

**TRI-COUNTY AGING CONSORTIUM
LANSING, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and other
supplementary information)**

YEAR ENDED SEPTEMBER 30, 2022



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-County Aging Consortium, as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise Tri-County Aging Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-County Aging Consortium, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tri-County Aging Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2022 the Consortium adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Aging Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Aging Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tri-County Aging Consortium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in employer's net pension liability and related ratios, and schedule of employer contributions, 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the Tri-County Aging Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Tri-County Aging Consortium's internal control over financial reporting and compliance.

Maney Costerian PC

March 10, 2023

TRI-COUNTY AGING CONSORTIUM MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial statements, titled Management's Discussion and Analysis, represents the administration's review of the Tri-County Aging Consortium's (the Consortium's) financial performance during the fiscal year ended September 30, 2022. The Management's Discussion and Analysis is intended to be read in conjunction with the Consortium's financial statements.

Generally accepted accounting principles (GAAP) require the reporting of two types of financial statements: government-wide financial statements and fund level financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Consortium exceeded its liabilities and deferred inflows of resources at September 30, 2022, by \$11,450,466 at the government-wide level. Unrestricted net position was \$11,342,918 at September 30, 2022.
- The Consortium's total net position increased \$735,385 as a result of this year's operations.
- As of September 30, 2022, the Consortium's governmental funds reported ending fund balances of \$11,895,485, an increase of \$923,420.
- As of September 30, 2022, the general fund unassigned fund balance was \$385,794, or approximately 45% of total fund expenditures and other financing uses.

Overview of the Financial Statements

The Tri-County Aging Consortium's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements provide information about the activities of the entire Consortium. They present an overall view of the Consortium's finances, reporting the assets and liabilities on fiscal year ending September 30, 2022.

The statement of net position presents information on all of the Tri-County Aging Consortium's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Consortium is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during fiscal year 2021/2022. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows.

All of the Tri-County Aging Consortium's activities are supported by intergovernmental revenues, governmental grants, fees and charges for services, interest, local revenues, and contributions. The governmental activities of the Consortium are all considered health and welfare programs. The Consortium does not operate any programs that are intended to recover all or a significant portion of their costs through user fees and charges.

TRI-COUNTY AGING CONSORTIUM MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tri-County Aging Consortium uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Consortium operates with three funds, General, Grants Special Revenue, and Capital Projects, which are considered governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Tri-County Aging Consortium adopts an annual appropriated budget for its General and Grants Special Revenue Funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic financial statements can be found on pages 10-15 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-33 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgeted revenues and expenditures, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 35-39. Other supplementary information concerning support services and expenditures of federal awards can be found on pages 41-55 of this report.

**TRI-COUNTY AGING CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Tri-County Aging Consortium, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,450,466. A comparative analysis of net position as of September 30, 2022 and 2021 are presented below:

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 15,615,583	\$ 14,355,913
Capital assets, net	<u>1,132,426</u>	<u>1,356,815</u>
Total assets	<u>16,748,009</u>	<u>15,712,728</u>
Deferred outflows of resources	<u>1,408,308</u>	<u>1,343,443</u>
Current liabilities	3,506,264	2,925,076
Noncurrent liabilities	<u>2,160,788</u>	<u>2,902,523</u>
Total liabilities	<u>5,667,052</u>	<u>5,827,599</u>
Deferred inflows of resources	<u>1,038,799</u>	<u>513,491</u>
Net position		
Net investment in capital assets	37,293	83,118
Restricted	70,255	70,255
Unrestricted	<u>11,342,918</u>	<u>10,561,708</u>
Total net position	<u>\$ 11,450,466</u>	<u>\$ 10,715,081</u>

Unrestricted net position (the part of net position that can be used to finance day to day operations) increased by \$781,210. This is within our desired range.

The following table shows the changes in net position as of September 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Program revenues		
Charges for services	\$ 170,073	\$ 89,167
Operating grants and contributions	38,296,690	34,065,065
General revenue		
Municipal appropriations	266,249	270,666
Investment earnings (loss)	<u>(52,356)</u>	<u>40,531</u>
Total revenue	<u>38,680,656</u>	<u>34,465,429</u>
Expenses		
Health and welfare	37,886,832	33,228,691
Interest on long-term debt	<u>58,439</u>	<u>-</u>
Total expenses	<u>37,945,271</u>	<u>33,228,691</u>
Changes in net position	<u>\$ 735,385</u>	<u>\$ 1,236,738</u>

TRI-COUNTY AGING CONSORTIUM MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in funding and contributions of \$4,215,227 were mainly due to an increase in Capitation payments to fund the Medicaid MI Choice Waiver Program in FY2022. Also contributing to the increase in revenue was additional funding provided through a new tax millage for elder programs through Ingham County and to a lesser degree, CARES federal funding.

Total expenses increased \$4,716,580 or 14% from last year partially due to additional clients enrolled in the Medicaid MI Choice Waiver Program and the cost of providing services to the increased population. Additional expenses were also incurred by any programs that received additional funding to provide services to our participants.

Financial Analysis of the Government's Funds

The general fund revenue and other financing sources was less than the final budget by \$107,104 and expenditures and other financing uses were less than the amounts budgeted by \$240,330 for fiscal year 2022. The decrease in the fund balance for the general fund was due to additional costs for salaries, fringes, and other administrative costs. There have been labor adjustments that should alleviate a future decrease in fund balance.

The grants special revenue fund experienced an increase in fund balance of \$1,118,002 mainly caused by an increase in clients enrolled in the Medicaid Waiver Program. In fiscal year 2022, the Medicaid Waiver Program again received additional slots from the Michigan Department of Health and Human Services (MDHHS) that allowed the increase in the number clients enrolled in this program. The total amount of slots allocated for fiscal year 2022 totaled approximately 1,084 and the actual client enrollment count as of September 30, 2022, was 876. It is important to emphasize that the Waiver is a managed care program with a full risk contract. Reimbursement is based on a capitated basis encompassing six rate cells developed by an actuarial entity. Due to these factors, revenues can exceed expenditures for the year, as well as expenditures exceeding revenues as is the nature of a managed care system. The surplus in fund balance from fiscal year 2022 will be held for future years when expenditures could exceed revenues.

The Consortium and the MDHHS are still in the process of reconciling claims for fiscal years 2021 and 2022. The Consortium is monitoring the open claims for these fiscal years to ensure that a satisfactory resolution is obtained, and management is confident that the outcome will be adequate and complete.

Capital Asset and Debt Administration

Capital Assets: The Consortium's investment in capital assets as of September 30, 2022, amounts to \$1,132,426 (net of accumulated depreciation/amortization). During the year, the Consortium disposed of a vehicle that was fully depreciated totaling \$40,952. Additional details related to capital assets are presented in Note 3 to the financial statements.

Long-term Obligations: The Consortium has a long-term obligations related to a lease payable and compensation (e.g., unused vacation and sick leave). The long-term obligation at September 30, 2022, amounted to \$1,337,148. Additional details related to long-term obligations are presented in Note 4 to the financial statements.

