



Michigan Municipal Services Authority
PO BOX 12012, LANSING MI 48901-2012

PUBLIC NOTICE OF ELECTRONIC REGULAR MEETING OF THE MICHIGAN MUNICIPAL SERVICES AUTHORITY AUTHORITY BOARD

PLEASE NOTE: THIS NOTICE IS GIVEN AND PUBLISHED PURSUANT TO MCL 15.263a. The Authority Board of the Michigan Municipal Services Authority (the Authority) is meeting electronically as a result of the COVID-19 virus and to protect the health, safety and welfare of the citizens of Michigan from such virus, as allowed by MCL 15.263a.

The Authority will hold a regular meeting on the following date, at the following time, and at the following location:

Date

Thursday, March 11, 2021

Time

1:30 PM

Refer to the MMSA's website to view the complete Agenda and Packet for the meeting.

Specific instructions for public participation via a webinar will be posted on the MMSA's

website: <http://michiganmsa.org/>

WEBINAR LINK: <https://zoom.us/j/92881877870?>

WEBINAR ID: 928 8187 7870

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the meeting should contact the Authority at (248) 925-9295 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, and 42 USC 12131 to 12134.

A copy of the proposed meeting minutes will be available for public inspection at the principal office of the Authority within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Authority within 5 business days after approval.



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**AUTHORITY BOARD
REGULAR MEETING**

Thursday, March 11, 2021 at 1:30 PM

LIVE ZOOM WEBINAR

[\[Link to Join Webinar\]](#) Webinar ID: 928 8187 7870

Capitol View Building
201 Townsend St Suite 900
Lansing, MI 48933

AGENDA

- I. Call to Order**
- II. Roll Call**
- III. Approval of Agenda**
- IV. Approval of Minutes**
 - a. Minutes of the January 14, 2021 Authority Board meeting
- V. Administrative Report**
 - a. Board Member Introductions
 - b. Introduction Memorandum
 - c. FMS Project Update
 - d. LCSA Project Update
 - e. State of Michigan - City of Flint Update
 - f. Plan for May 2021 Board Meeting
- VI. New Business**
 - a. Resolution 2021-A Approval of Audit for Fiscal Year 2019-2020
- VII. Public Comment**
- VIII. Other Business**
- IX. Adjournment**

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Authority within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Authority within 5 business days after approval.



AUTHORITY BOARD

Thursday, January 14, 2021 at 1:30 p.m.

LIVE ZOOM WEBINAR

Capitol View Building
201 Townsend St Suite 900
Lansing, MI 48933

MINUTES

Proposed Minutes Approved Minutes

MEETING TYPE: Regular Special

I. Call to Order

The meeting was called to order at 1:32 p.m. by the Chairperson.

II. Roll Call

	PRESENT	ABSENT
Kelli Scott, Chairperson*	X	
Dominick Pallone, Vice-Chairperson*	X	
Kathleen Lomako, Secretary*	X	
Eric DeLong, Treasurer*	X	
Phil Bertolini*	X	
Molly Clarin*	X	
Brandon McCullough*	X	
Jessica Moy*	X	

Other attendees:

- Shea Charles, Michigan Municipal Services Authority
- Kristen Delaney, Michigan Municipal Services Authority
- Mark Wollenweber
- Jaymes Vettraino
- Steven Liedel, Dykema

III. Approval of Agenda

Scott suggested discussing the CEO transition first so that DeLong could be present for the conversation. Motion to approve the agenda as amended.

Moved by: Pallone

Supported by: DeLong

Yes: X No: ___

IV. Approval of Minutes

Approval of the minutes from the November 19, 2020 Authority Board meeting as presented.

Moved by: DeLong

Supported by: Pallone

Yes: X No: ___

V. New Business

a. CEO Transition

Vettrano introduced himself to the board. CEO Charles stated that he has reached an agreement with Vettrano to provide 15 hours per week of interim CEO services. Charles stated that he intends to begin work in East Grand Rapids on February 1st and would like to spend his remaining time working with Vettrano.

Liedel explained that Vettrano will provide services under a service agreement. In order to be CEO he needs to be an MMSA employee, and while the Interlocal Agreement requires that the organization have a CEO, interim services are permitted. Liedel stated that the board needed to make a motion to enter into a service agreement with Vettrano. Chairperson Scott thanked Liedel for the explanation, and thanked Vettrano for accepting the position.

VI. Administrative Report

Charles presented the CEO report. Scott asked questions about the financial report and when the FMS billing would take place. Bertolini asked questions about the MMSA's work in Flint and any potential liability issues.

DeLong left the meeting at 1:58 p.m.

Charles asked if the Board wanted to retain him as a part time employee. If so, he has received clearance from his new employer to work part time until the end of June. Scott thanked him for making himself available.

Moy noted that she would appreciate seeing Wollenweber's reports presented in a more formal format. Lomako agreed stating that it would be helpful to see the job titles of the people being referenced to give them some context. Scott also agreed with these comments, stating that it would be helpful to see the information presented with titles that tie back to his original employment agreement. She stated that it would help the board provide better oversight.

Vettraiino stated that he would work on this.

Charles stated that he would be present at the February meeting to provide any needed assistance.

VII. Audits

None.

VIII. New Business

None.

IX. Public Comment

None.

IX. Other Business

None.

X. Adjournment

Moved by: Pallone

Supported by: Bertolini

Yes: X No:

Meeting adjourned at 2:05 p.m.

Certification of Minutes

Approved by the Authority Board on March 11, 2021.

