Tri-County Aging Consortium

Year Ended September 30, 2015

Financial Statements and Single Audit Act Compliance

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TRI-COUNTY AGING CONSORTIUM

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INDEPENDENT AUDITORS' REPORT

March 21, 2016

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund and the remaining fund information of the *Tri-County Aging Consortium* (the "Consortium"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tri-County Aging Consortium as of September 30, 2015, and the respective changes in financial position and budgetary comparison for the general fund and the major special revenue fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Note 13, the Consortium implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* in the current year. Accordingly, beginning net position of governmental activities was restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefits plans, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 schedule of revenues, expenditures, and changes in fund balance - grants special revenue fund - by program and the schedule of funding service categories by source are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balance - grants special revenue fund - by program 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. Such 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 schedule of revenues, expenditures, and changes in fund balance - grants special revenue fund - by program is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of funding service categories by source has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated March 21, 2016, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consortium's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Tri-County Aging Consortium (the "Consortium"), we offer our readers of the financial statements this narrative overview and analysis of the financial activities of the Consortium for the fiscal year ended September 30, 2015.

Financial Highlights

This discussion and analysis is required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The GASB is charged with developing "generally accepted accounting principles" (GAAP) for government entities and is the main standard-setting body for governmental GAAP.

As shown on Tri-County Aging Consortium's statement of net position on the following pages, assets and deferred outflows of resources exceeded liabilities by $7,054,674 at the end of the fiscal year, which represents an increase from the prior year of $922,485.

Overview of the Financial Statements

This discussion and analysis is intended to provide a basis of understanding the Consortium's basic financial statements. These statements comprise three components: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the financial statements. Supplementary information is also provided for additional informational purposes.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Consortium's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Consortium's assets, deferred outflows of resources, and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as an indicator of the Consortium's overall fiscal position.

The *statement of activities* presents information showing how the Consortium's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless *of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

The statement of activities reports the costs of the services that the Consortium provides which are principally supported by state and federal grant revenues. The governmental activities of the Consortium include regional planning, coordination, contracting, and direct provision of services for clients through various programs that promote and preserve the independence and dignity of the aging population.

The government-wide financial statements include only the Consortium itself. The Consortium has no legally separate component units for which the Consortium is financially accountable.

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 Consortium, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activities of the Consortium are accounted for in governmental funds.

Management's Discussion and Analysis

Governmental funds. *Governmental funds* are used to account for essentially the same function reported in the government-wide financial statements. However, unlike the government-wide financial statements, 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 the governmental funds is narrower than that of the government-wide financial statement's it is useful to compare the information presented for the 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and the government-wide statements.

The general fund and grants special revenue fund are considered to be major funds for financial reporting purposes.

The Consortium adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The Consortium does not maintain proprietary nor fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Consortium's financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to management discussion and analysis and certain information for pension and other postemployment benefits.

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 the Consortium, assets and deferred outflows of resources exceeded liabilities by $7,054,674 as the close of the most recent fiscal year. The change in the restricted net position is due to the change in the structure of the waiver grant program to a capitated/full-risk model.

	Net Position	
	2015	**2014**
Assets		
Current assets	$ 9,138,205	$ 11,751,002
Capital assets, net	88,666	107,577
Total assets	9,226,871	11,858,579
Deferred outflows of resources	314,030	-
Liabilities		
Other liabilities	2,344,426	5,608,350
Long-term liabilities	141,801	163,045
Total liabilities	2,486,227	5,771,395
Net position		
Investment in capital assets	88,666	107,577
Restricted	68,205	4,716,726
Unrestricted	6,897,803	1,262,881
Total net position	$ 7,054,674	$ 6,087,184

	Change in Net Position	
	2015	**2014**
Revenues		
Program revenues:		
Charges for services	$ 757,131	$ 683,493
Operating grants and contributions	25,726,409	22,724,665
General revenues:		
Municipal appropriations	235,631	228,038
Investment earnings	38,540	26,492
Total revenue	26,757,711	23,662,688
Expenses		
Health and welfare	25,835,226	22,180,342
Change in net position	922,485	1,482,346
Net position, beginning of year, as previously stated	6,087,184	4,604,838
Restatement	45,005	-
Net position, end of year	$ 7,054,674	$ 6,087,184

Management's Discussion and Analysis

The change in net position is due primarily to the reduction in the liabilities for the amounts due to other governments. The State of Michigan settled several years of waiver cost settlements which reduced the amount owed to the State.

The Consortium's reconciling items between modified accrual and full accrual accounting for government-wide reporting are minimal. As a result, the analysis of the Consortium's funds in the following section also serves as the government-wide financial analysis.

Financial Analysis of the Consortium's Funds

The general fund revenues and expenditures were slightly greater than budgetary estimates. The general fund did have an increase in the transfer of additional funding for the nutrition program in the amount of $18,315 to help cover the additional cost of meals served in the current year. Additionally, the general fund supported the Care Transitions Program in the amount of $198,553 as the program began its partnership with Sparrow Health Systems in providing the essential services to the targeted clients.

For the current year there was an increase in federal and state funding for the nutrition program in the amount of $134,970. The nutrition program also had increases in the number of meals served in both the Meals on Wheels program and congregate dining sites, serving a total of 569,479 meals during the year. The Consortium did start up one new grant from the Michigan Health Endowment Fund. The purpose of this grant is to support the diabetes education and activity classes. Results have shown reduced hospitalizations by those attending these evidence based programs. A new agreement was implemented with Sparrow Health Systems to provide services from our Care Transitions Program. The goal of this program is to reduce hospital re-admittances for the same illness. Also, in this fiscal year, the Consortium’s Home and Community Based Services (Waiver Program) contract was increased by $1,973,445.