**TRI-COUNTY AGING CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors and Next Year's Budget and Rates

Tri-County Office on Aging's (TCOA) funding is determined at the federal, state, and local levels. TCOA anticipates additional funding from both the American Rescue Plan and Consolidated Appropriations Act in FY2023. These funding streams will impact both revenue and expenditures for FY2023. Federal and state funding cuts could be made at any time and could have a significant effect on the Consortium's financial position or operations depending on the severity of the cuts. TCOA Senior Leadership is continuing to monitor all aspects of revenues and expenses to ensure the Agency is positioned to provide quality services to our target populations.

Requests for Information

This financial report is designed to provide a general overview of the Tri-County Aging Consortium's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Department
Tri-County Aging Consortium
5303 S. Cedar Street, Suite 1
Lansing, MI 48911

BASIC FINANCIAL STATEMENTS

**TRI-COUNTY AGING CONSORTIUM
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 12,152,279
Cash and cash equivalents - restricted	98,903
Investments	820,391
Accounts receivable	421,193
Due from other governmental units	1,698,563
Prepays	382,239
Inventory	42,015
	15,615,583
Noncurrent assets	
Capital assets, net of accumulated depreciation/amortization	1,132,426
	16,748,009
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	1,408,308
	1,408,308
LIABILITIES	
Current liabilities	
Accounts payable	2,806,372
Accrued payroll	194,181
Other accrued liabilities	6,062
Unearned revenue	92,340
Current portion of long-term debt	187,512
Current portion of compensated absences	219,797
	3,506,264
Noncurrent liabilities	
Net pension liability	1,230,949
Noncurrent portion of long-term debt	907,621
Noncurrent portion of compensated absences	22,218
	2,160,788
	5,667,052
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,038,799
	1,038,799
NET POSITION	
Net investment in capital assets	37,293
Restricted for permanent corpus	70,255
Unrestricted	11,342,918
	11,449,466
	\$ 11,450,466

See accompanying notes to financial statements.

**TRI-COUNTY AGING CONSORTIUM
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Health and welfare	\$ 37,886,832	\$ 170,073	\$ 38,296,690	\$ 579,931
Interest on long-term debt	58,439	-	-	(58,439)
Total	\$ 37,945,271	\$ 170,073	\$ 38,296,690	521,492
General revenues				
Municipal appropriations				266,249
Investment (loss)				(52,356)
Total general revenues				213,893
Change in net position				735,385
Net position, beginning of year				10,715,081
Net position, end of year				\$ 11,450,466

See accompanying notes to financial statements.

**TRI-COUNTY AGING CONSORTIUM
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2022**

	General	Grants Special Revenue	Capital Projects (Capital Campaign) (Nonmajor Fund)	Total
ASSETS				
Cash and cash equivalents	\$ 129,710	\$ 11,986,708	\$ 35,861	\$ 12,152,279
Cash and cash equivalents - restricted	-	-	98,903	98,903
Investments	672,381	-	148,010	820,391
Accounts receivable	1,364	419,829	-	421,193
Due from other governmental units	-	1,698,563	-	1,698,563
Prepays	25,783	356,456	-	382,239
Inventory	-	42,015	-	42,015
TOTAL ASSETS	\$ 829,238	\$ 14,503,571	\$ 282,774	\$ 15,615,583
LIABILITIES				
Accounts payable	\$ 35,914	\$ 2,770,458	\$ -	\$ 2,806,372
Accrued payroll	13,500	180,681	-	194,181
Other accrued liabilities	-	6,062	-	6,062
Unearned revenue	87,307	5,033	-	92,340
TOTAL LIABILITIES	136,721	2,962,234	-	3,098,955
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	621,143	-	621,143
FUND BALANCES				
Nonspendable				
Prepays and inventory	25,783	398,471	-	424,254
Permanent corpus	-	-	70,255	70,255
Committed				
HCBS - Waiver	-	10,521,723	-	10,521,723
Assigned				
Capital campaign	-	-	212,519	212,519
Friends of Independence	280,940	-	-	280,940
Unassigned	385,794	-	-	385,794
TOTAL FUND BALANCES	692,517	10,920,194	282,774	11,895,485
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 829,238	\$ 14,503,571	\$ 282,774	\$ 15,615,583

See accompanying notes to financial statements.

**TRI-COUNTY AGING CONSORTIUM
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total fund balances - governmental funds \$ 11,895,485

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 1,697,604	
Accumulated depreciation/amortization is	<u>(565,178)</u>	

Capital assets, net		1,132,426
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Long-term receivables are not expected to be collected within 60 days of year end and are not available to pay for current expenditures. 621,143

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pension	1,408,308	
Deferred inflows of resources related to pension	<u>(1,038,799)</u>	

369,509

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Compensated absences	(242,015)	
Lease payable	(1,095,133)	
Net pension liability	<u>(1,230,949)</u>	

(2,568,097)

Net position of governmental activities \$ 11,450,466

**TRI-COUNTY AGING CONSORTIUM
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2022**

	General	Grants Special Revenue	Capital Projects (Capital Campaign) (Nonmajor Fund)	Total
REVENUES				
Intergovernmental				
Federal	\$ -	\$ 2,524,498	\$ -	\$ 2,524,498
State	-	1,798,831	-	1,798,831
Medicaid waiver program	-	31,495,525	-	31,495,525
Municipal appropriations	266,249	-	-	266,249
Local grants	395,959	1,877,092	-	2,273,051
Program revenues	-	170,073	-	170,073
Investment (loss)	(20,887)	-	(31,469)	(52,356)
Contributions	58,922	256,636	250	315,808
	<u>700,243</u>	<u>38,122,655</u>	<u>(31,219)</u>	<u>38,791,679</u>
EXPENDITURES				
Current				
Health and welfare	566,346	37,062,381	2,532	37,631,259
Debt service	38,368	198,632	-	237,000
	<u>604,714</u>	<u>37,261,013</u>	<u>2,532</u>	<u>37,868,259</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>95,529</u>	<u>861,642</u>	<u>(33,751)</u>	<u>923,420</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,043	256,360	-	257,403
Transfers out	(253,128)	-	(4,275)	(257,403)
	<u>(252,085)</u>	<u>256,360</u>	<u>(4,275)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(156,556)	1,118,002	(38,026)	923,420
Fund balance, beginning of year	<u>849,073</u>	<u>9,802,192</u>	<u>320,800</u>	<u>10,972,065</u>
Fund balance, end of year	<u>\$ 692,517</u>	<u>\$ 10,920,194</u>	<u>\$ 282,774</u>	<u>\$ 11,895,485</u>

See accompanying notes to financial statements.

