

**Detroit Wayne County  
Health Authority  
d/b/a  
Authority Health**

**Financial Statements  
September 30, 2020**



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## Independent Auditors' Report

Board of Directors  
Detroit Wayne County Health Authority d/b/a Authority Health  
Detroit, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the major funds of Detroit Wayne County Health Authority d/b/a Authority Health, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, business-type activities, and each major fund of Detroit Wayne County Health Authority d/b/a Authority Health, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2021 on our consideration of the Detroit Wayne County Health Authority d/b/a Authority Health 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Detroit Wayne County Health Authority d/b/a Authority Health 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Detroit Wayne County Health Authority d/b/a Authority Health's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Southgate, Michigan  
March 22, 2021

Using this Annual Report

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplemental information. The basic financial statements include information that presents two different views of the Detroit Wayne County Authority Health (d/b/a Authority Health).

The General Fund is presented on a modified accrual basis of accounting; a short-term view to tell how the resources were spent during the year, as well as how much is available for future spending. This information is then adjusted to the full accrual basis to present a long-term view of Authority Health as a whole. The long-term view uses the accrual accounting basis, which measures the cost of providing services during the current year and whether the full cost of providing government services has been funded.

The Proprietary Fund is presented on an accrual basis of accounting and is used to report functions presented as business-type activities in the government-wide financial statements.

The General Fund modified accrual basis financial statements provide detailed information about the current financial resources. This is important as it demonstrates compliance with various state laws and shows the stewardship of Authority Health's revenue.

Authority Health's full accrual statements present information about the organization's total economic resources, including long-lived assets and any long-term obligations. This information is important as it recognizes the long-term ramifications of decisions made by Authority Health on an ongoing basis.

The financial statements also include notes that explain some of the information in the statements with more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format.

	<b>Comparison of Net Position</b>	
	<b><u>September 30, 2020</u></b>	<b><u>September 30, 2019</u></b>
Current assets	\$ 3,329,073	\$ 2,736,835
Capital assets	<u>481,662</u>	<u>345,435</u>
Total assets	<u>3,810,735</u>	<u>3,082,270</u>
Current liabilities	\$ 1,488,713	\$ 1,743,807
Noncurrent liabilities	<u>1,595,803</u>	<u>80,392</u>
Total liabilities	<u>3,084,516</u>	<u>1,824,199</u>
Net Position		
Invested in capital assets	476,398	340,171
Unrestricted	<u>249,821</u>	<u>917,900</u>
Total net position	<u>\$ 726,219</u>	<u>\$ 1,258,071</u>
	<b>Governmental Activities</b>	
	<b><u>September 30, 2020</u></b>	<b><u>September 30, 2019</u></b>
Revenue		
Contractual and operating grants	\$ 11,283,629	\$ 12,699,967
Contributions and foundation grants	156,374	151,395
Other revenues	<u>54,349</u>	<u>-</u>
Total revenue	11,494,352	12,851,362
Expenses - operations/other	<u>12,022,116</u>	<u>12,738,755</u>
Change in net position	(527,764)	112,607
Net position, beginning of year	<u>953,471</u>	<u>840,864</u>
Net position, end of year	<u>\$ 425,707</u>	<u>\$ 953,471</u>

**Management's Discussion and Analysis  
For The Fiscal Year Ended September 30, 2020**

	<b>Business-type Activities</b>	
	<b><u>September 30, 2020</u></b>	<b><u>September 30, 2019</u></b>
Revenue		
Charges for services	\$ 236,325	\$ 85,146
Contributions and foundation grants	6,555	301,170
Other revenues	<u>109,931</u>	<u>-</u>
Total revenue	352,811	386,316
Expenses - operations/other	<u>356,899</u>	<u>81,716</u>
Change in net position	(4,088)	304,600
Net position, beginning of year	<u>304,600</u>	<u>-</u>
Net position, end of year	<u>\$ 300,512</u>	<u>\$ 304,600</u>

**Authority Health as a whole**

Authority Health had a decrease in net position of \$531,852. A significant portion of this decrease is largely due to the significant decrease in revenue from a grant closure and less contracts. The Authority Health's primary source of revenue is from federal grants, specifically the U.S. Department of Health and Human Services (HRSA) and through the MDCH Interdepartmental Agreement-Medicaid Outreach Services, and Contractual and Contributions and Donations. Salaries and fringe benefits are a significant expense representing 60 percent and 13 percent, respectively, of the Authority Health's total expenses. There was a no significant percent change from the prior year which reflects stable growth for the organization and the Authority Health GME Teaching Health Center program operating at its base stable capacity of 71 residents each year.