All other Consortium special revenue fund's budget to acutal comparisons were generally favorable. As noted above there was an increase in federal and state funds for the nutrition program and the waiver Program. The nutrition program increase the number of meals severed over last year by 32,441 (6% increase). The waiver program also increased its client enrollment from the previous year by 77 (9%). The Care Transition Program served 1,724 clients for the year which was an increase of 72 clients. The Consortium, by increasing the number of meals served was successful in not having to maintain a waiting list for nutrition services. The actual revenues came in under budget so it was necessary to cover this shortage with general fund fund balance.

The Consortium and the State of Michigan Department of Community Health agreed on the cost settlement covering the waiver program FY2013. The total amount paid to the State of Michigan Department of Community Health was $1,415,653. The State had awarded the Consortium a large lump sum amount late in FY2013 that was unspent due to the time constraints at hand. There were also revised cost settlements for FY2010, FY2011, and FY2012 that amounted to the Consortium receiving and additional $363,363.

Management's Discussion and Analysis

Capital Assets

The Consortium's net investment in capital assets decreased during the year by $18,911 which is summarized below:

	Capital Assets (Net of Depreciation) 2015	2014
Capital assets being depreciated		
Vehicles	$ 23,837	$ 32,546
Equipment	64,829	75,031
Total capital assets being depreciated	$ 88,666	$ 107,577

For additional information on the Consortium's capital assets, see Note 4 in the notes to the financial statements.

Long-term Debt

The Consortium's long-term debt consists of unused vacation time. For additional information on the Consortium's long-term debt, see Note 6 in the notes to the financial statements.

Economic Factors and Future Budgets

Funding is determined at the federal and state levels and at this time looks promising. However, federal and state cuts in our funding could be made at any time and that would have a significant effect on the Consortium's financial position or operations.

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 Consortium's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Tri-County Aging Consortium, 5303 S. Cedar St., Suite 1, Lansing, MI 48911.

BASIC FINANCIAL STATEMENTS

TRI-COUNTY AGING CONSORTIUM

Statement of Net Position

September 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	$ 7,256,031
Restricted cash and cash equivalents	88,976
Investments	934,778
Accounts receivable	111,568
Due from other governments	732,692
Prepaid items	14,160
Capital assets being depreciated, net	88,666
Total assets	9,226,871
Deferred outflows of resources	
Deferred pension amounts	314,030
Liabilities	
Accounts payable	1,751,973
Accrued payroll	204,606
Unearned revenue	50,664
Long-term debt:	
Due within one year	56,720
Due in more than one year	85,081
Other noncurrent liabilities:	
Net pension liability	308,255
Net other postemployment benefits obligation	28,928
Total liabilities	2,486,227
Net position	
Investment in capital assets	88,666
Restricted for:	
Permanent corpus	68,205
Unrestricted	6,897,803
Total net position	$ 7,054,674

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

TRI-COUNTY AGING CONSORTIUM

Statement of Activities

For the Year Ended September 30, 2015

		Program Revenues		
Functions / Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Net (Expense) Revenue**
Governmental activities				
Health and welfare	$ 25,835,226	$ 757,131	$ 25,726,409	$ 648,314
General revenues				
Unrestricted municipal appropriations				235,631
Unrestricted investment earnings				38,540
Total general revenues				274,171
Change in net position				922,485
Net position, beginning of year, as restated				6,132,189
Net position, end of year				$ 7,054,674

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

TRI-COUNTY AGING CONSORTIUM

Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Grants Special Revenue Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 157,857	$ 7,058,507	$ 39,667	$ 7,256,031
Restricted cash and cash equivalents	-	-	88,976	88,976
Investments	680,055	-	254,723	934,778
Accounts receivable	5,616	105,952	-	111,568
Due from other governments	16,436	716,256	-	732,692
Prepaid items	13,478	682	-	14,160
Total assets	$ 873,442	$ 7,881,397	$ 383,366	$ 9,138,205
Liabilities				
Accounts payable	$ 5,543	$ 1,746,430	$ -	$ 1,751,973
Accrued payroll	23,174	181,432	-	204,606
Unearned revenue	45,117	5,547	-	50,664
Total liabilities	73,834	1,933,409	-	2,007,243
Deferred inflows of resources				
Unavailable waiver revenue	-	84,103	-	84,103
Fund balances				
Nonspendable	13,478	682	68,205	82,365
Committed	-	5,863,203	-	5,863,203
Assigned	299,666	-	315,161	614,827
Unassigned	486,464	-	-	486,464
Total fund balances	799,608	5,863,885	383,366	7,046,859
Total liabilities, deferred inflows of resources and fund balances	$ 873,442	$ 7,881,397	$ 383,366	$ 9,138,205

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

TRI-COUNTY AGING CONSORTIUM

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
September 30, 2015

Fund balances - total governmental funds	$ 7,046,859
Amounts reported for *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 in the fund financial statements.	
Capital assets being depreciated, net	88,666
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.	
Unavailable waiver revenue	84,103
Certain liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements.	
Net pension liability	(308,255)
Deferred outflows related to the net pension liability	314,030
Net other postemployment benefits obligation	(28,928)
Compensated absences	(141,801)
Net position of governmental activities	$ 7,054,674

