

**Saginaw County Community
Mental Health Authority**

**Financial Statements
September 30, 2025 and 2024**



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Board of Directors and Management
Saginaw County Community Mental Health Authority
Saginaw, MI

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Saginaw County Community Mental Health Authority (the Authority), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 major fund and the aggregate remaining fund information of the Authority as of September 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the Authority'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 the Authority'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, Municipal Employees Retirement System Schedules, and Other Postemployment Benefit schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, Michigan
March 25, 2026

Saginaw County Community Mental Health Authority
Management's Discussion and Analysis
For the Years Ended September 30, 2025 and 2024

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

The following financial statements have been prepared to report the current financial position and activity of Saginaw County Community Mental Health Authority (the "Authority"), a community mental health service provider for the fiscal years ended September 30, 2025 and 2024.

Overview of the Financial Statements

The Statement of Net Position presents information on all of the Authority's assets, liabilities, deferred outflows and inflows of resources, and net position. Changes in net position serve as a useful indicator in determining whether the financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents operating and non-operating revenues, expenses and the change in net position.

The Statement of Cash Flows summarizes the incoming and outgoing cash outlay for operating activities. This report discloses the total cash and cash equivalents at fiscal year-end by determining the change in cash flow total during the year. This report presents summarized changes in cash flow, which reconciles to the net increase or decrease in cash and cash equivalents added to or subtracted from cash and cash equivalents at the beginning of the year. The total of cash and cash equivalents at the end of the year is reported in the assets section of the Statement of Net Positions.

Saginaw County Community Mental Health Authority
Management's Discussion and Analysis
For the Years Ended September 30, 2025 and 2024

SUMMARY OF NET POSITION

The following summarizes the assets, liabilities and net position on an authority-wide basis as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Assets			
Current and other assets	\$ 69,709,329	\$ 62,354,518	\$ 7,354,811
Capital assets, net	<u>9,819,124</u>	<u>8,435,251</u>	<u>1,383,873</u>
	<u>79,528,453</u>	<u>70,789,769</u>	<u>8,738,684</u>
 Deferred outflows of resources	 <u>3,150,442</u>	 <u>4,007,241</u>	 <u>(856,799)</u>
 Liabilities			
Current liabilities	30,105,986	16,792,040	13,313,946
Noncurrent liabilities	<u>4,738,749</u>	<u>6,677,575</u>	<u>(1,938,826)</u>
	<u>34,844,735</u>	<u>23,469,615</u>	<u>11,375,120</u>
 Deferred inflows of resources	 <u>5,083,829</u>	 <u>6,464,222</u>	 <u>(1,380,393)</u>
 Net position			
Net investments in capital assets	6,655,095	5,258,032	1,397,063
Restricted	12,399,409	11,185,897	1,213,512
Unrestricted (deficit)	<u>23,695,827</u>	<u>28,419,244</u>	<u>(4,723,417)</u>
 Total net position	 <u>\$ 42,750,331</u>	 <u>\$ 44,863,173</u>	 <u>\$ (2,112,842)</u>

Total Net Position decreased \$2.1 million primarily as a result of the Certified Community Behavioral Health Clinic (CCBHC), which provides a comprehensive range of mental health and substance use services. Regardless of diagnosis and insurance status, CCBHCs serve anyone who walks through the door. The Authority is paid a fixed daily payment (PPS-1 Rate) for delivering core CCBHC services to Medicaid persons served, while Non-Medicaid persons served expense needs to be covered from previous years fund balance and current years local funds.

Summarized in this manner, the reader is able to compare fiscal years 2025 and 2024 to see the decrease in total assets of \$856 thousand and an increase in total liabilities of \$11.4 million.

Capital assets increased by \$1.4 million from 2024, due to increased depreciation expense from previous years building renovations and improvements, along with additional assets being put into services for FY 2025. Additionally, as building renovations have been completed new furniture was purchased along with updating the the internal building security systems. Multiple computer laptops that were purchased during the Covid Pandemic were also updated and replaced for current field use.

Long-term Debt decreased by \$1.9 million which was largely due to the reduction of \$2.5 million in the Authority's net pension liability. There was also an increase in the compensated absences liability from Fiscal Year 2024 of \$552 thousand. Total long-term debt decreased \$375 thousand during the current fiscal year as a result of regularly scheduled principal reductions on existing outstanding debt.

Saginaw County Community Mental Health Authority
Management's Discussion and Analysis
For the Years Ended September 30, 2025 and 2024

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

The following summarizes the revenue, expenses and change in net position on a business-type basis for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Operating revenue			
Medicaid	\$ 94,197,512	\$ 72,707,486	\$ 21,490,026
Healthy Michigan	7,605,043	7,932,709	(327,666)
CCBHC	12,413,443	43,951,461	(31,538,018)
General fund	1,516,154	2,336,572	(820,418)
Fee for service	2,475,069	2,613,604	(138,535)
Grants	1,613,685	1,511,480	102,205
Country appropriations	782,649	791,301	(8,652)
Other revenue	<u>2,197,046</u>	<u>831,598</u>	<u>1,365,448</u>
Total operating revenue	<u>122,800,601</u>	<u>132,676,211</u>	<u>(9,875,610)</u>
Operating expenses			
Wages and benefits	28,267,842	26,319,257	1,948,585
Contracted clinician services	86,380,768	79,549,638	6,831,130
Other operating cost	<u>11,947,128</u>	<u>9,005,714</u>	<u>2,941,414</u>
Total operating expenses	<u>126,595,738</u>	<u>114,874,609</u>	<u>11,721,129</u>
Operating income	<u>(3,795,137)</u>	<u>17,801,602</u>	<u>(21,596,739)</u>
Nonoperating revenue (expenses)	<u>1,682,295</u>	<u>1,106,606</u>	<u>575,689</u>
Change in net position	<u>(2,112,842)</u>	<u>18,908,208</u>	<u>(21,021,050)</u>
Net position - beginning of year	<u>44,863,173</u>	<u>25,954,965</u>	<u>18,908,208</u>
Net position - end of year	<u><u>\$ 42,750,331</u></u>	<u><u>\$ 44,863,173</u></u>	<u><u>(2,112,842)</u></u>

Program Changes

The Authority has seen a moderate increase in staff recruitment and retention, both for internal staffing and in the provider network. The use of signing bonuses is still a current initiative the Authority is currently using to stabilize our direct staff and to ensure the availability of direct care staff. Currently our network providers are still facing hiring challenges as well.

The Authority continued to be the recipient of the CCBHC expansion grant. FY23 was the first full year of CCBHC service activity. As of September 30, 2025, enrollment of persons served for CCBHC services was 5,770 persons (5,169 Medicaid and 601 Non-Medicaid). The CCBHC services amounted to 94,844 daily encounters, equating to a total of \$29,480,487 in Medicaid, Supplemental and Healthy Michigan revenues.

**Saginaw County Community Mental Health Authority
Management's Discussion and Analysis
For the Years Ended September 30, 2025 and 2024**

Additionally, an amount of \$2,328,543 was used of the restricted fund balance to cover the Non-Medicaid persons served expense.

