

AGENDA

BUDGET/AUDIT COMMITTEE

111 S. Michigan Ave., Room 200, Saginaw, MI 48602

Thursday, August 5, 2021 – 4:00 p.m.

Members: Dennis Krafft – Chair, Christopher Boyd – Vice-Chair, Jack Tany, James Theisen, Carl Ruth
Others: Robert Belleman, Tim Novak, Civil Counsel, Koren Thurston, Board Staff, *Media*

- I. Call to order
- II. Welcome/Roll-call
- III. Correction/Approval of Minutes (***June 10, 2021 - Attached***)
- IV. Public Comment

- *Speakers limited to 3 minutes*

V. Agenda

1. **Koren Thurston, Finance Director, re: Payment of Claims & Quarterly Budget Adjustments**
 - **8-17-26** - Electronic Transactions April 1 – 30, 2021
Voucher Payments April 1 – 30, 2021
 - **8-17-27** - Electronic Transactions May 1 – 31, 2021
Voucher Payments May 1 – 31, 2021
 - **8-17-28** - Electronic Transactions June 1 – 30, 2021
Voucher Payments June 1 – 30, 2021
 - **8-17-29** - Submitting the quarterly budget adjustments for April 1, 2021 – June 30, 2021
(*Receive & File*)
 - **8-17-30** - Submitting Draft #2 changes to the proposed FY 2022 Budget
2. **Timothy Novak, Treasurer, re:**
 - **8-17-13** Submitting a report on the balance of excess proceeds in its Tax Foreclosure Auction Restricted Funds, pursuant to MCL 211.78 m(8)(h)
3. **Mark J. Rankin, District 9 Coordinator, MSU Extension, re:**
 - **8-17-15** Requesting additional funding for FY 2021 in the amount of \$90,000 and the base assessment of \$108,203 for FY 2022 to continue to provide programs and support for the residents of Saginaw County
4. **Tony DePelsmaeker, Maintenance Director, re:**
 - **8-17-16** Requesting approval to utilize \$13,000 in fund balance and transfer into the Public Improvement Fund to revamp the Employee/Public Lounge in the lower level of the Courthouse

5. **John McColgan, Prosecutor, re:**

- **8-17-17** Requesting an increase in the DHHS Division FY 2021 Budget in the amount of \$6,000 to account for additional expenses in postage and process server fees

6. **Vanessa Guerra, County Clerk, re:**

- **8-17-18** Requesting on behalf of the County Apportionment Commission funding for an apportionment mapping program
- **8-17-19** Requesting funding to implement the relocation of the three divisions of the County Clerk's Office as well as additional staffing in the Circuit Court Records Office

7. **Katie Kelly, Register of Deeds, re:**

- **8-17-22** Requesting an increase in its FY 2022 Budget to add a part-time employee

8. **Commissioner Boyd, re:**

Referral from Committee of the Whole

- Request for premium pay for county employees
- Request for bonus for vaccinated employees

9. **INFORMATIONAL COMMUNICATIONS (To be Received & Filed in Committee)**

- **8-17-14** **SCCMHA** submitting the 2020 Financial Audit of the Saginaw County Community Mental Health Authority, pursuant to the agreement between the county and SCCMHA

VI. Miscellaneous

VII. Adjournment

MINUTES

BUDGET/AUDIT COMMITTEE

111 S. Michigan Ave., Room 200, Saginaw, MI 48602

Thursday, June 10, 2021 – 4:00 p.m.

VIA ZOOM PER PA 267 of 1976/PA 228 of 2020

& Local Emergency Declaration dated April 8, 2021

Present: Dennis Krafft – Chair (*Frankenmuth, MI*), Christopher Boyd – Vice-Chair (*Saginaw Twp., MI*), Jack Tany (*Carrollton, MI*), James Theisen (*Saginaw Twp., MI*), Carl Ruth (*Bridgeport Twp., MI*)
Others: Tim Novak, Dave Gilbert, Koren Thurston, Vanessa Guerra, Brian Wendling, Brian Keenan-Lechel, Christina Harrington, Kyle Bostwick, Tony DePelsMaeker, Mark Rankin, Jessica Sargent, Dr. Delicia Pruitt, Suzy Koepplinger, Cindy Louchart, Sue Arceo

The Budget/Audit Committee meeting was held via Zoom.

As the County Building is closed to the public, except by appointment, this meeting was held remotely pursuant to and consistent with PA 267 of 1976 / PA 228 of 2020 and a Local Emergency Declaration dated April 8, 2021.

- I. Call to order---***Boyd at 4:04 p.m. (Chair Krafft experienced technical difficulties and entered the meeting immediately after call to order)***
 - II. Welcome---***Roll-call with location taken by Committee Clerk Suzy Koepplinger***
 - III. Correction/Approval of Minutes (***May 6, 2021 – Attached***)
---***Moved by Theisen, seconded by Boyd, to approve. Motion carried.***
 - IV. Public comment---***None***
 - V. Agenda
---***Krafft asked for a motion to change the order of the agenda to allow County Clerk Vanessa Guerra to present her requests, as she needs to leave the meeting for a speaking engagement. Moved by Boyd, seconded by Ruth, to approve the order of the agenda change. Motion carried.***
1. **Christina Harrington, Director, Health Department, re:**
 - **3-16-6** Requesting approval of \$53,000 from the Public Improvement Fund to engage WTA Architects for facility clinical design and bidding for the integration of primary care with public health
---***Moved by Ruth, seconded by Theisen to approve the use of \$53,000 from the Public Improvement fund to secure WTA Architects for the first floor facility clinical design and bidding for the integration of primary care with public health. Motion carried by unanimous roll-call vote. (Board Report)***
 2. **Tony DePelsMaeker, Maintenance Director, re:**
 - **6-22-18** Requesting approval to amend the 2021 Capital Improvement Budget by \$43,600 to complete projects during this fiscal year in the 70th District Court, including Probation and Traffic, (Painting @ \$17,600) and the Prosecutor's office (Carpet @ \$26,000)
---***Mr. DePelsMaeker gave a brief explanation of the proposed projects. Moved by Ruth, seconded by Theisen, to approve. Motion carried by unanimous roll-call vote. (Board Report)***

3. **Mark J. Rankin, District 9 Coordinator, MSU Extension, re:**
- **6-22-19** Requesting additional funding to continue to provide needed educational programming to the residents of Saginaw County in regards to VA SNAP outreach, food security and safety, EFNEP, and SNAP Programming
---Mr. Rankin gave a brief explanation for his request for funding for these programs, as the grants that typically assist with MSU Extension funding are match grants. MSU Extension does not currently have the funds due to failure of the millage. No action.
4. **Sheriff William L. Federspiel, re:**
- **6-22-20** Requesting discussion on the purchase of Simulator training and location for the simulator
---It was determined at the meeting of Courts & Public Safety that more research is necessary regarding purchase price and location for placement and use of the equipment in question. No action.
5. **Jessica Sargent, Director, Commission on Aging, re:**
- **6-22-21** Requesting approval of FY 2021 Budget adjustments as follows: (1) Foster Grandparent Program to accommodate meal stipends for program volunteers; (2) Acceptance of \$22,000 in grant funding from the Meals on Wheels Association of America; and (3) Acceptance of \$377,000 grant from AmeriCorps Senior to expand the Foster Grandparent Program to Midland and Bay Counties
---Ms. Sargent provided a brief explanation including 1) moving funds from travel expenses that were not incurred during the pandemic into Food to cover expenses for allowable meal reimbursement; 2) approval to accept \$22,000 in grant funding from the Meals on Wheels Association of America (MOWAA); 3) and approval to accept \$377,000 (annually for the remaining two years on a three-year grant cycle) to expand the Foster Grandparent Program into Midland and Bay Counties allowing volunteers to serve Saginaw, Midland and Bay Counties and includes an opportunity for 58 more volunteers. Moved by Theisen, seconded by Boyd, to approve the requested Budget Adjustments. Motion carried by unanimous roll-call vote. (Board Report)
6. **Vanessa Guerra, County Clerk, re:**
- **6-22-22** Requesting 1) Funding to continue the use of temporary employees in the Circuit Court Records Office; and 2) Capital outlay funding to expedite technology upgrades in the County Clerk's office
---Ms. Guerra provided a brief explanation of both items in her request including funding to continue to utilize temporary employees to provide much needed support for current staff. Ms. Guerra and Kyle Bostwick, Chief Deputy Clerk, explained the current constraints occurring due to lack of updated technology and the financial component necessary to expedite the implementation of the upgraded technology including the use of Concealed Pistol Licenses (CPL) monies in the amount of \$11,310 which will cover upgrades in the CPL office as those funds are restricted to that office; and \$12,342 from the Public Improvement fund to cover upgrades for the Circuit Court Records office. Ms. Thurston, Finance Director, confirmed the monies are available in both funds.

Ms. Thurston also confirmed that there was no allowance for computer purchases factored into the Mainframe Modernization project and funds from the American Rescue Plan cannot be used for this purchase.

---Moved by Ruth, seconded by Boyd, to approve funding to continue the use of temporary employees. Motion carried by unanimous roll-call vote.

---Moved by Boyd, seconded by Theisen, to approve the use of Capital Outlay funds to expedite technology upgrades in the County Clerk's office. Motion carried by unanimous roll-call vote. (Board Report)

7. **Koren Thurston, Finance Director, re:**

- **6-22-30** Submission of FY 2022 Budget

---After a brief discussion it was determined that Ms. Thurston need not provide an overview as commissioners will be reviewing the copies of the budget that were distributed and will discuss the budget at the upcoming Committee of the Whole meeting scheduled for June 28, 2021 at 5:00 p.m. No action.

VI. Miscellaneous---**None**

VII. Adjournment---**Moved by Theisen, seconded by Boyd, to adjourn. Motion carried; time being 5:11 p.m.**

Respectfully Submitted,
Dennis Krafft, Committee Chair
Vanessa Guerra, County Clerk
Suzy Koeplinger, Committee Clerk

**BUDGET
AUDIT**

COMMUNICATION NO. 8-17-26

TO: SAGINAW COUNTY BOARD OF COMMISSIONERS

Forwarding for review and approval the attached list of electronic transactions, as compiled by the Treasurer's Office; and voucher payments as compiled by the Controller's Office, Accounting Division.

ELECTRONIC TRANSACTIONS

Date: 04-01-2021 through 04-30-2021 Amount: \$ 11,584,565.78

Signed Jana Barry
Jana Barry, Deputy Treasurer/Financial Analyst

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 29 PM 3:55

VOUCHER PAYMENTS

Date: 04-01-2021 through 04-30-2021 Amount: \$ 7,726,046.17

Signed Koren A. Thurston
Koren Thurston, Finance Director

BUDGET AUDIT COMMITTEE

Recommending the bills as listed above be approved for payment. Any exceptions are noted below.

Signed _____ Dated _____
Dennis H. Krafft, Chair
Christopher Boyd, Vice Chair

Certifying approval by the Saginaw County Board of Commissioners at a regular meeting held on _____.

Signed _____
Vanessa Guerra, Saginaw County Clerk

SEAL

**BUDGET
AUDIT**

COMMUNICATION NO. 8-17-27

TO: SAGINAW COUNTY BOARD OF COMMISSIONERS

Forwarding for review and approval the attached list of electronic transactions, as compiled by the Treasurer's Office; and voucher payments as compiled by the Controller's Office, Accounting Division.

ELECTRONIC TRANSACTIONS

Date: 05-01-2021 through 05-31-2021 Amount: \$ 9,276,539.18

Signed Jana Barry
Jana Barry, Deputy Treasurer/Financial Analyst

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 29 PM 3:55

VOUCHER PAYMENTS

Date: 05-01-2021 through 05-31-2021 Amount: \$ 19,014,581.16

Signed Koren A. Thurston
Koren Thurston, Finance Director

BUDGET AUDIT COMMITTEE

Recommending the bills as listed above be approved for payment. Any exceptions are noted below.

Signed _____ Dated _____
Dennis H. Krafft, Chair
Christopher Boyd, Vice Chair

Certifying approval by the Saginaw County Board of Commissioners at a regular meeting held on _____.

Signed _____
Vanessa Guerra, Saginaw County Clerk

SEAL

**BUDGET
AUDIT**

COMMUNICATION NO. B-17-28

TO: SAGINAW COUNTY BOARD OF COMMISSIONERS

Forwarding for review and approval the attached list of electronic transactions, as compiled by the Treasurer's Office; and voucher payments as compiled by the Controller's Office, Accounting Division.

ELECTRONIC TRANSACTIONS

Date: 06-01-2021 through 06-30-2021 Amount: \$ 15,659,983.13

Signed Jana Barry
Jana Barry, Deputy Treasurer/Financial Analyst

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 29 PM 3:55

VOUCHER PAYMENTS

Date: 06-01-2021 through 06-30-2021 Amount: \$ 9,056,534.35

Signed Koren A. Thurston
Koren Thurston, Finance Director

BUDGET AUDIT COMMITTEE

Recommending the bills as listed above be approved for payment. Any exceptions are noted below.

Signed _____ Dated _____
Dennis H. Krafft, Chair
Christopher Boyd, Vice Chair

Certifying approval by the Saginaw County Board of Commissioners at a regular meeting held on _____.

Signed _____
Vanessa Guerra, Saginaw County Clerk

SEAL



COUNTY OF SAGINAW

OFFICE OF COUNTY CONTROLLER

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

BUDGET AUDIT

ROBERT V. BELLEMAN

Controller/Chief Administrative Officer
rbelleman@saginawcounty.com

July 28, 2021

Carl Ruth, Chair
Saginaw County Board of Commissioners
111 S. Michigan Avenue
Saginaw, MI 48602

8-17-29

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 29 PM 4:04

Dear Chairman Ruth:

The Budget Resolution states that a report of budget adjustments approved by the Controller as well as grants accepted on behalf of the County be submitted to the Budget/Audit Committee for informational purposes. In compliance, enclosed are those budget adjustments for April 1, 2021 through June 30, 2021.

Also included on this listing are any budget adjustments approved by the Controller for the purposes of carrying forward budget from fiscal 2020 to fiscal 2021 as outlined in Budget Resolution A.

If you or any of the other Commissioners have any questions, please feel free to contact me.