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

TRI-COUNTY AGING CONSORTIUM

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended September 30, 2015

	General Fund	Grants Special Revenue Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
Federal	$ -	$ 1,746,717	$ -	$ 1,746,717
State	-	1,236,691	-	1,236,691
Medicaid waiver program	-	21,927,343	-	21,927,343
Local grants	364,512	377,724	-	742,236
Municipal appropriations	235,631	-	-	235,631
Contributions	52,733	303,666	-	356,399
Program revenues	70	507,753	-	507,823
Interest	30,591	-	7,949	38,540
Total revenues	683,537	26,099,894	7,949	26,791,380
Expenditures				
Health and welfare	437,714	25,305,375	55,058	25,798,147
Revenues over (under) expenditures	245,823	794,519	(47,109)	993,233
Other financing sources (uses)				
Transfers in	12,741	429,663	-	442,404
Transfers out	(426,073)	(12,741)	(3,590)	(442,404)
Total other financing sources (uses)	(413,332)	416,922	(3,590)	-
Net change in fund balances	(167,509)	1,211,441	(50,699)	993,233
Fund balances, beginning of year	967,117	4,652,444	434,065	6,053,626
Fund balances, end of year	$ 799,608	$ 5,863,885	$ 383,366	$ 7,046,859

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

TRI-COUNTY AGING CONSORTIUM

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2015

Net change in fund balances - total governmental funds	$ 993,233
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(18,911)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in funds, but rather deferred to subsequent fiscal years.	
Change in unavailable waiver revenue	(33,669)
Some expenses 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.	
Change in the accrual for compensated absences	21,244
Change in net pension liability and related deferred amounts	(39,230)
Change in net other postemployment benefits obligation	(182)
Change in net position of governmental activities	$ 922,485

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

TRI-COUNTY AGING CONSORTIUM

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local grants	$ 379,839	$ 379,839	$ 364,512	$ (15,327)
Municipal appropriations:				
City of Lansing	70,000	75,000	82,079	7,079
City of East Lansing	14,328	14,328	14,328	-
Ingham County	60,032	60,032	60,032	-
Clinton County	35,434	35,434	26,576	(8,858)
Eaton County	52,616	52,616	52,616	-
Contributions	-	-	52,733	52,733
Program revenues	-	-	70	70
Interest	18,400	32,400	30,591	(1,809)
Total revenues	630,649	649,649	683,537	33,888
Expenditures				
Health and welfare:				
Salaries and wages	126,755	144,058	143,583	(475)
Fringe benefits	35,673	37,416	53,699	16,283
Operating expenditures	213,882	211,232	200,951	(10,281)
Professional services	46,000	41,000	37,677	(3,323)
Travel and training	3,300	3,300	1,804	(1,496)
Total expenditures	425,610	437,006	437,714	708
Revenues over expenditures	205,039	212,643	245,823	33,180
Other financing sources (uses)				
Transfers in	-	-	12,741	12,741
Transfers out	(270,197)	(610,511)	(426,073)	184,438
Total other financing sources (uses)	(270,197)	(610,511)	(413,332)	197,179
Net change in fund balance	(65,158)	(397,868)	(167,509)	230,359
Fund balance, beginning of year	967,117	967,117	967,117	-
Fund balance, end of year	$ 901,959	$ 569,249	$ 799,608	$ 230,359

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

TRI-COUNTY AGING CONSORTIUM

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Grants Special Revenue Fund

For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal revenue	$ 2,230,075	$ 1,791,527	$ 1,746,717	$ (44,810)
State revenue	1,338,022	1,348,919	1,236,691	(112,228)
Medicaid	20,124,008	19,759,593	21,927,343	2,167,750
Local grants	342,096	352,196	377,724	25,528
Contributions	45,100	67,160	303,666	236,506
Program revenues	749,000	749,000	507,753	(241,247)
Interest	125,000	125,700	-	(125,700)
Total revenues	24,953,301	24,194,095	26,099,894	1,905,799
Expenditures				
Health and welfare:				
Salaries and wages	3,955,300	3,624,045	3,589,649	(34,396)
Fringe benefits	1,414,602	1,312,677	1,254,104	(58,573)
Operating expenditures	1,922,383	2,251,437	2,087,111	(164,326)
Professional services	261,429	98,994	166,407	67,413
Subcontractor expenditures	16,834,486	17,980,584	18,068,008	87,424
Travel and training	176,200	185,110	140,096	(45,014)
Total expenditures	24,564,400	25,452,847	25,305,375	(147,472)
Revenues over (under) expenditures	388,901	(1,258,752)	794,519	2,053,271
Other financing sources (uses)				
Transfers in	270,197	610,511	429,663	(180,848)
Transfers out	-	-	(12,741)	(12,741)
Total other financing sources (uses)	270,197	610,511	416,922	(193,589)
Net change in fund balance	659,098	(648,241)	1,211,441	1,859,682
Fund balance, beginning of year	4,652,444	4,652,444	4,652,444	-
Fund balance, end of year	$ 5,311,542	$ 4,004,203	$ 5,863,885	$ 1,859,682

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

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the *Tri-County Aging Consortium* (the "Consortium"), conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

The Tri-County Aging 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 approval 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.

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 has determined that no entities should be consolidated in the financial statements as component units. The criteria for including a component unit include significant operational or financial relationships with the government.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities are supported by charges for services and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Separate financial statements are provided for the governmental funds. Major funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for expenditure-driven grants which must be collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year and claims and judgments, are recorded only when payment is due.

State and federal grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Consortium reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *grants special revenue fund* reports grant program revenues and expenditures of federal and state grant monies primarily passed through the Offices on Services to the Aging (OSA).

Additionally, the Consortium reports the following fund types:

The *capital projects fund* accounts for the acquisition of capital assets or construction of major capital projects.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The Consortium's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Amounts due from other governments include amounts due from grantors for specific programs. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items.

Capital Assets

Capital assets, which include leasehold improvements, vehicles, and equipment, are reported in the government-wide statements. Capital assets are defined by the Consortium as assets with an initial, individual cost of more than $5,000 with an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date donated.

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.