Authority Secretary

Date



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

March 4, 2021

TO: MMSA Board Members

RE: Board Meeting Report - March 11, 2021

Thank you for the opportunity to provide the MMSA Board with this report.

a. Board Member Introductions

Since this is the first meeting for the majority of the Board members, I would like to start this part of the meeting by allowing each member to provide a short introduction of themselves.

b. Introduction Memorandum

Please find attached an introductory memorandum I have prepared for our new (and returning) board members. The intent is for the memorandum to be both an immediate resource to inform board members of the current status of the MMSA and a document that could be used in the future for reference (particularly the hyperlinks that are included).

c. FMS Project Update

The status of the FMS project with MMSA partners, CGI - Grand Rapids - Kent, is in a state of flux. Both communities are assessing if CGI's new product, "Advantage Cloud." I initiated a call with CGI to understand their expectations and desire to continue with the MMSA partnership. It is a priority for MMSA to help facilitate the "next step" for this project.

d. LCSA Project Update

MMSA/LCSA successfully facilitated the February PPT payments. Shea and I separately administered the Excel mergers of files and payment processes. After a weekend delay in the bank disbursement, the ACHs and checks went out on February 23. We continue to try to convince organizations to sign up for ACH, which is much better for both MMSA and the organizations. The LCSA issued 1,615 checks for a total of \$55,290,641.98 as follows:

Units	Amount
-------	--------

Other Municipalities	\$40,318,896.95
Schools & ISD's	\$14,971,745.03
Total	\$55,290,641.98

In January, MMSA/LCSA sent METRO Act self-reporting requests to 122 Broadband, Cable, ILEC and CLEC companies. The initial response rate was about 50%, through follow-up we have about a 80% response rate. The self-reported information will be used to calculate invoices, which will be sent to the companies on March 15.

e. State of Michigan - City of Flint Update

Please see the attached report from Mr. Wollenweber for the month of January and a summary report he prepared for the State to provide to Flint.

f. Plan for May 2021 Board Meeting

I would like to discuss hosting a Board visioning session for the MMSA, assuming in-person meetings are allowed by that time, I think it would be much more effective for us to be able to engage in a discussion regarding the MMSA's direction in-person.

g. Monthly Financial Statements

Please find attached the monthly financial statements for January 2021.

If you have any questions or if I can provide any additional information, please let me know.

Sincerely,



Jaymes Vettrano
CEO, Michigan Municipal Services Authority

March 4, 2021

TO: MMSA Board Members

RE: Introduction Packet for New (and Returning) Members

This information packet is being prepared as an introduction to the Michigan Municipal Services Authority for new (and returning) members. I have attempted to identify and provide the most important information for board members to know early in their tenure. I tried to keep this document to a workable length and I also used hyperlinks when possible, in order to keep the size of this document manageable.

As the new CEO (January 2021), I have assembled the information I reviewed in preparation for this position along with resources I found helpful during my first few weeks. I encourage long serving MMSA members to provide supplemental information and thoughts regarding the information I have provided.

Members (bios are hyperlinked to the members' names)

First Name	Last Name	Position	Appointed by	Email
MMSA Board				
Brittani	Anthony	Board Member	Governor	brittani.mcperson@gmail.com
Donna S.	Cangemi	Executive Committee	Governor	cangemi@aol.com
Molly	Clarín	Executive Committee	Grand Rapids	meastman@grand-rapids.mi.us
Eric	DeLong	Treasurer and Executive Committee	Grand Rapids	edelong@grand-rapids.mi.us
Scott	Erbisch	Board Member	Governor	serbisch@mqtc.org
Mandy	Grewal	Board Member	Governor	grewalm7226@gmail.com
Penny S.	Hill	Board Member	Governor	phill@traversecitymi.gov
Kathleen	Lomako	Secretary and Executive Committee	Livonia	kalomako@gmail.com
Brandon	McCullough	Board Member	Livonia	bmccullough@ci.livonia.mi.us
Sheryl L.	Mitchell Theriot	Board Member	Governor	smitchell@lathrupvillage.org
Angela	Rogensues	Chair, Board and Executive Committee	Governor	angela@ignitionmediagroup.com
Aaron F.	Wagner	Executive Committee	Governor	awagner@waynecounty.com
Staff				
Jaymes	Vettraino	CEO		ceo@michiganmsa.org
Kristen	Delaney	Assistant to the CEO		admin@michiganmsa.org
Steve	Liedel	MMSA Attorney		SLiedel@dykema.com

Incorporation and Governing Agreements

The MMSA was formed in 2012 by an [Interlocal Agreement \(LINK\)](#) between the cities of Grand Rapids and Livonia. The Agreement provides for the governance of the MMSA and outlines broad municipal Authority powers, creating a “virtual municipality.” In 2012, the MMSA also adopted a set of [Bylaws \(LINK\)](#).

Regularly Scheduled Meetings

The MMSA Authority Board has three regular Board Meetings per year, held in March, June and November, [Board Meetings Schedule - 2021 \(LINK\)](#). The Executive Committee has regular meetings monthly, [Executive Committee Meetings Schedule - 2021 \(LINK\)](#). All MMSA Authority Board and Executive Committee meetings are held consistent with open meetings laws.

Staff and Professional Services

Chief Executive Officer

Section 4.12 of the Interlocal Agreement provides for the Executive Board to appoint a chief executive officer to “administer all programs, funds, personnel, facilities, contracts and other administrative and academic functions of the Authority, subject to the oversight by the Executive Committee. The CEO may receive compensation as determined by the Executive Committee.” There have been four CEOs since MMSA’s formation in 2012. The most recent three CEOs have been former city managers. The CEO position has historically been a full-time salaried position. In January 2021, the Executive Board appointed [Jaymes Vettrainso \(LINK\)](#), through a [Professional Services Agreement \(LINK\)](#) with his firm, Vettrainso Consulting, LLC to perform the duties of the CEO on a part-time basis. The parties agreed to a six-month term to assess if a part-time contracted CEO position was appropriate, or if the MMSA should return to a full-time CEO position. Former CEO, Shea Charles also has agreed to continue to assist as needed during the transition.

Administrative Assistant

In 2015, Kristen Delaney was appointed to the position of Administrative Assistant. Kristen is a full-time employee and provides support to the CEO and MMSA Board Members. She has been a consistent presence with the MMSA through turnover in the CEO position.

Attorney

[Steven C. Liedel \(LINK\)](#) of the firm Dykema has been the MMSA attorney for several years. Dykema also provides office and meeting space for the MMSA in its Lansing office.

Accounting Firm

Plante Morne provides accounting services to the MMSA.

Auditor

Maner Costerisan provides auditing services to the MMSA.