TRI-COUNTY AGING CONSORTIUM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds \$ 923,420

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Depreciation/amortization expense	(224,389)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable revenue is:	(111,023)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in compensated absences	\$ (4,939)	
Decrease in lease payable	178,564	
Decrease in net pension liability	434,195	
Increase in deferred outflows of resources related to pension	64,865	
(Increase) in deferred inflows of resources related to pension	<u>(525,308)</u>	
		<u>147,377</u>

Change in net position of governmental activities	<u><u>\$ 735,385</u></u>
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TRI-COUNTY AGING CONSORTIUM NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tri-County Aging Consortium (the "Consortium") is the designated Area Agency on Aging (AAA) for Region VI of Michigan (Ingham, Clinton, and Eaton Counties). As an AAA, the Consortium is responsible for regional planning and coordination of services for older people. This designation dates back to April 1974, when the first Area Plan for this region was approved by the State of Michigan Office of Services to the Aging.

The Consortium began in 1972 when a grant from the State Commission on Aging was awarded to the Lansing Planning Department to conduct a needs survey for Lansing elderly. As a result of this research, the Lansing City Council created a Senior Citizens Department in January 1974. Later that year, the Department secured the necessary two-thirds approvals of the Boards of Commissioners of Ingham, Clinton, and Eaton Counties to apply for designation as an Area Agency on Aging under the Older Americans Act.

The Consortium Board, the policy-making body for the agency, was established under the Urban Cooperation Act of 1967. The Consortium's twelve-member board features the combined input and representation from the Lansing Mayor's Office, Lansing City Council, East Lansing City Council, and the Boards of Commissioners of Ingham, Clinton, and Eaton Counties. Each of the governmental bodies contributes local funds which finance a portion of the Consortium's activities. The Consortium then pursues other funding sources to bring tax dollars back into the region for the purpose of providing services to senior citizens.

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

The primary revenues of the Consortium are charges for services, Federal and State grants, and municipal appropriations.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements are exclusive presentations of the financial condition and results of operations of the Tri-County Aging Consortium. The Consortium is not considered to be a component unit of any other governmental unit. In addition, the Consortium's reporting entity does not contain any component units as defined by GASB.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the Consortium as a whole.

The statement of activities presents the direct functional expenses of the Consortium and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

Program revenues are associated with specific functions and include charges to recipients for goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest and all municipal appropriations and shows how governmental functions are either self-financing or supported by the general revenues of the Consortium.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS

The Consortium uses three funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The governmental fund financial statements present the Consortium's major and nonmajor funds.

The *Major Funds* of the Consortium are:

- a. *General Fund* - This fund is the Consortium's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. *Grants Special Revenue Fund* - This fund reports grant program revenues and expenditures of Federal and State grant monies primarily passed through the Aging and Adult Services Agency (AASA) as well as amounts passed through from local and private sources.

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

The governmental fund financial statements are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The government-wide financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the Consortium before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenses.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Basis of Accounting (continued)

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Consortium considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Budgets and Budgetary Accounting

The annual budget of the Consortium is prepared by the Consortium's management and approved by the Board at the total expenditure level. Any revisions to the original budget are approved by the Board before the end of the fiscal year.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of the Consortium's checking and savings accounts, imprest cash, certificates of deposit with an original maturity of 90 days or less, and money market funds.

In addition, the Consortium's restricted cash and cash equivalents consist of an endowment fund held by the Capital Region Community Foundation for building and equipment purchases by the Meals on Wheels program. These funds may be requested by the Consortium at any time except for the permanent corpus of the funds. The fund balance for that portion of the endowment has been appropriately reported as nonspendable.

Investments consist of the Consortium's holdings in U.S. Treasury obligations with an original maturity in excess of 90 days. Investments are stated at fair value.

In accordance with Michigan Compiled Laws, the Consortium is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Cash, Cash Equivalents, and Investments (continued)

- d. The United States government or Federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States Banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Receivables and Unearned Revenue

Receivables consist of amounts due from governmental units for various grant programs and accounts receivable for charges for services to clients and other organizations.

The Consortium has recognized the revenue related to charges for services at the time the services are performed and billed to the extent such amounts are estimated to be received. Contractual adjustments by third-party payers are treated as a reduction to revenues.

Unearned revenues arise when the Consortium receives resources before it has a legal claim to them. In subsequent periods, when the revenue meets both the “measurable” and “available” criteria for recognition, the liability for unearned revenue is removed from the statement of net position and balance sheet, respectively, and revenue is recognized.

Inventories and Prepaids

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Payments made to vendors for services that will benefit future periods are recorded as prepaid expenditures/expenses. Reported inventories and prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute “available spendable resources” even though they are a component of equity.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more, with estimated useful lives of more than one year. Capital assets are not recorded in the governmental fund. Instead, capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. The measurement of intangible right-to-use assets is discussed below under the heading “leases”. Donated capital assets are valued at their estimated acquisition cost on the date received.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Capital Assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Right-to-use assets of the Consortium are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	15 years
Vehicles	6 years
Equipment	10 years
Right-to-use - leased space	5 years

Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Compensated Absences

The Consortium employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and personal time. This amount, along with related payroll taxes has been recorded in the government-wide financial statements.

Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized on the Consortium's government-wide financial statements.

Leases

Lessee: The Consortium is a lessee for a noncancelable lease of office space. The Consortium recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Consortium recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Leases (continued)

Key estimates and judgements related to leases include how the Consortium determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Consortium uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Consortium generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Consortium is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Unavailable Revenue

Governmental funds report unavailable revenues in connection with receivables for revenue that is not considered available to liquidate liabilities of the current period.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet 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/fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and balance sheet 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/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Consortium reports deferred inflows of resources on the balance sheet in connection with long-term receivables that are not considered available to liquidate liabilities of the current period. The Consortium also reports deferred outflows of resources and deferred inflows of resources on the statement of net position which correspond to the Consortium's net pension liability and are related to differences in experience, differences in assumptions, differences between projected and actual pension plan investment earnings and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow of resources or an inflow of resources in the period to which they apply.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Consortium's highest level of decision-making authority is the Board of Public Health. The formal action that is required to be taken to establish a fund balance commitment is the adoption of a Board resolution.

For assigned fund balance, the Tri-County Aging Consortium has not approved a policy indicating who is authorized to assign amounts to a specific purpose, therefore the authority for assigning fund balance remains with the Consortium's Board of Directors.

For the classification of fund balances, the Tri-County Aging Consortium considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the Tri-County Aging Consortium considers committed, assigned, or unassigned amounts to have been spent in succession when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Interfund Transactions

During the course of normal operations, the Consortium has numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements generally reflect such transactions as operating transfers.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since its inclusion would make the statements unduly complex and difficult to read.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of September 30, 2022, the Consortium had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Consortium's deposits may not be returned to it. As of September 30, 2022, \$11,856,140 of the Consortium's bank balance of \$12,184,135 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits was \$12,151,979.

The cash and cash equivalents balances reported in the basic financial statements include \$300 in imprest cash and \$98,903 in an endowment fund held by the Capital Region Community Foundation.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Consortium will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Board and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Consortium will do business in accordance with Board approved policy.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of September 30, 2022, rating information on the Consortium's investments is presented below.