Forecast

As the Authority looks forward to FY26, the focus will be on continuing to serve CCBHC persons served and actively monitoring the determination of their Medicaid and eligibility status. With a minimal increase of \$8 in the FY26 CCBHC PPS-1 rate of \$332.82 we are anticipating a continued decline in the amount to be redirected to local revenue in future years.

Contacting the Authority Management

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

Saginaw County Community Mental Health Authority

Statement of Net Position September 30, 2025 and 2024

Assets	2025	2024
Current assets		
Cash and cash equivalents	\$ 53,346,854	\$ 38,732,076
Accounts receivable, net	1,026,046	1,286,883
Leases receivable, current portion	22,829	28,881
Due from other units of government	1,813,411	10,099,839
Prepaid expenses	825,472	749,117
Total current assets	<u>57,034,612</u>	<u>50,896,796</u>
Noncurrent assets		
Restricted cash and cash equivalents	275,308	248,996
Leases receivable, net of current portion	-	22,829
Capital assets not being depreciated	899,301	1,279,404
Capital assets, net of accumulated depreciation/amortization	8,919,823	7,155,847
Net OPEB asset	12,399,409	11,185,897
Total noncurrent assets	<u>22,493,841</u>	<u>19,892,973</u>
Total assets	<u>79,528,453</u>	<u>70,789,769</u>
Deferred outflows of resources		
Deferred amount relating to net pension liability	2,301,618	2,777,983
Deferred amount relating to net OPEB asset	848,824	1,229,258
Total deferred outflows of resources	<u>3,150,442</u>	<u>4,007,241</u>
Liabilities		
Current liabilities		
Accounts payable	5,380,577	5,186,820
Estimated claims payable	6,020,743	5,708,332
Accrued wages and other payroll liabilities	1,852,092	1,582,455
Due to other units of government	15,487,239	3,251,615
Unearned revenue	147,449	89,604
Bonds and loans payable, current portion	375,000	425,067
Leases payable, current portion	263,439	232,857
Compensated absences, current portion	579,447	315,290
Total current liabilities	<u>30,105,986</u>	<u>16,792,040</u>
Noncurrent liabilities		
Bonds and loans payable, net of current portion	1,850,000	2,225,000
Leases payable, net of current portion	950,898	543,291
Compensated absences, net of current portion	866,979	315,277
Net pension liability	1,070,872	3,594,007
Total noncurrent liabilities	<u>4,738,749</u>	<u>6,677,575</u>
Total liabilities	<u>34,844,735</u>	<u>23,469,615</u>
Deferred inflows of resources		
Deferred amount relating to lease receivable	22,829	51,710
Deferred amount relating to net OPEB asset	5,061,000	6,412,512
Total deferred inflows of resources	<u>5,083,829</u>	<u>6,464,222</u>
Net position		
Net investment in capital assets	6,655,095	5,258,032
Restricted for OPEB benefits	12,399,409	11,185,897
Unrestricted	23,695,827	28,419,244
Total net position	<u>\$ 42,750,331</u>	<u>\$ 44,863,173</u>

See Accompanying Notes to the Financial Statements

Saginaw County Community Mental Health Authority
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenue		
Medicaid	\$ 94,197,512	\$ 72,686,009
Healthy Michigan	7,605,043	7,939,324
Certified Community Behavioral Health Clinics	12,413,443	43,951,460
General fund	1,516,154	2,351,435
Fee for service	2,475,069	2,613,604
Grants	1,613,685	1,511,480
County appropriations	782,649	791,301
Other revenue	<u>2,197,046</u>	<u>831,598</u>
 Total operating revenue	 <u>122,800,601</u>	 <u>132,676,211</u>
Operating expenses		
Salaries and wages	22,897,160	20,718,778
Fringe benefits	1,100,653	1,166,644
Retirement expense	4,270,029	4,433,835
Contracted clinician services	14,887,653	14,004,469
Provider network services	71,493,115	65,545,169
State facility expenses	1,170,932	474,623
Facility operating expense	3,007,280	2,249,561
Depreciation expense	1,699,639	1,283,442
Clinical operating expense	1,094,844	958,328
Administrative operating expense	3,235,377	2,636,579
Technology operating expense	1,538,184	1,202,309
Local match drawdown	<u>200,872</u>	<u>200,872</u>
 Total operating expenses	 <u>126,595,738</u>	 <u>114,874,609</u>
 Operating income (loss)	 <u>(3,795,137)</u>	 <u>17,801,602</u>
Nonoperating revenue (expenses)		
Investment income	1,756,689	1,211,790
Interest expense	<u>(74,394)</u>	<u>(105,184)</u>
 Total nonoperating revenues	 <u>1,682,295</u>	 <u>1,106,606</u>
 Change in net position	 (2,112,842)	 18,908,208
Net position - beginning of year	<u>44,863,173</u>	<u>25,954,965</u>
Net position - end of year	<u>\$ 42,750,331</u>	<u>\$ 44,863,173</u>

See Accompanying Notes to the Financial Statements

Saginaw County Community Mental Health Authority

Statement of Cash Flows

For the Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Receipts from the state and other governments	\$ 128,669,805	\$ 140,567,468
Receipts from customers	2,735,906	2,227,368
Payments to employees for salaries and benefits	(23,432,813)	(17,200,069)
Payments to suppliers and vendors	(91,943,713)	(102,605,301)
Net cash provided by operating activities	<u>16,029,185</u>	<u>22,989,466</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(2,648,175)	(2,833,559)
Proceeds from borrowing	-	892,072
Principal and interest payments on debt and leases	(499,461)	(834,167)
Net cash used by capital and related financing activities	<u>(3,147,636)</u>	<u>(2,775,654)</u>
Cash flows from investing activities		
Investment income	<u>1,759,541</u>	<u>1,211,790</u>
Net change in cash and cash equivalents	14,641,090	21,425,602
Cash and cash equivalents - beginning of year	<u>38,981,072</u>	<u>17,555,470</u>
Cash and cash equivalents - end of year	<u>\$ 53,622,162</u>	<u>\$ 38,981,072</u>
Reconciliation to statement of net position		
Cash and cash equivalents	\$ 53,346,854	\$ 38,732,076
Restricted cash and cash equivalents	<u>275,308</u>	<u>248,996</u>
Cash and cash equivalents - end of year	<u>\$ 53,622,162</u>	<u>\$ 38,981,072</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (3,795,137)	\$ 17,801,602
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization expense	1,699,639	1,283,442
Changes in assets and liabilities		
Accounts receivable	260,837	(391,503)
Due from other units of government	8,286,428	10,505,952
Leases receivable	28,881	124,919
Prepaid items	(76,355)	(53,145)
Net OPEB asset	(1,213,512)	(5,695,040)
Deferred outflow of resources - related to pension	476,365	(113,211)
Deferred outflow of resources - related to OPEB	380,434	453,952
Accounts payable	193,757	(178,181)
Estimated claims payable	312,411	812,524
Accrued wages and other payroll liabilities	269,637	(163,766)
Due to other units of government	12,235,624	(2,292,106)
Unearned revenue	57,845	(1,091)
Compensated absences	815,859	19,701
Net pension liability	(2,523,135)	(2,503,939)
Lease related deferred inflows of resources	(28,881)	(119,652)
Deferred inflow of resources - related to OPEB	<u>(1,351,512)</u>	<u>3,499,008</u>
Net cash provided by operating activities	<u>\$ 16,029,185</u>	<u>\$ 22,989,466</u>