Programs (Current)

Financial Management System (FMS) Project

One of the initial projects of the MMSA was to facilitate a software purchase agreement for FMS. Several years ago an award was made to the software company CGI. Grand Rapids and Kent County are customers under the MMSA administered CGI contract. As noted below, the MMSA - CGI - Grand Rapids - Kent project is a significant source of revenue for the MMSA. At this time, both Grand Rapids and Kent have expressed significant frustration with CGI's performance under its current (legacy) system and CGI's lack of communication regarding upgrading to the CGI cloud based product. CGI was purchased under a MiDEAL contract and the State of Michigan is a client of CGI's. It is important for MMSA to try to facilitate a resolution to the parties' frustration.

Administration of Local Community Stabilization Authority (LCSA)

In my short time with the MMSA, administration of the LCSA services contract has dominated my workload. This is both a matter of timing of my arrival and the level of work required to administer LCSA's two programs.

METRO Act

The METRO Act provides for ILEC, CLEC, Broadband and Cable providers to pay a fee to cities, villages and townships for the use and maintenance of right-of-way where their infrastructure is located. It is an annual twelve month process that includes companies providing their linear foot of infrastructure - calculation of maintenance fees - invoicing companies - calculation of the distribution of maintenance fees - disbursing maintenance fees to CVTs. The work is currently performed by MMSA staff (collection/disbursement of forms/checks) and through a contract with KSM Consulting (calculation of fees/payments). The process is both labor intensive and "low tech" (Excel based). In Nov 2020, the LCSA received a quote to improve the process through the development of customized software. The price for the software was deemed too expensive. MMSA will continue to review options to better administer this responsibility.

Local Community Stabilization Act (PPT)

MMSA administers the LCSA PPT payments for the State of Michigan. The schedule of payments is:

- February - PPT Reimbursements to School Districts and Municipalities
- May - PPT Reimbursement to Municipalities
- October - PPT Reimbursements to School Districts and Municipalities
- November - Fire Protection and Health Department Grants

Treasury provides the calculations and funds for disbursement. MMSA/LCSA administers the disbursement of payments.

Local Government Professional Services Agreement with the State of Michigan

In July, 2020, the MMSA entered into a [Grant Agreement \(LINK\)](#) with the State of Michigan, Treasury Department, to provide professional services to the City of Flint. Specifically, MMSA agreed to employ Mark Wollenweber, a municipal management professional, to help the city increase its “capacity with its financial operations to instill long-term processes and procedures that reflect the existing workforce and can increase efficiencies throughout the City.” The grant amount is not to exceed \$100,000. As of March 1, 2021, the MMSA has billed the State a total of \$56,095. The MMSA has paused providing services to Flint from the period of February 20 through March 20. Mr. Wollenweber is on vacation during this period and the State of Michigan is working with the City of Flint to assess the next step in the project. This may include Mr. Wollenweber returning to Flint after March 20, or it may include concluding this grant project. Mr. Larry Steckelberg, Administrator of the Community Services Division, Department of Treasury, has indicated an openness to pursue similar projects with MMSA (grant funding professional services to distressed or near-distressed communities). This is an area where MMSA could provide value to Michigan municipalities.

Audit, Budget and Financials

The [FYE 2020 audit \(LINK\)](#) will be presented during the March 11th meeting. The MMSA fiscal year matches the states’s Oct. 1 - Sept 30. This period, [1/31/21 financial statements \(LINK\)](#) will also be provided during the March 11th meeting.

A few financial highlights:

	<u>9/30/20 audit</u>
Net Position	\$300,590
Total Annual Operating Expenses	\$1,266,136
General Operating Expense	\$295,273
FSM System Expense	\$1,105,988

About 75% of the MMSA’s transactional revenue/expense for FY 20 was from the FMS project and the FMS project generated \$135,125 in operating income to fund MMSA’s operation.

The MMSA’s management agreement with the LCSA accounts for approximately \$150,000 operating income per year.

The Professional Services Agreement with the State of Michigan will generate a marginal amount of operating income; MMSA is primarily acting as a pass through granting agency between the State, Flint and Mr. Wollenweber.

For informational purposes, the LCSA’s budget and financial transactions are significantly more than the MMSA: FYE 2020 total expenditures for LCSA was approximately \$488 million.

Programs (Future)

Just before the pandemic, March 2020, the MMSA Board met to review MMSA's "Next Steps." Former CEO Shea Charles prepared a memo outlining various programs the MMSA could pursue. I would recommend board members review this document in detail, [MMSA Next Steps \(LINK\)](#). As a result of the pandemic, turnover of the CEO position and turnover in Board membership, this document provides an accurate base for the new Board to begin discussing future plans/programs for the MMSA to pursue.

It is my recommendation that the MMSA plan to have broad discussion regarding the Goals and Objectives for the MMSA during its June 2021 full Board meeting. By that date the new CEO and Board members will have an opportunity to review/consider the direction of the MMSA.

Thank you for the opportunity to serve the MMSA. I look forward to working with you!

Sincerely,



Jaymes Vettrano
CEO, Michigan Municipal Services Authority



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

DATE: February 1, 2021
TO: Jaymes Vettraino
FROM: Mark Wollenweber
SUBJECT: January Report

I am pleased to submit my report on my work in the City of Flint to date.

Dates Worked

Monday 1-4-21, Monday 1-11-21, Tuesday 1-19-21, Monday 1-25-21. During the rest of the week I spend time following up by calls or emails on projects I was asked to assist on.

Staff Communication

I met with Amanda Trujillo who is the Treasurer and acting CFO each time near the end of the day to brief her on the projects I worked on. I usually also meet with Professor Eric Scorsone who besides being a professor at MSU is the Mayor's assistant for Finance and followed up with his assistant Vicki Foster. I also check in with Tim Sadowski who is one of two deputy CFO's. I also met with Joyce McClane Purchasing Manager and her assistant, AuLisa McGovern each time I was in Flint. I met in person with Lottie Ferguson the Chief Resilience Officer who works in the Mayor's Office and is taking over many of the responsibilities of the Chief of Staff who left. I emailed back and forth with Angela Wheeler who is the City Attorney. Each time I was in Flint I also met with Glenda Dunlap the Program Manager for CDBG and Economic Development on a variety of projects.