**The Authority Health General Fund**

Authority Health's Board of Directors has the capacity to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities. The organization's major fund consists solely of the general fund.

The general funds revenue was \$11,416,718, which was \$634,380 less than total expenditures of \$12,051,098. The excess of expenditures over revenue was caused by change in the funding sources and costs greater than certain program revenues such as hazard pay for essential workers. Additionally, Authority Health had other financing sources/uses totaling \$1,405,480 resulting in a net change in general fund balance of \$771,100. The other financing sources/uses included proceeds from issuance of debt of \$1,515,411 as part of the Small Business Administration's Payroll Protection Program. These amounts differ from the Statement of Activities as a result of how governmental accounting recognizes depreciation and capital outlays, and how compensated absences and other long-term items are reported along with the availability of revenues based on current financial resources.

Authority Health's Operational and Budgetary Highlights

Authority Health was created to “coordinate efforts to meet the health needs of the uninsured and underinsured residents in the City of Detroit and Wayne County by assuring access and improving the health status of all people.” The original goals of Authority Health are as follows:

- Expand the number and location of primary care access points throughout Detroit and Wayne County.
- Assign each enrolled client a primary care medical home.
- Coordinate the delivery of health care between and among health providers to eliminate fragmentation and reduce costs.
- Provide care management and referral services as a core component of the delivery system.
- Facilitate access to a full range of culturally competent, preventive, medical and non-medical services.
- Design a delivery system that is able to enhance federal and other funding and reduce duplication.
- Significantly expand preventive health services for at-risk populations.
- Increase provider-base workforce in the health care safety net.

To help accomplish these goals, Authority Health has developed advisory committees, councils, and collaborations, as well as programs to fill gaps in service delivery. Authority Health underwent a realignment of staff resources and functions that provide greater resource efficiency and effectiveness. All of the convening bodies will be integrated into a population health collaborative.

- **Community Advisory Committee:** Co-chaired by Dr. David Law and Voncile Brown Miller, this committee is comprised of representatives from community-based health and human service organizations throughout Wayne County. Its charge has been to advise the organization on health issues from their perspective, respond to initiatives proposed by the organization, help communicate Authority Health objectives, and serve as a liaison to community health initiatives
- **Provider Advisory Committee:** Co-chaired by Linda Little and Kimberly Farrow, this committee is comprised of representatives of organizations that provide health and human services for people in Wayne County. Its charge is to advise Authority Health regarding issues pertaining to access to care, health equity, and other related matters.



Major programmatic accomplishments during the period of this audit include, but are not limited to, the following:

Community-Based Teaching Health Center

The Detroit Wayne County Health Authority (Authority Health) GME Consortium is a community-based graduate medical education consortium in partnership with Michigan State University, College of Osteopathic Medicine and six local Federally Qualified Community Health Centers (FQHCs). The consortium developed a Teaching Health Center (THC) funded by the Health Resources and Services Administration (HRSA) for the purpose of training primary care residents in medically underserved /high physician shortage areas and community-based settings. This type of training sensitizes the clinicians to the community dynamics affecting the health of their patients and ideally increases the physician workforce in those areas. Studies show that more than a third of physicians who train in community settings remain and establishes their careers in similar settings. The DWCHA GME Consortium, known as Authority Health GME Consortium, is currently funded and approved for 71 slots in four specialties: internal medicine, family medicine, pediatrics, and psychiatry. Training occurs in a variety of settings including community health centers, three hospitals/health systems, the Detroit VA medical center, and over 40 community health centers and private physician offices.

A total of 19 residents completed training in June 2020 in family medicine, internal medicine, pediatrics, and psychiatry. There were two PGY3 psychiatry residents who left the program to enter a child psychiatry fellowship. Of the 19 residents who completed the programs, 2 (11%) entered a fellowship, 10 (52%) entered practice in an ambulatory setting, and 7 (37%) entered an inpatient setting. Fifteen (79%) of the 19 graduates practice locations were in a medically underserved or high physician shortage area, and 4 (21%) entered a FQHC. We are happy to report that 9 (47%) of our graduate chose to start practicing in the State of Michigan.

Now in our 8th academic year of operation, Authority Health welcomed to its orientation program 21 new residents in July 2020, reaching the full approved complement of 71 resident trainees. All available positions were filled with an excess of 3,000 applicants for approximately 21 positions for the 2020-21 academic year.