See Accompanying Notes to the Financial Statements

Saginaw County Community Mental Health Authority
Fiduciary Fund
Statement of Fiduciary Net Position
September 30, 2025 and 2024

	Other Postemployment Benefit Trust Fund	
	2025	2024
Assets		
Investments	\$ 27,246,267	\$ 25,709,467
Liabilities		
Due to other units of government	815,034	783,644
Net position restricted for other postemployment benefits	<u>\$ 26,431,233</u>	<u>\$ 24,925,823</u>

See Accompanying Notes to the Financial Statements

Saginaw County Community Mental Health Authority
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Years Ended September 30, 2025 and 2024

	Other Postemployment Benefit Trust Fund	
	2025	2024
Additions		
Investment earnings	\$ 2,481,231	\$ 3,902,232
Deductions		
Benefits paid to participants or beneficiaries	921,895	783,644
Administrative expense	53,926	50,636
Total deductions	975,821	834,280
Change in net position	1,505,410	3,067,952
Net position - beginning of year	24,925,823	21,857,871
Net position - end of year	\$ 26,431,233	\$ 24,925,823

See Accompanying Notes to the Financial Statements

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The financial statements of Saginaw County Community Mental Health Authority (the "Authority"), a community mental health services program established under Section 205 of the Michigan Mental Health Code, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standards- setting body for establishing governmental accounting and financial reporting principles. The Authority is a community mental health authority serving the mental health needs of Saginaw County residents. The Authority's board of directors is appointed by the County Commission of Saginaw County.

The Saginaw County Community Mental Health Other Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit postemployment healthcare plan that provides healthcare benefits to certain full time employees upon retirement, in accordance with labor agreements. The Plan is included as a fiduciary component unit of the Authority because: (1) the Plan is a legally separate entity; (2) the Authority board appoints a voting majority of the trustees - in the case of the MERS RHFV the Authority board is the Fiduciary for the plan with MERS acting as the program administrator; and (3) the Authority makes contributions to the Plan on behalf of its participants. The Plan provisions are established and may be amended by the Board, subject to the Authority's various collective bargaining agreements.

Fund Financial Statements

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

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

OPEB Trust Fund – The Authority reports an other postemployment benefits trust fund which accounts for the accumulation of payments for retiree healthcare benefits.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenue and expenses are recognized in the accounts and reported in the financial statements. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the operating fund are contract revenues from the Michigan Department of Health and Human Services ("MDHHS"), county appropriations, and first and third party billings. Operating expenses for the include the cost of providing mental health and substance abuse services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Receivables and payables – Accounts receivable report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts of \$586,468 as of September 30, 2025 and \$735,266 as of September 30, 2024.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable business-type activities in the financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the Authority values these capital assets at the estimated acquisition value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Vehicles	3 to 10 years
Office equipment computer equipment	5 to 7 years
Computer equipment	3 to 7 years

Deferred outflows of resources – A deferred outflow of resources represents a consumption of net assets by the Authority that applies to future periods. The Authority may report deferred outflows of resources as a result of the following:

- Pension and OPEB earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Changes in assumptions and experience differences relating to the net pension and net OPEB liability/asset are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Pension and OPEB contributions made after the measurement date. This amount will reduce the net pension liability and net OPEB liability/asset in the following year.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

Compensated absences – It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are eligible for payment upon separation from the Authority's service. The liability for such leave is reported in the financial statements. The liability for compensated absences includes salary related benefits, where applicable.

Long-term obligations – In the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to MERS. For this purpose, benefit

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payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) - For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred inflows of resources – A deferred inflow of resources represents an acquisition of net assets by the Authority that applies to future periods. The Authority may report deferred inflows of resources as a result of the following:

- Unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.
- Lease revenue related to leases receivable which is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease.
- Pension and OPEB earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Changes in assumptions and experience differences relating to the net pension and net OPEB liability/asset are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Deferred amounts on bond refundings represent the difference between the reacquisition price and the net carrying amount of the prior debt. This amount is amortized over the life of the related debt.

Net position – In the statement of net position, the Authority reports net position in the following categories:

Net investment in capital assets – capital assets, net of accumulated depreciation, less outstanding balances of debt related to those assets.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Unrestricted – amounts that do not meet the criteria of the above categories, it is reported as unrestricted.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to consider restricted funds spent first.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This Statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This Statement is effective for the year ending September 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. This Statement is effective for the year ending September 30, 2026.

Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending September 30, 2027.

Note 2 - Deposits and Investments

The Authority's deposits and investments were reported in the financial statements as of September 30, 2025:

	Cash and Cash		Restricted Cash	
	Equivalents	Investments	Equivalents	Total
Operating activities	\$ 53,346,854	\$ -	\$ 275,308	\$ 53,622,162
Fiduciary fund	-	27,246,267	-	27,246,267
Total	<u>\$ 53,346,854</u>	<u>\$ 27,246,267</u>	<u>\$ 275,308</u>	<u>\$ 80,868,429</u>

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The Authority's deposit and investments were reported in the financial statements as of September 30, 2024:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Total
Operating activities	\$ 38,732,076	\$ -	\$ 248,996	\$ 38,981,072
Fiduciary fund	-	25,709,467	-	25,709,467
Total	<u>\$ 38,732,076</u>	<u>\$ 25,709,467</u>	<u>\$ 248,996</u>	<u>\$ 64,690,539</u>

The breakdown between deposits and investments for September 30, 2025 as follows:

	Operating Activities	Fiduciary Fund	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 53,621,862	\$ -	\$ 53,621,862
Investments in securities, mutual funds and similar vehicles	-	27,246,267	27,246,267
Petty cash and cash on hand	300	-	300
	<u>\$ 53,622,162</u>	<u>\$ 27,246,267</u>	<u>\$ 80,868,429</u>

The breakdown between deposits and investments for September 30, 2024 as follows:

	Operating Activities	Fiduciary Fund	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 38,980,772	\$ -	\$ 38,980,772
Investments in securities, mutual funds and similar vehicles	-	25,709,467	25,709,467
Petty cash and cash on hand	300	-	300
	<u>\$ 38,981,072</u>	<u>\$ 25,709,467</u>	<u>\$ 64,690,539</u>

Interest rate risk – In accordance with its investment policy, the Authority manages its exposure to declines in fair values by keeping investments sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Credit risk – State statutes and the Authority's investment policy authorize the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of

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the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The Authority has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. As of September 30, 2025 and 2024, \$53,278,812 and \$38,721,642, respectively, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's policy for custodial credit risk is that all securities transactions, except certificates of deposits, shall be conducted on a delivery- versus payment basis. Securities will be held by a third-party custodian, as designated by the Authority and shall be evidenced by a safekeeping receipt. Non-collateral, nonnegotiable certificates of deposit, as allowable under Michigan law, shall be evidenced by a safekeeping receipt from the issuing bank. At September 30, 2025, all of the Authority's investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

Fair Value Measurements - The Authority holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The MERS Total Market Portfolio invests in U.S. and International Stocks, U.S. Bonds, and other private market investments in compliance with state and federal laws. The Authority's balances in the MERS Total Market Portfolio were \$27,246,267 and \$25,709,467 as of September 30, 2025, and 2024, respectively.