Depreciation is recorded over the estimated useful lives (ranging from six to fifteen years) of the assets, using the straight-line method, as follows:

Assets	Years
Leasehold improvement	15
Vehicles	6
Equipment	10

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Consortium reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension plans, and for contributions to the plan subsequent to the plan measurement date.

Compensated Absences

It is the Consortium's policy to permit employees to accumulate earned but unused vacation time, subject to varying amounts based on length of service. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Inflows of Resources

The Consortium reports certain receivables in governmental funds that are not due and collectible soon enough to meet the criteria for revenue recognition under the current financial resources method of accounting. These amounts have been reported as "deferred inflows of resources" in the fund financial statements, but are recognized when earned, regardless of the timing of collection, in the government-wide statements.

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action if the government's highest level of decision making authority, the Consortium Board. A formal resolution of the Consortium Board is required to establish, modify or rescind a fund balance commitment. The Consortium reports *assigned fund balance* for amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Consortium Board has delegated the authority to assign fund balance to the Finance Director or his/her designee. Unassigned fund balance is the residual classification for the general fund.

When the Consortium incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Consortium's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance, if any.

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 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

All governmental funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), which is the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved or as amended by the Consortium Board. Budgets for the general and special revenue fund are adopted on a functional basis.

Excess of Expenditures over Budget

Expenditures in the statements of revenues, expenditures, and changes in fund balance - budget to actual have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended September 30, 2015, the Consortium incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual Expenditures	Budget Variance
General fund			
Health and welfare	$ 437,006	$ 437,714	$ (708)
Grants special revenue fund			
Transfers out	-	12,741	(12,741)

3. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the statement of net position follows:

Statement of net position	
Cash and cash equivalents	$ 7,256,031
Restricted cash and cash equivalents	88,976
Investments	934,778
Total	$ 8,279,785
Deposits and investments	
Bank deposits (checking accounts and savings accounts)	$ 7,255,731
Money market funds	39,418
Endowment	88,976
Investments	895,360
Cash on hand	300
Total	$ 8,279,785

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Consortium's deposits may not be returned. State law does not require and the Consortium does not have a policy for deposit custodial credit risk. As of year end, $7,050,299 of the Consortium's bank balance of $7,300,299 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. Following is a summary of the Consortium's investments as of September 30, 2015:

Domestic equities*	$	8,698
U.S. agencies		246,209
U.S. treasury notes		640,453
Total	$	895,360

* During 2015, the Consortium received a gift of stock. Subsequent to year-end the Consortium sold the stock and invested the funds into an allowable type of investment.

For an investment, custodial credit risk 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. State law does not require and the Consortium does not have a policy for investment custodial credit risk. None of the Consortium's investments were exposed to custodial credit risk at year end.

Credit Risk. As of September 30, 2015, all of the Consortium's investments in securities of U.S. agencies and U.S. treasuries were rated Aaa by Moody's. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the accounting policies. The Consortium's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the Consortium's investments.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the accounting policies. The Consortium's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments, where applicable, have been identified above for the Consortium's investments. As the September 30, 2015 maturities for the Consortium's investments in the debt securities were as follows:

		Investment Maturities (fair value by years)			
	Fair Value	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U.S. agencies	$ 246,209	$ 41,848	$ 161,829	$ -	$ 42,532
U.S. treasury notes	640,453	-	411,780	228,673	-
	$ 886,662	$ 41,848	$ 573,609	$ 228,673	$ 42,532

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the accounting policies. The Consortium's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Notes to Financial Statements

4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Leasehold improvements	$ 142,677	$ -	$ -	$ 142,677
Vehicles	147,000	-	-	147,000
Equipment	350,009	-	-	350,009
Total capital assets being depreciated	639,686	-	-	639,686
Less accumulated depreciation:				
Leasehold improvements	(142,677)	-	-	(142,677)
Vehicles	(114,454)	(8,709)	-	(123,163)
Equipment	(274,978)	(10,202)	-	(285,180)
Total accumulated depreciation	(532,109)	(18,911)	-	(551,020)
Total capital assets being depreciated, net	$ 107,577	$ (18,911)	$ -	$ 88,666

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. For the year ending September 30, 2015, interfund transfers consisted of the following:

	Transfers In	
Transfer out	General Fund	Grants Special Revenue Fund
General fund	$ -	$ 426,073
Grants fund	12,741	-
Capital projects fund	-	3,590
	$ 12,741	$ 429,663

6. LONG-TERM DEBT

The following is a summary of the changes in long-term debt of the Consortium for the year ended September 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 163,045	$ 31,244	$ (52,488)	$ 141,801	$ 56,720

Notes to Financial Statements

7. PENSION PLAN

General Information About the Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits are calculated as final average compensation (based on a 5 year period) with a multiplier of 2%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 55 with 25 years of service. The employer may establish contribution rates to be paid by its covered employees. Currently, active members are not required to contribute to the plan.

Employees Covered by Benefit Terms. At September 30, 2015, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	16
Active employees	103
Total membership	167

Contributions. 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions were $286,134 for the year ended September 30, 2015.