Sincerely,

Koren A. Thurston

Koren A. Thurston, CPA
Finance Director

Cc: Robert V. Belleman, Controller/CAO

SAGINAW COUNTY
CONTROLLER APPROVED BUDGET ADJUSTMENTS (DETAIL)
FROM 04/01/2021 TO 06/30/2021
FOR COUNTY YEAR 2021

BUDGET ADJ NO	REQUESTING DEPT.	BRIEF DESCRIPTION (JUSTIFICATION)	EFFECTED FUND(S) & ACTIVITY	ACCOUNT NUMBER	ACCOUNT NAME	DEBIT AMOUNT	CREDIT AMOUNT
68	FAMILY DIVISION	TRANSFER FUNDS TO COVER FOR THE COST OF A NEW FREEZER IN THE DETENTION CENTER KITCHEN PER BRANDON GENWRIGHT APPR'D VIA MOU W/ COURTS & BOARD OF COMMISSIONERS	CHILD CARE JUVENILE DETENTION HOME	292-66201-74700 292-66201-97050	FOOD (PROVISIONS) CAPITAL OUTLAY UNDER \$	4,000	4,000
69	MOSQUITO CONTROL	MOVING FUNDS TO COVER COST OF NEW PUBLIC NOTIFICATION AND SERVICE REQUEST SOFTWARE; APPROVED BY BELLEMAN VIA EMAIL 4/13/21	MOSQUITO ABATEMENT COMMIS ADMINISTRATION-MOSQUITO C	240-62002-75002 240-62000-93709	GAS, GREASE, & OIL SOFTWARE LICENSING FEE	17,000	17,000
70	CONTROLLER-FINANCIAL	TO ADJUST CLERK'S OFFICE BUDGET TO COVER THE COST OF PHYSICALS FOR NEW EMPLOYEES IN COURT RECORDS OFFICE. AS APPR'D VIA EMAIL BY R.BELLEMAN 4/13/21.	GENERAL OPERATING COUNTY CLERK	101-21500-83618 101-21500-70400	PRE-EMPLOYMENT PHYSICA S & W-PERMANENT	330	330
71	CONTROLLER-FINANCIAL	TO AMEND BYRNE JAG GRANT FOR CIRCUIT COURT FOR THE PURCHASE OF MRT WORKBOOKS AS APPR'D BY THE GRANT AGENCY & PER THE MOU B/W COURTS & BOC.	SPECIAL PROJECTS BYRNE JAG GRANT-CIRCUIT C	278-13115-74900 278-13115-80716	OTHER OPERATING SUPPLI CONSULTANT - CONTRACTU	250	250
73	CONTROLLER-FINANCIAL	TO AMEND PUBLIC IMP BUDGET TO MOVE REMAINING FUNDS FROM SCISSOR LIFT @ JAIL TO BORCHARD PARK LAND-SCAPING & PAVILION REPAIRS & COURT ST. PARKING LOT REMOVE OLD METER BASES, RESEAL & STRIPE. RVB 4/23	PUBLIC IMPROVEMENT GENERAL IMPROVEMENTS	245-44400-98645 245-44400-98631 245-44400-97402	SHERIFF-JAIL DIV - RES BORCHARD PARK BLDG & G LAND IMPROVEMENTS-PARK	7,023 7,024	14,047
74	CONTROLLER-FINANCIAL	TO AMEND PUBLIC IMPROVEMENT BUDGET TO TRANSFER THE UNUSED BALANCE FROM COURTHOUSE BOOSTER PUMP PROJEC TO THE SECURITY PROJECT AT FAMILY COURT/JUVENILE DETENTION. AS APPR'D BY R.BELLEMAN 4/23/2021.	PUBLIC IMPROVEMENT GENERAL IMPROVEMENTS	245-44400-97743 245-44400-97709	SECURITY EQUIPMENT COURTHOUSE-HVAC HEATIN	5,000	5,000
75	FAMILY DIVISION	TO TRANSFER FUNDS TO COVER THE COST OF SERVICE FEE FOR NEW TIME CLOCKS PER BRANDON GENWRIGHT APPR'D PURSUANT TO MOU B/W COURTS & BOC	CHILD CARE JUVENILE DETENTION HOME	292-66201-75100 292-66201-93300	RECREATIONAL SUPPLIES EQUIPMENT R & M	600	600
78	CONTROLLER-FINANCIAL	TO AMEND PUBLIC IMPROVEMENT FUND TO CARRY FORWARD FY 2020 BUDGET TO COMPLETE THE SECURITY PROJECT AT THE FAMILY COURT/JUVENILE DETENTION CENTER. ORDER CANCELED DUE TO COVID. APPR'D RVB 4/12/2021.	PUBLIC IMPROVEMENT GENERAL IMPROVEMENTS	245-44400-97743 245-44400-69433	SECURITY EQUIPMENT OTHER REVENUE/FUND BAL	11,488	11,488
79	CONTROLLER-FINANCIAL	TO REVISE BUDGET ADJ #44 FOR A TOTAL OF \$8,600 TO COMPLETE THE SECURITY PROJECT AT THE FAMILY COURT/JUVENILE DETENTION CENTER FACILITY (ORIGINALLY \$5,000 WAS APPROVED) AS APPR'D BY RVB 4/26/2021.	PUBLIC IMPROVEMENT GENERAL IMPROVEMENTS	245-44400-97743 245-44400-97709	SECURITY EQUIPMENT COURTHOUSE-HVAC HEATIN	3,600	3,600
82	CONTROLLER-FINANCIAL	TO ADJUST PROBATE COURT'S BUDGET TO ALLOW FOR PURCHASE OF REPLACEMENT CHAIR FOR JUDGE MCGRAW. APPR'D VIA MOU B/W COURTS & BOC.	GENERAL OPERATING PROBATE COURT	101-14800-97050 101-14800-95800	CAPITAL OUTLAY UNDER \$ STAFF TRAINING & IMPRO	2,000	2,000
83	HEALTH DEPT	TO ADJUST BUDGET IN WIC GRANT FOR (6) CELL PHONES REQUIRED FOR REMOTE WIC OPERATIONS - 5 FOR WIC EMPLOYEES AND 1 FOR WIC CONTRACTUAL POSITION. AS APPR'D VIA EMAIL BY R.BELLEMAN 5/20/2021	HEALTH DEPARTMENT WOMEN,INFANTS & CHILDREN	221-60119-86104 221-60119-97050	TRAVEL-MILEAGE CAPITAL OUTLAY UNDER \$	300	300
85	CONTROLLER-FINANCIAL	TO AMEND SHERIFF'S OFFICE BUDGET TO ALLOW FOR THE PURCHASE OF A 2021 DODGE CHARGER. (THIS WILL BE INSTEAD OF THE MALIBU APPROVED BY THE BOC & SPLIT B/W LAW ENF & ADMIN) AS APPR'D RVB 5/20/2021.	GENERAL OPERATING SHERIFF'S OFFICE	101-30101-97900 101-30101-92100	VEHICLES & ACCESSORIES ELECTRIC SERVICE	8,799	8,799
86	CONTROLLER-FINANCIAL	TO AMEND BUDGET FOR MAINTENANCE TO COVER REPAIRS NEEDED FOR VARIOUS EQUIPMENT. AS APPR'D VIA EMAIL BY R.BELLEMAN 5/26/2021.	GENERAL OPERATING OTHER COUNTY PROPERTIES	101-26506-93800 101-26506-93100	GROUNDS CARE & MAINTEN BUILDING R & M	5,000	5,000
87	CONTROLLER-FINANCIAL	TO AMEND CONTROLLER'S OFFICE BUDGET TO ALLOW FOR THE PURCHASE OF A TV/MOUNT FOR THE BREAKROOM IN THE BASEMENT OF THE COURTHOUSE. AS APPR'D VIA EMAIL BY R.BELLEMAN 5/27/2021.	GENERAL OPERATING CONTROLLER-ADMINISTRATION	101-22301-97050 101-22301-95800	CAPITAL OUTLAY UNDER \$ STAFF TRAINING & IMPRO	310	310
89	HEALTH DEPT	TO ESTABLISH BUDGET FOR MEDICAL MARIHUANA OPERATION AND OVERSIGHT GRANT (LARA). AS APPR'D VIA EMAIL BY C.RUTH & R.BELLEMAN.	HEALTH DEPARTMENT MED MARIHUANA OPERATION-O	221-60172-53914 221-60172-88200 221-60172-93810	STATE GRANTS-HEALTH PUBLIC INFORMATION PROJECT COSTS	38,396 5,000	43,396
90	CONTROLLER-FINANCIAL	TO AMEND BUDGET FOR ANIMAL CONTROL TO PURCHASE A LAP TOP COMPUTER TO SET UP ADDITIONAL WORK STATION FOR ANIMAL CONTROL OFFICERS FOR CRUELTY CASES & SEARCH WARRANTS. AS APPR'D VIA EMAIL BY RVB 6/8/21	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-97050 250-43000-70300	CAPITAL OUTLAY UNDER \$ S & W-SUPERVISORY	1,345	1,345
91	CONTROLLER-FINANCIAL	TO AMEND BUDGET FOR ANIMAL CONTROL TO COVER OVERAGE IN OFFICE SUPPLIES & FOR REMAINDER OF FISCAL YEAR. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-73000 250-43000-70300	OFFICE SUPPLIES S & W-SUPERVISORY	1,500	1,500

SAGINAW COUNTY
CONTROLLER APPROVED BUDGET ADJUSTMENTS (DETAIL)
FROM 04/01/2021 TO 06/30/2021
FOR COUNTY YEAR 2021

BUDGET ADJ NO	REQUESTING DEPT.	BRIEF DESCRIPTION (JUSTIFICATION)	EFFECTED FUND(S) & ACTIVITY	ACCOUNT NUMBER	ACCOUNT NAME	DEBIT AMOUNT	CREDIT AMOUNT
92	CONTROLLER-FINANCIAL	TO AMEN BUDGET FOR ANIMAL CONTROL TO COVER AN OVERAGE IN DRUGS & PHARMACEUTICALS. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-76200 250-43000-80507	DRUGS & PHARMACEUTICAL PROF SERV-ROUTINE ANIM	10,000	10,000
93	CONTROLLER-FINANCIAL	TO AMEND BUDGET FOR ANIMAL CONTROL TO COVER AN OVERAGE IN KENNEL SUPPLIES. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-74800 250-43000-80507	KENNEL SUPPLIES PROF SERV-ROUTINE ANIM	10,000	10,000
94	CONTROLLER-FINANCIAL	TO AMEND BUDGET FOR ANIMAL CONTROL TO COVER AN OVERAGE IN UNIFORMS & ACCESSORIES DUE TO 2 NEW ACO'S AND STAFF T-SHIRTS FOR TECHS & AIDES. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL ANIMAL CARE & CONTROL BUI	250-43000-75400 250-43000-96576 313-43050-67623 313-43050-99100	UNIFORMS & ACCESSORIES CONTR-DEBT SERVICE CONTR-ANIMAL CONTROL PRINCIPAL PAYMENTS	7,000 7,000	7,000 7,000
95	CONTROLLER-FINANCIAL	TO AMEND ANIMAL CONTROL BUDGET TO COVER OVERAGE IN SHREDDING DUE TO SHREDDING OF CONFIDENTIAL DOCUMENTS USED IN SEVERAL CRUELTY INVESTIGATIONS. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-80503 250-43000-70300	SHREDDING SERVICES S & W-SUPERVISORY	150	150
96	CONTROLLER-FINANCIAL	TO AMEND BUDGET FOR ANIMAL CONTROL TO COVER OVERAGE IN MEMBERSHIPS & DUES FOR DUES PAID TO MAACO AND POLICE CHIEF'S ASSOCIATION. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-82000 250-43000-70300	MEMBERSHIPS & DUES S & W-SUPERVISORY	200	200
97	CONTROLLER-FINANCIAL	TO AMEND ANIMAL CONTROL BUDGET FOR OVERAGES IN PRINTING & BINDING FOR ADDITIONAL EXPENSES INCURRED FOR CRUELTY INVESTIGATIONS. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL	250-43000-90200 250-43000-70300	PRINTING & BINDING S & W-SUPERVISORY	300	300
98	CONTROLLER-FINANCIAL	TO AMEND ANIMAL CONTROL BUDGET TO COVER OVERAGE IN EQUIPMENT REPAIRS & MAINTENANCE FOR PURCHASE OF NEW HOSES & JUMPER CABLES FOR OLD TRUCK. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL ANIMAL CARE & CONTROL BUI	250-43000-93300 250-43000-96576 313-43050-67623 313-43050-99100	EQUIPMENT R & M CONTR-DEBT SERVICE CONTR-ANIMAL CONTROL PRINCIPAL PAYMENTS	500 500	500 500
99	CONTROLLER-FINANCIAL	TO AMEND ANIMAL CONTROL BUDGET TO COVER OVERAGE IN VEHICLE REPAIRS & MAINTENANCE FOR REPAIRS NEEDED TO ANIMAL CONTAINMENT BOX, NEW TIRES & REPAIRS ON ACO TRUCKS. AS APPR'D VIA EMAIL BY RVB 6/8/21.	ANIMAL CARE & CONTROL ANIMAL CONTROL ANIMAL CARE & CONTROL BUI	250-43000-93600 250-43000-96576 313-43050-67623 313-43050-99100	VEHICLE R & M CONTR-DEBT SERVICE CONTR-ANIMAL CONTROL PRINCIPAL PAYMENTS	10,000 10,000	10,000 10,000
100	CONTROLLER-FINANCIAL	TO AMEND DISTRICT COURT BUDGET TO COVER OVERAGE IN CLERICAL LINE ITEM. AS REQUESTED BY L.JAMES & APPROVED VIA MOU B/W COURTS & BOARD.	GENERAL OPERATING DISTRICT COURT	101-13600-80500 101-13600-70400	CLERICAL SERVICES S & W-PERMANENT	75,000	75,000
101	COMMISSION ON AGING	AN ADJUSTMENT FOR ADDITIONAL FEMA FUNDS ALLOCATED TO COA THIS YEAR APPROVED BY CHAIRMAN RUTH & ROBERT BELLEMAN	COMMISSION ON AGING EMERGENCY FOOD ASSISTANCE	238-67283-74700 238-67283-67506	FOOD (PROVISIONS) UNITED WAY - RESEARCH	2,000	2,000
107	PROSECUTING ATTORNEY	BUDGET ADJUSTMENT REQUEST FROM 101-23000-86200 TRAVEL-WORKSHOPS TO 101-23000-82400 PROCESS SERVER FEES TO COVER OVERAGE. AS APPR'D VIA EMAIL BY R.BELLEMAN 6/30/2021.	GENERAL OPERATING PROSECUTOR-WELFARE ENFORC	101-23000-82400 101-23000-86200	PROCESS SERVER FEES TRAVEL-WORKSHOPS	2,000	2,000



COUNTY OF SAGINAW

OFFICE OF COUNTY CONTROLLER

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

BUDGET AUDIT

ROBERT V. BELLEMAN

Controller/Chief Administrative Officer
rbelleman@saginawcounty.com

July 28, 2021

Carl E. Ruth, Chair
Saginaw County Board of Commissioners
111 S. Michigan Avenue
Saginaw, MI 48602

8-17-30

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 29 PM 4:04

RE: Draft #2 Changes to the Proposed Fiscal Year 2022 Budget

Dear Chairman Ruth:

I am hereby requesting a total of four (4) changes to Draft #1 of the proposed Fiscal Year 2022 budget be approved.