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Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 842,015	\$ -	\$ -	\$ 842,015
Construction-in-progress	437,389	-	380,103	57,286
Total capital assets not being depreciated	<u>1,279,404</u>	<u>-</u>	<u>380,103</u>	<u>899,301</u>
Capital assets being depreciated				
Buildings, additions and improvements	23,997,670	1,855,774	-	25,853,444
Right to use asset - buildings, additions and improvements	892,073	1,238,422	539,243	1,591,252
Furniture and fixtures	1,722,988	233,313	-	1,956,301
Machinery and equipment	3,052,300	332,393	-	3,384,693
Vehicles	1,657,344	254,509	119,700	1,792,153
Total capital assets being depreciated	<u>31,322,375</u>	<u>3,914,411</u>	<u>658,943</u>	<u>34,577,843</u>
Less accumulated depreciation for				
Buildings, additions and improvements	18,747,630	969,417	-	19,717,047
Right to use asset - buildings, additions and improvements	120,228	248,747	88,447	280,528
Furniture and fixtures	1,334,419	86,790	-	1,421,209
Machinery and equipment	2,687,188	238,849	-	2,926,037
Vehicles	1,277,063	155,836	119,700	1,313,199
Total accumulated depreciation	<u>24,166,528</u>	<u>1,699,639</u>	<u>208,147</u>	<u>25,658,020</u>
Net capital assets being depreciated	<u>7,155,847</u>	<u>2,214,772</u>	<u>450,796</u>	<u>8,919,823</u>
Business-type capital assets, net	<u>\$ 8,435,251</u>	<u>\$ 2,214,772</u>	<u>\$ 830,899</u>	<u>\$ 9,819,124</u>

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September 30, 2025 and 2024

Capital asset activity for the year ended September 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 842,015	\$ -	\$ -	\$ 842,015
Construction-in-progress	40,911	437,389	40,911	437,389
Total capital assets not being depreciated	<u>882,926</u>	<u>437,389</u>	<u>40,911</u>	<u>1,279,404</u>
Capital assets being depreciated				
Buildings, additions and improvements	23,389,515	608,155	-	23,997,670
Furniture and fixtures	652,630	892,072	652,629	892,073
Machinery and equipment	1,526,763	196,225	-	1,722,988
Vehicles	2,721,685	330,615	-	3,052,300
Right to use asset - buildings, additions and improvements	<u>1,247,330</u>	<u>410,014</u>	<u>-</u>	<u>1,657,344</u>
Total capital assets being depreciated	<u>29,537,923</u>	<u>2,437,081</u>	<u>652,629</u>	<u>31,322,375</u>
Less accumulated depreciation for				
Buildings, additions and improvements	17,911,646	835,984	-	18,747,630
Right to use asset - buildings, additions and improvements	539,680	233,178	652,630	120,228
Furniture and fixtures	1,280,290	54,129	-	1,334,419
Machinery and equipment	2,619,429	67,759	-	2,687,188
Vehicles	<u>1,184,671</u>	<u>92,392</u>	<u>-</u>	<u>1,277,063</u>
Total accumulated depreciation	<u>23,535,716</u>	<u>1,283,442</u>	<u>652,630</u>	<u>24,166,528</u>
Net capital assets being depreciated	<u>6,002,207</u>	<u>1,153,639</u>	<u>(1)</u>	<u>7,155,847</u>
Business-type capital assets, net	<u>\$ 6,885,133</u>	<u>\$ 1,591,028</u>	<u>\$ 40,910</u>	<u>\$ 8,435,251</u>

Construction Commitments

At September 30, 2025, the Authority had \$82,208 in outstanding commitments through construction contracts.

Note 4 - Leases

Lease Receivable

The Authority is involved in an agreement as a lessor that qualifies as a long-term lease agreement as the Authority will not surrender control of the assets at the end of the term and the noncancelable term of the agreement surpasses one year. Below is a summary of the agreement.

The Authority entered into a 3-year lease agreement as lessor related to the use of the Hancock building by Great Lakes Bay Health Center. An initial lease receivable was recorded in the amount of \$51,710 as of October 1, 2023. The CMHSP receives monthly principal and interest payments between \$2,480 and \$2,580. The lease has an interest rate of 3.25%.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Leases receivable	\$ 51,710	\$ -	\$ 28,881	\$ 22,829	\$ 22,829

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The lease receivable as of September 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Leases receivable	\$ 176,629	\$ -	\$ 124,919	\$ 51,710	\$ 28,881

Lease Liability

The Authority is involved in several agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the Authority will not own the asset at the end of the contract term and the noncancelable terms of the agreements surpasses one year.

The Authority entered into a 6-year lease agreement as a lessee for the use of the Bay Road building. An initial lease liability was recorded in the amount of \$539,242 as of May 1, 2024. The lease was remeasured as of June 4, 2025, and the initial lease liability was remeasured to be \$1,132,601. The value of the lease liability was \$1,094,455 at September 30, 2025. The Authority is required to make monthly principal and interest payments between \$14,750 and \$16,285. The lease has an interest rate of 3.25%. The value of the right-to-use asset at inception was \$1,132,601 and the accumulated amortization was \$96,307 at September 30, 2025.

The Authority entered into a 2-year lease agreement as lessee for the use of the Towerline building. An initial lease liability was recorded in the amount of \$208,980 as of June 1, 2024. The value of the lease liability was \$70,980 at September 30, 2025. The Authority is required to make monthly principal and interest payments of \$8,981. The lease has an interest rate of 3.25%. The value of the right-to-use asset at inception was \$208,980 and the accumulated amortization was \$104,490 at September 30, 2025.

The Authority entered into a 3-year lease agreement as lessee for the use of the Community Ties South building. An initial lease liability was recorded in the amount of \$143,851 as of October 1, 2023. The value of the lease liability was \$48,903 at September 30, 2025. The Authority is required to make monthly principal and interest payments between \$3,917 and \$4,075. The value of the right-to-use asset at inception was \$143,851 and the accumulated amortization was \$47,950 at September 30, 2025.