Net Pension Liability. The Consortium's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. 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 the December 31, 2014 valuation were based on the results of an actuarial experience study conducted in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.43%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	10.00%	6.56%	0.65%
	100.00%		
Inflation			3.50%
Administrative expenses netted above			0.25%
Investment rate of return			8.25%

Discount Rate. The discount rate used to measure the total pension liability was 8.25%. 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. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2013	$ 7,059,506	$ 6,917,346	$ 142,160
Changes for the year:			
Service cost	293,888	-	293,888
Interest	581,328	-	581,328
Employer contributions	-	263,114	(263,114)
Employee contributions	-	23,334	(23,334)
Net investment income	-	438,821	(438,821)
Benefit payments, including refunds of employee contributions	(320,094)	(320,094)	-
Administrative expense	-	(16,148)	16,148
Net changes	555,122	389,027	166,095
Balances at December 31, 2014	$ 7,614,628	$ 7,306,373	$ 308,255

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 rate of 8.25%, as well as what the Consortium's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Consortium's net pension liability	$ 1,177,549	$ 308,255	$ (452,387)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

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

For the year ended September 30, 2015, the Consortium recognized pension expense of $348,952. The Consortium reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	$ -
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	103,845
	103,845
Contributions subsequent to the measurement date	210,185
Total	$ 314,030

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, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2016	$ 25,961
2017	25,961
2018	25,961
2019	25,962
Total	$ 103,845

8. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan description. In addition to providing pension benefits, the Consortium makes medical, prescription, and dental coverage available to certain retired employees. Retirees are responsible for paying 100% of the related premiums. Substantially all of the Consortium's employees are eligible for these benefits if they meet the vesting requirement of ten (10) years of service. While these benefits do not represent a direct cost to the Consortium, the benefits are available to retired employees at the same rates as current employees, therefore an implicit rate subsidy is being provided. This benefit is provided under authority of the Board of Directors of the Tri-County Aging Consortium. Any changes to the obligations of plan members or the employer would require approval of the Board of Directors.

Membership of the Plan consisted of the following at September 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	10
Active plan members	92
Total	102

In the September 30, 2015 actuarial valuation, the most recent available, the projected unit credit cost method was used. The unfunded actuarial accrued liabilities are being amortized as a level dollar on a closed basis. The actuarial assumptions included a 4.0 percent rate of investment return (net of administrative expenses), which is the expected long-term investment return on plan assets (if any), and an annual cost increase for benefits of 9.0 percent graded down to 5.0 percent in 2019. The remaining amortization period at September 30, 2015, was nine (9) years.

Funding policy. The Consortium's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Consortium has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. Administrative costs of the plan are paid for by the Consortium.

Funding progress. For the year ended September 30, 2015, the Consortium has determined an estimated cost of providing postemployment benefits as of September 30, 2015. This cost, referred to as the annual required contribution, which represents a level of funding that if paid on an ongoing basis is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

Notes to Financial Statements

The Consortium's computed contribution and actual funding is summarized as follows:

Annual required contribution (ARC)	$	7,567
Interest on net OPEB obligation		1,150
Adjustment to annual required contribution		(3,717)
Annual OPEB cost		5,000
Contributions made		4,818
Change in net OPEB obligation		182
Net OPEB obligation, beginning of year		28,746
Net OPEB obligation, end of year	$	28,928

Three-Year Trend Information					
Years Ended September		Annual OPEB Cost	Percentage Contributed		Net OPEB Obligation
2013	$	14,494	34%	$	32,969
2014		14,508	129%		28,746
2015		5,000	96%		28,928

Funded Status and Funding Progress. As of September 30, 2015, the most recent actuarial valuation date, the Plan was not pre-funded. The actuarial accrued liability for benefits and unfunded actuarial accrued liability was $32,284.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Notes to Financial Statements

9. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the Consortium classifies fund balances primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Grant Special Revenue Fund	Nonmajor Capital Projects Fund	Total
Nonspendable:				
Prepaid items	$ 13,478	$ 682	$ -	$ 14,160
Permanent corpus	-	-	68,205	68,205
Total nonspendable	13,478	682	68,205	82,365
Committed for:				
HBCS waiver	-	5,676,316	-	5,676,316
Crisis management	-	4,405	-	4,405
Medicaid/Medicare assistance	-	57,154	-	57,154
Kitchen equipment	-	20,743	-	20,743
Care management	-	55,886	-	55,886
Other	-	48,699	-	48,699
Total restricted	-	5,863,203	-	5,863,203
Assigned for:				
Friends of independence	269,666	-	-	269,666
Capital outlay	30,000	-	-	30,000
Capital campaign	-	-	315,161	315,161
Total assigned	299,666	-	315,161	614,827
Unassigned	486,464	-	-	486,464
Total fund balances	$ 799,608	$ 5,863,885	$ 383,366	$ 7,046,859

Notes to Financial Statements

10. OPERATING LEASES

In prior years, the Consortium entered into a 20 year, non-cancelable long-term lease for the administration building requiring monthly payments of $13,605 through December 2017. In addition to the minimum monthly payments, the lease calls for reimbursement to the lessor of monthly operating expenses which is recomputed each year based on actual costs, currently $14,395 to $16,595 per month. The following is a schedule of future minimum lease payments required under this lease as of September 30, 2015:

Year Ending September 30,	Amount
2016	$ 163,260
2017	163,260
2018	40,815
	$ 367,335

11. 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 State 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.

12. 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.

13. RESTATEMENT

The Consortium adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* in the current year. As a result of this change, beginning net position of governmental activities increased by $45,005.

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REQUIRED SUPPLEMENTARY INFORMATION

TRI-COUNTY AGING CONSORTIUM

Required Supplementary Information
MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Changes in Consortium's Net Pension Liability and Related Ratios

	Year Ended September 30, 2015
Total pension liability	
Service cost	$ 293,888
Interest	581,328
Benefit payments, including refunds of employee contributions	(320,094)
Net change in total pension liability	555,122
Total pension liability, beginning of year	7,059,506
Total pension liability, end of year	7,614,628
Plan fiduciary net position	
Employer contributions	263,114
Employee contributions	23,334
Net investment income	438,821
Benefit payments, including refunds of employee contributions	(320,094)
Administrative expense	(16,148)
Net change in plan fiduciary net position	389,027
Plan fiduciary net position, beginning of year	6,917,346
Plan fiduciary net position, end of year	7,306,373
Consortium's net pension liability	$ 308,255
Plan fiduciary net position as a percentage of total pension liability	96.0%
Covered-employee payroll	$ 3,612,252
Consortium's net pension liability as a percentage of covered-employee payroll	8.5%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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

TRI-COUNTY AGING CONSORTIUM

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	$ 7,614,628	$ 7,306,373	$ 308,255	96.0%	$ 3,599,973	8.6%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

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

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2015	$ 286,134	$ 286,134	$ -	$ 3,612,252	7.9%

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

Notes to Schedule of Contributions

Valuation Date	December 31, 2014
Notes	Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Open; 10-year smoothed value of assets
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.25%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations.
Mortality	1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. 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.