The first two (2) requests were previously presented at the Committee of the Whole meeting held on June 28, 2021. These include the request from Undersheriff Gomez requesting to add an additional four (4) beds to the Sheriff's Federal Bed Space Rental line for a total of \$102,000 in revenue, with this additional revenue dedicated to the PLUS-Home Surveillance Program. The second request is from Public Works Commissioner Brian Wendling to include an estimated \$2,200 in Auction Costs for the planned sale of an existing vehicle. If approved, the net effect on the General Fund would be an increase in the use of Fund Balance of \$2,200, bringing this amount up from \$1,688,140 to \$1,690,340.

The third request is to reduce the Law Enforcement budget by \$286,783 due to Board action approved at the June 22, 2021 meeting. At this meeting, the Board approved "moving" up the order date of seven (7) patrol vehicles that were originally included as a part of Draft #1 of the FY 2022 Budget. As these vehicles are approved to be ordered in FY 2021, the budget in FY 2022 will not be necessary unless the vehicles are received after September 30, 2021. If that happens, the Sheriff's Office will then request from our Controller/CAO to carry forward the unused FY 2021 budget.

The fourth and final request is from Jessica Sargent and Gene Schmidt with Commission on Aging to increase the FY 2022 Budget to account for additional grant funding received for the Foster Grandparent Expansion Grant. The request is to increase to the FY 2022 budget by \$449,621 with \$377,000 coming from Federal Grant dollars, \$41,060 coming from an In-Kind Local Match and the remaining \$31,561 coming from Commission on Aging's fund balance. If approved, the net affect on the Use of Fund Balance for FY 2022 budget would be an increase of \$31,561, bringing this amount up from \$162,817 to \$194,378.

I will be in attendance at the August 5, 2021 Budget/Audit Committee meeting to answer any questions you may have regarding these requests to amend Draft #1 of the FY 2022 budget. I have also extended an invitation to the affected departments.

Sincerely,

Koren A. Thurston

Koren A. Thurston, CPA
Finance Director

Cc: Robert V. Belleman, Controller/CAO
Sheriff William Federspiel
Undersheriff Miguel Gomez
Brian Wendling, Public Works Commissioner
Jessica Sargent, Commission on Aging Director
Gene Schmidt, Commission on Aging Accountant II

County of Saginaw
Adjustments to FY 2022 Budget Draft #1
Budget Audit Committee Meeting
Thursday, August 5, 2021

	<u>Expense Adjustments</u>	<u>Revenue Adjustments</u>	<u>Deficit</u>
General Fund Draft #1 - June 28, 2021 - Use of Fund Balance			\$1,688,140
1) Adjustment to add an additional four (4) beds to the Sheriff's Federal bed rental, for an increase of \$102,000; those funds to be transferred to the PLUS budget per Committee of the Whole meeting held June 28, 2021:			
Federal Bed Rental		\$102,000	
Contribution to Sheriff Special Project - PLUS	\$102,000		
2) Adjustment to add \$2,200 to Auction Sales line item for Public Works Commissioner for the planned sale of an existing vehicle per Committee of the Whole meeting held June 28, 2021:			
Auction Costs	\$2,200		
Other Revenue/Fund Balance		\$2,200	
Total Adjustments	\$104,200	\$104,200	
General Fund Draft #2 - August 5, 2021 - Use of Fund Balance			\$1,690,340
Law Enforcement Fund Draft #1 - June 28, 2021 - Increase to Fund Balance			\$61,665
1) Adjustment to allow the replacement of seven (7) patrol vehicles to occur in FY 2021 by "moving" up the order date per Board approval on June 22, 2021:			
Vehicles & Accessories	(\$286,783)		
Other Revenue/Fund Balance		(\$286,783)	
Total Adjustments	(\$286,783)	(\$286,783)	
Law Enforcement Draft #2 - August 5, 2021 - Increase to Fund Balance			\$348,448
Commission on Aging Fund Draft #1 - June 28, 2021 - Use of Fund Balance			\$162,817
1) Adjustment to reflect additional grant funds awarded for Foster Grandparent Expansion Grant:			
Salaries/Wages and Fringe Benefits	\$103,359		
Operating Supplies	\$49,680		
Other Services and Charges	\$261,032		
Capital Outlay	\$35,550		
Federal Grants		\$377,000	
Local In-Kind Match		\$41,060	
Other Revenue/Fund Balance		\$31,561	
Total Adjustments	\$449,621	\$449,621	
Commission on Aging Fund Draft #2 - August 5, 2021 - Use of Fund Balance			\$194,378

County of Saginaw
Adjustments to FY 2022 Budget Draft #1
Budget Audit Committee Meeting
Thursday, August 5, 2021

	<u>Expense Adjustments</u>	<u>Revenue Adjustments</u>	<u>Deficit</u>
Sheriff Special Projects Fund Draft #1 - June 28, 2021 - Use of Fund Balance			\$12,434
PLUS - Home Surveillance			
1) Adjustment to add an additional four (4) beds to the Sheriff's Federal bed rental, for an increase of \$102,000; those funds to be transferred to the PLUS budget per Committee of the Whole meeting held June 28, 2021:			
Equipment Rental-Other	\$38,000		
Reimbursement Surveillance Fees		(\$64,000)	
Contribution from General Fund		\$102,000	
 Total Adjustments	 \$38,000	 \$38,000	
Sheriff Special Projects Fund Draft #2 - August 5, 2021 - Use of Fund Balance			\$12,434

COUNTY OF SAGINAW

TIMOTHY M. NOVAK

TREASURER

Governmental Center
111 S. Michigan Avenue
Saginaw, Michigan 48602

Phone: 989-790-5225 • Fax: 989-790-5229

Website: SaginawCounty.com/Treasurer

BUDGET AUDIT



RECEIVE & FILE

8-17-13

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL -2 PM 2:44

Memo

To: Honorable Board of Commissioners
From: Timothy M. Novak, Saginaw County Treasurer
Date: July 2, 2021
Re: Restricted Funds- Excess Proceeds from Foreclosure Auctions

This memo is sent pursuant to MCL 211.78m (8) (h) regarding the balance of excess proceeds in the Tax Foreclosure Auction Restricted Funds.

The remaining balance of excess sale proceeds from 2016 and prior years:	\$ 968,390.00
Less contingent costs*	\$ 968,390.00
Total remaining balance available for transfer:	\$0.00

*By State Law, contingent costs include liabilities of the fund for title or other legal claims including:

- Reimbursement for all taxes, interest, and fees on property whether or not sold,
- Costs of the sale of the properties,
- Costs of the foreclosure proceedings including, but not limited to, costs of mailing, publication, personal service, and outside contractors,
- Costs of prior years that have not been paid or reimbursed,
- Costs incurred in maintaining foreclosed property,
- Costs of any environmental remediation,
- Costs for the defense of title actions,
- Costs incurred in administering the foreclosure and disposition of forfeited properties, and
- Any costs for any subsequent year that are not covered in the year shall be paid from any remaining balance in prior years.

A recent Michigan Supreme Court decision raised the risk for incurring costs for the defense of title actions. The Supreme Court ruled that there is no longer a two-year time limit in which a former owner may return and attempt to regain the property from the owner to whom the property was auctioned and sue the County for more than money damages. Based on this decision, it is prudent to ensure that the contingent costs include sufficient assets to cover this increased financial risk.

**2019 Foreclosure Year
2016 Tax Year**

July 2, 2021

Sales Proceeds:

1st Sale

2nd Sale

Total Proceeds

**2019
Foreclosure**
968,390.00

\$ 968,390.00

Expenses:

Certified Mailing Expense

Consultant-Services

Inspection Services

Insurance - Public Liability

Filing Fees & Recording Fees

Title Search Expense

Printing & Publishings

Property Services

Staff Wages & Benefits

Proceeds due to 2016 Revolving Fund

Contingent Liabilities for Legal Fees

Total Expenses

**2019
Foreclosure**
60,236.46
263,004.72
77,400.00
1,637.00
17,065.00
80,469.50
10,106.81
23,074.44
221,795.48
3,873.35
209,727.24

968,390.00

Balance

\$ -

**Remaining balance available for
Distribution to the General Fund
Pursuant to MCL 211.78m (8) (h)**

\$0.00

Foreclosures

Calendar year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of Certified ff notices sent Jan 16th	7,839	7,432	7,744	7,437	7,593	7,834	7,419	7,090	7,350	6,924	
Number of forfeiture certificates recorded	3,857	3,763	3,485	3,752	3,712	3,655	3,682	3,723	3,351	3,291	3,530
Number of properties sent to Title Check	3,556	3,416	3,172	3,398	3,385	3,417	3,473	3,449	3,144	3,070	3,355
Publication	2,666	2,613	2,391	2,649	2,690	2,501	2,775	2,568	2,202	2,130	
Certified October 1 Fee	3,019	2,882	2,652	2,889	2,830	2,893	2,889	2,842	2,440	2,089	
Total number of foreclosed properties	837	1,006	745	561	568	400	384	412	445	327	-
Number of foreclosed properties in City	676	822	591	447	439	293	266	308	318	250	-
Purchased by Local Unit prior to sale	1	1	2	4	-	2	1	-	2	-	
Purchased by Land Bank prior to sale	176	187	37	-	109	43	-	-	-	-	
Number of properties sold @ 1st Sale	40	79	76	70	67	54	63	95	112	103	
Number of properties sold @Oct/Nov Sale	-	-	-	114	16	-	60	-	-	-	
properties not sold	620	739	630	373	376	301	260	317	331	224	
Amount received from 1st sale	672,293	1,116,199	657,320	574,195	1,096,436	513,774	590,040	972,750	1,237,260	968,390	
Amount received from 2nd sale	-	-	-	402,386	69,689	-	288,369	-	-	-	
Total received from Sales	672,293	1,116,199	657,320	976,581	1,166,125	513,774	878,409	972,750	1,237,260	968,390	

Calendar Year
2016 Taxes

3/1/2017 Delinquent
3/1/2018 Forfeiture
4/1/2019 Foreclosure

2019 Sale
2020 Chargebacks

July 28, 2021

BUDGET AUDIT

Honorable Chairman Ruth and Members of the Board of Commissioners
County of Saginaw
111 S. Michigan Avenue
Saginaw, MI 48602

8-17-15

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 28 AM 11:06

RE: Request to appear before the Budget / Audit Committee

Dear Chairman Ruth and Commissioners:

This is a formal letter requesting the opportunity for Michigan State University Extension to appear before the Budget / Audit Meeting on Thursday, August 5th @ 4 p.m.

The partnership with Saginaw County enables MSU Extension to provide 4H youth development programs which include traditional programming as well as programming with partners which includes STEM (Science, Technology, Engineering, & Math) and SPIN (Special Interest programs) for youth and families. It also provides for our Office Manager and office operations. This county support allows me, as the District Director, to leverage these funds to bring in additional State, Federal, and grant dollars to provide additional educational programs and support for the residents of Saginaw County.

This support is essential in order to provide needed programs for the residents of Saginaw County such as:

- Supplemental Nutritional Assistance Program – SNAP Education
- Expanded Food Nutritional Education Programming – EFNEP Education
- VA SNAP Outreach Programming
- Food Safety Education
- Food Insecurities and Access Education
- Mental Health First Aide for Adults & Youth
- Social and Emotional Education
- Stress Less with Mindfulness
- Dining with Diabetes
- Financial and Foreclosure Education
- Agriculture and Agribusiness for farmers and Commodities
- Over 200 educational programs and support are offered through MSU Extension in Saginaw County.

After my meeting with Mr. Belleman, I would like to request an additional \$90,000 for FY 2021. I would also like to request the base assessment of \$108,203 for FY 2022. This would allow us to continue providing programs for the residents of Saginaw County until we can go for a millage request in August of 2022 (or the earliest countywide millage).

Michigan State University Extension's mission is to: **help people improve their lives through an educational process that applies knowledge to critical issues, needs, and opportunities.**

We partner with a variety of departments and organizations to supplement and enhance opportunities for Saginaw County residents. Some examples of these partnerships include:

- Parks and Recreation
- Commission on Aging
- Health Department
- YMCA
- Local School Districts and Buildings
- Saginaw Children's Zoo
- Saginaw Neighborhood Associations
- Farm Bureau
- Commodity Groups
- Saginaw Valley Research Center
- Local Farmers Markets
- Local Food Pantries

I would like to thank you in advance for the opportunity for MSU Extension to be on the agenda and continue to advocate for MSU Extension and the value it brings to the residents of Saginaw County. If you have any questions, please do not hesitate to call or email me.

Sincerely,

Mark J. Rankin

District 9 Coordinator
Michigan State University Extension
723 Emerson St.
Saginaw, MI 48607
Phone: (989) 758-2500
Fax: (989) 758-2509
Cell: (517) 937-7890
Email: rankinm1@msu.edu

MSU is an affirmative action/equal opportunity employer. Michigan State University Extension programs and materials are open to all without regard to race, color, national origin, gender, gender identity, religion, age, height, weight, disability, political beliefs, sexual orientation, marital status, family status, or veteran status.



County of Saginaw

MAINTENANCE DEPARTMENT

211 CONGRESS
SAGINAW, MICHIGAN 48602

BUDGET AUDIT

Tony DePelsmaecker
Director of Maintenance

July 8, 2021

Carl Ruth, Chairman
Saginaw County Board of Commissioners
111 S. Michigan Ave.
Saginaw, MI 48602

RE: Courthouse-Employee/Public Lounge

Dear Chairman Ruth:

I was requested by Controller, Robert Belleman to work with our Purchasing Manager, Kelly Suppes to revamp the Employee/Public Lounge located in the lower level of the Courthouse.

The desired outcome is to repaint the walls, replace the tables, chairs, bulletin board and provide a new sink with hot water, cabinet and countertop. I have attached a proposed 3D design layout.