The lease liabilities as of September 30, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Leases payable	\$ 776,148	\$ 1,132,681	\$ 694,492	\$ 1,214,337	\$ 263,439

The lease liabilities as of September 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Leases payable	\$ 121,138	\$ 892,072	\$ 237,062	\$ 776,148	\$ 232,857

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Annual requirements to amortize lease payable and related interest are as follows:

Year Ending September 30,	Principal	Interest
2026	\$ 263,439	\$ 34,312
2027	149,775	28,700
2028	158,338	23,706
2029	167,257	18,428
2030	176,544	12,855
2031-2035	<u>298,984</u>	<u>8,200</u>
	<u>\$ 1,214,337</u>	<u>\$ 126,201</u>

Note 5 - Long-Term Debt

Long-term obligation activity is summarized for September 30, 2025 as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
General obligation bonds									
Saginaw County Bonds	\$ 4,580,000	9/30/2033	3.02%	\$231,795 - \$445,870	\$ 2,590,000	\$ -	\$ 365,000	\$ 2,225,000	\$ 375,000
Notes from direct borrowings and direct placements									
Loans payable					53,731	-	53,731	-	-
Installment Purchases					<u>6,336</u>	<u>-</u>	<u>6,336</u>	<u>-</u>	<u>-</u>
					60,067	-	60,067	-	-
Total bonds and notes payable					2,650,067	-	425,067	2,225,000	375,000
Leases					776,148	1,132,681	694,492	1,214,337	263,439
Compensated absences *					<u>630,567</u>	<u>815,859</u>	<u>-</u>	<u>1,446,426</u>	<u>579,447</u>
Total business-type activities					<u>\$ 4,056,782</u>	<u>\$ 1,948,540</u>	<u>\$ 1,119,559</u>	<u>\$ 4,885,763</u>	<u>\$ 1,217,886</u>

* additions and reductions to compensated absences are reported as net

Long-term obligation activity is summarized for September 30, 2024 as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
General obligation bonds									
Saginaw County Bonds	\$ 4,580,000	9/30/2033	3.02%	\$231,795 - \$445,870	\$ 2,945,000	\$ -	\$ 355,000	\$ 2,590,000	\$ 365,000
Notes from direct borrowings and direct placements									
Loans payable					116,438	-	62,707	53,731	53,731
Installment Purchases					<u>80,549</u>	<u>-</u>	<u>74,213</u>	<u>6,336</u>	<u>6,336</u>
					196,987	-	136,920	60,067	60,067
Total bonds and notes payable					3,141,987	-	491,920	2,650,067	425,067
Leases					121,138	892,072	237,062	776,148	232,857
Compensated absences *					<u>610,866</u>	<u>19,701</u>	<u>-</u>	<u>630,567</u>	<u>315,290</u>
Total business-type activities					<u>\$ 3,873,991</u>	<u>\$ 911,773</u>	<u>\$ 728,982</u>	<u>\$ 4,056,782</u>	<u>\$ 973,214</u>

* additions and reductions to compensated absences are reported as net

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Long-term maturities is as followings at year-end:

Year Ending September 30,	Bonds	
	Principal	Interest
2026	\$ 375,000	\$ 67,195
2027	390,000	55,870
2028	400,000	44,092
2029	200,000	32,012
2030	205,000	25,972
2031-2033	655,000	40,015
	<u>\$ 2,225,000</u>	<u>\$ 265,156</u>

Note 6 - Net Investment in Capital Assets

The composition of net investment in capital assets as of September 30, 2025 and 2024, respectively, was as follows:

	2025	2024
Capital assets		
Capital assets not being depreciated	\$ 899,301	\$ 1,279,404
Capital assets, net of accumulated depreciation	<u>8,919,823</u>	<u>7,155,847</u>
 Total capital assets	 <u>9,819,124</u>	 <u>8,435,251</u>
 Less:		
Leases	(1,214,337)	(776,148)
Bonds payable and direct borrowings	<u>(2,225,000)</u>	<u>(2,650,067)</u>
Total related debt	<u>(3,439,337)</u>	<u>(3,426,215)</u>
 Add back		
Unspent bond proceeds	<u>275,308</u>	<u>248,996</u>
 Net investment in capital assets	 <u>\$ 6,655,095</u>	 <u>\$ 5,258,032</u>

Note 7 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 - Self-Insurance

The Authority maintains a self-insurance program for employee medical, pharmacy and dental insurance claims. The Authority also maintains insurance coverage in these areas for claims in excess of the self-insured retentions. There were no significant changes in insurance coverage from coverage in the prior year. The

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Authority has a stop-loss agreement that limits its exposure. The amount was \$19,538 times the number of contracts in the aggregate per year as of September 30, 2025 and 2024.

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

The following are the changes in incurred but not reported (IBNR) estimates:

Year Ended September 30,	Beginning Balance	Additions	Deductions	Ending Balance
2025	\$ 272,739	\$ 4,903,893	\$ (4,819,632)	\$ 357,000
2024	857,330	5,547,215	(6,131,806)	272,739

Note 9 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan description – The Authority participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the Authority. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 2.25% to 2.50% (80% max). Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 20 years of service, depending on division/bargaining unit. A reduced early retirement is available at age 55 with 15 years of service. Final average compensation is calculated based on 3 or 5 year period.

Employees covered by benefit terms – At the December 31, 2024 and 2023 valuation dates, respectively, the following employees were covered by benefit terms:

	2025	2024
Inactive employees or beneficiaries currently receiving benefits	95	93
Inactive employees entitled to, but not yet receiving benefits	9	11
Active employees	2	2
	<u>106</u>	<u>106</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Net pension liability – The employer's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

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Actuarial assumptions – The total pension liability in the December 31, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 6.93%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on the Pub-2010 Mortality Tables. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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 or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.66%	0.93%	2.50%	0.43%
Private investments	20.00%	9.00%	1.80%	2.50%	1.30%
	<u>100.00%</u>		<u>6.93%</u>		<u>4.43%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans 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.

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Changes in net pension liability as of September 30, 2025 are as follows:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balance as of September 30, 2024	<u>\$ 16,597,924</u>	<u>\$ 13,003,917</u>	<u>\$ 3,594,007</u>
Changes for the year			
Service cost	18,828	-	18,828
Interest on total pension liability	1,138,300	-	1,138,300
Experience differences	30,629	-	30,629
Assumption changes	(55,174)	-	(55,174)
Employer contributions	-	2,693,895	(2,693,895)
Net investment income (loss)	-	991,872	(991,872)
Benefit payments and refunds	(1,507,205)	(1,507,205)	-
Administrative expense	-	(30,049)	30,049
Net changes	<u>(374,622)</u>	<u>2,148,513</u>	<u>(2,523,135)</u>
Balance as of September 30, 2025	<u>\$ 16,223,302</u>	<u>\$ 15,152,430</u>	<u>\$ 1,070,872</u>

Changes in net pension liability as of September 30, 2024 are as follows:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balance as of September 30, 2023	<u>\$ 17,196,776</u>	<u>\$ 11,098,830</u>	<u>\$ 6,097,946</u>
Changes for the year			
Service cost	18,313	-	18,313
Interest on total pension liability	1,191,479	-	1,191,479
Experience differences	(354,968)	-	(354,968)
Other changes	89,802	-	89,802
Employer contributions	-	2,134,620	(2,134,620)
Net investment income (loss)	-	1,341,595	(1,341,595)
Benefit payments and refunds	(1,543,478)	(1,543,478)	-
Administrative expense	-	(27,650)	27,650
Net changes	<u>(598,852)</u>	<u>1,905,087</u>	<u>(2,503,939)</u>
Balance as of September 30, 2024	<u>\$ 16,597,924</u>	<u>\$ 13,003,917</u>	<u>\$ 3,594,007</u>

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.18%) or 1% higher (8.18%) than the current rate.