Work Completed

I wrapped up my involvement with the County using the Police jail under a grant from the Michigan Department of Corrections. It is now up to the Police Department to decide to continue the program and recommend a new contract. Two purchasing items that need follow up are the State's offer to pay for BSandA software training now that the training for purchasing was done and filling the open purchasing intern program.

I assisted staff in preparing to use CDBG funding for the business incubator building and secured possible vendor contacts to setup a Section 108 Loan Program and the dissolution of the Flint Area Enterprise Community, Inc.

Results

I was able to get the Michigan Department of Corrections to allow Flint to recoup up to \$40,000 annually in jail repairs if the contract the County moves forward. Corrections refused increasing the amount or creating an administrative fee. The new contract that started 10-1-20 has yet to be considered internally and has not been sent to Council. Senior management has yet to approve the State's offer to consider paying for additional training for staff using the BSandA finance software. I developed the purchasing intern proposal and forwarded it to UofM Flint and the HR and Purchasing Manager has 10 applications to review so far. I assisted the Finance staff in responding to and cutting down the audit comments by assisting in staff responses. I assisted Glenda in Planning on getting bidders for asbestos and lead based paint review for the Oak Business Center. That information will be included in the bid information on reactivating the sprinkler system at the Oak Business Center. I also secured two potential vendors to set up the Section 108 Loan Program and staff is still considering the program. I reviewed draft letters and advised on changes to send to Mt. Morris Township as to their potential 12% share of the monies left after the close out. I also participated in several calls to move forward on the close out after final audit.

Fwd: Changing the time on Tuesday and the letter

1 message

Mark Wollenweber <mewollenweber@gmail.com>
To: Jaymes Vettrano <ceo@michiganmsa.org>

Mon, Feb 15, 2021 at 11:36 AM

Jaymes,

Here is the summary letter Treasury is sending to the Flint Mayor. I listed the various projects here I worked on and Larry put tog the draft letter which will like be sent fro Joyce Parker the Deputy State Treasurer. Thanks
Mark W

Sent from my iPhone

Begin forwarded message:

From: "Steckelberg, Larry (TREASURY)" <SteckelbergL@michigan.gov>
Date: February 12, 2021 at 4:45:26 PM EST
To: Mark Wollenweber <mewollenweber@gmail.com>
Subject: Changing the time on Tuesday and the letter

Mark,

I need to change our call time to 11 a.m. on Tuesday if that works. Also, a draft of the letter to Flint is attached. Please review it to make sure I have used your information correctly.

Larry Steckelberg

Administrator

Community Services Division

Michigan Department of Treasury

Cell: 517-974-3495

 **Pause letter.docx**
32K

As you know, Mark Wollenweber has been assisting the City Treasurer, Finance and Purchasing Staff along with the Planning and Economic Development Staff in a variety of projects. Since July of last year, Mark has spent a day each week in Flint interacting with the Finance staff and working with other Departments to provide some assistance and follow up by email and phone at other times each week.

Mark's work has included:

- Researching and following up on a grant administered by the City between the State Department of Corrections and Genesee County for the use of the Police lockup. It required a review of previous contracts, contact between the Police Department and communications to the State Department of Corrections. His work found the City eligible for maintenance monies of up to \$40,000 with proper documentation and reimbursement requests. He coordinated conversations between the City Attorney's office, Finance staff, and the Police Department. Mark also provided suggestions of items to include in a new contract.
- Providing contact information and the initial communication between the City Treasurer and several other Treasurers about best practices in delinquent collection practices that could be implemented in Flint.
- Providing research on the QBS Federal and State selection practice along with drafting and participating in a Purchasing training Program for Flint Staff. He provided research on possible additional training on the BS&A software used in Flint.
- Working through the process for Flint to secure a Purchasing Intern from U of M Flint as part of a grant to grow staff to assist in Purchasing and possibly transition to a full time staff position.
- Assisting the Planning and Economic Development Program Manager and the Purchasing Director in soliciting bids to provide asbestos and lead based paint mitigation for the Oak Business Center prior to the staff soliciting new proposals to activate a sprinkler system in compliance with insurance and fire requirements.
- Assisting staff in the dissolution process for the Flint Area Enterprise Community, Inc. and preparing and reviewing draft documents to assist the staff in closing the program and allocating the remaining funds. It required communication and follow up with two sets of auditors, the state agency administering the initial grant and the neighboring township that was also involved in the program.
- Providing staff with potential vendors for a Section 108 Loan Program that could assist the City in developing a program in Flint.

Mark has found the staff to be dedicated and interested in helping Flint move forward. Given that Mark's work on these projects appears to be accomplished, this is good checkpoint to determine if the City has any need for leveraging his availability going forward. Mark will be out of the state from February 20-March 20. We would like to discuss whether the City of Flint has further projects in need of assistance when Mark returns or whether we should redeploy Mark for work in other communities.

Whether continuing Mark's services or providing other resources, we are available to discuss how the Michigan Department of Treasury can be of assistance to the City of Flint.



Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

February 12, 2021

To: Jaymes Vettrano, CEO
Michigan Municipal Services Authority (MMSA) Board of Directors

Re: January 2021 Monthly Statements

Enclosed are the following Monthly Statements for your review:

1. Revenue & Expenditure Report – General Fund
2. Revenue & Expenditure Report – Financial Management System Fund
3. Revenue & Expenditure Report – All Funds
4. Balance Sheet
5. Check Register
6. Bank Account Reconciliation
7. Bank Statement

Please contact Kari Shea (248-223-3287) or Kelly Schimmoeller (734-302-6456) with any questions.

Thank you.

Disclaimer: These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.