The total anticipated cost of the project is \$13,000.

I am requesting to utilize Fund Balance from the General Fund and transfer into the Public Improvement Fund in the amount of \$13,000 to finance this project. If other projects come in under budget and funds are available in the Public Improvement Fund then use of GF fund balance would not be needed. We anticipate the work to be completed in the current fiscal year. There is a possibility that the furniture will not be delivered until after October 1, 2021 therefore we will request a budget rollover if this occurs.

If you should have any questions, please feel free to contact me.

Sincerely,

Anthony DePelsmaecker, Director of Maintenance

8-17-16

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL -9 AM 9:06





John A. McColgan, Jr.
Saginaw County Prosecuting Attorney

COURT HOUSE
111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

**BUDGET
AUDIT**

Mark J. Gaertner
Chief Assistant Prosecuting Attorney

8-17-17

TO: Honorable Chairman and Members of the Board of Commissioners and Controller
Bellemann

FROM: Prosecutor John McColgan, Jr.

SUBJECT: DHHS Division Budget request

DATE: July 28, 2021

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 28 PM 3:31

Dear Commissioners,

We come before you to ask for an increase in 2021 fiscal budget for our DHHS Division. We are specifically requesting \$6,000.00 for additional expenses for increased costs for postage and process server fees. These additional expenses are due to COVID. After speaking with Sarah Flora, Accountant I, she indicated we needed to ask the board for this increase and once the increase is granted the State of Michigan will reimburse these funds.

Sincerely,

John A. McColgan Jr.
Saginaw County Prosecutor



BUDGET AUDIT

111 S. MICHIGAN AVE.
SAGINAW, MI 48602

VANESSA GUERRA
COUNTY CLERK

DEPUTY COUNTY CLERK
KYLE A. BOSTWICK

July 28, 2021

Honorable Committee Chairman Dennis Kraft
Saginaw County Board of Commissioners
111 South Michigan Avenue
Saginaw, MI 48602

8-17-18

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 28 PM 4:51

Dear Chairman Krafft,

Please allow this letter to serve as my request to meet with the Budget/Audit Committee on behalf of the County Apportionment Commission at its Thursday August 5, 2021 meeting regarding the following matters:

A. Request for funding for an apportionment mapping program

I will be in attendance on Thursday August 5th to answer any questions you or the committee may have.

Thank you for your time,

Vanessa Guerra
Saginaw County Clerk

BUDGET AUDIT



DEPUTY COUNTY CLERK
NICOLE PEREZ

VANESSA GUERRA
COUNTY CLERK

DEPUTY COUNTY CLERK
KYLE A. BOSTWICK

July 28, 2021

Honorable Committee Chairman Dennis Kraft
Saginaw County Board of Commissioners
111 South Michigan Avenue
Saginaw, MI 48602

8-17-19

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 28 PM 4:51

Dear Chairman Kraft,

Please allow this letter to serve as my request to meet with the Budget/Audit Committee at its Thursday August 5, 2021 meeting regarding the following matters:

- A. Request for funding to implement the relocation of the three divisions of the County Clerk's Office as well as additional staffing in the Circuit Court Records Office.

Attached for your review is a memo explaining our request in further detail. Myself, our Chief Deputy Kyle Bostwick and Deputy Nicole Perez will be in attendance on Thursday August 5th to answer any questions you or the committee may have.

Thank you for your time,

A handwritten signature in black ink that reads "Vanessa Guerra". The signature is fluid and cursive, with the first name "Vanessa" written in a larger, more prominent script than the last name "Guerra".

Vanessa Guerra
Saginaw County Clerk

Enclosure



DEPUTY COUNTY CLERK
NICOLE PEREZ

VANESSA GUERRA
COUNTY CLERK

DEPUTY COUNTY CLERK
KYLE A. BOSTWICK

MEMORANDUM

Date: July 26, 2021
To: Chief Judge Jackson, Board of Commissioners
From: Vanessa Guerra, County Clerk
Re: Circuit Court Records Improvement Plan

On Monday July 12, 2021 the Clerk's Office met with the Controller, Chief Judge Jackson and Judge Borrello to discuss deficiencies, as identified in the State Court Administrative Office (SCAO) *Management Consultation Report 10th Circuit Court, Circuit Court Records Division – Saginaw County, submitted to the Board of Commissioners on October 11, 2019*. A copy of the SCAO *Management Consultation Report* is attached herewith for your review. The parties discussed potential solutions to the delay in filings and timely entries of pleadings and the court later requested the Clerk submit an improvement plan to the Court within two (2) weeks of the July 12th meeting, with a goal of compliance on or before September 1, 2021. Since the date of that meeting, the Circuit Court Records Office has made several changes to its functions:

- Changes made by Circuit Court Records Office
 - Staff have been given the opportunity to work overtime
 - Staff have been given the opportunity to work a flexible schedule so that they can work during more uninterrupted times while still fulfilling their 40-hour work week.
 - Staff who struggle with staying focused have been moved to more secluded area of the office.
 - A vital records clerk has been working out of classification on circuit court records data entry. This has caused a delay in the processing of vital records.
- Changes made by the Courts
 - Upon request of the Clerk, the courts have allowed us to change our hours available to the public from 8am-5pm to 9am-4pm, thus giving staff more uninterrupted time to focus on filings and data entry.

These changes have resulted in some improvements; however, these changes alone will not allow us to comply with the court's desired 24-36 hour turnaround time for filings and data entry. Without additional staff and space, we will find ourselves delayed again the next time a member of our staff takes a vacation, utilizes their PTO, or experiences an illness. Additionally, the CCRO is experiencing a substantial influx of court filings as the courts return to in-person

hearings and trials. We have discussed various solutions to this problem but again come back to the recommendations made in SCAO's review of our office. We have outlined how we can achieve those recommendations and fulfill the court's desires in a sustainable manner below.

Relocate Circuit Court Records Office

The current office space provided to the Circuit Court Records Office is too small for our staff and the volume of documents we process. To adequately serve the courts, our staff need additional space to organize documents so that items are properly managed from the moment they're received during intake, to their final placement in the correct casefile. We need additional staff to properly service the courts and we cannot hire more employees (temporary or permanent) without adequate space. We have evaluated a few options and believe the best use of space would be to move all three divisions of the County Clerk's office to the vacant former Sheriff Administration Building. This would create more space for current and future employees to process and prepare case files. Most significantly, having all three divisions on one floor would give the Clerk, Chief Deputy Clerk and Deputy Clerk the ability to properly supervise all members of the Clerk's Office.

We have toured the former Sheriff Administration Building and we believe with some adjustments, that the space and layout would be adequate for our staff as well as our vital records, election records, and circuit court records files. This office space will need to be renovated regardless of the occupants, and we do believe of all the county departments, ours most appropriately utilizes this empty space.

Allow Staff Additional Time to Become Current in Filings

As discussed in the two-hour meeting organized by Judge Borrello, the clerk's office has since implemented changes to the staff work schedule. The Circuit Court Records Office is now closed to the public for two hours each day to provide staff with more uninterrupted time to become current in their filings. Additionally, staff have again been offered overtime and the ability to create a more flexible work schedule. Staff can work uninterrupted on the weekends or come in earlier/stay later and adjust their schedule accordingly to ensure their 40-hour work week is fulfilled. These scheduled adjustments have been helpful in improving the workload as well as staff morale. Presently the Circuit Court Records Office operates seven days a week.



DEPUTY COUNTY CLERK
NICOLE PEREZ

VANESSA GUERRA
COUNTY CLERK

DEPUTY COUNTY CLERK
KYLE A. BOSTWICK

Creation of Additional Staff

The Clerk's office has met with the Controller's Office to discuss the possibility of creating a temporary second shift of circuit court records staff which would allow us an opportunity to create a sustained 24 to 36-hour turnaround time for entering documents into the register of actions and ensuring the documents are timely filed in the appropriate case file. Currently, our staff fluctuate between 7-12 days behind. This delay means that documents submitted to our court are not entered on the register of actions until several days after they have been submitted to our office and are not placed into the appropriate case file for several days to weeks or months later. During this time, there is an increased risk for documents to be misfiled or misplaced as our office is small and the staff have piles of documents scattered throughout the office. A misplaced document or casefile often consumes the time of up to four staff members as they search for the misplaced item; this occurs on a regular basis.

Our goal would be to create a temporary second shift of two data entry clerks (Legal Specialist I) and two file clerks (Legal Clerk I). The second shift would work from 3pm to 11pm Monday-Friday until our office has moved to the former Sheriff Administration Building. Once we have moved, the additional staff would be absorbed into our regular day shift hours as we would then have the space needed to house them during the day. Our current office does not have the space to house four additional employees. As we await the move, we could utilize the former now vacant Community Corrections Office space to house additional employees. This would eliminate the need for a 3-11 p.m. shift as the additional staff could work in this vacated space.

We would also like to move forward with elevating a Legal Specialist I and a Legal Clerk I to a "crew leader" position within the office which would allow for improved coordination and increased efficiency between the two main operations of our office: data entry and filing. We have worked with the personnel department and have identified the role of a "crew leader" to be the best fit for our department's needs. The compensation of this position would be determined in the negotiation process.

Financial Component

The cost for a single Legal Specialist I for one year at step three with the family benefits package is \$87,209. The cost for a single Legal Clerk I for one year at step three with the family benefits package is \$80,486. Our total cost in staff for two legal specialists and two legal clerks plus the cost of their physical exams, would be \$336,050. We would also need to outfit these staff members with equipment at a total cost of \$12,840.

I am seeking approval to fund the additional four positions and to implement this 2nd shift immediately to ensure the Circuit Court Records Office is meeting court standards of reviewing, entering, and filing all court documents within 24 to 36 hours. I firmly believe the transition to an electronic court system would shorten the duration of these additional staff positions. I recommend a three-year commitment to these four additional positions or less predicated on our ability to get caught up and maintain our commitment to meeting the aforementioned court standards pertaining to filing of court documents.



State Court Administrative Office

Management Consultation Report

10th Circuit Court,
Circuit Court Records Division –
Saginaw County

INDEPENDENCE · ACCESSIBILITY · ENGAGEMENT · EFFICIENCY



INTRODUCTION

At the request of Chief Judge Patrick J. McGraw and County Clerk Michael J. Hanley, the State Court Administrative Office (SCAO) conducted an analysis of the circuit court clerk's office, which is under the control of the county clerk. The chief judge and county clerk advised that judges had expressed concern regarding delays in processing documents. Management Analysts Jim Inloes and Stacy Westra were assigned to conduct the analysis. Jim Inloes spent one day on site interviewing the chief judge, county clerk, chief deputy county clerk, circuit court administrator, and the court records supervisor and staff. In addition, he reviewed court files to determine whether they are being maintained in accordance with the Case File Management Standards.

The county clerk is the clerk of the circuit court and, as such, is responsible for maintaining the circuit court's records in accordance with statute and court rule. This responsibility also includes the processing of all documents filed with the court. These responsibilities are in addition to supervising and managing elections; processing applications for passports; issuing and recording marriage licenses, birth and death certificates, concealed weapons permits; and a myriad of other duties mandated by law.

In Saginaw County, the relationship between the county clerk and the chief judge is excellent and both are willing to work collaboratively to address the issues facing the court records office.

FINDINGS AND RECOMMENDATIONS

1.0 Court Records Office Location

Recommendation 1.1: Relocate the court records office to the first floor of the courthouse.

The chief judge and the county clerk should request that the court records office be relocated to the first floor of the courthouse within close proximity to the county clerk's vital records and elections office. The most desirable location is the area currently housing the Equalization Department, which has far less public traffic than circuit court records. The current basement location is inconvenient to litigants, attorneys, and the public. A first floor location would decrease the amount of traffic using the elevators and the time those customers must spend in the courthouse. In addition, because court administration is on the fourth floor, many customers become confused about the appropriate location to file documents or obtain information. This unnecessary traffic increases the security risks in the courthouse. The Michigan Supreme Court has recently issued Administrative Order 2019-1 that requires all courts to create a security committee. The Supreme Court issued this order because of increased security incidents in courthouses across the state that serve to jeopardize the safety of the public and staff of the court and county offices.

Because of the current space consumed by court files, the workspace for the eight employees is cramped and negatively affects the efficient operation of the office as well as employee morale. A first floor location would provide some flexibility to the county clerk in cross-training staff vital records staff to assist the court records office when that office is understaffed or during extremely busy times. It also gives court records staff greater access to the chief deputy county

clerk, whose office is on the first floor and who is responsible for supervising the deputy county clerk that supervises the court records office staff.

The county may want to consider conducting a space analysis of both areas to determine the most efficient layout for both the court records office and the Equalization Department.

2.0 Court Files

Recommendation 2.1: Develop a plan to organize court files in a manner that provides easy access to currently open cases.

The volume of court files in Saginaw is overwhelming and the most recent files are in boxes because there is no shelf room for them. **NOTE: The clerk's office – with limited staff – has successfully been able to move all the boxed files from boxes to shelves.** Because of limited staff, records disposal in accordance with the records retention schedule cannot easily be accomplished. Criminal, civil, and domestic relations case files can be destroyed or offered to State Archives after 30 years; however, it is necessary to review each file and remove the final judgment or order, which must be kept for 100 years from the date of filing. It is also necessary to keep the indices and registers of action for 100 years from the date of filing. That effort requires a knowledgeable staff person to identify the proper documents for preservation, separate them from the case file, and prepare the files that can be offered to Archives or destroyed. SCAO has developed a template for records disposal that should be used in developing the plan and is also available to assist with this effort.

Recommendation 2.2: Allow staff to become current in filing papers by either granting overtime or closing the court records office for a period.

The court records office has been consistently behind in getting paperwork into the court files. Papers filed with the court should be in the court file within 24 to 36 hours from the date stamp on the document. As of July 9, 2019, the file clerks were filing papers with a date stamp of June 27, 2019. That is six full business days behind, which is unacceptable for the judges and not in compliance with the Supreme Court's guidelines.

In consultation with the county clerk and the deputy county clerk for court records, the court should determine the most efficient method to become current. Without additional staff, it will be necessary to employ these strategies on a consistent basis in the future: either staff overtime or closing the office during business hours for a period. Neither of those options – in the long term – serve the public or are cost effective. If recommendation 3.1 is accepted and new positions are authorized, it will still take some time to fill them.

3.0 Staffing of the Circuit Court Records Office

Recommendation 3.1: Create two additional staff positions in the circuit court records office.