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

The discount rate as of September 30, 2025 are as follows:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 2,380,815	\$ 1,070,872	\$ (71,909)

The discount rates as of September 30, 2024 are as follows:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 4,980,003	\$ 3,594,007	\$ 2,390,117

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended September 30, 2025 and 2024, the employer recognized pension expense of \$334,357 and \$180,779, respectively. The employer reported deferred outflows and inflows of resources related to pensions from the following sources as of September 30, 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	\$ 515,856	\$ -	\$ 515,856
Contributions subsequent to the measurement date*	1,785,762	-	-
Total	<u>\$ 2,301,618</u>	<u>\$ -</u>	<u>\$ 515,856</u>

The employer reported deferred outflows and inflows of resources related to pensions from the following sources as of September 30, 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	\$ 679,453	\$ -	\$ 679,453
Contributions subsequent to the measurement date*	2,098,530	-	-
Total	<u>\$ 2,777,983</u>	<u>\$ -</u>	<u>\$ 679,453</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 in subsequent years.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense for September 30, 2025 and 2024 as follows:

Year ended September 30,	2025	2024
2025	\$ -	\$ 150,263
2026	243,911	247,244
2027	381,912	385,245
2028	(106,632)	(103,299)
2029	(3,335)	-
	<u>\$ 515,856</u>	<u>\$ 679,453</u>

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Note 10 - Defined Contribution Pension Plan

The Authority provides pension benefits to its full-time employees through a defined contribution pension plan under Section 401(a) of the Internal Revenue Code. The plan is administered by the Authority in conjunction with Municipal Employee Retirement System (MERS). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established through the collective bargaining agreements, the Authority contributes up to 9.00% of the employees' gross earnings depending on what option the employee chooses.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in the Authority contributions and earnings on Authority contributions after completion of six years of creditable service. Nonvested contributions are forfeited upon termination of employment, and such forfeitures are used to pay a portion of the Plans' administrative expenses.

The Authority's total fiscal year payroll during 2025 was \$22,897,158. The 2025 contribution was calculated based on covered payroll of \$20,738,254, resulting in an employer contribution of \$1,891,190 and employee contributions of \$571,515.

The Authority's total fiscal year payroll during 2024 was \$20,718,778. The 2024 contribution was calculated based on covered payroll of \$17,634,499, resulting in an employer contribution of \$1,635,524 and employee contributions of \$535,069.

Note 11 - Other Postemployment Benefits

Plan description – The Authority administers the OPEB plan – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) to certain retirees, which are advance-funded on a discretionary basis. In accordance with the Authority's policy, eligible retirees receive healthcare benefits supplemental to their Medicare coverage.

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

Employees covered by benefit terms – At September 30, 2025 and 2024, the plan membership consisted of the following:

	2025	2024
Inactive employees or beneficiaries currently receiving benefits	97	97
Active employees	253	253
	<u>350</u>	<u>350</u>

Contributions – The Authority's contributions are advance-funded on an actuarially determined basis. Although the Authority has contractual obligations to provide these other postemployment benefits ("OPEB") to certain of the employee groups outlined above, advance funding of the OPEB obligation is at the discretion of the Authority. The employer's actual contributions to the plan for the year ended September 30, 2025 and 2024 were \$9,338 and \$3,206, respectively.

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Investment policy – The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the adopted asset allocation policy as of September 30, 2025 and 2024:

Asset Class	Target Allocation	
	2025	2024
Global equity	60.00%	60.00%
Global fixed income	20.00%	20.00%
Private equity	20.00%	20.00%

Net OPEB asset – The net OPEB asset was measured as of September 30, 2025 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The components of the net OPEB asset as of September 30, 2025 and 2024 were as follows:

	2025	2024
Total OPEB liability	\$ 14,031,824	\$ 13,739,926
Plan fiduciary net position	26,431,233	24,925,823
Net OPEB asset	\$ (12,399,409)	\$ (11,185,897)

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of September 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	3.25%
Healthcare cost trend rates	5.50% for CY, decreasing .25% per year to an ultimate rate of 4.50%

Mortality rates were based on the sex distinct Pub-2010 tables, as published by the Society of Actuaries, and include a margin for future mortality improvements projected using a fully generational improvement scale, projected 20 years with U.S. Projection Scale BB.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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. Best-estimate of arithmetic real rates of return for each major class included in the target asset allocation as of September 30, 2025 and 2024 are summarized below along with the adopted asset allocation policy:

Asset Class	Long-term Expected Real Rate of Return	
	2025	2024
Global equity	4.59%	4.59%
Global fixed income	2.23%	2.23%
Private equity	6.49%	6.49%

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Discount rate – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in net OPEB asset for September 30, 2025 are as follows:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability (a)	Net Position (b)	(Asset) (a) - (b)
Balances as of September 30, 2024	<u>\$ 13,739,926</u>	<u>\$ 24,925,823</u>	<u>\$ (11,185,897)</u>
Changes for the year			
Service cost	163,050	-	163,050
Interest on total OPEB liability	934,908	-	934,908
Experience differences	125,173	-	125,173
Assumption changes	-	-	-
Employer contributions	-	9,338	(9,338)
Employee contributions	-	-	-
Net investment income (loss)	-	2,481,231	(2,481,231)
Benefit payments and refunds	(931,233)	(931,233)	-
Administrative expense	-	(53,926)	53,926
Net changes	<u>291,898</u>	<u>1,505,410</u>	<u>(1,213,512)</u>
Balances as of September 30, 2025	<u>\$ 14,031,824</u>	<u>\$ 26,431,233</u>	<u>\$ (12,399,409)</u>

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Changes in net OPEB asset for September 30, 2024 are as follows:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability (a)	Net Position (b)	(Asset) (a) - (b)
Balances as of September 30, 2023	<u>\$ 16,367,014</u>	<u>\$ 21,857,871</u>	<u>\$ (5,490,857)</u>
Changes for the year			
Service cost	160,741	-	160,741
Interest on total OPEB liability	1,123,777	-	1,123,777
Experience differences	(3,981,147)	-	(3,981,147)
Assumption changes	856,391	-	856,391
Employer contributions	-	3,206	(3,206)
Employee contributions	-	-	-
Net investment income (loss)	-	3,902,232	(3,902,232)
Benefit payments and refunds	(786,850)	(786,850)	-
Administrative expense	-	(50,636)	50,636
Net changes	<u>(2,627,088)</u>	<u>3,067,952</u>	<u>(5,695,040)</u>
Balances as of September 30, 2024	<u>\$ 13,739,926</u>	<u>\$ 24,925,823</u>	<u>\$ (11,185,897)</u>

Sensitivity of the net OPEB asset to changes in the discount rate – The following presents the net OPEB asset of the Authority, as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current discount rate as of September 30, 2025 and 2024, respectively:

		Current	
	1% Decrease	Discount Rate	1% Increase
2025			
Net OPEB asset	<u>\$ (10,989,568)</u>	<u>\$ (12,399,409)</u>	<u>\$ (13,602,028)</u>
2024			
Net OPEB asset	<u>\$ (9,763,552)</u>	<u>\$ (11,185,897)</u>	<u>\$ (12,396,954)</u>

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates – The following presents the net OPEB asset of the Authority, as well as what the Authority's net OPEB asset would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of September 30, 2025 and 2024, respectively:

		Current Healthcare Cost Trend Rate	
2025	1% Decrease		1% Increase
Net OPEB asset	\$ (13,824,502)	\$ (12,399,409)	\$ (10,732,847)