Interest Rate Risk

The Consortium will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Consortium's cash requirements.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The Consortium will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Consortium's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

The Consortium is not authorized to invest in investments which have this type of risk.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy.

The Consortium had the following fair value measurements as of September 30, 2022:

	Fair Value Measurements			Total	Weighted Average Maturity	Moody's Rating
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
U.S. Treasury notes	\$ -	\$ 820,391	\$ -	\$ 820,391	3.39	AAA

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

The following provides a summary of the changes in capital assets for the year ended September 30, 2022:

	Restated Balance <u>Oct. 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Sept. 30, 2022</u>
Capital assets being depreciated/amortized				
Vehicles	\$ 145,078	\$ -	\$ (40,952)	\$ 104,126
Equipment	319,781	-	-	319,781
Right-to-use building	<u>1,273,697</u>	<u>-</u>	<u>-</u>	<u>1,273,697</u>
Total	<u>1,738,556</u>	<u>-</u>	<u>(40,952)</u>	<u>1,697,604</u>
Less accumulated depreciation/amortization for:				
Vehicles	(116,519)	(8,947)	40,952	(84,514)
Equipment	(265,222)	(11,650)	-	(276,872)
Right-to-use building	<u>-</u>	<u>(203,792)</u>	<u>-</u>	<u>(203,792)</u>
Total	<u>(381,741)</u>	<u>(224,389)</u>	<u>40,952</u>	<u>(565,178)</u>
Capital assets, net	<u><u>\$ 1,356,815</u></u>	<u><u>\$ (224,389)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,132,426</u></u>

NOTE 4 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Consortium for the year ended September 30, 2022:

	Restated Balance <u>Oct. 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Sept. 30, 2022</u>	Amounts Due Within <u>One Year</u>
Direct borrowings and direct placements					
Lease payable	\$ 1,273,697	\$ -	\$ (178,564)	\$ 1,095,133	\$ 187,512
Other long-term obligations					
Compensated absences	<u>237,076</u>	<u>220,250</u>	<u>(215,311)</u>	<u>242,015</u>	<u>219,797</u>
	<u><u>\$ 1,510,773</u></u>	<u><u>\$ 220,250</u></u>	<u><u>\$ (393,875)</u></u>	<u><u>\$ 1,337,148</u></u>	<u><u>\$ 407,309</u></u>

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LONG-TERM OBLIGATIONS (continued)

Significant details regarding outstanding long-term obligations (including current portion) are presented below:

Lease Payable

\$1,878,304 2018 Lease payable dated August 8, 2018, due in monthly installments ranging from \$15,278 to \$19,670 through December 1, 2027, with interest of 4.90%, payable monthly.

\$ 1,095,133

Compensated Absences

In accordance with Consortium personnel policies, individual employees have vested rights upon termination of employment to receive payment for unused vacation under formulas and conditions specified in their personnel policies handbook.

Accumulated sick and vacation leave represents a liability to the Consortium, which is presented in a current and long-term portion of the liability. For this reason, the total liability is reported in the government-wide financial statements and represents a current liability of \$219,797 and a long-term liability of \$22,218 at September 30, 2022. Payments to employees for sick and vacation leave are recorded as expenditures when they are used, and payments are actually made to the employees.

The Consortium's outstanding obligations from direct borrowings and direct placements of \$1,095,133 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.

The annual requirements to pay the long-term obligations as of September 30, 2022, including interest are as follows:

<u>Year Ending September 30,</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 187,512	\$ 49,488
2024	196,910	40,090
2025	206,778	30,222
2026	217,140	19,860
2027	228,023	8,977
2028	58,770	480
	<u>\$ 1,095,133</u>	<u>\$ 149,117</u>

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INTERFUND TRANSFERS

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to General Fund from:	
Nonmajor governmental fund	<u>\$ 1,043</u>
Transfers to Grants Special Revenue Fund from:	
General Fund	\$ 253,128
Nonmajor governmental fund	<u>3,232</u>
	<u>\$ 256,360</u>

The transfers move unrestricted revenues collected in the General Fund and nonmajor governmental fund to finance various programs accounted for in the General and Grants Special Revenue Funds in accordance with budgetary authorizations.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

The Consortium's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Consortium 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's 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 by accessing MERS website at www.mersofmich.com.

Summary of Significant Accounting Policies

For the 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 of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established, and amends the benefit provisions of the participants in MERS. The MERS plan covers all eligible full-time general employees at the Consortium.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided (continued)

Retirement benefits for Consortium employees are calculated at 2.00% of the employee's five-year final average compensation times the employee's years of service with no maximum. Normal retirement age is 60 with an unreduced benefit at age 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 6 years of service and for duty related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accrued interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Board of Directors.

At the December 31, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>95</u>
	<u><u>181</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions were 10.08% based on annual payroll for the open division.

Payable to the Pension Plan

At September 30, 2022, there were no amounts outstanding by the Consortium for contributions to the pension plan required for the year ended September 30, 2022.

Net Pension Liability

The net pension liability reported at September 30, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2021. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of that date.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability (continued)

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at December 31, 2020	\$ 12,237,835	\$ 10,572,691	\$ 1,665,144
Changes for the year			
Service cost	383,409	-	383,409
Interest on total pension liability	920,802	-	920,802
Difference between expected and actual experience	(174,524)	-	(174,524)
Changes in assumptions	498,268	-	498,268
Employer contributions	-	648,535	(648,535)
Employee contributions	-	-	-
Net investment income	-	1,430,516	(1,430,516)
Benefit payments, including employee refunds	(627,456)	(627,456)	-
Administrative expense	-	(16,901)	16,901
Net changes	<u>1,000,499</u>	<u>1,434,694</u>	<u>(434,195)</u>
Balances at December 31, 2021	<u>\$ 13,238,334</u>	<u>\$ 12,007,385</u>	<u>\$ 1,230,949</u>

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Consortium recognized pension expense of \$571,460. The Consortium reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 137,144	\$ 182,331
Differences in assumptions	864,148	-
Excess (deficit) investment returns	-	856,468
Contributions subsequent to the measurement date*	<u>407,016</u>	<u>-</u>
Total	<u>\$ 1,408,308</u>	<u>\$ 1,038,799</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2023.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year Ending September 30,	Pension Expense
2023	\$ 133,344
2024	(82,376)
2025	(27,855)
2026	(60,620)

Actuarial Assumptions

The total pension liability in the December 31, 2021, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return: 7.00%, net of investment expenses, including inflation.

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

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

The actuarial assumptions used in the valuation were based on the results of the 2014-2018 Five-Year Experience Study.

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Change in Assumptions

The actuarial assumptions were changed during the year as follows:

- Discount rate was lowered from 7.60% to 7.25%.
- Investment rate of return was lowered from 7.35% to 7.00%.