Staffing in a court records office is dependent on many factors, including:

- The volume of documents filed and processed.
- The specific tasks the judges require of the staff.
- The tasks judicial staff perform related to the responsibilities of the court records office.
- Whether the court records office has responsibilities for assisting additional judicial officers other than the circuit judges. In Saginaw County, the court records office also supports a district judge for business cases, a probate judge for some circuit court cases, and the friend of the court referees in pulling files for hearings.

The court records office in Saginaw County has eight staff positions: one supervisor, four court records clerks, and three file clerks. The court records clerks work the counter and process all documents that are filed with the court. The file clerks file all documents, prepare files for the judges, and deliver files and other documents to the court offices. If any staff member is on annual or sick leave, the office is severely impacted. The first recommended position should be a supervisor or lead clerk that reports to the Deputy County Clerk, Circuit Court. Managing the court records office is a responsibility greater than one position. This position would fill a valuable role in all aspects of the management of the office including developing the records disposal plan, supervising and training staff, supervising the scanning of court files, developing policies and procedures, collaborating with judicial and court administrative staff, and providing direct assistance to records and file clerks.

The second recommended position should be trained in both docketing and filing and could directly cover for vacations and other absences for any of the clerks in the office. This person would also be available to assist with phone and counter coverage during busier times. This position could potentially be part-time. With the addition of these additional staff positions, the court will no longer have to resort to stop-gap measures to be current. The court will also be able to manage their records in compliance with statutory records retention schedules for criminal, civil, and domestic cases. If recommendation 3.1 is adopted, it will allow the accomplishment of the recommendations under subsection 2.0 of this report.

4.0 Duties in the Circuit Court Records Office

Recommendation 4.1: Conduct an analysis of the duties currently assigned to court records staff and circuit court staff to determine what changes can be made to increase efficiency.

In Saginaw County, because the county clerk and the chief judge have an excellent relationship, both are receptive to considering changes to increase productivity and efficiency. The county clerk has deputized some circuit court staff (the judicial secretaries and law clerks). Those positions perform some work that requires deputization, such as docketing and swearing in witnesses. In all circuit courts, the ministerial duties for which the clerk of the court and the court are responsible can be assigned by the chief judge to a combination of court and clerk staff.¹ In a multi-judge circuit court, it can be difficult to implement consistent practices among the judge's offices. Consequently, expectations by the judges, their staff, and the clerk's staff can vary from office to office. The most important underlying premise is that to achieve

¹ See *Lapeer County Clerk v Lapeer Circuit Court*, 469 Mich 146 (2003)

excellence, staff from the clerk's office and the court must work together as a team. If done well, it can serve to build comradery and trust among staff from different offices.

The court should conduct an analysis focused on the duties associated with case processing, docketing, file preparation, and communication. Input should be received from court records clerks, file clerks, judicial secretaries, and law clerks. Some issues that could be examined include the following:

1. Courtroom 3 requires that the files in all cases assigned to them to be sent to the judge's office. Could a report be run on a daily basis by the judicial clerk to accomplish the same thing?
2. There are boxes for each judge in the clerk's office, but the clerks are required to bring that to each court office. Could a judicial clerk could pick up documents once per day? The clerk could be responsible to deliver only emergency filings.
3. Court administration requires all bound-over criminal cases be reviewed upon filing. Creating a bindover document checklist for the file room clerk could ensure that the documents are present and accomplish the same outcome.
4. Judges allow last minute filing of motions that creates a need to run those motions to the courtroom/chambers. Consider developing a bench wide policy to unify and limit the filing of motions not in conformance to MCR 2.119(C).

Recommendation 4.2: Consider a reorganization of assignments for file clerks.

A great deal of time is spent sorting documents filed with the court and placing those documents in the proper court file. The duties in court records offices can be organized in numerous ways, none of which is the "correct" way. Much depends upon the experience of the staff, the volume of work, the number of staff positions, and the working relationships with judges' staffs. The court records supervisor should brainstorm options with the seven clerks that could serve to increase efficiency in the office. For example, once the documents are docketed it may be easier to sort those documents for filing by criminal, civil, and domestic relations. Those practice areas can then be sorted by case number for ultimate filing. The goal should be to find the most efficient way to get documents filed properly while distributing the work in a manner that is equitable.

Recommendation 4.3: Reduce the number of times file clerks must transport papers to court offices.

The file clerks are transporting papers to and from each of the judges' offices three times per day, which is unnecessary. The three file clerks are responsible for filing all documents filed with the court for all circuit court cases and when they are away from their workstations, documents are not filed. As a result, the filing gets behind and the papers begin to accumulate.

The file clerks are also responsible for pulling files for judges' dockets, a process that begins on Tuesday and concludes with delivery to the judges' offices on Thursday afternoon, and must concentrate on that task rather than on filing papers that have been processed. When pulling these files, the file clerks verify that the documents listed in the register of actions are in the

court file. If they are not, they must search through the stack of unfiled documents to find the missing ones. If a judge's secretary or law clerk were to pick up papers once per day from the clerk's office, it would permit the file clerks to concentrate on filing. Emergent matters, such as petitions for PPOs, would be delivered immediately to a judge's office.

Recommendation 4.4: Reduce unnecessary tasks that take time.

The court should do an analysis of all the tasks clerks perform to determine whether they are necessary. Many times, time-consuming tasks can impede a clerks' ability to perform duties that are required. The following is an example of a task performed by clerks that is not necessary:

1. Docketing proposed orders. A court speaks through its orders and until proposed orders are signed, they are not orders at all. Proposed orders should not be docketed. They should go directly to the judge for review and signature and need only come back to the clerk's office for docketing once signed and placed in the attorney box.

5.0 Conclusion

The chief judge and county clerk should be commended for requesting this analysis. Case processing in a multi-judge trial court requires two very distinct characteristics:

- Staff that are well trained and dedicated to accuracy.
- A collaborative and cooperative partnership with court staff.

Although both of these characteristics exist in Saginaw County, there is currently a need to examine some of the very specific duties that must be performed in support of the court and the trial judges. The goal is to develop the most effective and efficient method of processing documents timely, filing those documents in a court file, and transporting files as necessary to the judges' offices. These duties also include interaction with the public, attorneys, pro se litigants, judges, and court staff. These recommendations reflect some ways that the court can improve operations. We sincerely appreciate the hospitality afforded to us during our two site visits.



BUDGET AUDIT

Register of Deeds
Katie A. Kelly

8-17-22

July 28, 2021

RE: Request to appear before Budget & Audit Committee

TO: Chairman Ruth

Dear Chairman Ruth,

I am requesting to appear before the Budget & Audit Committee meeting for the month of August, 2021 to request a an increase to the FY2022 Budget.

The Register of Deeds office has experienced growth over the last three years with a 30% growth from 2020 to 2021. The addition of a part time employee is needed to aid the office in daily tasks to ensure the public can be served properly.

The amount needed to fund this position can be covered by the revenue generated by the Register of Deeds office on an annual basis.

The office and I thank you for your consideration.

Regards,

Katie A. Kelly

Register of Deeds

RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUL 29 AM 11:43



COUNTY OF SAGINAW

OFFICE OF COUNTY CONTROLLER

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

BUDGET AUDIT

ROBERT V. BELLEMAN

Controller/Chief Administrative Officer
rbelleman@saginawcounty.com

June 7, 2021

Honorable Carl A. Ruth, Chairman
Board of Commissioners
County of Saginaw
111 S. Michigan Avenue
Saginaw, MI 48602

8-17-14

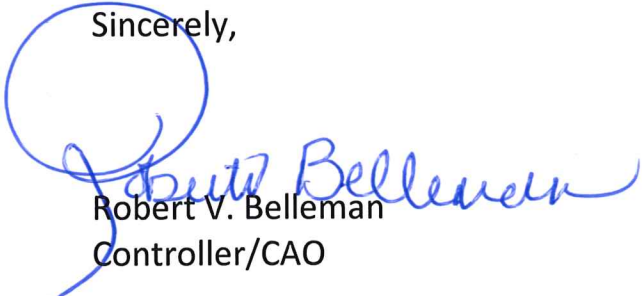
RECEIVED
SAGINAW COUNTY
BOARD OF COMMISSIONERS
2021 JUN 14 PM 1:54

RE: **SAGINAW COUNTY CMH 2020 FINANCIAL AUDIT**

Dear Chairman Ruth:

Attached herewith is the Saginaw County Community Mental Health Authority (SCCMHA) audit for submission to Budget Audit Committee for the August 2021 meeting. This report is reporting requirement based on the agreement between the County of Saginaw & SCCMHA.

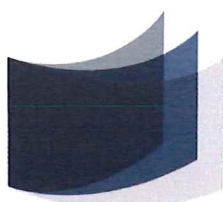
Sincerely,


Robert V. Belleman
Controller/CAO

C: Suzy Koeplinger, Board Office Coordinator

**Saginaw County Community
Mental Health Authority**

Financial Statements
September 30, 2020



RPC
Roslund Prestage & Company
CERTIFIED PUBLIC ACCOUNTANTS

Saginaw County Community Mental Health Authority
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September 30, 2020

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Independent Auditor's Report

To the Members of the Board
Saginaw County Community Mental Health Authority
Saginaw, 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 Saginaw County Community Mental Health Authority (the CMHSP) as of and for the years ended September 30, 2020 and 2019, 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, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 May 28, 2021, 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.".

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

May 28, 2021

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



SAGINAW COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

Management's Discussion and Analysis

Management's Discussion and Analysis ("MD&A") is an easily readable analysis of the financial activities based on known facts, decisions, and conditions. It provides information in a fair and objective manner, with the goal of assisting users in assessing whether the financial position has improved or deteriorated as a result of the year's operations.

The following financial statements have been prepared to report the current financial position and activity of SCCMHA for the fiscal year ended September 30, 2019 and 2018.

Statement of Net Position

This statement reports combined assets, deferred outflows, liabilities and fund net position for the enterprise fund as well as the internal service fund. It shows the current financial position as well as the breakdown of total net position for restricted or unrestricted purposes.

Statement of Activities and Proprietary Fund Revenues, Expenses and Changes in Fund Net Position

This statement is used to disclose how both operating and nonoperating revenues and expenses are generated within the enterprise and internal service fund. This report totals the expenses against revenues that have been generated for determination of the change in net position, which is also shown as total net position on the Statement of Net Position.

Statement of Cash Flows

The total cash and cash equivalents at year-end are calculated by determining the change in cash flow totals during the year. This report shows summarized change in cash flow, which reconciles to the net increase (decrease) in cash and cash equivalents and is then added to (subtracted from) cash and cash equivalents at the beginning of the year. The total of cash and cash equivalents at the end of the year is reported in the assets section of the Statement of Net Position.

The following summarized financial statements have been prepared to help facilitate this discussion and analysis, and also to assist the reader in understanding the data that explains the financial position.

	Fiscal year ending September 30,		Increase (Decrease)
	2020	2019	
Assets			
Current and other assets	\$ 23,435,358	\$ 18,073,484	\$ 5,361,874
Capital assets, net	9,041,102	9,238,778	(197,676)
	<u>32,476,460</u>	<u>27,312,262</u>	<u>5,164,197</u>
Deferred outflows of resources	<u>3,336,307</u>	<u>2,416,824</u>	<u>919,483</u>
Liabilities			
Current and other liabilities	23,203,562	20,670,782	2,532,780
Long-term liabilities	5,039,318	5,293,455	(254,137)
	<u>28,242,880</u>	<u>25,964,237</u>	<u>2,278,643</u>
Deferred outflows of resources	<u>3,485,171</u>	<u>1,525,714</u>	<u>1,959,457</u>
Net position			
Net investment in capital assets	5,138,136	6,024,843	(886,707)
Restricted	2,283,443	2,187,758	95,685
Unrestricted (deficit)	<u>(3,921,212)</u>	<u>(5,973,466)</u>	<u>2,052,254</u>
Total net position	<u>\$ 3,500,367</u>	<u>\$ 2,239,135</u>	<u>\$ 1,261,232</u>

Summarized in this manner, the reader is able to see how the comparison of fiscal years 2019 and 2020 totals show an increase of total assets in the amount of \$5,164,197 and an increase in liabilities totaling \$2,278,643.

Both of these totals and the net increase in total net position in the amount of \$1,261,232 will be discussed in detail on the following pages.

Statement of Activities and Proprietary Fund Revenues, Expenses and Changes in Fund Net Position

	Fiscal year ending September 30,		
	2020	2019	Increase (Decrease)
Operating revenue			
Medicaid	\$ 70,137,418	\$ 70,033,239	\$ 104,179
Healthy Michigan	7,091,732	6,962,397	129,335
General Fund	2,537,815	2,725,240	(187,425)
Fee for service	495,955	564,290	(68,335)
Grants	2,068,014	1,720,369	347,645
County appropriations	1,050,303	1,050,303	-
Other	1,734,985	1,684,031	50,954
Total operating revenue	85,116,222	84,739,869	376,354
Operating expenses			
Wages and benefits	21,898,084	22,412,356	(514,272)
Contracts	52,986,020	52,748,735	237,285
Other operating costs	8,920,674	8,593,269	327,405
Total operating expenses	83,804,778	83,754,360	50,417
Operating loss	1,311,444	985,509	325,936
Nonoperating expenses, net	(50,212)	(104,127)	53,915
Change in net position	1,261,232	881,382	379,851
Net position:			
Beginning of year	2,239,135	1,357,753	881,382
End of year	\$ 3,500,367	\$ 2,239,135	\$ 1,261,233

Capital Assets and Long-term Debt

Capital Assets - Net capital assets decreased by \$197,676 from 2019, due to annual depreciation of \$1,181,847, offset by capital purchases totaling \$555,107 and disposals of \$312,226. During the year, the Roof and Decking was replaced at the A&W Building, renovations were made to both Towerline and Bay Road buildings and the Hancock parking lot and Group Room renovations were completed. Several buses used to transport consumers were disposed of and replaced with. These projects were financed with funds from the County Bond sale. Depreciation expense continues to decrease each year due to the age of the overall assets and many of them becoming fully depreciated.

Long-term Debt - At the end of the current fiscal year, the Authority had total long-term debt of \$5,039,318, which includes notes payable of \$4,484,334 and compensated absences of \$554,984. Total long-term debt decreased \$254,137 during the current fiscal year as a result of regularly scheduled principal reductions on existing outstanding debt.

Additional information on capital assets and long-term debt can be found in the notes to the financial statements.