		Current Healthcare Cost Trend Rate	
2024	1% Decrease		1% Increase
Net OPEB asset	\$ (12,513,048)	\$ (11,185,897)	\$ (9,635,943)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended September 30, 2025 and 2024 the employer recognized OPEB expense of (\$2,175,252) and (\$1,738,874), respectively. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources for 2025:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 103,223	\$ (3,538,959)	\$ (3,435,736)
Differences in assumptions	745,601	-	745,601
Net difference between projected and actual earning on plan investments	-	(1,522,041)	(1,522,041)
Total	\$ 848,824	\$ (5,061,000)	\$ (4,212,176)

The employer reported deferred outflows and inflows of resources related to OPEB from the following sources for 2024:

	Deferred Outflows of Resources	Deferred Outflows of Resources	Total to Amortize
Differences in experience	\$ -	\$ (5,170,679)	\$ (5,170,679)
Differences in assumptions	1,229,258	-	1,229,258
Net difference between projected and actual earning on plan investments	-	(1,241,833)	(1,241,833)
Total	\$ 1,229,258	\$ (6,412,512)	\$ (5,183,254)

Saginaw County Community Mental Health Authority

Notes to the Financial Statements

September 30, 2025 and 2024

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense for September 30, 2025 and 2024 are as follows:

<u>September 30,</u>	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ (1,484,317)
2026	(885,916)	(753,751)
2027	(1,649,704)	(1,517,539)
2028	(1,174,816)	(879,695)
2029	(517,163)	(547,952)
2030	15,423	-
	<u>\$ (4,212,176)</u>	<u>\$ (5,183,254)</u>

Note 12 - Related Party Transactions

The County is deemed a related party by management due to the fact that the County is statutorily required to provide local funding to the Authority. Bond payments made to the County during the year totaled \$365,000 as of September 30, 2025 and \$355,000 as of September 30, 2024.

Note 13 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Note 14 - Economic Dependence

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

Saginaw County Community Mental Health Authority
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended September 30,	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$ 18,828	\$ 18,313	\$ 23,050	\$ 17,974	\$ 23,622
Interest	1,138,300	1,191,479	1,245,383	1,304,721	1,289,019
Experience differences	30,629	(354,968)	(453,529)	(224,741)	(191,390)
Changes in assumptions	(55,174)	89,802	-	488,643	677,778
Benefit payments and refunds	(1,507,205)	(1,543,478)	(1,568,604)	(1,589,043)	(1,590,136)
Other	-	-	(2)	-	-
Net change in total pension liability	(374,622)	(598,852)	(753,702)	(2,446)	208,893
Total pension liability - beginning	16,597,924	17,196,776	17,950,478	17,952,924	17,744,031
Total pension liability - ending (a)	<u>\$ 16,223,302</u>	<u>\$ 16,597,924</u>	<u>\$ 17,196,776</u>	<u>\$ 17,950,478</u>	<u>\$ 17,952,924</u>
Plan fiduciary net position					
Employer contributions	\$ 2,693,895	\$ 2,134,620	\$ 1,840,739	\$ 1,444,294	\$ 1,145,333
Net investment income (loss)	991,872	1,341,595	(1,535,647)	1,522,040	1,246,069
Benefit payments and refunds	(1,507,205)	(1,543,478)	(1,568,604)	(1,589,043)	(1,590,136)
Administrative expense	(30,049)	(27,650)	(26,389)	(17,390)	(20,051)
Other	-	-	-	-	-
Net change in plan fiduciary net position	2,148,513	1,905,087	(1,289,901)	1,359,901	781,215
Plan fiduciary net position - beginning	13,003,917	11,098,830	12,388,731	11,028,830	10,247,615
Plan fiduciary net position - ending (b)	<u>\$ 15,152,430</u>	<u>\$ 13,003,917</u>	<u>\$ 11,098,830</u>	<u>\$ 12,388,731</u>	<u>\$ 11,028,830</u>
Net pension liability (a-b)	<u>\$ 1,070,872</u>	<u>\$ 3,594,007</u>	<u>\$ 6,097,946</u>	<u>\$ 5,561,747</u>	<u>\$ 6,924,094</u>
Plan fiduciary net position as a percentage of total pension liability	93.40%	78.35%	64.54%	69.02%	61.43%
Covered payroll	\$ 187,058	\$ 184,625	\$ 239,480	\$ 203,476	\$ 241,713
Net pension liability as a percentage of covered payroll	572.48%	1,946.65%	2,546.33%	2,733.37%	2,864.59%

Saginaw County Community Mental Health Authority
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended September 30,	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 25,690	\$ 35,888	\$ 47,508	\$ 54,555	\$ 64,467
Interest	1,340,143	1,356,267	1,358,866	1,351,063	1,309,507
Experience differences	(117,159)	(78,837)	23,524	74,293	97,655
Changes in assumptions	527,049	-	-	-	834,335
Benefit payments and refunds	(1,541,242)	(1,493,588)	(1,404,291)	(1,353,428)	(1,217,624)
Other	-	1	-	(1)	-
Net change in total pension liability	234,481	(180,269)	25,607	126,482	1,088,340
Total pension liability - beginning	17,509,550	17,689,819	17,664,212	17,537,730	16,449,390
Total pension liability - ending (a)	<u>\$ 17,744,031</u>	<u>\$ 17,509,550</u>	<u>\$ 17,689,819</u>	<u>\$ 17,664,212</u>	<u>\$ 17,537,730</u>
Plan fiduciary net position					
Employer contributions	\$ 530,802	\$ 488,152	\$ 306,405	\$ 233,656	\$ 266,010
Net investment income (loss)	1,302,507	(413,518)	1,407,032	1,205,994	(173,891)
Benefit payments and refunds	(1,541,242)	(1,493,588)	(1,404,291)	(1,353,428)	(1,217,624)
Administrative expense	(22,405)	(21,355)	(22,393)	(23,865)	(25,988)
Other	-	1	-	(1)	-
Net change in plan fiduciary net position	269,662	(1,440,308)	286,753	62,356	(1,151,493)
Plan fiduciary net position - beginning	9,977,953	11,418,261	11,131,508	11,069,152	12,220,645
Plan fiduciary net position - ending (b)	<u>\$ 10,247,615</u>	<u>\$ 9,977,953</u>	<u>\$ 11,418,261</u>	<u>\$ 11,131,508</u>	<u>\$ 11,069,152</u>
Net pension liability (a-b)	<u>\$ 7,496,416</u>	<u>\$ 7,531,597</u>	<u>\$ 6,271,558</u>	<u>\$ 6,532,704</u>	<u>\$ 6,468,578</u>
Plan fiduciary net position as a percentage of total pension liability	57.75%	56.99%	64.55%	63.02%	63.12%
Covered payroll	\$ 264,058	\$ 367,749	\$ 493,250	\$ 562,045	\$ 668,177
Net pension liability as a percentage of covered payroll	2,838.93%	2,048.03%	1,271.48%	1,162.31%	968.09%