To date, Authority Health GME consortium has received full ACGME Sponsoring Institution accreditation through 2027; Internal Medicine full continued accreditation through 2027; Pediatrics full continued accreditation through 2028; Psychiatry full continued accreditation through 2029, and Family Medicine continued accreditation with its 10-year review to be conducted in April 2021 (delayed from June 2020, due to COVID-19 pandemic).

A unique program highlight is Authority Health's GME Consortium one-year required Certificate in Population Health and Health Equity (CPHHE). This certification program continues to produce positive accolades for its approach of preparing our residents for the work and understanding of population health. Now in our fourth cohort, its formal structured course presented by the University of Michigan School of Public Health and jointly sponsored by Authority Health and the University of Michigan, is the only certification training program of its kind in Michigan. It has been very well accepted by the residents and is the core of the scholarly activity and quality improvement work done by our residents and teaching faculty.

MOTION Coalition (Michigan Organizations to Impact Obesity & Nutrition)

The MOTION Coalition emerged from the Authority Health's Childhood Obesity Task Force which was convened to address the urgent issue of childhood obesity. This coalition has benefitted from the leadership of Dr. William Dietz, a national pediatric obesity expert from George Washington University, and Diane Valade, a health policy and legislative analyst with Henry Ford Hospital. Childhood obesity is viewed by the Coalition as not just a medical problem but a population health issue requiring a collaborative solution, requiring attention given to parents and families. Reflecting this dynamic, the coalition is comprised of stakeholders representing a multitude of sectors from youth organizations and community organizations to health care providers and educators. The coalition meets quarterly and as with other convening functions has assumed a population health orientation. Its work is designed to educate and advocate for changes in state and local health policy as it pertains to schools and other environments affecting youth. In general, it promotes active living and healthy eating.

Clinical Operations

Authority Health assumed ownership of the Popoff Family Health Center, on July 1, 2019. The physical location has been a cornerstone in the community, for over 50 years. It serves as a continuity site for our Family practice residents and provide an integrated training experience. 2020 turned out to be a year full of challenges and opportunities given the COVID pandemic. Of importance Authority Health was able to fully implement the goals and objectives of our Popoff Family Health Center.

Popoff Family Health Center offers comprehensive family medicine services as well as screening for the social determinants of health and adverse childhood experiences. Authority Health maintains strong ties with the local community through dedicated community engagement, health promotion and disease prevention activities.

Our Family & Children's Services includes but not limited to: Preventative Care, Pediatric Care, Women's Health & Family Planning, Same-day Sick Visits, Sports Physicals, Immunizations, Diabetes Care, High Blood Pressure Management,

Our Adult & Sexual Health Service includes but not limited to: HIV/AIDS Testing, Counseling & Treatment, STD Testing & Treatment, Hepatitis C Testing & Treatment.

New this year:

1. Medication Assisted Therapy (MAT) – A holistic approach to the treatment of opioid and alcohol addiction. Muscle & Joint Treatment – Osteopathic Manipulative Treatment, or OMT, is a set of hands-on techniques used by osteopathic physicians (DOs) to diagnose, treat, and prevent illness or injury. Using OMT, a DO moves a patient's muscles and joints using techniques that include stretching, gentle pressure and resistance.

**Management's Discussion and Analysis  
For The Fiscal Year Ended September 30, 2020**

2. Ultrasound Guided Pain Management – At Popoff Health Center, we use point of care ultrasound to perform trigger point, trigger finger, carpal tunnel, shoulder, knee, hand, hip, and ankle joint injections when appropriate and in conjunction with non-narcotic pain medications, physical therapy, and OMT. Ultrasound, also known as sonography, is an imaging method that uses high-frequency sound waves to produce real-time and dynamic images of the body.

3. Telehealth services

Finally, we forged many partners to offer COVID-19 testing with Triumph Church, Perfecting Church, Greater Mitchell Church, Kaigler & Associates Dental Office, and Detroit Wayne Integrated Health Network (DWIHN)

Child and Adolescent Health Center (CAHC)

Authority Health submitted a proposal to the Child and Adolescent Health Center (CAHC) Program Expansion Grant (MDHHS CHCE-2020) on April 7, 2020 to construct and operate a CAHC alternate-clinic site at Hope Academy in Detroit, MI. This project period was June 1, 2020 – September 30, 2020 and included creating a staffing plan, a convening body, a comprehensive service plan, and a finalized plan for construction, with limited services implemented by September 1, 2020. The project period started on time, however, the State put the project on hold in late June as it evaluated budget changes due to the pandemic. The decision to reinstate project funding was made on July 30, 2020. During August and September 2020, a staffing plan was created, a convening body established, and planning for services and building began. The deadlines for the remaining objectives of the CHCE-2020 grant were extended into the FY21 grant year. The proposal for the program continuation grant for FY21 was submitted on September 18, 2020 and approved by the State.