Program Changes

The CMHSP had significant programmatic changes related to the national pandemic and newly awarded grants. Day Programs and associated transportation were closed for the third and fourth quarters and the majority of the associated staff were laid off. The service delivery model was impacted with clinical staff responsible for providing face to face services shifting primarily to telehealth contacts while stay at home orders and social distancing requirements were in place. Significant efforts were directed to acquiring and distributing personal protection equipment (PPE) for staff as well as contracted network providers and consumers.

Efforts were employed to ensure a stable network of providers and adequate direct care staff. An emergency direct care wage increase was approved and in place for the second half of the fiscal year. Additionally, Provider Stabilization payments were made to those providers who experienced the loss of revenue and financial hardships as a result of not serving consumers during the stay at home orders.

The CMHSP was the recipient of a two year \$1.9 million Certified Community Behavioral Health Clinic (CCBHC) grant effective May 1, 2020. A Covid-19 Support grant to provide services to front line healthcare workers and their families was received and effective April 1, 2020. The initial term was one year; however the program has been extended into Fiscal Year 21. Covid related support funds were also received from the State of Michigan to assist with unusual and unexpected expenses directly resulting from the nation pandemic such as PPE, telecommunication infrastructure development costs and expenses due to staffing shortages.

Forecast

The national pandemic will continue to impact Fiscal Year 2021 operations and many of the emergency measures and additional funding described above will continue to be in place.

Contacting the Authority Management

This financial report is designed to provide a general overview of the *Saginaw County Community Mental Health Authority's* finances and to show accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Saginaw County Community Mental Health Authority, 500 Hancock, Saginaw, Michigan 48602.

BASIC FINANCIAL STATEMENTS



Saginaw County Community Mental Health Authority
Statement of Net Position
September 30, 2020 and 2019

	2020	2019
	Major Fund	Major Fund
	Mental Health	Mental Health
	Operating	Operating
Current assets		
Cash and cash equivalents - unrestricted	\$ 15,223,050	\$ 8,273,895
Accounts receivable, net	\$ 437,329	793,755
Due from other governmental units	\$ 2,661,286	4,473,090
Inventory	\$ 71,475	122,038
Prepaid expenses	\$ 1,030,498	466,796
Total current assets	\$ 19,423,638	\$ 14,129,574
Noncurrent assets		
Cash and cash equivalents - restricted	\$ 581,368	\$ 1,481,494
Capital assets not being depreciated	\$ 967,498	1,170,178
Capital assets being depreciated, net	\$ 8,073,604	8,068,600
Net OPEB asset	\$ 3,430,352	2,462,416
Total noncurrent assets	\$ 13,052,822	13,182,688
Total assets	\$ 32,476,460	\$ 27,312,262
Deferred outflow of resources		
Deferred outflow - related to pension	\$ 998,045	\$ 1,165,768
Deferred outflow - related to OPEB	2,338,262	1,251,056
Total deferred outflow of resources	\$ 3,336,307	\$ 2,416,824
Current liabilities		
Accounts payable	\$ 7,370,228	\$ 6,517,778
Estimated claims payable	688,487	454,531
Accrued wages and other payroll liabilities	969,429	1,241,838
Due to other governmental units	6,586,535	4,864,167
Unearned revenue	92,468	60,871
Long-term debt, due within one year	473,820	418,621
Compensated absences, due within one year	277,492	299,013
Total current liabilities	\$ 16,458,459	\$ 13,856,819
Noncurrent liabilities		
Long-term debt, due after one year	\$ 4,010,514	\$ 4,276,808
Compensated absences, due after one year	277,492	299,013
Net pension liability	7,496,415	7,531,597
Total noncurrent liabilities	\$ 11,784,421	\$ 12,107,418
Total liabilities	\$ 28,242,880	\$ 25,964,237
Deferred inflow of resources		
Deferred inflow - related to pension		
Deferred inflow - related to OPEB	\$ 3,485,171	\$ 1,525,714
Total deferred inflow of resources	3,485,171	1,525,714
Net position		
Net investment in capital assets	5,138,136	6,024,843
Restricted for OPEB benefits	2,283,443	2,187,758
Unrestricted	(3,921,212)	(5,973,466)
Total net position	\$ 3,500,367	\$ 2,239,135

The notes to the financial statements are an integral part of this statement.

Saginaw County Community Mental Health Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2020 and 2019

	2020	2019
	Major Fund	Major Fund
	Mental Health	Mental Health
	Operating	Operating
Operating revenues		
Medicaid	\$ 70,137,418	70,033,239
Healthy Michigan	7,091,732	6,962,397
General Fund	2,537,815	2,725,240
Fee for Service	495,955	564,290
Grants	2,068,014	1,720,369
County appropriations	1,050,303	1,050,303
Other revenues	1,734,985	1,684,031
Total operating revenues	\$ 85,116,222	\$ 84,739,869
Operating expenses		
Salaries & Wages	15,551,619	15,778,266
Fringe Benefits	4,523,301	4,891,263
Retirement Exp	1,828,981	1,742,827
Contracted Clinician Services	1,470,496	1,658,495
Provider Network Services	50,922,550	50,639,995
State Facility Expense	594,020	450,245
Facility Operating Expense	2,695,192	1,622,242
Depreciation expense	1,192,401	1,181,847
Clinical Operating Expense	1,462,311	1,962,320
Admin Operating Expense	2,178,685	2,315,847
Technology Operating Expense	978,498	1,001,365
Local match drawdown	406,724	509,648
Total operating expenses	\$ 83,804,778	\$ 83,754,360
Operating income (loss)	1,311,444	985,509
Non-operating revenues (expenses)		
Investment income	92,211	187,284
Interest expense	(142,423)	(291,411)
Non-operating income (loss)	(50,212)	(104,127)
Change in net position	1,261,232	881,382
Net position, beginning of year as restated	2,239,135	1,357,753
Net position, end of year	\$ 3,500,367	\$ 2,239,135

Saginaw County Community Mental Health Authority
Statement of Cash Flows
For the Year Ended September 30, 2020 and 2019

	2020	2019
	Major Fund	Major Fund
	Mental Health	Mental Health
	Operating	Operating
Cash flows from operating activities		
Receipts from the State and other governments	\$ 88,186,036	\$ 87,748,730
Receipts from customers	495,955	564,290
Payments to employees for salaries and benefits	(22,182,496)	(21,872,849)
Payments to suppliers and vendors	(59,778,783)	(61,056,133)
Net cash provided by (used in) operating activities	<u>6,720,712</u>	<u>5,384,038</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(994,725)	(555,107)
Proceeds from borrowing	217,244	424,905
Principal paid on capital debt	(428,339)	(6,349,812)
Payments for capital leases	-	(1,737)
Interest paid on capital debt	(142,423)	(291,411)
Net cash provided by (used in) capital and related financing activities	<u>(1,348,243)</u>	<u>(6,773,162)</u>
Cash flows from investment activities		
Investment income	92,211	187,284
Net cash provided by (used in) investment activities	<u>92,211</u>	<u>187,284</u>
Net increase in cash and cash equivalents	5,464,680	(1,201,840)
Cash and cash equivalents, beginning of year	<u>9,755,389</u>	<u>10,957,229</u>
Cash and cash equivalents, end of year	<u>\$ 15,220,069</u>	<u>\$ 9,755,389</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,311,444	\$ 985,509
Depreciation	1,192,401	1,181,847
Changes in assets and liabilities:		
Accounts receivable	356,426	7,611
Due from other governmental units	1,811,804	(709,750)
Inventory	50,563	(29,654)
Prepaid expenses	(563,702)	(25,160)
Net OPEB asset	(967,936)	835,898
Deferred outflow - related to pension	167,723	(808,162)
Deferred outflow - related to OPEB	(1,087,206)	(549,580)
Accounts payable	852,450	(737,380)
Estimated claims payable	233,956	(111,393)
Accrued wages and other payroll liabilities	(272,409)	166,426
Due to other governmental units	1,722,368	4,346,127
Unearned revenue	31,597	(63,226)
Compensated absences	(43,042)	32,950
Net pension liability	(35,182)	1,260,039
Deferred inflow - related to pension	-	(168,793)
Deferred inflow - related to OPEB	1,959,457	(229,271)
Net cash provided by (used in) operating activities	<u>\$ 6,720,712</u>	<u>\$ 5,384,038</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**



Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements Saginaw County Community Mental Health CMHSP (the CMHSP) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Government Accounting Standards Board (GASB) is the accepted standards-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 and developmental disabilities needs of the residents of Saginaw County. As the community mental health services provider for the county, 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 (a type of proprietary fund) which is designed to be self-supporting. Enterprise 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 includes 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:

Mental Health Operating - 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.

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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.

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.

Inventories

Inventories are valued at cost using the first in/first out (FIFO) method and consists of expendable supplies. The cost of such inventories is recorded as an expense when consumed rather than when purchased.

Prepaid Expense

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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

Assets	Years
Land	Not Depreciated
Construction in process	Not Depreciated
Buildings and improvements	3-30
Furniture and fixtures	3-20
Equipment	3-10
Equipment - capital lease	3
Vehicles	4-5

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 Payroll and Benefits

Accrued payroll and benefits relate to salaries and wages earned in September but not paid until October.

Estimated Claims Payable

The amounts recorded in liabilities include amounts for incurred inpatient, residential and community provider 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 that include, but are not limited to, retroactive consumer eligibility or cost recovery from other third-party payers.

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 vacation and sick 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 Municipal Employees Retirement System (MERS) of Michigan 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.

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Postemployment Benefits Other Than Pensions

For purposes of measuring the Net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB 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 two items that qualify for reporting in this category: 1) relates to pensions, and 2) relates to OPEB. See note 11 for further information on these plans.

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 two items that qualify for reporting in this category: 1) relates to pensions, and 2) relates to OPEB. See note 11 for further information on these plans.

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.
- The restricted OPEB component of net position consists of restricted net OPEB assets reduced by related deferred inflows of resources and increased by related deferred outflows of resources.

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.

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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 County. The CMHSP performs an annual cost settlement of General Funds with MDHHS.

Medicaid Revenue

Beginning January 2014, Mid-State Health Network assumed the regional entity contract with the MDHHS. The CMHSP contracts to receive Medicaid, Healthy Michigan, Autism and other revenues through the regional entity. The CMHSP performs an annual cost settlement of capitated funding with the regional entity of resources and increased by related deferred outflows of resources.

NOTE 2 - CASH AND CASH EQUIVALENTS

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.

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The carrying amount of the CMHSP's cash and cash equivalents at September 30 are as follows:

Description	2020	2019
Checking, Money Market, & Liquid Asset Accounts	\$ 15,804,418	\$ 9,755,389

A reconciliation of carrying amounts (shown above) to the basic financial statements at September 30 are as follows:

Description	2020	2019
Cash and Cash Equivalents - Unrestricted	\$ 15,223,050	\$ 8,273,895
Cash and Cash Equivalents - Restricted	581,368	1,481,494
Total	\$ 15,804,418	\$ 9,755,389

Cash and Cash Equivalents

Funds have been restricted for the unspent proceeds of county bonds.

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 above 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 September 30, 2020, \$16,356,328 of the CMHSP's bank balance of \$16,606,328 and \$10,070,460 of the \$10,321,324 at September 30, 2019 was exposed to custodial credit risk because it was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

The CMHSP also had cash held by Saginaw County representing unspent proceeds from a bond issuance. The balance of \$636,745 at September 30, 2020 and balance of \$1,481,494 at September 30, 2019 were exposed to custodial credit risk as the amounts were uninsured and uncollateralized.

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.

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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.

NOTE 3 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of allowances, at September 30 consists of the following:

Description	2020	2019
Accounts Receivable, Gross	\$ 462,746	\$ 1,103,603
Less: allowance for doubtful accounts	(25,417)	(309,848)
Accounts Receivable, net	\$ 437,329	\$ 793,755

NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS

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

Description	2020	2019
Mid-State Health Network	\$ 2,433,371	\$ 4,292,405
Others	227,915	180,685
Total	\$ 2,661,286	\$ 4,473,090

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at September 30 consists of the following:

Description	2020	2019
Stuart Wilson - Fiscal Intermediary	\$ 268,700	\$ 279,747
MERS Defined Benefit Pension Contribution	575,000	-
Various insurances and contracts	186,798	187,049
Total	\$ 1,030,498	\$ 466,796

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NOTE 6 - CAPITAL ASSETS

A summary of changes in capital assets as of September 30, 2020 is as follows:

2020	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 842,015	\$ -	\$ -	\$ 842,015
Construction in process	328,163	125,483	(328,163)	125,483
Total capital assets not being depreciated	\$ 1,170,178	\$ 125,483	\$ (328,163)	\$ 967,498
Capital assets being depreciated				
Buildings and improvements	\$ 21,669,056	\$ 946,304	\$ -	\$ 22,615,360
Furniture and fixtures	1,500,692	9,871	-	1,510,563
Equipment	2,386,350	-	-	2,386,350
Equipment – capital lease	13,100		-	13,100
Vehicles	1,504,697	241,230	(312,226)	1,433,701
Total capital assets being depreciated	\$ 27,073,895	\$ 1,197,405	\$ (312,226)	\$ 27,959,074
Accumulated depreciation				
Buildings and improvements	\$ (14,358,195)	\$ (976,685)		\$ (15,334,880)
Furniture and fixtures	(1,087,961)	(52,984)	-	(1,140,945)
Equipment	(2,060,098)	(127,219)	-	(2,187,317)
Equipment – capital lease	(13,100)		-	(13,100)
Vehicles	(1,485,941)	(35,513)	312,226	(1,209,228)
Total accumulated depreciation	\$ (19,005,295)	\$ (1,192,401)	\$ 312,226	\$ (19,885,470)
Capital assets being depreciated, net	\$ 8,068,600	\$ 5,004	\$ -	\$ 8,073,604
Capital assets, net	\$ 9,238,778	\$ 130,487	\$ (328,163)	\$ 9,041,102

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A summary of changes in capital assets as of September 30, 2019 is as follows:

2019	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 842,015	\$ -	\$ -	\$ 842,015
Construction in process	21,107	307,056	-	328,163
Total capital assets not being depreciated	\$ 863,122	\$ 307,056	\$ -	\$ 1,170,178
Capital assets being depreciated				
Buildings and improvements	\$ 21,697,002	\$ 30,588	\$ (58,534)	\$ 21,669,056
Furniture and fixtures	1,492,842	7,850	-	1,500,692
Equipment	2,182,499	203,851	-	2,386,350
Equipment – capital lease	13,100	-	-	13,100
Vehicles	1,498,935	5,762	-	1,504,697
Total capital assets being depreciated	\$ 26,884,378	\$ 248,051	\$ (58,534)	\$ 27,073,895
Accumulated depreciation				
Buildings and improvements	\$ (13,460,326)	\$ (956,403)	\$ 58,534	\$ (14,358,195)
Furniture and fixtures	(1,019,998)	(67,963)	-	(1,087,961)
Equipment	(1,914,308)	(145,790)	-	(2,060,098)
Equipment – capital lease	(12,324)	(776)	-	(13,100)
Vehicles	(1,475,026)	(10,915)	-	(1,485,941)
Total accumulated depreciation	\$ (17,881,982)	\$ (1,181,847)	\$ 58,534	\$ (19,005,295)
Capital assets being depreciated, net	\$ 9,002,396	\$ (933,796)	\$ -	\$ 8,068,600
Capital assets, net	\$ 9,865,518	\$ (626,740)	\$ -	\$ 9,238,778

NOTE 7 - UNEARNED REVENUE

The amount reported as unearned revenue represents revenues received in advance of the period earned at September 30 is as follows:

Description	2020	2019
General Fund carryforward	\$ 52,719	\$ 3,376
Capital SOC Grant	25,092	31,738
Rents	0	9,121
Restricted Donations	14,657	16,636
Total	\$ 92,468	\$ 60,871

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NOTE 8 - SHORT-TERM LIABILITIES

The changes in the short-term liabilities at September 30 are as follows:

2020	Beginning Balance	Additions	Disposals	Ending Balance
Short-Term Note - PNC Bank	\$ -	\$ -	\$ -	\$ -
2019	Beginning Balance	Additions	Disposals	Ending Balance
Short-Term Note - PNC Bank	\$ 5,500,000	\$ -	\$ (5,500,000)	\$ -

NOTE 9 - LONG-TERM DEBT

General Obligation Bonds:	
Saginaw County Bonds - July 2018 refinance of existing loan on building. Bond payments due in annual installments ranging from \$231,795 to \$445,870 through June 1, 2033 with an interest rate of 3.02%	\$ 3,940,000
Total General Obligation Bonds	\$ 3,940,000
Direct Borrowings and Direct Placements:	
Group Homes Loan - June 2013 refinance of existing loan on 8 group homes. Loan due in semi-annual installments of \$59,550 through June 17, 2023 with an interest rate of 3.67%.	\$ 336,811
PNC Bank - Vehicle Purchases. Loan due in monthly installments of \$3,993 through July, 15 2025 with an interest rate of 4%.	\$ 207,524
Total Direct Borrowings and Direct Placements	\$ 544,334

The CMHSP's outstanding loans from direct borrowings and direct placements related to mental health operations of \$544,333 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Summary of Long-Term Debt

The changes in the long-term liabilities are as follows as of September 30, 2020:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$598,026	\$255,971	\$ (299,013)	\$ 554,984	\$277,492
General Obligation Bonds	4,255,000	-	(315,000)	3,940,000	325,000
Direct Borrowings	440,429	217,244	(113,337)	544,334	148,820
Total	\$ 5,293,455	\$ 473,215	\$ (727,350)	\$ 5,039,318	\$ 751,312

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The changes in the long-term liabilities are as follows as of September 30, 2019:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$565,076	\$117,711	\$ (84,761)	\$ 598,026	\$299,013
General Obligation Bonds	4,580,000	-	(325,000)	4,255,000	315,000
Direct Borrowings	540,336	-	(99,907)	440,429	103,621
Total	\$ 5,685,412	\$ 117,711	\$ (509,668)	\$ 5,293,455	\$ 717,634

	General Obligation Bonds		Direct Borrowings and Direct Placements	
Year Ended September 30	Principal	Interest	Principal	Interest
2021	325,000	118,988	148,821	18,959
2022	330,000	109,173	153,713	13,303
2023	340,000	99,207	160,705	7,432
2024	355,000	88,939	45,550	2,366
2025-2029	1,730,000	277,387	35,546	592
2030-2033	860,000	65,987		
Total Long Term Debt	\$ 3,940,000	\$ 759,681	\$ 544,335	\$ 42,652

NOTE 10 - CAPITAL LEASES

The CMHSP entered into a lease agreement as lessee for financing the acquisition of copiers valued at \$13,100. The copiers have a 3-year estimated useful life. Depreciation expense was \$1,737 at September 30, 2019. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

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NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at September 30 was comprised of the following:

Net investment in capital assets	2020	2019
Capital assets not being depreciated	\$ 967,498	\$ 1,170,178
Capital assets being depreciated, net	8,073,604	8,068,600
Capital related long-term liabilities	(4,484,334)	(4,695,429)
Unspent proceeds	581,368	1,481,494
Capital Lease	-	-
Net investment in capital assets	\$ 5,138,136	\$ 6,024,843

NOTE 12 - RETIREMENT AND OTHER POSTE EMPLOYEMENT BENEFIT 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 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. The Administrators are agents of the employer. Employees self-manage their investments and are able to make their own investment decisions. Plan balances and activities are not reflected in the CMHSP's financial statements.

Plan provisions are established or amended by Board resolution. This plan is funded by employer and employee contributions.

Eligibility

All employees are eligible once they are over the age of 55 and have provided 6 years of service. Part-time employees are excluded from the plan.

Contributions

Employees may contribute either 0% or 3% of covered payroll. The CMHSP contributes a match of 6% or 9% of covered payroll, depending on the percentage being contributed by the employee.

Normal Retirement Age & Vesting

Retirement age as defined by the plan is 55 years of age. Match contributions are vested based on the following scale:

Years of Service	Vesting Percentage
0-3 year	0%
3 years	25%
4 years	50%
5 years	75%
6 years	100%

Forfeitures

Forfeitures are first used to pay administrative expenses and remaining funds are applied to reduce the next employer contribution.

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For the year ended September 30, 2019 and 2018 employer contributions (reduced by \$26,444 and \$133,251 in forfeitures respectively) amounted to \$1,215,168 and \$1,045,377 respectively and employee contributions amounted to \$393,486 and \$412,262 respectively. The outstanding liability to the plan at September 30, 2019 was \$61,853 and \$0 at September 30, 2018 for employer and employee contributions.

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

Benefits Provided

The CMHSP's plan offer the following benefits:

- Benefits provided include divisions with benefit multipliers ranging from 2.25% to 2.50% (80% max).
- Vesting period is 6 years.
- Benefits provided include normal retirement age at age 60 with early retirement allowed (unreduced) ranging from age 50 with 25 years of service to age 55 with 20 years of service.
- Benefits provided include divisions with final average compensation calculated based on 3 - 5 years.
- Member (employee) contribution rate is 0.0%.
- COLA for future retirees is offered on one plan at 2.50% (non-compounded).

Employees Covered by Benefit Terms

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

	2020	2019
Inactive employees or beneficiaries currently receiving benefits	102	99
Inactive employees entitled to but not yet receiving benefits	17	21
Active employees entitled to but not yet receiving benefits	5	7
Total	124	127

The CMHSP has five different divisions. All divisions are closed to new hires.

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 may establish contribution rates to be paid by its covered employees.

Employer contributions for all divisions were \$1,129,688 for the year ended September 30, 2020 and \$522,840 for the year ended September 30, 2019. The outstanding liability to the plan was \$46,224 at September 30, 2020 and \$43,750 at September 30, 2019.

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Net Pension Liability

The CMHSP's Net Pension Liability was measured as of December 31, 2019 and 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of those dates.

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: 2.5%
- Salary Increases: 3.75% in the long-term
- Investment rate of return: 7.75%, 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 RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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. 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	Long-term Expected Real Rate of Return
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.6% for 2020 and 2019. 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.

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Changes in Net Pension Liability

The components of the change in the net pension liability as of December 31, 2019 are summarized as

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2018	\$ 17,509,550	\$ 9,977,953	\$ 7,531,597
Changes for the year:			
Service Cost	25,690		25,690
Interest on total pension liability	1,340,143		1,340,143
Changes in benefits			
Difference between expected and actual experience	(117,159)		(117,159)
Changes in assumptions	527,049		527,049
Employer Contributions		530,802	(530,802)
Employee Contributions			
Net investment income		1,302,507	(1,302,507)
Benefit payments, including employee refunds	(1,541,242)	(1,541,242)	-
Administrative expense		(22,405)	22,405
Other changes			
Net changes	234,481	269,662	(35,181)
Balances at 12/31/2019	\$ 17,744,031	\$ 10,247,615	\$ 7,496,416

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

The components of the change in the net pension liability as of December 31, 2018 are summarized as

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2017	\$ 17,689,819	\$ 11,418,261	\$ 6,271,558
Changes for the year:			
Service Cost	35,888		35,888
Interest on total pension liability	1,356,267		1,356,267
Changes in benefits			
Difference between expected and actual experience	(78,836)		(78,836)
Changes in assumptions			
Employer Contributions		488,152	(488,152)
Employee Contributions			
Net investment income		(413,518)	413,518
Benefit payments, including employee refunds	(1,493,588)	(1,493,588)	-
Administrative expense		(21,354)	21,354
Other changes			
Net changes	(180,269)	(1,440,308)	1,260,039
Balances at 12/31/2018	\$ 17,509,550	\$ 9,977,953	\$ 7,531,597

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 of December 2019 and 8.00% as of December 2018, as well as what the CMHSP's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60% / 7.00%) or 1 percentage point higher (8.60% / 9.00%) than the current rate.

2020	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability at 12/31/19	\$ 7,496,416	\$ 7,496,416	\$ 7,496,416
Change in Net Pension Liability	1,474,039	-	(1,281,942)
Calculated Net Pension Liability at 12/31/20	\$ 8,970,455	\$ 7,496,416	\$ 6,214,474

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
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2019	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability at 12/31/18	\$ 7,531,597	\$ 7,531,597	\$ 7,531,597
Change in Net Pension Liability	1,444,520	-	(1,259,562)
Calculated Net Pension Liability at 12/31/19	\$ 8,976,117	\$ 7,531,597	\$ 6,272,035
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			

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

The CMHSP recognized pension expense of \$1,262,394 for the year ended September 30, 2020 and \$805,595 for the year ended 2019. The CMHSP reported deferred outflows and inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	\$ -	\$ -	\$ -	\$ -
Differences in Assumptions	\$ -	\$ -	\$ -	\$ -
(Excess) deficit Investment Returns	\$ 998,045		\$ 773,802	
Contributions Subsequent to 12/31	\$ 391,966	\$ -	\$ 391,966	\$ -

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2020. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Plan Year Ended December 31,	Amount	Plan Year Ended December 31,	Amount
		2019	\$ 300,027
2020	\$ (44,992)	2020	71,676
2021	28,250	2021	144,918
2022	140,513	2022	257,181
2023	(116,668)		

Other Postemployment Benefit (OPEB) Obligations

Plan Description

The CMHSP administers a single-employer defined benefit healthcare plan (the Plan). In addition to the retirement benefits described above, the Plan provides health insurance benefits to certain retirees, which are advance-funded on a discretionary basis. In accordance with CMHSP policy, eligible retirees receive healthcare benefits supplemental to their Medicare coverage.

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

Benefits Provided

The CMHSP sponsors a single-employer defined benefit retiree health plan (the "Plan"), in accordance with State statutes, to all employees provided proper application is made prior to retirement, the employee is a member of the plan on the date of retirement, and the employee agrees to participate in a co-pay program. The CMHSP reimburses the amount of validated claims for medical, dental and hospitalization costs incurred by pre-Medicare retirees and their dependents based upon the employee's number of years of service.

Employees Covered by Benefit Terms

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

	2019	2018
Inactive employees or beneficiaries currently receiving benefits	81	56
Active Employees	246	289
Total	327	345

Contributions

The CMHSP's contributions are advance-funded on an actuarially determined basis. Although the CMHSP has contractual obligations to provide these other postemployment benefits ("OPEB") to certain of the employee groups outlined above, advance funding of the OPEB obligation is at the discretion of the CMHSP. The employer's actual contributions to the plan for the year ended September 30, 2019 and 2018 were \$0.

Expenditures for postretirement healthcare benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the governmental entity.

For the year ended September 30th, the CMHSP estimated the cost of providing retiree healthcare benefits through the most recent actuarial valuation. Such a valuation computes an annual actuarially determined contribution (ADC) that represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed eighteen years.

Net OPEB (Asset)

The total OPEB (asset) of the CMHSP was determined by an actuarial valuation as of December 31, 2018 and 2017 and a measurement date of September 30, 2019 and 2018. The roll-forward procedure increases the December 31, 2018 and 2017 actuarial accrued asset with normal cost and interest and decreases it with expected benefit payments.

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

Actuarial Assumptions

The total OPEB (asset) in the December 31, 2018 and 2017 valuation was determined using the following assumptions applied to all periods included in the measurement.

- Actuarial Cost Method: Entry-Age Normal
- Amortization Method: Level Dollar
- Remaining Amortization Period: 17 years, closed
- Asset Valuation Method: 5-year smoothed market
- Wage Inflation: 3.75%
- Price Inflation: 2.50%
- Salary Increases: 3.75% to 14.75%
- Healthcare cost trend rate: Initial trend of 9.00% gradually decreasing to an ultimate trend rate of 3.75% in year 10.
- Investment Rate of Return: 7.00%, net of OPEB plan investment expenses
- Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition.

Mortality rates were based on the RP-2000 Combined Health Mortality Tables, projected 20 years with U.S. Projection Scale BB.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%
	100.00%	

Discount Rate

The discount rate used to measure the total OPEB (asset) was 7.00%.

