-	-	-
M	313.3	FROM Adult Benefit Waiver Services - AC301.3				
M	314	Intentionally left blank				
M	315	FROM Non-MDCH Earned Contracts - K304		2,375		2,375
M	390	Total Redirected Funds		2,375	-	2,375
M	400	BALANCE LOCAL FUNDS		107,832	-	107,832
M	401	Balance Local Funds - PA 2 Restricted Reported				
		Balance Local Funds - PA 2 Restricted Examination Adjustment				
		Balance Local funds - PA 2 Restricted Adjusted Total				\$ -

RISK CORRIDOR						
N	100	REVENUE				
N	101	Stop/Loss Insurance				-
N	102	Medicaid ISF for PIHP Share Risk Corridor				-
N	103	MDCH for MDCH Share of Medicaid Risk Corridor				-
N	104	MDCH Autism Benefit Risk Corridor				-
N	190	TOTAL REVENUE		-	-	-
N	300	Redirected Funds (To) From				
N	301	(TO) Medicaid Services - PIHP Share - A333 (PIHP use only)		-	-	-
N	301.5	(TO) Healthy Michigan - PIHP Share - AI333 (PIHP use only)		-	-	-
N	302	(TO) Medicaid Services - MDCH Share - A334 (PIHP use only)		-	-	-
N	302.5	(TO) Healthy Michigan - MDCH Share - AI334 (PIHP use only)		-	-	-
N	303	(TO) General Fund - B332		-	-	-
N	304	(TO) Autism Benefit Services - MDCH Share - AE331 (PIHP use only)		-	-	-
N	390	Total Redirected Funds		-	-	-
N	400	BALANCE RISK CORRIDOR (must = 0)		-	-	-

ACTIVITY NOT OTHERWISE REPORTED						
O	100	REVENUE				
O	101	Other Revenue (describe): Production/Donor Revenues (directly offset Expenditures)		54,641		54,641
O	102	Other Revenue (describe):				-
O	103	Other Revenue (describe):				-
O	190	TOTAL REVENUE		54,641	-	54,641
O	200	EXPENDITURE				
O	201	Other Expenditure (describe): Production/Donor Expenditures (directly offset Revenues)		54,641		54,641
O	202	Other Expenditure (describe):				-
O	203	Other Expenditure (describe):				-
O	290	TOTAL EXPENDITURE		54,641	-	54,641
O	295	NET ACTIVITY NOT OTHERWISE REPORTED SURPLUS (DEFICIT)		-	-	-
O	300	Redirected Funds (To) From				
O	301	(TO) Children's Waiver - F303		-	-	-
O	302	FROM Local Funds - M313				-
O	390	Total Redirected Funds		-	-	-
O	400	BALANCE ACTIVITY NOT OTHERWISE REPORTED		-	-	-

GRAND TOTALS						
P	190	GRAND TOTAL REVENUE		27,261,443	-	27,261,443
P	290	GRAND TOTAL EXPENDITURE		27,062,418	-	27,062,418
P	390	GRAND TOTAL REDIRECTED FUNDS (must = 0)		-	-	-
P	400	NET INCREASE (DECREASE)		199,025	-	199,025

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 / MDCH.	
Q		M101: Alcona County \$37,745, Alpena County \$149,286, Montmorency County \$34,063, Presque Isle County \$45,545. P400 represents \$3,829 earned ABW income from the Northern Michigan Regional Entity (1-1-2014 - 9-30-2014) per agreed upon contract to be used as local funds in FY15 and \$195,196 local funds saved (formerly used for 10% local match on General Fund 90%/10% services that were reduced by Northeast in FY14 to meet appropriation funding reduction).	
Q			
Q			
Q			
Q			
Q			
Q			
Q			
Q			

**MDCH/CMHSP MANAGED MENTAL HEALTH SUPPORTS AND SERVICES CONTRACT (GF)
EXAMINED GENERAL FUND CONTRACT RECONCILIATION AND CASH SETTLEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

CMHSP: Northeast Michigan CMH

1. General Fund Services - Available Resources	Funding Resources
a. CMH Operations (FSR B 101)	898,516
b. Categorical (FSR B 102)	-
c. State Services (FSR B 103)	232,910
d. Sub-Total General Fund Contract Authorization	\$ 1,131,426
e. 1st & 3rd Party Collections (FSR B 121 + B 122)	-
f. Prior Year GF Carry-Forward (FSR B 123)	-
g. Intentionally left blank	
h. Redirected CMHSP to CMHSP Contracts (FSR B 313)	4,981
i. Redirected Non-MDCH Earned Contracts (FSR B 314)	-
j. Sub-Total Other General Fund Resources	\$ 4,981
k. Local 10% Associated to 90/10 Services (FSR M 201)	72,147
l. Local 10% Match Cap Adjustment (FSR M 203)	-
m. Sub-Total Local 10% Associated to 90/10 Services	\$ 72,147
n. Total General Fund Services - Resources	\$ 1,208,554