Health Insurance Navigation and Outreach

Authority Health has been a leader in providing enrollment and navigation services, including training for providers, in the region. Most recently, the division has provided redetermination services for Medicaid health plans. At the core of this function's capabilities is the deep knowledge of services available to improve access to health care services and other programs that positively influence health.

**Management's Discussion and Analysis  
For The Fiscal Year Ended September 30, 2020**

- Access to Health Care – The Authority Health facilitates access to health care services for uninsured and underinsured residents. Through an Interdepartmental Agreement with the Michigan Department of Community Health, Authority Health conducts Medicaid outreach activities in partnership with area health systems, safety net providers, and faith-based community organizations (FBCOs).
- Authority Health is a certified navigation organization with emphasis on Affordable Care Act and Healthy Michigan/Medicaid enrollment, as well as assistance with Medicare and other health and human service programs. The Authority Health's outreach staff also provide routine presentations in the community and regularly exhibit at health fairs. In fiscal year 2020 events were held remotely and with virtual interviews to comply with social distancing during the coronavirus pandemic.
- Enrollment Contracts – Authority Health has affiliations with organizations to provide onsite Medicaid enrollment services.

**Albert Schweitzer Fellowship – Detroit Chapter**

Authority Health is a leadership development program that trains graduate students in humanitarian skills. It is funded to provide fellowship opportunities for four to eight fellows. Fellows come from various medical, health, and human service disciplines and are charged with creating sustainable public health interventions to impact health disparities. Detroit hosts one of 13 national fellowship chapters.

**Funding Sources**

For fiscal year 2020, the Authority Health's sources of funding came from the community at large and various stakeholders, including: Michigan Department of Community Health/Federal Government, and the U.S. Department of Health & Human Services – Health Resources and Services Administration (HRSA), The Children's Hospital of Michigan Foundation, Metro Health Foundation, Black Family Development, Everest Foundation, Detroit Public Schools Community District, patient revenue and private and public insurers, individual donors and others.

At the end of the fiscal year, the Authority Health had \$181,150 invested in furniture and equipment. Authority Health also received a donation of \$155,025 in furniture.

**Interdepartmental Agreement - Medicaid Outreach Services**

The Authority Health entered into a new agreement with the State of Michigan Department of Community Health for fiscal year 2020.

Contacting the Authority Health's Management

This financial report is intended to provide our stakeholders, benefactors, etc. with a general overview of Authority Health's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the President and CEO, Loretta V. Bush, MSHA at (313) 871-3751.

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Statement of Net Position**  
**September 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,940,765	\$ -	\$ 2,940,765
Accounts receivable	136,445	184,054	320,499
Prepaid items	67,809	-	67,809
Capital assets, net of accumulated depreciation	181,150	244,028	425,178
Capital assets not being depreciated	-	56,484	56,484
	<u>3,326,169</u>	<u>484,566</u>	<u>3,810,735</u>
<b>Liabilities</b>			
Accounts payable	857,992	35,309	893,301
Checks written against future deposits	-	14,519	14,519
Accrued and other liabilities	73,311	5,781	79,092
Unearned revenue	323,356	128,445	451,801
Supplemental employee retirement plan (SERP)	50,000	-	50,000
Noncurrent liabilities			
Debt due within one year	9,020	-	9,020
Debt due in more than one year	1,586,783	-	1,586,783
	<u>2,900,462</u>	<u>184,054</u>	<u>3,084,516</u>
<b>Net Position</b>			
Net investment in capital assets	175,886	300,512	476,398
Unrestricted	249,821	-	249,821
	<u>425,707</u>	<u>300,512</u>	<u>726,219</u>
Total net position	<u>\$ 425,707</u>	<u>\$ 300,512</u>	<u>\$ 726,219</u>