Saginaw County Community Mental Health Authority
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$ 248,411	\$ 248,411	\$ -	\$ 660,047	37.64%
2017	230,604	230,604	-	553,983	41.63%
2018	473,196	473,196	-	431,407	109.69%
2019	522,840	522,840	-	493,250	106.00%
2020	1,129,688	1,129,688	-	264,058	427.82%
2021	1,144,924	1,144,924	-	241,703	473.69%
2022	1,814,748	1,814,748	-	203,476	891.87%
2023	1,914,899	1,914,899	-	239,480	799.61%
2024	2,798,040	2,798,040	-	184,625	1,515.53%
2025	2,381,016	2,381,016	-	187,058	1,272.88%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 21 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	1 year
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.93%
Retirement age	60
Mortality	50% female/50% male blend of the RP-2014 Health Annuitant Mortality Tables with rates multiplied by 10%, the RP-014 Employee Mortality Tables , and the RP-2014 Juvenile Mortality Tables

Saginaw County Community Mental Health Authority
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Asset and Related Ratios

Fiscal year ended September 30,	2025	2024	2023	2022	2021
Total OPEB liability					
Service cost	\$ 163,050	\$ 160,741	\$ 147,805	\$ 169,697	\$ 216,653
Interest	934,908	1,123,777	1,093,804	1,207,414	1,169,338
Experience differences	125,173	(3,981,147)	(135,252)	(2,512,126)	(138,764)
Changes in assumptions	-	856,391	-	325,641	-
Benefit payments and refunds	<u>(931,233)</u>	<u>(786,850)</u>	<u>(734,628)</u>	<u>(723,512)</u>	<u>(631,121)</u>
Net change in total OPEB liability	291,898	(2,627,088)	371,729	(1,532,886)	616,106
Total OPEB liability - beginning	<u>13,739,926</u>	<u>16,367,014</u>	<u>15,995,285</u>	<u>17,528,171</u>	<u>16,912,065</u>
Total OPEB liability - ending (a)	<u>\$ 14,031,824</u>	<u>\$ 13,739,926</u>	<u>\$ 16,367,014</u>	<u>\$ 15,995,285</u>	<u>\$ 17,528,171</u>
Plan fiduciary net position					
Employer contributions	\$ 9,338	\$ 3,206	\$ 2,998	\$ -	\$ 4,980
Net investment income (loss)	2,481,231	3,902,233	2,539,592	(3,330,021)	4,516,886
Benefit payments and refunds	(931,233)	(786,850)	(734,628)	(723,512)	(631,121)
Administrative expense	(53,926)	(50,636)	(44,334)	(43,338)	(42,049)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,505,410	3,067,953	1,763,628	(4,096,871)	3,848,696
Plan fiduciary net position - beginning	<u>24,925,823</u>	<u>21,857,870</u>	<u>20,094,242</u>	<u>24,191,113</u>	<u>20,342,417</u>
Plan fiduciary net position - ending (b)	<u>\$ 26,431,233</u>	<u>\$ 24,925,823</u>	<u>\$ 21,857,870</u>	<u>\$ 20,094,242</u>	<u>\$ 24,191,113</u>
Net OPEB asset (a-b)	<u>\$ (12,399,409)</u>	<u>\$ (11,185,897)</u>	<u>\$ (5,490,856)</u>	<u>\$ (4,098,957)</u>	<u>\$ (6,662,942)</u>
Plan fiduciary net position as a percentage of total OPEB liability	188.37%	181.41%	133.55%	125.63%	138.01%
Covered payroll	\$ 20,979,774	\$ 17,634,499	\$ 16,949,766	\$ 15,230,569	\$ 14,931,930
Net OPEB asset as a percentage of covered payroll	(59.10%)	(63.43%)	(32.39%)	(26.91%)	(44.62%)

Note: GASB Statement No. 74 was implemented for the fiscal year ended September 30, 2017 and GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

Saginaw County Community Mental Health Authority
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Asset and Related Ratios

Fiscal year ended September 30,	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 253,771	\$ 275,892	\$ 266,059	\$ 309,911
Interest	1,182,648	1,133,906	1,180,812	1,129,177
Experience differences	(2,748,216)	(126,775)	(2,090,675)	(197,041)
Changes in assumptions	1,748,439	-	505,962	-
Benefit payments and refunds	<u>(585,328)</u>	<u>(565,953)</u>	<u>(508,374)</u>	<u>(456,574)</u>
Net change in total OPEB liability	(148,686)	717,070	(646,216)	785,473
Total OPEB liability - beginning	<u>17,060,751</u>	<u>16,343,681</u>	<u>16,989,897</u>	<u>16,204,425</u>
Total OPEB liability - ending (a)	<u>\$ 16,912,065</u>	<u>\$ 17,060,751</u>	<u>\$ 16,343,681</u>	<u>\$ 16,989,898</u>
Plan fiduciary net position				
Employer contributions	\$ -	\$ 566,241	\$ 2,244,739	\$ 1,616,865
Net investment income (loss)	1,440,750	498,569	906,271	1,743,088
Benefit payments and refunds	(585,328)	(565,953)	(508,374)	(456,574)
Administrative expense	(36,172)	(39,148)	(42,438)	(37,471)
Other	<u>(578,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	240,713	459,709	2,600,198	2,865,908
Plan fiduciary net position - beginning	<u>20,101,704</u>	<u>19,641,995</u>	<u>17,041,797</u>	<u>14,175,890</u>
Plan fiduciary net position - ending (b)	<u>\$ 20,342,417</u>	<u>\$ 20,101,704</u>	<u>\$ 19,641,995</u>	<u>\$ 17,041,798</u>
Net OPEB liability (a-b)	<u>\$ (3,430,352)</u>	<u>\$ (3,040,953)</u>	<u>\$ (3,298,314)</u>	<u>\$ (51,900)</u>
Plan fiduciary net position as a percentage of total OPEB liability	120.28%	117.82%	120.18%	100.31%
Covered payroll	\$ 15,533,309	\$ 14,328,218	\$ 13,994,162	\$ 11,778,699
Net OPEB asset as a percentage of covered payroll	(22.08%)	(21.22%)	(23.57%)	(0.44%)

Note: GASB Statement No. 74 was implemented for the fiscal year ended September 30, 2017 and GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

Saginaw County Community Mental Health Authority
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2019	\$ 11,903	\$ 566,241	\$ (554,338)	\$ 14,328,218	3.95%
2020	-	-	-	15,533,309	0.00%
2021	-	4,980	(4,980)	14,931,930	0.03%
2022	-	4,980	(4,980)	15,230,569	0.03%
2023	-	2,998	(2,998)	16,949,766	0.02%
2024	-	3,206	(3,206)	17,634,499	0.02%
2025	-	9,338	(9,338)	20,979,774	0.04%

Notes:

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 9 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	11 years, closed
Asset valuation method	5-year smoothed market
Price inflation	2.50%
Wage inflation	3.00%
Healthcare cost trend rates	Non-medicare (Pre-65): Initial trend of 7.25% gradually decreasing to 3.50% in year 15. Medicare (Post-65): Initial trend of 6.50% gradually decreasing to 3.50% in year 15.
Salary increases	3.00% to 9.70%
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 using scale MP-2019

Saginaw County Community Mental Health Authority
Required Supplementary Information
Other Postemployment Benefits
Schedule of Investment Returns

Fiscal Year Ended September 30,	Money-weighted Rate of Return
2021	6.11%
2022	-13.42%
2023	5.36%
2024	17.32%
2025	9.55%

Data will be added as information is available until 10 years of such data is available.