3. Summary of Resources / Expenditures	Amount
a. Total General Fund Services - Resources	1,208,554
b. Total General Fund Services - Expenditures	1,117,361
c. Sub-Total General Fund Services Surplus (Deficit)	\$ 91,193
d. Less: Forced Lapse to MDCH (GF work sheet 4 F column F)	-
e. Net General Fund Services Surplus (Deficit)	\$ 91,193

4. Disposition:	Amount
a. Surplus	
b. Transfer to Fund Balance - GF Carry-Forward Earned	(56,571)
c. Lapse to MDCH - Contract Settlement	(34,622)
d. Total Disposition - Surplus	\$ (91,193)

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 MDCH) / Due CMHSP	Amount
a. Forced Lapse to MDCH	-
b. Lapse to MDCH - Contract Settlement	(34,622)
c. Return of Prior Year General Fund Carry-Forward	
d. Purchase of State Services	
e. Contract Authorization - Late Amendment	
f. Local Costs of State Provided Services	(1,092)
g. Misc: (please explain)	
h. Total Cash Settlement: (Due MDCH) / Due CMHSP	\$ (35,714)

2. General Fund Services - Expenditures	90/10 - Local Cap	Expenditures
a. 100% MDCH Matchable Services (FSR B 201)		296,352
b. 100% MDCH Matchable Services - CMHSP Local Match Cap (FSR B 202)		-
c. 90/10% MDCH Matchable Services (FSR B 203 Column A)	721,469	
d. Local 10% Match Cap Adjustment (FSR M 203)	-	721,469
e. State Services (FSR B 204)		81,576
f. Intentionally left blank		
g. Sub-Total General Fund Services - Expenditures		\$ 1,099,397
h. GF Supplement for Unfunded Medicaid (FSR B 301)		-
i. GF Supplement for Unfunded Healthy Michigan (FSR B 301.1)		-
j. GF Supplement for Unfunded Mental Health Innovation Grant (FSR B 302)		-
k. GF Supplement / Match for MICHild (FSR B 303 & B 304)		17,964
l. GF Supplement / Match for SED (FSR B 305 + B 306 + B 307)		-
m. GF Supplement for Children's Waiver (FSR B 308)		-
n. GF Supplement for Injectable Medications (FSR B 309)		-
o. GF Supplement for CMHSP to CMHSP Contracts (FSR B 310)		-
p. GF Supplement for Substance Abuse (FSR B 311)		-
q. GF Supplement for Unfunded MH ABW (FSR B 301.3)		-
r. GF Supplement for PIHP to Affiliate ABW Services Contracts (FSR B 309.5)		-
s. GF Supplement for Unfunded Health Home Services (FSR B 301.5)		-
t. GF Supplement for PIHP to Affiliate Health Home Contracts (FSR B 309.7)		-
u. Sub-Total General Fund Services Supplement - Expenditures		\$ 17,964
v. Total General Fund Services - Expenditures		\$ 1,117,361

6. General Fund MDCH Commitment	
a. MDCH / CMHSP Contract Funded Expenditures	1,040,233
b. Earned General Fund Carry-Forward	56,571
c. Total MDCH General Fund Commitment	\$ 1,096,804

Examined Cash Settlement and MDCH Commitment	Cash Settlement	Carry Forward
Examined Original	\$ (35,714)	\$ 56,571
Increase (Decrease)	\$ (35,714)	\$ 56,571

Comments:

Northeast Michigan Community Mental Health Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2014

SECTION I - SUMMARY OF ACCOUNTANT'S RESULTS

Medicaid Program

Type of accountant's report issued on compliance: Unmodified

Internal control over Medicaid program:
Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered
to be material weaknesses? Yes None reported

Material noncompliance with the provisions of laws,
regulations, or programs noted? Yes No

Known fraud identified? Yes No

Adult Benefits Waiver Program

Type of accountant's report issued on compliance: Unmodified

Internal control over Adult Benefits Waiver program:
Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered
to be material weaknesses? Yes None reported

Material noncompliance with the provisions of laws,
regulations, or programs noted? Yes No

Known fraud identified? Yes No

General Fund Program

Type of accountant's report issued on compliance: Unmodified

Internal control over General Fund program:
Material weakness(es) identified? Yes No

Significant deficiency(s) identified not considered
to be material weaknesses? Yes None reported

Material noncompliance with the provisions of laws,
regulations, or programs noted? Yes No

Known fraud identified? Yes No

CMHS Block Grant Contract

Not applicable

Northeast Michigan Community Mental Health Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

For the Year Ended September 30, 2014

SECTION II - FINDINGS AND QUESTIONED COSTS

None.

SECTION III - EXAMINATION ADJUSTMENTS

None.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

Northeast Michigan Community Mental Health Authority

COMMENTS AND RECOMMENDATIONS

For the Year Ended September 30, 2014

None.