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority  
d/b/a Authority Health  
Statement of Activities  
For the Year Ended September 30, 2020**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Contractual and Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/Programs</b>						
Governmental activities						
Operations	\$ 12,022,116	\$ -	\$ 11,283,629	\$ (738,487)	\$ -	\$ (738,487)
Business-type activities						
Medical Clinic	356,899	242,880	-	-	(114,019)	(114,019)
Total primary government	<u>\$ 12,379,015</u>	<u>\$ 242,880</u>	<u>\$ 11,283,629</u>	<u>(738,487)</u>	<u>(114,019)</u>	<u>(852,506)</u>
General revenues						
Contributions and foundation grants				156,374	-	156,374
Donated capital assets				155,025	-	155,025
Interest				9,255	-	9,255
Transfers				(109,931)	109,931	-
Total general revenues				<u>210,723</u>	<u>109,931</u>	<u>320,654</u>
Change in net position				(527,764)	(4,088)	(531,852)
Net position - beginning of year				<u>953,471</u>	<u>304,600</u>	<u>1,258,071</u>
Net position - end of year				<u>\$ 425,707</u>	<u>\$ 300,512</u>	<u>\$ 726,219</u>

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2020**

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	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,940,765
Accounts receivable	136,445
Prepaid items	67,809
Total assets	\$ 3,145,019
<b>Liabilities</b>	
Accounts payable	\$ 857,992
Accrued and other liabilities	73,311
Unearned revenue	323,356
Total liabilities	1,254,659
<b>Deferred inflows of resources</b>	
Grants	32,540
<b>Fund Balances</b>	
Non-spendable	
Prepaid items	67,809
Assigned for	
Graduate Medical Education	800,000
Unassigned	990,011
Total fund balances	1,857,820
Total liabilities and fund balances	\$ 3,145,019

See Accompanying Notes to the Financial Statements



**Detroit Wayne County Health Authority  
d/b/a Authority Health  
Governmental Funds  
Reconciliation of Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
September 30, 2020**

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<b>Total fund balances for governmental funds</b>	\$ 1,857,820
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	181,150
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	32,540
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(75,128)
Supplemental employee retirement plan (SERP)	(50,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	<u>(1,520,675)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 425,707</u></u>

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	<u>General Fund</u>
<b>Revenues</b>	
Contributions and foundation grants	\$ 156,374
Federal grants - Graduate Medical Education	10,652,507
State grants	446,986
Interest	9,255
Contractual	151,596
Total revenues	11,416,718
<b>Expenditures</b>	
Salaries	7,246,812
Employee benefits	1,551,345
Supplies and materials	133,393
Meetings	197,484
Transportation and travel	25,994
Training	254,383
Telephone	19,231
Communications and marketing	59,421
Equipment, repairs and maintenance	85,056
Contracted and consulting services	1,799,203
Legal and professional	29,232
Business insurance	351,788
Occupancy	297,756
Total expenditures	12,051,098
Excess of expenditures over revenues	(634,380)

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

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**Other financing sources (uses)**

Transfers out	(109,931)
Proceeds from issuance of debt	<u>1,515,411</u>
Total other financing sources and uses	<u>1,405,480</u>
Net change in fund balance	771,100
Fund balance - beginning of year	<u>1,086,720</u>
Fund balance - end of year	<u><u>\$ 1,857,820</u></u>

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority  
d/b/a Authority Health  
Governmental Funds  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2020**

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**Net change in fund balances - Total governmental funds** \$ 771,100

Total change in net position reported for governmental activities in the statement of activities is 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	(21,018)
Donations of capital assets	155,025

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Grants	32,540
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Expenses are recorded when incurred in the statement of activities.

Supplemental employee retirement plan (SERP)	50,000
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Loan proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt proceeds	(1,515,411)
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<b>Change in net position of governmental activities</b>	<b>\$ (527,764)</b>
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**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Proprietary Fund**  
**Statement of Net Position**  
**September 30, 2020**

	Enterprise Fund
	Medical Clinic
<b>Assets</b>	
Current Assets	
Accounts receivable	\$ 184,054
Noncurrent Assets	
Capital assets, net of accumulated depreciation	244,028
Capital assets not being depreciated	56,484
Total noncurrent assets	300,512
Total assets	484,566
<b>Liabilities</b>	
Accounts payable	35,309
Checks written against future deposits	14,519
Accrued and other liabilities	5,781
Unearned revenue	128,445
Total liabilities	184,054
<b>Net Position</b>	
Unrestricted	300,512
Total net position	\$ 484,566

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Proprietary Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2020**

	Enterprise Fund
	Medical Clinic
<b>Revenues</b>	
Contributions and foundation grants	\$ 6,555
Contractual	236,325
	242,880
Total revenues	242,880
<b>Expenditures</b>	
Salaries	169,191
Employee benefits	14,168
Supplies and materials	50,663
Meetings	19,677
Transportation and travel	767
Telephone	13,538
Communications and marketing	2,458
Equipment, repairs and maintenance	24,740
Contracted and consulting services	24,829
Occupancy	30,296
Business insurance	272
Depreciation expense	6,300
	356,899
Total expenditures	356,899
Operating loss	(114,019)
<b>Nonoperating revenue (expenses)</b>	
Transfers in	109,931
	109,931
Change in net position	(4,088)
Net position - beginning of year	304,600
	304,600
Net position - end of year	\$ 300,512