TRI-COUNTY AGING CONSORTIUM

Required Supplementary Information

Other Postemployment Benefits

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll	UAAL as a % of Covered Payroll
9/30/2009	$ -	$ 107,158	$ 107,158	0.0%	N/A	N/A
9/30/2012	-	78,701	78,701	0.0%	N/A	N/A
9/30/2015	-	32,284	32,284	0.0%	N/A	N/A

Schedule of Employer Contributions		
Year Ended September 30	Annual Required Contribution	Percentage Contributed
2012	$ 14,708	31.2%
2013	16,129	30.8%
2014	17,097	109.6%
2015	7,567	63.7%

TRI-COUNTY AGING CONSORTIUM

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Grants Special Revenue Fund - By Program
For the Year Ended September 30, 2015

	Title III Administrative	Title III B Services	Title III C-1 Nutrition
Revenues			
Intergovernmental:			
Federal	$ 129,640	$ 345,874	$ 378,517
State	22,370	-	8,731
Medicaid waiver program	-	-	-
Local grants and contributions	-	-	2,400
Contributions	-	-	200
Program revenues	-	1,835	118,209
Total revenues	152,010	347,709	508,057
Expenses			
Health and welfare:			
Salaries and wages	98,770	65,162	144,998
Fringe benefits	32,731	17,349	59,560
Operating expenditures	20,350	180	292,254
Professional services	-	1,956	5,601
Subcontractor expenditures	-	247,629	-
Travel and training	161	433	5,639
Total expenditures	152,012	332,709	508,052
Revenues over (under) expenditures	(2)	15,000	5
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(15,000)	-
Total other financing sources (uses)	-	(15,000)	-
Net change in fund balances	(2)	-	5
Fund balances (deficit), beginning of year	(18)	-	-
Fund balances (deficit), end of year	$ (20)	$ -	$ 5

Title III C-2 State Home Delivers Meals	Title III C-2 Supplemental Nutrition	Title III D Services	Crisis Management	Elder Abuse Prevention	HCBS Waiver
$ 612,515	$ -	$ 24,060	$ -	$ -	$ -
383,236	-	-	-	-	-
-	-	-	-	-	21,927,343
61,267	229,993	-	-	(1)	13,421
303,375	-	-	91	-	-
291,582	-	7,120	-	-	66,752
1,651,975	229,993	31,180	91	(1)	22,007,516
579,992	32,945	-	-	-	2,380,228
217,723	12,156	-	-	-	817,230
1,170,066	136,650	-	-	-	411,378
21,268	-	-	-	-	98,321
-	-	29,614	67,656	-	17,037,260
79,450	-	-	-	-	49,685
2,068,499	181,751	29,614	67,656	-	20,794,102
(416,524)	48,242	1,566	(67,565)	(1)	1,213,414
415,422	-	-	65,856	-	-
-	(41,096)	-	-	-	(55,580)
415,422	(41,096)	-	65,856	-	(55,580)
(1,102)	7,146	1,566	(1,709)	(1)	1,157,834
(169,105)	183,804	-	6,114	-	4,518,482
$ (170,207)	$ 190,950	$ 1,566	$ 4,405	$ (1)	$ 5,676,316

continued...

TRI-COUNTY AGING CONSORTIUM

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Grants Special Revenue - By Program
For the Year Ended September 30, 2015

	Alternative Care	Care Management	Respite
Revenues			
Intergovernmental:			
Federal	$ -	$ -	$ -
State	130,163	215,913	70,929
Medicaid waiver program	-	-	-
Local grants and contributions	-	-	-
Contributions	-	-	-
Program revenues	-	-	21,774
Total revenues	130,163	215,913	92,703
Expenses			
Health and welfare:			
Salaries and wages	-	114,445	-
Fringe benefits	-	38,658	-
Operating expenditures	-	31,121	-
Professional services	-	4,809	-
Subcontractor expenditures	130,793	82,167	91,004
Travel and training	-	3,000	-
Total expenditures	130,793	274,200	91,004
Revenues over (under) expenditures	(630)	(58,287)	1,699
Other financing sources (uses)			
Transfers in	630	58,810	-
Transfers out	-	(309)	(1,699)
Total other financing sources (uses)	630	58,501	(1,699)
Net change in fund balances	-	214	-
Fund balances (deficit), beginning of year	-	55,672	-
Fund balances (deficit), end of year	$ -	$ 55,886	$ -

Medicare/ Medicaid Assistance	Title III-E Services	State In-Home Care	State Access Services	SAVVY Caregiver	Title VII-A Services
$ 86,718	$ 146,360	$ -	$ -	$ 5,052	$ 12,038
-	-	204,095	26,061	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
86,718	146,360	204,095	26,061	5,052	12,038
32,347	73,305	-	20,543	1,384	-
15,506	21,580	-	5,693	262	-
15,492	41	-	11	2,643	-
19,551	-	-	-	-	-
-	50,240	180,965	-	500	10,865
222	420	-	105	352	-
83,118	145,586	180,965	26,352	5,141	10,865
3,600	774	23,130	(291)	(89)	1,173
-	4,520	-	291	-	-
-	(774)	(23,130)	-	-	(1,173)
-	3,746	(23,130)	291	-	(1,173)
3,600	4,520	-	-	(89)	-
53,554	-	-	-	-	-
$ 57,154	$ 4,520	$ -	$ -	$ (89)	$ -

continued...