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

Changes in Net OPEB (Asset)

The components of the change in the net OPEB (asset) as of September 30, 2020 are summarized as follows:

Calculating the Net OPEB (Asset)			
Changes in net OPEB (asset)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at 9/30/2019	\$ 17,060,752	\$ 19,523,168	\$ (2,462,416)
Changes for the year:			
Service Cost	253,771		253,771
Interest on total OPEB liability	1,182,648		1,182,648
Changes in benefits			
Difference between expected and actual experience	(2,748,216)		(2,748,216)
Changes in assumptions	1,748,439		1,748,439
Employer Contributions		-	-
Employee Contributions			
Net investment income		1,440,750	(1,440,750)
Benefit payments, including employee refunds	(585,328)	(585,328)	-
Administrative expense		(36,172)	36,172
Other changes		-	-
Net changes	(148,686)	819,250	(967,936)
Balances at 9/30/2020	\$ 16,912,066	\$ 20,342,418	\$ (3,430,352)

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

The components of the change in the net OPEB (asset) as of September 30, 2019 are summarized as

Calculating the Net OPEB (Asset)			
Changes in net OPEB (asset)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at 9/30/2018	\$ 16,343,682	\$ 19,641,996	\$ (3,298,314)
Changes for the year:			
Service Cost	275,892		275,892
Interest on total OPEB liability	1,133,906		1,133,906
Changes in benefits			
Difference between expected and actual experience	(126,775)		(126,775)
Changes in assumptions			
Employer Contributions		566,241	(566,241)
Employee Contributions			
Return of Employer Contributions		(578,537)	578,537
Net investment income		498,569	(498,569)
Benefit payments, including employee refunds	(565,953)	(565,953)	-
Administrative expense		(39,148)	39,148
Other changes			
Net changes	717,070	(118,828)	835,898
Balances at 9/30/2019	\$ 17,060,752	\$ 19,523,168	\$ (2,462,416)

Sensitivity of the Net OPEB (Asset) to Changes in the Discount Rate

The following presents the Net OPEB (Asset)/Liability of the CMHSP, calculated using the discount rate of 7.00%, as well as what the CMHSP's Net OPEB (Asset)/Liability would be using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

2020	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Calculated Net OPEB (Asset) at 9/30/2020	\$ (3,430,352)	\$ (3,430,352)	\$ (3,430,352)
Change in Net OPEB (Asset)	1,936,886	-	(1,633,714)
Calculated Net OPEB (Asset) at 9/30/2020	\$ (1,493,466)	\$ (3,430,352)	\$ (5,064,066)

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

2019	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Calculated Net OPEB (Asset) at 9/30/2020	\$ (3,040,953)	\$ (3,040,953)	\$ (3,040,953)
Change in Net OPEB (Asset)	1,920,076	-	(1,630,084)
Calculated Net OPEB (Asset) at 9/30/2019	\$ (1,120,877)	\$ (3,040,953)	\$ (4,671,037)

The following presents the Net OPEB (Asset)/Liability of the CMHSP, as well as what the CMHSP's Net OPEB (Asset)/Liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

2020	1% Decrease	Healthcare Trend Rate	1% Increase
Calculated Net OPEB (Asset)	\$ (5,239,119)	\$ (3,040,953)	\$ (1,292,034)
2019	1% Decrease	Healthcare Trend Rate	1% Increase
Calculated Net OPEB (Asset)	\$ (4,840,495)	\$ (3,040,953)	\$ (962,705)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The CMHSP recognized OPEB expense of \$482,849 for the year ended September 30, 2020 and \$521,490 for the year ended September 30, 2019. The CMHSP reported deferred outflows and inflows of resources related to OPEB from the following sources as of September 30:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
(Excess) Deficit Investment Returns	\$ 602,878	\$ -	\$ 907,574	\$ -
Differences in Experience		\$ (3,485,171)	\$ -	\$ (1,525,714)
Differences in Assumptions	\$ 1,735,384	\$ -	\$ 343,482	\$ -

Amounts reported as deferred outflows and inflows of resources related to OPEB as of September 30 will be recognized in the OPEB expense as follows:

2020	Amount	2019	Amount
		2020	\$ (30,616)
2021	(203,159)	2021	(30,616)
2022	(203,159)	2022	(30,614)
2023	(272,348)	2023	(99,803)
2024	(250,915)	2024	(78,369)
2025	(162,059)	2025	(4,639)
2026	(55,269)		

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

NOTE 13 - RISK MANAGEMENT

The CMHSP is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), as well as medical benefits provided to employees. The CMHSP has purchased commercial insurance from independent insurance providers. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage obtained through commercial insurance during the past year.

NOTE 14 - BENEFITS - SELF INSURANCE

The CMHSP maintains a self-insurance program for employee medical, pharmacy and dental insurance claims. The CMHSP also maintains insurance coverage in these areas for claims in excess of the self-insured retentions. There were no significant changes in insurance coverage from coverage in the prior year. The CMHSP has a stop-loss agreement that limits its exposure. The amount was \$16,911 times the number of contracts in the aggregate per year as of September 30, 2020 and \$16,914 as of September 30, 2019.

The CMHSP believes the estimated liabilities for all unsettled employee medical, pharmacy and dental insurance claims at September 30th are adequate to reflect all claims for events that have occurred through that date. The lag payout depends on the nature of the claim: medical - 6 weeks, pharmacy - 6 weeks and dental claims - 6 weeks; and are expected to be paid the following year. The balances as of September 30 are as follows:

	2020	2019
Lag Payout	\$ 323,135	\$ 350,406
Stop Loss Requirements	211,238	225,953
Total Balance on the Statement of Net Position	\$ 534,373	\$ 576,359

NOTE 15 - RELATED PARTY TRANSACTIONS

The County is deemed a related party by management due to the fact that the County is statutorily required to provide local funding to the CMHSP. Bond payments made to the County during the year totaled \$315,000 as of September 30, 2020 and \$325,000 as of September 30, 2019.

NOTE 16 - 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 17 - 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.

Saginaw County Community Mental Health Authority
Notes to the Financial Statements
September 30, 2020 and 2019

NOTE 18 - RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation.

NOTE 19 - RESTATEMENT OF NET POSITION

During fiscal year 2020 it was determined that a refund of employer contributions made to the OPEB asset in the prior year was not included in the actuarial valuation at September 30, 2019. Therefore, fiscal year 2019 financial statements have been restated as follows:

Financial Statement Account	Balance 9/30/2019 Previously Reported	Restatement	Balance 9/30/2019 as Restated
Net OPEB Asset	\$ 3,040,953	\$ (578,537)	\$ 2,462,416
Net Position - Restricted for OPEB benefits	\$ 2,766,295	\$ (578,537)	\$ 2,187,758
Fringe Benefits	\$ 4,312,726	\$ 578,537	\$ 4,891,263
Net Position - end of year	\$ 2,817,672	\$ (578,537)	\$ 2,239,135

NOTE 20 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the CMHSP's 2021-2022 fiscal year. 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.

**REQUIRED SUPPLEMENTAL
INFORMATION**



Saginaw County Community Mental Health Authority
Defined Benefit Pension Plan - Required Supplemental Information
Schedule of Changes in Entity's Net Pension Liability and Related Ratios

	Plan Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)						
Service Cost	\$ 25,690	\$ 35,888	\$ 47,508	\$ 54,555	\$ 64,467	\$ 82,890
Interest	1,340,143	1,356,267	1,358,866	1,351,063	1,309,507	1,294,068
Difference between expected & actual experience	(117,159)	(78,837)	23,524	74,293	97,655	-
Changes in assumptions	527,049	-	-	-	834,335	-
Benefit payments including employee refunds	(1,541,242)	(1,493,588)	(1,404,291)	(1,353,428)	(1,217,624)	(1,141,426)
Other	-	-	-	(1)	-	(1,083)
Net Change in Total Pension Liability	\$ 234,481	\$ (180,270)	\$ 25,607	\$ 126,482	\$ 1,088,340	\$ 234,449
Total Pension Liability beginning	17,509,550	17,689,819	17,664,212	17,537,730	16,449,390	16,214,941
Total Pension Liability ending	\$ 17,744,031	\$ 17,509,550	\$ 17,689,819	\$ 17,664,212	\$ 17,537,730	\$ 16,449,390
Plan Fiduciary Net Position						
Contributions - employer	\$ 530,802	\$ 488,152	\$ 306,405	\$ 233,656	\$ 266,010	\$ 369,262
Net investment income	1,302,507	(413,518)	1,407,032	1,205,994	(173,891)	761,937
Benefit payments including employee refunds	(1,541,242)	(1,493,588)	(1,404,291)	(1,353,428)	(1,217,624)	(1,141,426)
Administrative expense	(22,405)	(21,355)	(22,393)	(23,865)	(25,988)	(27,835)
Net Change in Plan Fiduciary Net Position	\$ 269,662	\$ (1,440,309)	\$ 286,753	\$ 62,357	\$ (1,151,493)	\$ (38,062)
Plan Fiduciary Net Position beginning	9,977,953	11,418,261	11,131,508	11,069,152	12,220,645	12,258,707
Plan Fiduciary Net Position ending	\$ 10,247,615	\$ 9,977,953	\$ 11,418,261	\$ 11,131,508	\$ 11,069,152	\$ 12,220,645
Employer Net Pension Liability	\$ 7,496,416	\$ 7,531,597	\$ 6,271,558	\$ 6,532,704	\$ 6,468,578	\$ 4,228,745
Plan Fiduciary Net Position as a percentage of the TPL	57.8%	57.0%	64.5%	63.0%	63.1%	74.3%
Covered Employee Payroll (from GASB 68 actuarial page)	\$ 264,058	\$ 367,749	\$ 493,250	\$ 562,045	\$ 668,177	\$ 857,345
Employer's Net Pension Liability as a % of covered payroll	2838.9%	2048.0%	1271.5%	1162.3%	968.1%	493.2%

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.

The notes to the financial statements are an integral part of this statement.

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

Fiscal Year Ended September 30,	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
2020	\$ 554,688	\$ 554,688	-	\$ 264,058	210.1%
2019	\$ 522,840	\$ 522,840	-	\$ 493,250	106.0%
2018	\$ 473,196	\$ 473,196	-	\$ 431,407	109.7%
2017	230,604	230,604	-	553,983	41.6%
2016	248,411	248,411	-	660,047	37.6%
2015	272,186	272,186	-	853,489	31.9%

Notes to Schedule of Employer 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.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	19 years
Asset valuation method	Open; 5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. 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 RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.
Assumption changes first reflected in the December 31, 2016 annual valuation	- Asset smoothing period was changed from 10 years to 5 years

The notes to the financial statements are an integral part of this statement.

Saginaw County Community Mental Health Authority
Net OPEB (Asset) - Required Supplemental Information
Schedule of Changes in Entity's Net OPEB (Asset) and Related Ratios

	Plan Year Ended September 30,			
	2020	2019	2018	2017
Total OPEB Liability (TPL)				
Service Cost	\$ 253,771	\$ 275,892	\$ 266,059	\$ 309,911
Interest	1,182,648	1,133,906	1,180,812	1,129,177
Difference between expected & actual experience	(2,748,216)	(126,775)	(2,090,675)	(197,041)
Changes in assumptions	1,748,439	-	505,962	-
Benefit payments including employee refunds	(585,328)	(565,953)	(508,374)	(456,574)
Other	-	-	-	-
Net Change in Total Pension Liability	\$ (148,686)	\$ 717,070	\$ (646,216)	\$ 785,473
Total OPEB Liability beginning	17,060,752	16,343,682	16,989,898	16,204,425
Total OPEB Liability ending	\$ 16,912,066	\$ 17,060,752	\$ 16,343,682	\$ 16,989,898
Plan Fiduciary Net Position				
Contributions - employer	\$ -	\$ 566,241	\$ 2,244,739	\$ 1,616,865
Net investment income	1,440,750	498,569	906,271	1,743,088
Benefit payments including employee refunds	(585,328)	(565,953)	(508,374)	(456,574)
Return of Employer Contributions	-	(578,537)	-	-
Administrative expense	(36,172)	(39,148)	(42,438)	(37,471)
Net Change in Plan Fiduciary Net Position	\$ 819,250	\$ (118,828)	\$ 2,600,198	\$ 2,865,908
Plan Fiduciary Net Position beginning	19,523,168	19,641,996	17,041,798	14,175,890
Plan Fiduciary Net Position ending	\$ 20,342,418	\$ 19,523,168	\$ 19,641,996	\$ 17,041,798
Employer Net OPEB (Asset)	\$ (3,430,352)	\$ (2,462,416)	\$ (3,298,314)	\$ (51,900)
Plan Fiduciary Net Position as a percentage of the TPL	"	114.43%	"	"
Covered Employee Payroll (from GASB 75 actuarial page)	\$ 15,533,309	\$ 14,328,218	\$ 13,994,163	\$ 11,778,699
Employer's Net Pension Liability as a % of covered payroll	-22.08%	-17.19%	-23.57%	-0.44%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of September 30 of that year.

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Saginaw County Community Mental Health Authority
Net OPEB (Asset) - Required Supplemental Information
Schedule of Employer OPEB Contributions

Fiscal Year Ended September 30,	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
2017	\$ 603,964	\$ 1,616,865	(1,012,901)	\$ 11,778,699	13.73%
2018	554,450	2,244,739	(1,690,289)	13,994,163	16.04%
2019	11,903	566,241	(554,338)	14,328,218	3.95%
2020	-	-	-	15,533,309	0.00%

Notes to Schedule of Employer Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level Dollar
Remaining amortization period	17 years, closed
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.75% to 14.75%
Investment rate of return	7.00%, net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Based on the RP-2014 Combined Health Mortality Tables, projected 20 years with U.S. Projection Scale BB.

The notes to the financial statements are an integral part of this statement.



**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
Saginaw County Community Mental Health Authority
Saginaw, 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 Saginaw County Community Mental Health Authority (the CMHSP), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the CMHSP's basic financial statements, and have issued our report thereon dated May 28, 2021.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule for findings and responses as item 2020-01 that we consider to be a material weakness.

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*.

Saginaw County Community Mental Health Authority's Response to Findings

Saginaw County Community Mental Health Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of X, State Y's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 cursive script that reads "Roslund, Prestage & Company, P.C.".

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

May 28, 2021

Saginaw County Community Mental Health Authority
Schedule of Findings and Responses

Finding 2020-01: Material Weakness in Internal Control over Reporting

Condition: Defined benefit pension contributions paid in excess of the actuarially determined amount, which were considered to be unallowed costs for the current year, had been expensed in the trial balance.

Criteria: Per 2 CFR 200.431(g)(6)(ii), Pension costs calculated using an actuarial cost-based method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Per 2 CFR 200.431 (g)(6)(iii), Amounts funded by the non-Federal entity in excess of the actuarially determined amount for a fiscal year may be used as the non-Federal entity's contribution in future periods.

Cause: This condition was caused by management oversight.

Effect: \$575,000 of excess pension costs were originally recorded as a current year expense.

Questioned Costs: None. The identified expense was reclassified from a current year expense (fringe benefits) to a prepaid expense to be utilized (expensed) in a future period.

Recommendation: We recommend that management review their defined benefit plan policies and procedures and update them as needed to ensure that all contributions are in accordance with 2 CFR 200.

Management's Resp: We are in agreement with this finding.