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Proprietary Fund**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2020**

	Enterprise Fund
	Medical Clinic
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 245,602
Payments to suppliers	(172,174)
Payments to employees	(183,359)
	(109,931)
<b>Cash flows from noncapital financing activities</b>	
Transfer from other funds	109,931
	-
Cash and cash equivalents - beginning of year	-
	-
Cash and cash equivalents - end of year	\$ -
	-
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating loss	\$ (4,088)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization expense	6,300
Donated capital assets	(8,520)
Changes in assets and liabilities	
Receivables (net)	11,242
Prepaid items	349
Accounts payable	(9,384)
Accrued and other liabilities	4,101
	-
Net cash provided by operating activities	\$ -

See Accompanying Notes to the Financial Statements

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Notes to the Financial Statements**  
**September 30, 2020**

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**Note 1 - Summary of Significant Accounting Policies**

Detroit Wayne County Health Authority d/b/a Authority Health (Health Authority) is a public body corporate established by an inter-local agreement among the City of Detroit, the County of Wayne and the State of Michigan on June 4, 2004. The Health Authority's mission is to coordinate efforts to improve population health of residents of the City of Detroit and Wayne County by assuring access to care.

The accounting policies of the Health Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Health Authority:

**Reporting Entity**

A nine-member Board, appointed by state and local governments, governs the Health Authority. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Health Authority's reporting entity, and which organizations are legally separate, component units of the Health Authority. Based on the application of the criteria, the Health Authority has no component units.

**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 nonfiduciary activities of the primary government. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise 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*, as do the proprietary fund statements. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.



**Detroit Wayne County Health Authority  
d/b/a Authority Health  
Notes to the Financial Statements  
September 30, 2020**

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The General Fund is the Health Authority's primary operating fund. It accounts for all financial resources of the Health Authority.

The Proprietary Fund accounts for activities of the Health Authority's medical clinic.

Amounts reported as *program revenues* include 1) operating grants, and 2) federal grants for Medicaid outreach administrative expenses.

**Assets, liabilities, and net position or equity**

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

Receivables – Accounts receivable are comprised of the contributions receivable from stakeholders and federal grant monies earned but not yet collected. The Authority uses the allowance method for accounting for doubtful accounts. Management regularly reviews the collection history of its receivables balances with particular attention given to those amounts greater than 90 days old. Based on management's review, \$0 of allowance was deemed necessary as of September 30, 2020.

Prepays – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Health Authority follows the purchase method, and they therefore are expenses when paid in both government-wide and fund financial statements.

Capital assets – The Health Authority defines capital assets as assets with an initial cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair

market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and equipment	3 to 20 years
Buildings	30 to 40 years

Deferred Inflow – A deferred inflow of resources is an acquisition of net position by the Health Authority that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Paycheck Protection Program (PPP) Loan – The Health Authority accounts for the PPP loan as debt issuance in the governmental funds. The PPP loan increases long-term liabilities on the Statement of Net Position. Interest is accrued throughout the life of the loan, even when no payments are currently due.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – amounts constrained to specific purposes by the

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Notes to the Financial Statements**  
**September 30, 2020**

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Health Authority itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Health Authority takes the same highest level action to remove or change the constraint.

Assigned – amounts the Health Authority intends to use for a specific purpose. Intent can be expressed by the Board of Directors by an official or body to which the Board of Directors delegates the authority.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Health Authority's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Use of Estimates**

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

**Adoption of New Accounting Standards**

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Notes to the Financial Statements**  
**September 30, 2020**

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**Upcoming Accounting and Reporting Changes**

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending September 30, 2021.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending September 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial

statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending September 30, 2022.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This Statement is effective for the year ending September 30, 2021.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the year ending September 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This Statement is effective for the year ending September 30, 2022.

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Notes to the Financial Statements**  
**September 30, 2020**

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Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for the year ending September 30, 2023.

The Authority is evaluating the impact that the above GASBs will have on its financial reporting.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year end. Annual operating budgets are adopted each fiscal year through approval of an annual budget and amended as required. The same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principle basis.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Health Authority to have its budget in place by October 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits authorities to amend their budgets during the year. The last amendment to the budget was adopted prior to year end.