Michigan Municipal Services Authority
REVENUE AND EXPENDITURE REPORT
As of January 31, 2021

	Year Ending 09/30/2020	Year Ending 09/30/2021		Year To Date 01/31/2021	% BDGT
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
Revenue					
671000 - Contract Revenue	164,755	150,000	150,000	105,355	70.24 %
Total Revenue	<u>164,755</u>	<u>150,000</u>	<u>150,000</u>	<u>105,355</u>	<u>70.24 %</u>
Expenses					
Salary and Fringes					
701000 - Personal Services	197,103	181,000	181,000	77,179	42.64 %
710000 - FUTA Taxes	0	0	0	266	0.00 %
715000 - Social Security & Medicare	15,249	13,847	13,847	5,886	42.51 %
718000 - Insurance - Health	12,293	24,798	24,798	8,217	33.13 %
Total Salary and Fringes	<u>224,645</u>	<u>219,645</u>	<u>219,645</u>	<u>91,548</u>	<u>41.68 %</u>
Operating					
752000 - Office Expense	4,010	2,000	2,000	285	14.24 %
801000 - Professional and Contractual Services	7,195	0	0	0	0.00 %
801500 - Office Rent	7,365	10,740	10,740	2,940	27.37 %
802000 - Legal	15,297	18,000	18,000	0	0.00 %
803000 - Accounting	12,181	16,000	16,000	4,323	27.02 %
803500 - Audit	11,000	11,000	11,000	5,000	45.45 %
804000 - Bank Service Charges	783	2,500	2,500	345	13.82 %
805000 - HR and Benefits Consulting	859	5,000	5,000	0	0.00 %
840000 - Insurance	4,951	2,810	2,810	2,898	103.10 %
861000 - Mileage Reimbursement	2,744	2,500	2,500	0	0.00 %
910000 - Professional Development	2,615	5,000	5,000	0	0.00 %
913000 - Conference Expenses	616	4,000	4,000	195	4.88 %
955000 - Miscellaneous	1,013	2,000	2,000	0	0.00 %
Total Operating	<u>70,629</u>	<u>81,550</u>	<u>81,550</u>	<u>15,986</u>	<u>19.60 %</u>
Total Expenses	<u>295,274</u>	<u>301,195</u>	<u>301,195</u>	<u>107,534</u>	<u>35.70 %</u>
Revenue in Excess of Expenses	<u>(130,519)</u>	<u>(151,195)</u>	<u>(151,195)</u>	<u>(2,179)</u>	<u>1.44 %</u>
Transfers					
699273 - Interfund Transfer In - FMS	135,125	101,169	101,169	0	0.00 %
Total Transfers	<u>135,125</u>	<u>101,169</u>	<u>101,169</u>	<u>0</u>	<u>0.00 %</u>
Change in Equity	<u>4,606</u>	<u>(50,026)</u>	<u>(50,026)</u>	<u>(2,179)</u>	<u>4.36 %</u>

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

Michigan Municipal Services Authority
REVENUE AND EXPENDITURE REPORT
 As of January 31, 2021

There is no activity in this fund as of 1/31/21

	Year Ending 09/30/2020	Year Ending 09/30/2021	
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET
Revenue			
671000 - Contract Revenue	1,105,988	1,557,114	1,557,114
Total Revenue	<u>1,105,988</u>	<u>1,557,114</u>	<u>1,557,114</u>
Expenses			
Operating			
801000 - Professional and Contractual Services	970,863	1,455,946	1,455,946
Total Operating	<u>970,863</u>	<u>1,455,946</u>	<u>1,455,946</u>
Total Expenses	<u>970,863</u>	<u>1,455,946</u>	<u>1,455,946</u>
Revenue in Excess of Expenses	<u>135,125</u>	<u>101,168</u>	<u>101,168</u>
Transfers			
995101 - Transfer Out - GF	(135,125)	101,169	101,169
Total Transfers	<u>(135,125)</u>	<u>101,169</u>	<u>101,169</u>
Change in Equity	<u><u>0</u></u>	<u><u>202,337</u></u>	<u><u>202,337</u></u>

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

Michigan Municipal Services Authority
REVENUE AND EXPENDITURE REPORT
As of January 31, 2021

	Year Ending 09/30/2020	Year Ending 09/30/2021		Year To Date 01/31/2021	% BDGT
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
Revenue					
671000 - Contract Revenue	1,270,743	1,707,114	1,707,114	105,355	6.17 %
Total Revenue	<u>1,270,743</u>	<u>1,707,114</u>	<u>1,707,114</u>	<u>105,355</u>	<u>6.17 %</u>
Expenses					
Salary and Fringes					
701000 - Personal Services	197,102	181,000	181,000	77,179	42.64 %
710000 - FUTA Taxes	0	0	0	266	0.00 %
715000 - Social Security & Medicare	15,249	13,847	13,847	5,886	42.51 %
718000 - Insurance - Health	12,293	24,798	24,798	8,217	33.13 %
Total Salary and Fringes	<u>224,644</u>	<u>219,645</u>	<u>219,645</u>	<u>91,548</u>	<u>41.68 %</u>
Operating					
752000 - Office Expense	4,010	2,000	2,000	285	14.24 %
801000 - Professional and Contractual Services	978,059	1,455,946	1,455,946	0	0.00 %
801500 - Office Rent	7,365	10,740	10,740	2,940	27.37 %
802000 - Legal	15,297	18,000	18,000	0	0.00 %
803000 - Accounting	12,181	16,000	16,000	4,323	27.02 %
803500 - Audit	11,000	11,000	11,000	5,000	45.45 %
804000 - Bank Service Charges	783	2,500	2,500	345	13.82 %
805000 - HR and Benefits Consulting	859	5,000	5,000	0	0.00 %
840000 - Insurance	4,951	2,810	2,810	2,898	103.10 %
861000 - Mileage Reimbursement	2,744	2,500	2,500	0	0.00 %
910000 - Professional Development	2,615	5,000	5,000	0	0.00 %
913000 - Conference Expenses	615	4,000	4,000	195	4.88 %
955000 - Miscellaneous	1,014	2,000	2,000	0	0.00 %
Total Operating	<u>1,041,493</u>	<u>1,537,496</u>	<u>1,537,496</u>	<u>15,986</u>	<u>1.04 %</u>
Total Expenses	<u>1,266,137</u>	<u>1,757,141</u>	<u>1,757,141</u>	<u>107,534</u>	<u>6.12 %</u>
Revenue in Excess of Expenses	<u>4,606</u>	<u>(50,027)</u>	<u>(50,027)</u>	<u>(2,179)</u>	<u>4.35 %</u>
Transfers					
699273 - Interfund Transfer In - FMS	135,126	101,169	101,169	0	0.00 %
995101 - Transfer Out - GF	(135,126)	101,169	101,169	0	0.00 %
Total Transfers	<u>0</u>	<u>202,338</u>	<u>202,338</u>	<u>0</u>	<u>0.00 %</u>
Change in Equity	<u>4,606</u>	<u>152,311</u>	<u>152,311</u>	<u>(2,179)</u>	<u>(1.43) %</u>