TRI-COUNTY AGING CONSORTIUM

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Grants Special Revenue - By Program
For the Year Ended September 30, 2015

	Title VII Elder Abuse	Michigan Health Endowment	Merit Award Respite
Revenues			
Intergovernmental:			
Federal	$ 5,943	$ -	$ -
State	-	-	119,775
Medicaid waiver program	-	-	-
Local grants and contributions	-	70,644	-
Contributions	-	-	-
Program revenues	-	440	41
Total revenues	5,943	71,084	119,816
Expenses			
Health and welfare:			
Salaries and wages	-	7,824	-
Fringe benefits	-	2,701	-
Operating expenditures	-	6,899	-
Professional services	-	14,901	-
Subcontractor expenditures	5,634	-	118,903
Travel and training	-	90	-
Total expenditures	5,634	32,415	118,903
Revenues over (under) expenditures	309	38,669	913
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	(913)
Total other financing sources (uses)	-	-	(913)
Net change in fund balances	309	38,669	-
Fund balances (deficit), beginning of year	-	-	-
Fund balances (deficit), end of year	$ 309	$ 38,669	$ -

State Aging Network	Information Referral FFI	State Caregiver	Other	Eliminations	Total
$ -	$ -	$ -	$ -	$ -	$ 1,746,717
40,640	-	14,778	-	-	1,236,691
-	-	-	-	-	21,927,343
-	-	-	-	-	377,724
-	-	-	-	-	303,666
-	-	-	-	-	507,753
40,640	-	14,778	-	-	26,099,894
31,924	5,782	-	-	-	3,589,649
9,223	3,732	-	-	-	1,254,104
21	5	-	-	-	2,087,111
-	-	-	-	-	166,407
-	-	14,778	-	-	18,068,008
539	-	-	-	-	140,096
41,707	9,519	14,778	-	-	25,305,375
(1,067)	(9,519)	-	-	-	794,519
1,067	10,000	-	-	(126,933)	429,663
-	-	-	-	126,933	(12,741)
1,067	10,000	-	-	-	416,922
-	481	-	-	-	1,211,441
-	-	-	3,941	-	4,652,444
$ -	$ 481	$ -	$ 3,941	$ -	$ 5,863,885

concluded.

Tri-County Aging Consortium

Schedule of Funded Services Categories by Source

Year Ended September 30, 2015

Service category	Part B	Part C1	Part C2	Part D	Part E
Care Management	$ -	$ -	$ -	$ -	$ -
Personal Care	49,366	-	-	-	-
Homemaker	66,903	-	-	-	-
Home Delivered Meals	-	-	337,541	-	-
Home Repair	1,000	-	-	-	-
In Home Respite	-	-	-	-	41,451
Case Coordinator & Support	4,086	-	-	-	-
Congregate Meals	-	309,773	-	-	-
Kinship Respite Care	-	-	-	-	7,282
Transportation	4,687	-	-	-	-
Legal Assistance	20,729	-	-	-	-
Information & Referral	85,738	-	-	-	-
Adult Day Care	-	-	-	-	-
Elder Abuse Prevention	-	-	-	-	-
Volunteer Respite Care	-	-	-	-	-
Assistive Devices & Tech	-	-	-	-	-
Outreach	-	-	-	-	-
Caregiver Information & Asst	-	-	-	-	25,490
Caregiver Outreach	-	-	-	-	24,040
Caregiver Education	6,883	-	-	-	-
Disease Prev/Health	8,620	-	-	18,069	-
Program Development	69,346	-	-	-	-
Medication Management	-	-	-	5,991	-
Crisis Services Energy Asst.	15,254	-	-	-	-
Ombudsman	7,613	-	-	-	-
NHD/CLP Options Counseling	4,998	-	-	-	48,097
Administration (AAA)	40,189	72,598	-	-	16,853
Total expended	$ 385,412	$ 382,371	$ 337,541	$ 24,060	$ 163,213

Part EAP	Part VII-A	NSIP	State Access	State In-Home	State Cong Meals	State Home Del Meals	State NHO
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	189,095	-	-	-
-	-	-	-	-	-	-	-
-	-	274,974	-	-	-	383,236	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	68,744	-	-	8,731	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,943	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	15,000	-	-	-
-	-	-	26,061	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,038	-	-	-	-	-	18,678
-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,777	-
$ 5,943	$ 12,038	$ 343,718	$ 26,061	$ 204,095	$ 8,731	$ 400,013	$ 18,678

continued...