**Note 3 - Cash and Equivalents**

The captions on the statement of net position and balance sheet relating to cash and cash equivalents are summarized below by deposit type. These deposits, in varying amounts, are in financial institutions in the County of Wayne in the State of Michigan. At year-end, the balance (without recognition of outstanding checks or deposits in transit) was \$3,238,522 and of which \$250,000 was covered by FDIC insurance and \$2,988,522 was uninsured. The full balance of cash on the statement of net position was \$2,940,765 and was all held in demand accounts.

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Notes to the Financial Statements**  
**September 30, 2020**

**Note 4 - Capital Assets**

Capital assets activity of the Health Authority's governmental activities for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets being depreciated				
Furniture and equipment	\$ 235,145	\$ 155,025	\$ -	\$ 390,170
Less accumulated depreciation for				
Furniture and equipment	<u>188,002</u>	<u>21,018</u>	<u>-</u>	<u>209,020</u>
Governmental activities capital assets, net	<u>\$ 47,143</u>	<u>\$ 134,007</u>	<u>\$ -</u>	<u>\$ 181,150</u>

Capital assets activity of the Health Authority's business-type activities for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 56,484	\$ -	\$ -	\$ 56,484
Capital assets being depreciated				
Buildings	243,368	8,520	-	251,888
Less accumulated depreciation for				
Buildings	<u>1,560</u>	<u>6,300</u>	<u>-</u>	<u>7,860</u>
Business-type activities capital assets, net	<u>\$ 298,292</u>	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ 300,512</u>

**Note 5 - Operating Leases**

The Health Authority entered into a 5-year lease agreement, effective January 1, 2007 and amended it in 2008 to allow for more square footage and again in 2012 to move to a different suite. In July 2019, the Health Authority amended the lease again to move to a different suite within the same building and extended the lease for a further five years. The amended monthly payment is \$21,838 - \$26,205 per month through January 31, 2025. Lease expense and related parking costs included in Occupancy Costs totaled \$328,052. Additionally, the Health Authority entered into a 3-year lease agreement for telephone services effective beginning October 2019. The monthly payment is \$527 with a one-time credit of \$1,829 off their first bill.

Expected future lease payments are as follows:

<u>Year Ending September 30,</u>	
2021	\$ 276,521
2022	288,750
2023	294,661
2024	309,219
2025 and thereafter	<u>104,820</u>
	<u>\$ 1,273,971</u>

The Health Authority has a one-time right to terminate the building lease after the 41st month in the event the HRSA grants are reduced or terminated.

**Detroit Wayne County Health Authority  
d/b/a Authority Health  
Notes to the Financial Statements  
September 30, 2020**

**Note 6 - Long Term Debt**

Long-term activity for the year ended September 30, 2020 is as follows:

	Beginning Balance	Additions	Ending Balance	Due Within One Year
Note Payable - PPP	\$ -	\$ 1,515,411	\$ 1,515,411	\$ -
Capital lease	5,264	-	5,264	5,264
Compensated absences	75,128	-	75,128	3,756
Total	<u>\$ 80,392</u>	<u>\$ 1,515,411</u>	<u>\$ 1,595,803</u>	<u>\$ 9,020</u>

Compensated absences are not paid according to a set schedule, but when employees meet certain criteria upon leaving the Health Authority.

The Small Business Administration (SBA) note payable is a direct borrowing obtained through the Payroll Protection Program (PPP). The Health Authority expects the entire note to be forgiven and has recorded the note payable as long-term. If a portion of the loan is not forgiven, future principal and interest at 1% per year will be made from the General Fund.

Future principal and interest requirements for the capital lease in the amount of \$5,264 are payable during the year ended September 30, 2021.

**Note 7 - Unearned Revenues**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, all \$451,801 of unearned revenue was related to grant funds.

**Note 8 - Line of Credit**

The Health Authority has an available bank line of credit of \$1,000,000, expiring July 27, 2021, at a prime rate of 3.250% secured by all Health Authority assets. The outstanding balance on the line as of September 30, 2020 was \$0.

**Note 9 - Employee Benefits Plans**

The Health Authority adopted a 401(a) Defined Contribution Plan under the Municipal Employees' Retirement System of Michigan (MERS) effective September 1, 2008. The plan covers all Health Authority employees based on employment classifications which are eligible for MERS membership. The plan provides a four percent base employer contribution which participating employees receive. Employer contributions vest over a four year period. The plan allows prior years' service consistent with Public Sectors. Contributions expensed during the year ended September 30, 2020 totaled \$210,474 and are included in Employee Benefits expense. The employer does not match contributions under the plan agreement at this time.