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

Michigan Municipal Services Authority COMPARATIVE BALANCE SHEET

	PERIOD ENDED 09/30/2020	PERIOD ENDED 01/31/2021	CHANGE	% CHANGE
ASSETS				
Current Assets				
Bank Accounts	294,675	289,181	(5,494)	(1.86) %
Other Current Assets				
040000 - Accounts Receivable	14,755	9,230	(5,525)	(37.44) %
123000 - Prepaid Expenses	1,356	0	(1,356)	(100.00) %
Total Other Assets	16,111	9,230	(6,881)	(42.71) %
Total Current Assets	310,786	298,411	(12,375)	(3.98) %
TOTAL ASSETS	310,786	298,411	(12,375)	(3.98) %
LIABILITIES AND EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
202000 - Accounts Payable	5,697	0	(5,697)	(100.00) %
Total Accounts Payable	5,697	0	(5,697)	(100.00) %
Other Current Liabilities				
257000 - Accrued Salaries Wages	4,500	0	(4,500)	(100.00) %
Total Other Current Liabilities	4,500	0	(4,500)	(100.00) %
Total Current Liabilities	10,197	0	(10,197)	(100.00) %
Total Liabilities	10,197	0	(10,197)	(100.00) %
Equity				
390000 - Fund Balance - Unassigned	295,983	300,589	4,607	1.55 %
Net Revenue	4,606	(2,178)	(6,785)	(147.29) %
Total Equity	300,589	298,411	(2,178)	(0.72) %
TOTAL LIABILITIES AND EQUITY	310,786	298,411	(12,375)	(3.98) %

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

Created on: 02/05/2021, 11:40 AM EDT

Michigan Municipal Services Authority Check Register

Date	Payee	Document No	Amount Cleared
Bank: Bill.com Clearing - Bill.com Clearing		Account No:	
01/14/2021	10023--Maner Costerisan		5,000.00 In Transit
01/14/2021	10027--Michigan Municipal Risk Management Authority		633.50 In Transit
01/14/2021	10002--Plante Moran		4,323.22 In Transit
01/14/2021	10003--Dykema Gossett, PLLC		1,580.42 In Transit
01/28/2021	10003--Dykema Gossett, PLLC		2,205.00 In Transit
	Total for Bill.com Clearing		13,742.14
Bank: Fifth Third - 1244 - Firth Third		Account No: 7169301244	
01/04/2021	10015--Gusto		57.00 01/31/2021
01/07/2021	10015--Gusto		3,183.78 01/31/2021
01/21/2021	10015--Gusto		3,195.52 01/31/2021
01/28/2021	10005--BCBSM		2,199.26 01/31/2021
	Total for Fifth Third - 1244		8,635.56

Michigan Municipal Services Authority Reconciliation Report

As Of 01/31/2021
Account: 5/3 Checking

Statement Ending Balance	289,180.67
Deposits in Transit	0.00
Outstanding Checks and Charges	0.00
Adjusted Bank Balance	289,180.67
Book Balance	289,180.67
Adjustments*	0.00
Adjusted Book Balance	289,180.67

Total Checks and Charges Cleared	37,724.87	Total Deposits Cleared	37,500.00
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Deposits

Name	Memo	Date	Doc No	Cleared	In Transit
Local Community Stabi- lization Authority	LCSA 1st Qtr Pmt FY21	01/15/2021		37,500.00	
Total Deposits				37,500.00	0.00

Checks and Charges

Name	Memo	Date	Check No	Cleared	Outstanding
Gusto	December 2020 Invoice	01/04/2021		57.00	
Gusto	1.7.2021 Payroll	01/07/2021		3,183.78	
General Ledger Entry	01.07.21 Payroll	01/07/2021		7,610.05	
	January 2021 Bank Fees	01/13/2021		85.19	
General Ledger Entry		01/14/2021		11,537.14	
General Ledger Entry	01.21.21 Payroll	01/21/2021		7,651.93	
Gusto	1.21.2021 Payroll	01/21/2021		3,195.52	
General Ledger Entry		01/28/2021		2,205.00	
BCBSM	Health Care Premium January	01/28/2021		2,199.26	
Total Checks and Charges				37,724.87	0.00

— MICHIGAN MUNICIPAL SERVICE
— 200 TOWNSEND ST STE 900
— LANSING MI 48933
—



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Banking Center: Grand Rapids
Banking Center Phone: 616-653-5440
Commercial Client Services: 866-475-0729

5307

Account Summary - [REDACTED]

01/01	Beginning Balance	\$289,405.54	Number of Days in Period	31
	Checks			
9	Withdrawals / Debits	\$(37,724.87)		
1	Deposits / Credits	\$37,500.00		
01/31	Ending Balance	\$289,180.67		

Withdrawals / Debits

9 items totaling \$37,724.87

<u>Date</u>	<u>Amount</u>	<u>Description</u>
01/05	57.00	GUSTO 6semjm7aurb FEE 567467 6semjpb8jh52 MICHIGAN MUNICIPAL SER 010521
01/06	3,183.78	GUSTO 6SEMJM7BNK1 TAX 592833 6semjpb8vbui MICHIGAN MUNICIPAL SER 010621
01/06	7,610.05	GUSTO 6SEMJM7BNJT NET 592829 6semjpb8vbtj MICHIGAN MUNICIPAL SER 010621
01/13	85.19	SERVICE CHARGE
01/14	11,537.14	Bill.com Payables 016UYWFDL1NVQ8J Michigan Municipal Ser Multiple Payments Bill.com Payables 016UYWFDL1NVQ8J 011421
01/20	3,195.52	GUSTO 6SEMJM7GPAS TAX 758428 6semjpbamlms MICHIGAN MUNICIPAL SER 012021
01/20	7,651.93	GUSTO 6SEMJM7GPAM NET 758422 6semjpbamlllo MICHIGAN MUNICIPAL SER 012021
01/28	2,199.26	BCBS Michigan PREMIUM MS283851 MICHIGAN MUNICIPAL SER 012821
01/28	2,205.00	Bill.com Payables 016JTPNGV1OE0LL Michigan Municipal Ser Dykema Gossett PLLC Bill.com 016JTPNGV1OE0LL Multiple invoices 012821