Projected Cash Flows

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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
Global Equity	60.00%	4.50%	2.70%
Global Fixed Income	20.00%	2.00%	0.40%
Private Investments	20.00%	7.00%	1.40%
	<u>100.00%</u>		
	Inflation		2.50%
	Administration expenses netted above		<u>0.25%</u>
	Investment rate of return		<u>7.25%</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Consortium, calculated using the discount rates of 7.25%, as well as what the Consortium's net pension liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 2,839,453</u>	<u>\$ 1,230,949</u>	<u>\$ (116,031)</u>

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which they carry commercial insurance. The Consortium has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three years.

NOTE 8 - CONTINGENT LIABILITIES

The Consortium participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The periodic program compliance audits of many of the programs have not yet been completed or final resolution has not been received. Accordingly, the Consortium's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Consortium expects such amounts, if any, to be immaterial.

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended September 30, 2022, the Consortium implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase 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 the 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.

Beginning capital assets and beginning long-term debt were both increased by \$1,273,697 to account for the adoption of GASB Statement No. 87.

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Consortium is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

**TRI-COUNTY AGING CONSORTIUM
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Consortium is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Consortium is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**TRI-COUNTY AGING CONSORTIUM
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local grants	\$ 319,533	\$ 394,161	\$ 395,959	\$ 1,798
Municipal appropriations				
City of Lansing	75,000	75,000	75,000	-
City of East Lansing	15,660	15,660	15,660	-
Ingham County	71,863	71,863	71,683	(180)
Clinton County	41,079	41,079	41,079	-
Eaton County	62,827	62,827	62,827	-
Interest	21,000	51,100	(20,887)	(71,987)
Contributions	116,625	96,700	58,922	(37,778)
	723,587	808,390	700,243	(108,147)
EXPENDITURES				
Current				
Health and welfare				
Salaries and wages	408,163	407,663	278,413	129,250
Fringe benefits	157,537	161,537	105,248	56,289
Operating expenditures	154,600	132,772	109,205	23,567
Professional services	40,750	67,200	72,872	(5,672)
Travel and training	200	1,000	608	392
Total health and welfare	761,250	770,172	566,346	203,826
Debt service	44,500	45,000	38,368	6,632
TOTAL EXPENDITURES	805,750	815,172	604,714	210,458
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,163)	(6,782)	95,529	102,311
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,043	1,043
Transfers out	(414,390)	(283,000)	(253,128)	29,872
TOTAL OTHER FINANCING SOURCES (USES)	(414,390)	(283,000)	(252,085)	30,915
NET CHANGE IN FUND BALANCE	(496,553)	(289,782)	(156,556)	133,226
Fund balance, beginning of year	849,073	849,073	849,073	-
Fund balance, end of year	\$ 352,520	\$ 559,291	\$ 692,517	\$ 133,226

**TRI-COUNTY AGING CONSORTIUM
GRANTS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental				
Federal	\$ 2,043,710	\$ 2,464,464	\$ 2,524,498	\$ 60,034
State	1,831,964	1,853,091	1,798,831	(54,260)
Medicaid waiver program	27,500,000	31,750,000	31,495,525	(254,475)
Local grants	2,719,378	3,202,468	1,877,092	(1,325,376)
Charges for services	121,000	153,000	170,073	17,073
Contributions	190,000	213,500	256,636	43,136
TOTAL REVENUES	34,406,052	39,636,523	38,122,655	(1,513,868)
EXPENDITURES				
Current				
Health and welfare				
Salaries and wages	4,137,567	4,288,346	4,257,132	31,214
Fringe benefits	1,610,880	1,703,634	1,651,650	51,984
Operating expenditures	2,481,546	2,581,414	2,398,090	183,324
Professional services	99,825	147,325	134,743	12,582
Subcontractor expenditures	26,046,987	29,202,385	28,552,462	649,923
Travel and training	42,735	88,615	68,304	20,311
Total health and welfare	34,419,540	38,011,719	37,062,381	949,338
Debt service	207,500	209,500	198,632	10,868
TOTAL EXPENDITURES	34,627,040	38,221,219	37,261,013	960,206
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(220,988)	1,415,304	861,642	(553,662)
OTHER FINANCING SOURCES				
Transfers in	414,390	283,000	256,360	(26,640)
NET CHANGE IN FUND BALANCE	193,402	1,698,304	1,118,002	(580,302)
Fund balance, beginning of year	9,802,192	9,802,192	9,802,192	-
Fund balance, end of year	\$ 9,995,594	\$ 11,500,496	\$ 10,920,194	\$ (580,302)

TRI-COUNTY AGING CONSORTIUM
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT MEASUREMENT YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 383,409	\$ 356,603	\$ 322,495	\$ 298,029	\$ 284,237	\$ 305,341	\$ 283,247	\$ 293,888
Interest	920,802	816,673	797,254	752,719	706,464	681,540	625,436	581,328
Difference between expected and actual experience	(174,524)	223,382	(106,777)	15,570	33,059	(285,593)	(77,380)	-
Changes of assumptions	498,268	567,411	312,716	-	-	-	450,517	-
Benefit payments, including employee refunds	(627,456)	(587,268)	(538,175)	(505,519)	(399,430)	(358,945)	(350,399)	(320,094)
Net Change in Total Pension Liability	1,000,499	1,376,801	787,513	560,799	624,330	342,343	931,421	555,122
Total Pension Liability, beginning	12,237,835	10,861,034	10,073,521	9,512,722	8,888,392	8,546,049	7,614,628	7,059,506
Total Pension Liability, ending	<u>\$ 13,238,334</u>	<u>\$ 12,237,835</u>	<u>\$ 10,861,034</u>	<u>\$ 10,073,521</u>	<u>\$ 9,512,722</u>	<u>\$ 8,888,392</u>	<u>\$ 8,546,049</u>	<u>\$ 7,614,628</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 648,535	\$ 416,705	\$ 355,254	\$ 333,749	\$ 337,721	\$ 368,807	\$ 283,411	\$ 263,114
Contributions - employee	-	25,958	12,058	-	35,427	-	35,531	23,334
Net investment income (loss)	1,430,516	1,335,262	1,146,505	(351,718)	1,065,022	823,433	(111,727)	438,821
Benefit payments, including employee refunds	(627,456)	(587,268)	(538,175)	(505,519)	(399,430)	(358,945)	(350,399)	(320,094)
Administrative expense	(16,901)	(18,944)	(19,754)	(17,429)	(16,842)	(16,238)	(16,137)	(16,148)
Net Change in Plan Fiduciary Net Position	1,434,694	1,171,713	955,888	(540,917)	1,021,898	817,057	(159,321)	389,027
Plan Fiduciary Net Position, beginning	10,572,691	9,400,978	8,445,090	8,986,007	7,964,109	7,147,052	7,306,373	6,917,346
Plan Fiduciary Net Position, ending	<u>\$ 12,007,385</u>	<u>\$ 10,572,691</u>	<u>\$ 9,400,978</u>	<u>\$ 8,445,090</u>	<u>\$ 8,986,007</u>	<u>\$ 7,964,109</u>	<u>\$ 7,147,052</u>	<u>\$ 7,306,373</u>
Employer's Net Pension Liability	<u>\$ 1,230,949</u>	<u>\$ 1,665,144</u>	<u>\$ 1,460,056</u>	<u>\$ 1,628,431</u>	<u>\$ 526,715</u>	<u>\$ 924,283</u>	<u>\$ 1,398,997</u>	<u>\$ 308,255</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	91%	86%	87%	84%	94%	90%	84%	96%
Covered payroll	\$ 4,110,647	\$ 4,007,554	\$ 3,709,456	\$ 3,431,432	\$ 3,315,387	\$ 3,638,975	\$ 3,480,095	\$ 3,612,252
Employer's Net Pension Liability as a percentage of covered payroll	30%	42%	39%	47%	16%	25%	40%	9%