Tri-County Aging Consortium

Schedule of Funded Services Categories by Source

Year Ended September 30, 2015

Service category	State Alt Care	State Caregiver Support	State Care Mgmt	State Merit Award	State Respite Care
Care Management	$ -	$ -	$ 215,913	$ -	$ -
Personal Care	-	-	-	-	-
Homemaker	102,690	-	-	-	-
Home Delivered Meals	-	-	-	-	-
Home Repair	-	-	-	-	-
In Home Respite	-	14,778	-	52,421	19,412
Case Coordinator & Support	-	-	-	-	-
Congregate Meals	-	-	-	-	-
Kinship Respite Care	-	-	-	-	-
Transportation	-	-	-	-	-
Legal Assistance	-	-	-	-	-
Information & Referral	-	-	-	-	-
Adult Day Care	-	-	-	67,354	40,654
Elder Abuse Prevention	-	-	-	-	-
Volunteer Respite Care	-	-	-	-	10,863
Assistive Devices & Tech	-	-	-	-	-
Outreach	-	-	-	-	-
Caregiver Information & Asst	-	-	-	-	-
Caregiver Outreach	-	-	-	-	-
Caregiver Education	-	-	-	-	-
Disease Prev/Health	-	-	-	-	-
Program Development	-	-	-	-	-
Medication Management	-	-	-	-	-
Crisis Services Energy Asst.	-	-	-	-	-
Ombudsman	-	-	-	-	-
NHD/CLP Options Counseling	-	-	-	-	-
Administration (AAA)	5,593	-	-	25,560	-
Total expended	$ 108,283	$ 14,778	$ 215,913	$ 145,335	$ 70,929

Unaudited

State Aging Nt Serv	Program Income	Cash Match	In-kind Match	Total
$ -	$ -	$ 24,306	$ -	$ 240,219
-	-	-	23,496	261,957
-	-	-	17,571	187,164
-	290,753	-	80,097	1,366,601
-	-	-	-	1,000
-	17	-	13,651	141,730
15,000	-	-	2,259	21,345
-	114,110	-	35,399	536,757
-	-	100	557	7,939
-	-	-	145	4,832
-	1,835	1,015	-	23,579
25,640	-	-	11,530	122,908
-	21,774	-	6,415	136,197
-	-	302	-	6,245
-	-	-	610	11,473
-	-	-	1,695	16,695
-	-	-	2,901	28,962
-	-	-	2,675	28,165
-	-	-	2,526	26,566
-	-	-	750	7,633
-	6,340	50	1,860	34,939
-	-	-	7,617	76,963
-	780	-	320	7,091
-	-	-	1,717	16,971
-	12,452	600	365	51,746
-	-	-	5,917	59,012
-	-	-	-	177,570
$ 40,640	$ 448,061	$ 26,373	$ 220,073	$ 3,602,259

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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

March 21, 2016

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

We have audited the financial statements of the governmental activities, each major fund and the remaining fund information of the *Tri-County Aging Consortium* (the "Consortium"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements. We have issued our report thereon dated March 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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Schedule of Federal Expenditures and Awards

For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Federal Expenditures
U.S. Department of Health and Human Services			
Title VII Elder Abuse Prevention	93.041	MDCH	$ 5,943
Title VII-A Long Term Care - Ombudsman Services for Older Individual	93.042	MDCH	12,038
Title III-D In-Home Services	93.043	MDCH	24,060
Aging Cluster:			
Title III-B Special Programs for the Aging:			
Administration	93.044	MDCH	40,189
Regular	93.044	MDCH	345,874
Title III-C Special Programs for the Aging:			
Administration	93.045	MDCH	72,598
Nutrition (Congregate)	93.045	MDCH	309,773
Nutrition Home (Delivered Meals)	93.045	MDCH	337,541
Title III Nutrition Services Incentive Program:			
Congregate Meals	93.053	MDCH	68,744
Home Delivered Meals	93.053	MDCH	274,974
Total Aging Cluster			1,449,693
Alzheimer's Disease Supportive Services Project 3	93.051	MDCH	5,052
Title III-E Special Programs for the Aging:			
Administration	93.052	MDCH	16,853
National Family Caregiver Support	93.052	MDCH	146,360
			163,213
Health Care Financing Research:			
No Wrong Door/Aging and Disability Resource Collaboration (NWD/ADRC)	93.048	MDCH	3,225
Demonstrations and Evaluations (HCFA Research):			
Senior Medicare Patrol Grant (SMP) - 2014	93.048	MMAP	4,422
Senior Medicare Patrol Grant (SMP) - 2015	93.048	MMAP	2,580
			10,227
Medicare Improvements for Patients and Providers Act	93.071	MMAP	3,600
Michigan Medicare/Medicaid Assistance Program	93.071	MMAP	33,772
			37,372

continued...

TRI-COUNTY AGING CONSORTIUM

Schedule of Federal Expenditures and Awards
For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Demonstrations and Evaluations (HCFA Research):			
Centers for Medicare and Medicaid Services	93.324	MMAP	$ 37,379
State Health Insurance Assistance Program	93.324	MMAP	1,740
			39,119
Total Expenditures of Federal Awards			$ 1,746,717

concluded.

The accompanying notes are an integral part of this schedule.

Notes to Schedule of Expenditures of Federal Awards

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, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* 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, changes in net position or cash flows of the Consortium.

2. SUMMARY OF SIGNIFICANT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. PASS-THROUGH AGENCIES

The Consortium receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an acronym, defined as follows:

Acronym	Pass-through Agency Name
MDCH	Michigan Department of Community Health
MMAP	Michigan Medicare/Medicaid Assistance Program

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INDEPENDENT AUDITORS' 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*

March 21, 2016

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 remaining fund information of the *Tri-County Aging Consortium* (the "Consortium"), as of and for the year ended September 30, 2015, 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 21, 2016.

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 opinion 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 these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE THE EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

March 21, 2016

Board of Directors
Tri-County Aging Consortium
Lansing, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of the *Tri-County Aging Consortium* (the "Consortium") 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 program for the year ended September 30, 2015. The Consortium's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Consortium's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Consortium complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the Consortium is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Consortium's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over compliance.

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

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

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rehmann Robson LLC

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	____ yes	X no

Identification of major programs:

CFDA Number	**Name of Federal Program or Cluster**
93.044, 93.045 and 93.053	Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	____ yes	X no

TRI-COUNTY AGING CONSORTIUM

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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TRI-COUNTY AGING CONSORTIUM

Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2015

None reported.

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