Deposits / Credits

1 item totaling \$37,500.00

<u>Date</u>	<u>Amount</u>	<u>Description</u>
01/15	37,500.00	Bill.com Receivable 016EVPWHH1NYV2A Michigan Municipal Ser 016EVPWHH1NYV2A Local Community Bill.com Inv #FYE 2021-02 011521

Daily Balance Summary

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
01/05	289,348.54	01/14	266,932.38	01/20	293,584.93
01/06	278,554.71	01/15	304,432.38	01/28	289,180.67
01/13	278,469.52				

[REDACTED]



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

March 4, 2021

TO: MMSA Board

RE: Fiscal Year 2019-202 Audit

Please find attached Resolution 2021-A for the Board to receive the Fiscal Year 2019-202 Audit and the audit statements.

Bill Tucker of Maner Costerisan will attend the meeting to present the audit.

If you have any questions, or if I can provide any additional information, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Jaymes Vettrano". The signature is fluid and cursive.

Jaymes Vettrano
CEO, Michigan Municipal Services Authority



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**AUTHORITY BOARD
RESOLUTION 2021-A**

Approval of Audit for Fiscal Year 2019-2020

The Authority Board of the Michigan Municipal Services Authority ("Authority") resolves that the audit of the Authority for the fiscal year ending September 30, 2020 prepared by Maner Costerisan, P.C. and presented to the Authority Board at its regular meeting on March 11, 2021, is approved as provided under Section 4.02 of the interlocal agreement that created the Authority.

Secretary's Certification:

I certify that this resolution was adopted by the Authority Board of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on March 11, 2021.

By: _____
Authority Secretary

January 22, 2021

Board of Directors
Michigan Municipal Services Authority
Lansing, Michigan

We have audited the financial statements of the business-type activities and each major fund of the Michigan Municipal Services Authority (the Authority), for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended September 30, 2020. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Material misstatements were not detected as a result of our auditing procedures.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Michigan Municipal Services Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Manes Costeiran PC

**MICHIGAN MUNICIPAL SERVICES AUTHORITY
LANSING, MICHIGAN**

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Michigan Municipal Services Authority
Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Michigan Municipal Services Authority (the Authority), a component unit of the State of Michigan, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Michigan Municipal Services Authority, a component unit of the State of Michigan, as of September 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, on our consideration of the Michigan Municipal Services Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Michigan Municipal Services Authority's internal control over financial reporting and compliance.

Manes Costeiran PC

January 22, 2021

**MICHIGAN MUNICIPAL SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

The intent of the management's discussion and analysis is to provide highlights of the Authority's financial activities for the fiscal year ended September 30, 2020. Readers are encouraged to read this section in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Net Position: The assets of the Authority exceeded its liabilities by \$300,590 as of September 30, 2020. This unrestricted net position may be used to meet the Authority's ongoing obligations.
- The total net position increased by \$4,607 as a result of current year activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Authority, including notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information of the Authority using accounting methods similar to those used by private-sector companies. These statements offer short and long-term financial information about its activities.

The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to their creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing their liquidity and financial flexibility.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information to determine how the Authority did financially during 2020. The net position, or the difference between assets and liabilities, and the changes in them can indicate whether financial health is improving or deteriorating over time. However, other non-financial factors such as changes in economic conditions and new or changed government legislation also need to be considered in determining the Authority's financial health.

NET POSITION

The Authority's Condensed Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are presented in the following comparative tables.

**MICHIGAN MUNICIPAL SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

TABLE 1

CONDENSED STATEMENT OF NET POSITION

	September 30, 2020	September 30, 2019
Current assets	\$ 310,786	\$ 300,432
Current liabilities	<u>10,196</u>	<u>4,449</u>
Unrestricted net position	<u>\$ 300,590</u>	<u>\$ 295,983</u>

TABLE 2

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	September 30, 2020	September 30, 2019
Operating revenues	\$ 1,270,743	\$ 2,035,941
Operating expenses	<u>1,266,136</u>	<u>1,986,170</u>
Changes in net position	4,607	49,771
Beginning net position	<u>295,983</u>	<u>246,212</u>
Ending net position	<u>\$ 300,590</u>	<u>\$ 295,983</u>

The Authority's operating revenues decreased by \$765,198 and operating expenses decreased by \$720,034 from the prior year. CGI erroneously directly billed a client for its annual subscription. This was the result of a change in staff in both organizations. The client did pay the MMSA its annual fee pursuant to the agreement. This did not have a negative fiscal impact on the budget.

BUDGETARY HIGHLIGHTS

The Authority is an enterprise fund and is not required to adopt an annual budget. However, the Authority Board does adopt an annual operating budget. The operating budget includes proposed expenses and the means of financing them. The Authority's operating budget remains in effect but can be revised with the Authority Board approval prior to the September 30 year-end.

**MICHIGAN MUNICIPAL SERVICES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's General Fund budget for the fiscal year ending September 30, 2021 reflects maintenance of the status quo and includes no substantial changes to revenues or expenses. The Financial Management System Fund budget is optimistically projecting increases to revenues and expenses of approximately \$500,000 each, although that is not based on already approved contract changes and may still be subject to budget amendments.

CONTACT INFORMATION

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate its accountability for the funds it receives. Questions regarding this report or requests for additional information should be addressed to the Michigan Municipal Services Authority, P.O. Box 12012, Lansing, MI 48901-2012.