**TRI-COUNTY AGING CONSORTIUM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST EIGHT FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 544,943	\$ 450,821	\$ 390,259	\$ 346,264	\$ 250,517	\$ 245,572	\$ 246,191	\$ 286,134
Contributions in relation to the actuarially determined contribution	<u>544,943</u>	<u>625,821</u>	<u>390,259</u>	<u>346,264</u>	<u>250,517</u>	<u>245,572</u>	<u>246,191</u>	<u>286,134</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (175,000)</u>	<u>\$ -</u>					
Covered payroll	\$ 4,383,837	\$ 4,040,921	\$ 3,853,013	\$ 3,617,532	\$ 3,426,150	\$ 3,554,559	\$ 3,740,817	\$ 3,599,973
Contributions as a percentage of covered payroll	12%	15%	9%	10%	7%	7%	7%	8%

**TRI-COUNTY AGING CONSORTIUM
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 - EMPLOYEE RETIREMENT PLAN

Changes of Benefits Terms: There were no significant changes in benefit terms for the plan year 2022.

Changes in Assumptions: Discount rate was lowered from 7.60% to 7.25%.
Investment rate of return was lowered from 7.35% to 7.00%.

OTHER SUPPLEMENTARY INFORMATION

TRI-COUNTY AGING CONSORTIUM
GRANTS SPECIAL REVENUE FUND - BY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2022

	Title III Administrative	Title III B Services	Title III C1 Nutrition	Title III C2 State Home Delivered Meals
REVENUES				
Intergovernmental				
Federal	\$ 181,078	\$ 665,962	\$ 392,600	\$ 786,810
State	28,504	-	9,365	466,754
Medicaid waiver program	-	-	-	-
Local grants	-	-	-	44,631
Program revenues	-	320	43,067	115,021
Contributions	-	-	-	237,956
	<u>209,582</u>	<u>666,282</u>	<u>445,032</u>	<u>1,651,172</u>
EXPENDITURES				
Current				
Health and welfare				
Salaries and wages	144,101	76,972	134,523	469,641
Fringe benefits	50,619	30,147	51,305	172,124
Operating expenditures	8,200	5,201	292,160	1,058,333
Professional services	-	7,912	3,815	27,869
Subcontractor expenditures	-	423,767	-	-
Travel and training	-	258	4,749	44,062
	<u>202,920</u>	<u>544,257</u>	<u>486,552</u>	<u>1,772,029</u>
Debt service	<u>6,662</u>	<u>-</u>	<u>16,590</u>	<u>82,950</u>
	<u>209,582</u>	<u>544,257</u>	<u>503,142</u>	<u>1,854,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>122,025</u>	<u>(58,110)</u>	<u>(203,807)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	569,871
Transfers out	-	(122,025)	-	-
	<u>-</u>	<u>(122,025)</u>	<u>-</u>	<u>569,871</u>
NET CHANGE IN FUND BALANCE	-	-	(58,110)	366,064
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>(136,897)</u>	<u>(209,784)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (195,007)</u>	<u>\$ 156,280</u>

<u>Title III C2 Supplemental Nutrition</u>	<u>Title III D Services</u>	<u>Crisis Management</u>	<u>HCBS Waiver</u>	<u>Alternative Care</u>	<u>Care Management</u>
\$ -	\$ 25,937	\$ -	\$ -	\$ -	\$ -
-	-	-	-	137,952	215,913
-	-	-	31,495,525	-	-
325,250	-	-	1,406	-	-
-	-	-	-	-	-
-	-	3,780	-	-	-
<u>325,250</u>	<u>25,937</u>	<u>3,780</u>	<u>31,496,931</u>	<u>137,952</u>	<u>215,913</u>
21,495	-	-	2,772,955	-	108,045
10,113	-	-	1,091,355	-	41,388
187,344	-	-	391,548	-	20,683
-	-	-	85,555	-	5,554
-	25,937	128,955	26,001,384	137,952	81,199
-	-	-	11,296	-	490
<u>218,952</u>	<u>25,937</u>	<u>128,955</u>	<u>30,354,093</u>	<u>137,952</u>	<u>257,359</u>
-	-	-	85,092	-	7,338
<u>218,952</u>	<u>25,937</u>	<u>128,955</u>	<u>30,439,185</u>	<u>137,952</u>	<u>264,697</u>
<u>106,298</u>	<u>-</u>	<u>(125,175)</u>	<u>1,057,746</u>	<u>-</u>	<u>(48,784)</u>
-	-	125,175	-	-	48,784
<u>(313,801)</u>	<u>-</u>	<u>-</u>	<u>(51,901)</u>	<u>-</u>	<u>-</u>
<u>(313,801)</u>	<u>-</u>	<u>125,175</u>	<u>(51,901)</u>	<u>-</u>	<u>48,784</u>
(207,503)	-	-	1,005,845	-	-
<u>207,503</u>	<u>-</u>	<u>-</u>	<u>9,825,149</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,830,994</u>	<u>\$ -</u>	<u>\$ -</u>

TRI-COUNTY AGING CONSORTIUM
GRANTS SPECIAL REVENUE FUND - BY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Respite	Medicare/ Medicaid Assistance	Title III E Services	State In-Home Care
REVENUES				
Intergovernmental				
Federal	\$ -	\$ 94,731	\$ 200,328	\$ -
State	33,032	-	-	498,375
Medicaid waiver program	-	-	-	-
Local grants	-	-	-	-
Program revenues	-	-	-	-
Contributions	-	-	-	-
TOTAL REVENUES	33,032	94,731	200,328	498,375
EXPENDITURES				
Current				
Health and welfare				
Salaries and wages	-	39,369	97,449	-
Fringe benefits	-	18,344	37,968	-
Operating expenditures	-	25,256	1,624	-
Professional services	-	56	517	-
Subcontractor expenditures	33,032	-	34,786	468,375
Travel and training	-	-	959	-
Total health and welfare	33,032	83,025	173,303	468,375
Debt service	-	-	-	-
TOTAL EXPENDITURES	33,032	83,025	173,303	468,375
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	11,706	27,025	30,000
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(27,025)	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(27,025)	(30,000)
NET CHANGE IN FUND BALANCE	-	11,706	-	-
Fund balance, beginning of year	-	116,221	-	-
Fund balance, end of year	\$ -	\$ 127,927	\$ -	\$ -