BASIC FINANCIAL STATEMENTS

MICHIGAN MUNICIPAL SERVICES AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Enterprise Funds		
	Operating Fund	Financial Management System	Total Business- type Activities
ASSETS			
Current assets			
Cash	\$ 294,675	\$ -	\$ 294,675
Accounts receivable	14,755	-	14,755
Prepaid expense	1,356	-	1,356
TOTAL ASSETS	310,786	-	310,786
LIABILITIES			
Current liabilities			
Accounts payable	5,696	-	5,696
Accrued wages	4,500	-	4,500
TOTAL LIABILITIES	10,196	-	10,196
NET POSITION			
Unrestricted	\$ 300,590	\$ -	\$ 300,590

See accompanying notes to financial statements.

MICHIGAN MUNICIPAL SERVICES AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Funds		Total Business-type Activities
	Operating Fund	Financial Management System	
OPERATING REVENUES			
Intergovernmental	\$ 164,755	\$ 1,105,988	\$ 1,270,743
OPERATING EXPENSES			
Chief Executive	224,645	-	224,645
Accounting	23,181	-	23,181
Insurance	4,951	-	4,951
Attorney	15,297	-	15,297
Training	2,615	-	2,615
Contractual services	8,054	970,863	978,917
Miscellaneous	16,530	-	16,530
TOTAL OPERATING EXPENSES	295,273	970,863	1,266,136
OPERATING INCOME (LOSS)	(130,518)	135,125	4,607
TRANSFERS			
Transfers in	135,125	-	135,125
Transfers out	-	(135,125)	(135,125)
TOTAL TRANSFERS	135,125	(135,125)	-
CHANGE IN NET POSITION	4,607	-	4,607
Net position, beginning of year	295,983	-	295,983
Net position, end of year	<u>\$ 300,590</u>	<u>\$ -</u>	<u>\$ 300,590</u>

See accompanying notes to financial statements.

**MICHIGAN MUNICIPAL SERVICES AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020**

	Enterprise Funds		
	Operating Fund	Financial Management System	Total Business- type Activities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 190,799	\$ 1,105,988	\$ 1,296,787
Cash paid to suppliers	(67,723)	(970,863)	(1,038,586)
Cash paid to employees	(221,803)	-	(221,803)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 (98,727)	 135,125	 36,398
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from other funds	135,125	-	135,125
Cash paid to other funds	-	(135,125)	(135,125)
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 135,125	 (135,125)	 -
 NET INCREASE IN CASH	 36,398	 -	 36,398
Cash, beginning of year	258,277	-	258,277
Cash, end of year	\$ 294,675	\$ -	\$ 294,675
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (130,518)	\$ 135,125	\$ 4,607
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities			
Decrease in:			
Accounts receivable	25,337	-	25,337
Prepaid expense	707	-	707
Increase in:			
Accounts payable	2,905	-	2,905
Accrued wages	2,842	-	2,842
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ (98,727)	 \$ 135,125	 \$ 36,398

See accompanying notes to financial statements.

MICHIGAN MUNICIPAL SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

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

The Michigan Municipal Services Authority (the Authority) was established on August 1, 2012 pursuant to the Urban Cooperation Act of 1967, as part of an interlocal agreement between the City of Grand Rapids and the City of Livonia. The purpose of the Authority is to engage in cooperative activities that save staff time and taxpayer money.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

The following is a summary of the significant accounting policies:

Reporting Entity

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the Michigan Municipal Services Authority. The Authority is considered a component unit of the State of Michigan.

The Authority is controlled by a five-member Executive Committee. The Governor shall designate a member of the Executive Committee to serve as its Chairperson at the pleasure of the Governor. The Executive Committee shall elect from among the serving members of the Executive Committee a Vice-Chairperson of the Executive Committee and a Secretary of the Authority.

Basis of Presentation

The financial statements present the Authority's individual major funds. The major individual enterprise funds are reported as separate columns in the financial statements.

The Authority presents the following major enterprise funds:

- The Operating Fund accounts for all financial resources of the Authority except for those that are required to be accounted for in another fund.
- The Financial Management System Fund accounts for the financial resources related to the operation of the Authority's Financial Management System (FMS) program, the costs are financed or recovered primarily through user charges.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the Statement of Net Position. Fund equity (i.e., net position) is segregated into net investment in capital assets, restricted, and unrestricted components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

MICHIGAN MUNICIPAL SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

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

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are contract fees to other governmental units for services provided. Operating expenses for the Authority include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash

Cash consists of a checking account.

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

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures more than 270 days after the date of purchase.
4. The United States government or Federal agency obligations repurchase agreements.
5. Bankers acceptances of United States Banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

MICHIGAN MUNICIPAL SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

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

Due from Other Governmental Units

Due from other governmental units consist of amounts due from participating municipalities related to services provided.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The Authority currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently does not have any items that qualify for reporting in this category.

Interfund Transactions

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

Comparative Data

Comparative data for the prior year have not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 - CASH

As of September 30, 2020, the Authority had deposits subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of September 30, 2020, \$44,675 of the Authority's bank balance of \$294,675 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$294,675.

**MICHIGAN MUNICIPAL SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - CASH (continued)

Interest Rate Risk

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

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of September 30, 2020, the Authority did not have any investments that would be subject to rating by an NRSRO.

Concentration of Credit Risk

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

Foreign Currency Risk

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

NOTE 3 - INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers.

Transfers to Operating Fund from	
Financial Management System Fund	<u>\$ 135,125</u>

Transfers were used to move unrestricted resources to finance operating costs that the Authority must account for in other funds.

MICHIGAN MUNICIPAL SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - RISK MANAGEMENT

The Authority is exposed to various risks of loss for liability and workers' compensation claims. The Authority has purchased commercial insurance to cover any potential claims. Settled claims, if any, relating to the commercial insurance have not exceeded the amount of insurance coverage in either of the past three (3) fiscal years.

The Authority participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Authority has a \$1,000 deductible per occurrence of property and crime coverage. State pool members' limits of coverage (per occurrence) are \$1,000,000 for liability. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Authority has not been informed of any special assessments being required during the period of time the Authority has been a pool member.

NOTE 5 - UNCERTAINTIES

The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on services, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

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

Board of Directors
Michigan Municipal Services Authority
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Michigan Municipal Services Authority (the Authority), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Maney Costeiran PC

January 22, 2021