State Access Services	Title VII A Services	Title VII Elder Abuse	Evidence Based Programs	Merit Award Respite	Aging Network Services
\$ -	\$ 3,477	\$ 6,343	\$ -	\$ -	\$ -
27,953	-	-	69,360	118,977	43,590
-	-	-	-	-	-
-	-	-	2,250	-	-
-	-	-	7,732	3,087	-
-	-	-	14,900	-	-
<u>27,953</u>	<u>3,477</u>	<u>6,343</u>	<u>94,242</u>	<u>122,064</u>	<u>43,590</u>
17,753	-	-	69,594	-	26,594
9,009	-	-	18,763	-	16,444
682	-	-	60,615	10,708	346
120	-	-	2,199	-	184
-	3,477	6,343	-	111,356	-
389	-	-	353	-	22
<u>27,953</u>	<u>3,477</u>	<u>6,343</u>	<u>151,524</u>	<u>122,064</u>	<u>43,590</u>
-	-	-	-	-	-
<u>27,953</u>	<u>3,477</u>	<u>6,343</u>	<u>151,524</u>	<u>122,064</u>	<u>43,590</u>
-	-	-	(57,282)	-	-
-	-	-	57,282	-	-
-	-	-	-	-	-
-	-	-	57,282	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TRI-COUNTY AGING CONSORTIUM
GRANTS SPECIAL REVENUE FUND - BY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)
YEAR ENDED SEPTEMBER 30, 2022

	State Caregiver Support	CARES Title III B	CARES Title III E	Direct Care Worker
REVENUES				
Intergovernmental				
Federal	\$ -	\$ 31,545	\$ 1,371	\$ -
State	15,851	-	-	133,205
Medicaid waiver program	-	-	-	-
Local grants	-	-	-	-
Program revenues	-	-	-	-
Contributions	-	-	-	-
	<u>15,851</u>	<u>31,545</u>	<u>1,371</u>	<u>133,205</u>
EXPENDITURES				
Current				
Health and welfare				
Salaries and wages	-	-	-	-
Fringe benefits	-	-	-	-
Operating expenditures	-	-	-	-
Professional services	-	-	-	-
Subcontractor expenditures	15,851	31,545	1,371	133,205
Travel and training	-	-	-	-
	<u>15,851</u>	<u>31,545</u>	<u>1,371</u>	<u>133,205</u>
Debt service	-	-	-	-
	<u>15,851</u>	<u>31,545</u>	<u>1,371</u>	<u>133,205</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Elder Senior Millage</u>	<u>Supplemental Nutrition Title III</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 134,316	\$ -	\$ 2,524,498
-	-	-	1,798,831
-	-	-	31,495,525
1,503,555	-	-	1,877,092
846	-	-	170,073
-	-	-	256,636
<u>1,504,401</u>	<u>134,316</u>	<u>-</u>	<u>38,122,655</u>
278,641	-	-	4,257,132
104,071	-	-	1,651,650
201,074	134,316	-	2,398,090
962	-	-	134,743
913,927	-	-	28,552,462
5,726	-	-	68,304
<u>1,504,401</u>	<u>134,316</u>	<u>-</u>	<u>37,062,381</u>
-	-	-	198,632
<u>1,504,401</u>	<u>134,316</u>	<u>-</u>	<u>37,261,013</u>
-	-	-	861,642
-	-	(544,752)	256,360
-	-	544,752	-
-	-	-	256,360
-	-	-	1,118,002
-	-	-	9,802,192
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,920,194</u>

TRI-COUNTY AGING CONSORTIUM
SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE
YEAR ENDED SEPTEMBER 30, 2022

	<u>Part B</u>	<u>Part C1</u>	<u>Part C2</u>	<u>Part D</u>
Care Management	\$ -	\$ -	\$ -	\$ -
Creating Confident Caregivers	9,336	-	-	-
Personal Care	56,277	-	-	-
Homemaker	177,119	-	-	-
Home Delivered Meals	-	-	519,569	-
In Home Respite	-	-	-	-
Case Coordination and Support	10,211	-	-	-
Congregate Meals	-	325,790	-	-
Kinship Respite Care	-	-	-	-
Transportation	57,071	-	-	-
Legal Assistance	27,500	-	-	-
Information and Assistance	79,000	-	-	-
Adult Day Care	-	-	-	-
Elder Abuse Prevention	-	-	-	-
Friendly Reassurance	26,087	-	-	-
Outreach	-	-	-	-
Caregiver Information and Assistance	-	-	-	-
Caregiver Outreach	-	-	-	-
Care Transition Coordination and Support	-	-	-	-
Disease Prevention/Health	27,025	-	-	25,937
Program Development	82,404	-	-	-
Crisis Services for the Elderly (RSD)	95,000	-	-	-
Ombudsman	8,360	-	-	-
Options Counseling	10,572	-	-	-
Administration (AAA)	47,268	61,407	34,498	-
	<u>\$ 713,230</u>	<u>\$ 387,197</u>	<u>\$ 554,067</u>	<u>\$ 25,937</u>

<u>Part E</u>	<u>Part EAP</u>	<u>Part VII A</u>	<u>NSIP</u>	<u>State Access</u>	<u>State In-Home</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	601,580
-	-	-	-	-	-
-	-	-	267,241	-	-
31,661	-	-	-	-	-
-	-	-	-	-	-
-	-	-	66,810	-	-
3,125	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,343	-	-	-	-
-	-	-	-	-	-
-	-	-	-	27,953	-
57,019	-	-	-	-	-
45,230	-	-	-	-	-
-	-	-	-	-	-
27,025	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	30,000
-	-	3,477	-	-	-
36,268	-	-	-	-	-
22,630	-	-	-	-	-
<u>\$ 222,958</u>	<u>\$ 6,343</u>	<u>\$ 3,477</u>	<u>\$ 334,051</u>	<u>\$ 27,953</u>	<u>\$ 631,580</u>

TRI-COUNTY AGING CONSORTIUM
SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE (continued)
YEAR ENDED SEPTEMBER 30, 2022

	State Congregate Meals	State Home Delivered Meals	State NHO	State Alt Care
Care Management	\$ -	\$ -	\$ -	\$ -
Creating Confident Caregivers	-	-	-	-
Personal Care	-	-	-	-
Homemaker	-	-	-	109,789
Home Delivered Meals	-	466,754	-	-
In Home Respite	-	-	-	-
Case Coordination and Support	-	-	-	-
Congregate Meals	9,365	-	-	-
Kinship Respite Care	-	-	-	-
Transportation	-	-	-	-
Legal Assistance	-	-	-	-
Information and Assistance	-	-	-	-
Adult Day Care	-	-	-	-
Elder Abuse Prevention	-	-	-	-
Friendly Reassurance	-	-	-	-
Outreach	-	-	-	-
Caregiver Information and Assistance	-	-	-	-
Caregiver Outreach	-	-	-	-
Care Transition Coordination and Support	-	-	-	-
Disease Prevention/Health	-	-	-	-
Program Development	-	-	-	-
Crisis Services for the Elderly (RSD)	-	-	-	-
Ombudsman	-	-	18,678	-
Options Counseling	-	-	-	-
Administration (AAA)	-	23,076	-	5,428
	<u>\$ 9,365</u>	<u>\$ 489,830</u>	<u>\$ 18,678</u>	<u>\$ 115,217</u>

<u>State MSO</u>	<u>State Care Management</u>	<u>State Merit Award</u>	<u>State Caregiver Support</u>	<u>State Respite Care</u>	<u>State ANS</u>
\$ -	\$ 215,913	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,676	15,851	33,032	-
-	-	-	-	-	6,365
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	37,225
-	-	96,593	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,485	-	-	-	-	-
-	-	-	-	-	-
-	-	10,708	-	-	-
<u>\$ 9,485</u>	<u>\$ 215,913</u>	<u>\$ 118,977</u>	<u>\$ 15,851</u>	<u>\$ 33,032</u>	<u>\$ 43,590</u>

TRI-COUNTY AGING CONSORTIUM
SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE (continued)
YEAR ENDED SEPTEMBER 30, 2022

	Program Income	Cash Match	In-kind Match	Total
Care Management	\$ -	\$ 23,991	\$ -	\$ 239,904
Creating Confident Caregivers	-	-	1,073	10,409
Personal Care	-	-	58,295	716,152
Homemaker	-	-	31,879	318,787
Home Delivered Meals	115,021	-	109,592	1,478,177
In Home Respite	3,087	-	10,591	105,898
Case Coordination and Support	-	-	1,135	17,711
Congregate Meals	43,067	-	43,844	488,876
Kinship Respite Care	-	-	347	3,472
Transportation	-	-	6,341	63,412
Legal Assistance	-	3,056	-	30,556
Information and Assistance	-	-	12,915	129,140
Adult Day Care	-	-	11,925	108,518
Elder Abuse Prevention	-	705	-	7,048
Friendly Reassurance	-	-	2,927	29,014
Outreach	-	-	3,106	31,059
Caregiver Information and Assistance	-	-	6,335	63,354
Caregiver Outreach	-	-	5,026	50,256
Care Transition Coordination and Support	-	-	707	707
Disease Prevention/Health	-	-	9,391	89,378
Program Development	-	-	9,156	91,560
Crisis Services for the Elderly (RSD)	-	-	14,205	139,205
Ombudsman	-	4,444	3,130	47,574
Options Counseling	-	-	5,205	52,045
Administration (AAA)	-	-	-	205,015
	<u>\$ 161,175</u>	<u>\$ 32,196</u>	<u>\$ 347,125</u>	<u>\$ 4,517,227</u>

TRI-COUNTY AGING CONSORTIUM
SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE (continued)
YEAR ENDED SEPTEMBER 30, 2022

Coronavirus Aid, Relief, and Economic Security (CARES) Act

	(SSC3) Title III-B	(FCC3) Title III-E	CARES Act Total
Homemaker	\$ 31,545	\$ -	\$ 31,545
In Home Respite Care	-	1,371	1,371
TOTAL EXPENDITURES	\$ 31,545	\$ 1,371	\$ 32,916

**TRI-COUNTY AGING CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Michigan Aging and Adult Services Agency			
Title VII Elder Abuse Prevention	93.041	20223444	\$ 6,343
Title VIIIA Services - LTC Ombudsman Regular	93.042	20223444	3,477
Special Programs for the Aging, Title III, Part D Disease Prevention and Health Promotion Services	93.043	20223444	25,937
Aging Cluster ^{(a)(b)}			
Special Programs for the Aging, Title III, Part B			
Grants for Supportive Services and Senior Centers Regular	93.044	20223444	665,962
COVID-19 Regular - CARES Administration		20223444 20223444	31,545 47,268
			744,775
Special Programs for the Aging, Title III, Part C			
Nutrition Services Administration	93.045	20223444	95,905
Supplemental Nutrition Funding - Administrative		20223444	15,275
Supplemental Nutrition Funding - Services		20223444	134,316
Congregate Meals		20223444	325,790
Home Delivered Meals		20223444	519,569
			1,090,855
Nutrition Services Incentive Program Home Delivered Meals	93.053	20223444	267,241
Congregate Meals		20223444	66,810
			334,051
Total Aging Cluster			2,169,681
National Caregiver Support, Title III, Part E			
Regular	93.052	20223444	200,328
COVID-19 Regular - CARES Administration		20223444 20223444	1,371 22,630
			224,329
Total passed through Michigan Aging and Adult Services Agency			2,429,767

TRI-COUNTY AGING CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)			
Passed through MMAP, Inc.			
Special Programs for the Aging, Title IV and Title II			
Discretionary Projects	93.048		
Senior Medicare Patrol		90MPPG0039	\$ 11,560
Medicare Enrollment Assistance Programs	93.071		
Medicare Improvements for Patients and Providers Act		2101MIMISH/2101MIMIAA	10,200
Medicare Improvements for Patients and Providers Act		2201MIMISH/2201MIMIAA	4,050
Michigan Medicare/Medicaid Assistance Program		2001MIMIDR	31,631
Michigan Medicare/Medicaid Assistance Program		2201IMIDR-00	3,271
			<u>49,152</u>
State Health Insurance Assistance	93.324		
Centers for Medicare and Medicaid Services		90SAPG0090-00-00	34,019
Total passed through MMAP, Inc.			<u>94,731</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 2,524,498</u>

TRI-COUNTY AGING CONSORTIUM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Tri-County Aging Consortium (the Consortium) under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Consortium, it is not intended to and does not present the financial position or changes in net position of the Tri-County Aging Consortium.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Tri-County Aging Consortium has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

No Federal Awards were passed through by the Consortium to any subrecipients during the year.

NOTE 4 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a) - (b) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Denotes programs tested as "major programs".
- (b) Denotes programs required to be clustered by United States Department of Health and Human Services.



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

Board of Directors
Tri-County Aging Consortium
Lansing, 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 governmental activities, each major fund, and the aggregate remaining fund information of the Tri-County Aging Consortium (the Consortium), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated March 10, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consortium'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 Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Maney Costeiran PC

March 10, 2023



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

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Tri-County Aging Consortium's (the Consortium) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Consortium's major federal programs for the year ended September 30, 2022. The Consortium's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Tri-County Aging Consortium complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Consortium's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Consortium's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Consortium's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Consortium's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Consortium's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Consortium's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiran PC

March 10, 2023

**TRI-COUNTY AGING CONSORTIUM
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022**

FINDINGS/COMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

No prior audit findings noted.