**Note 10 - Employee Benefit Plans – Supplemental Employee Retirement Plan (SERP)**

The Health Authority has a supplemental employee retirement plan. The plan established two new plans through MERS for the Chief Executive Officer and the Chief Financial Officer to allow for additional contributions beyond those defined in Note 9.

**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Notes to the Financial Statements**  
**September 30, 2020**

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The original Health Authority liability to the plan at inception was \$750,000 but an amendment to the plan in 2019 reduced the total liability to \$450,000. Amounts paid to the plan during the year ended September 30, 2020 were \$50,000. Total amounts paid to the plan since inception total \$400,000. The Health Authority has accrued \$50,000 in the General Fund for the remaining plan payments at September 30, 2020.

Expenditures are made from excess unassigned fund balance.

**Note 11 - Litigation, Contingencies and Risk Management**

The Health Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees and natural disasters. For the year ended September 30, 2020, the Health Authority purchased commercial insurance policies to satisfy any claims related to general liability, property and casualty, employee life, health and accident and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The activities of the Health Authority are subject to review or audit by funding agencies to determine compliance with grant award documents. Reviews or audits could result in repayment of grant revenues.

**Note 12 - Concentration of Revenue**

Virtually all of the Health Authority's revenue is derived from federal and state grants and contributions and grants from foundations and health care organizations located in Southeastern Michigan.

**Note 13 - Interdepartmental Agreement - Medicaid Outreach Services**

Effective October 1, 2019, the Health Authority renewed its Interdepartmental Agreement with the State of Michigan for Medicaid Outreach. Essentially all state agreements must be renewed on an annual basis.

**Note 14 - COVID Pandemic**

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. Currently, it is not possible to estimate the extent of any potential net losses or to determine if any of the change in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements were made as a result of this subsequent event.

**Note 15 - Subsequent Event**

On March 10, 2021 the Health Authority received forgiveness of the PPP Note Payable included on the statement of financial position in long-term debt for the amount of \$1,515,411.

**REQUIRED SUPPLEMENTARY INFORMATION**



**Detroit Wayne County Health Authority**  
**d/b/a Authority Health**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Contributions and foundation grants	\$ 142,476	\$ 86,686	\$ 156,374	\$ 69,688
Federal grants - Graduate Medical Education	11,199,580	11,203,159	10,652,507	(550,652)
State grants	505,542	598,077	446,986	(151,091)
Interest	-	-	9,255	9,255
Contractual	491,560	313,807	151,596	(162,211)
<b>Total revenues</b>	<u>12,339,158</u>	<u>12,201,729</u>	<u>11,416,718</u>	<u>(785,011)</u>
<b>Expenditures</b>				
Compensation	8,270,640	8,999,270	8,798,157	(201,113)
Occupancy	282,856	316,326	297,756	(18,570)
Other expenses	3,903,656	3,944,742	2,955,185	(989,557)
<b>Total expenditures</b>	<u>12,457,152</u>	<u>13,260,338</u>	<u>12,051,098</u>	<u>(1,209,240)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(117,994)</u>	<u>(1,058,609)</u>	<u>(634,380)</u>	<u>424,229</u>
<b>Other financing sources (uses)</b>				
Transfers out		(109,931)	(109,931)	-
Loan proceeds	-	1,685,715	1,515,411	(170,304)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>1,575,784</u>	<u>1,405,480</u>	<u>(170,304)</u>
<b>Net change in fund balance</b>	<u>(117,994)</u>	<u>517,175</u>	<u>771,100</u>	<u>253,925</u>
Fund balance - beginning of year	<u>1,086,720</u>	<u>1,086,720</u>	<u>1,086,720</u>	<u>-</u>
Fund balance - end of year	<u>\$ 968,726</u>	<u>\$ 1,603,895</u>	<u>\$ 1,857,820</u>	<u>\$ 253,925</u>

## **OTHER REPORTS**



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## **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***

### **Independent Auditors' Report**

Management and the Board of Directors  
Detroit Wayne County Health Authority d/b/a Authority Health

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and the major fund of Detroit Wayne County Health Authority d/b/a Authority Health as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Detroit Wayne County Health Authority d/b/a Authority Health's basic financial statements, and have issued our report thereon dated March 22, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Detroit Wayne County Health Authority d/b/a Authority Health'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 Detroit Wayne County Health Authority d/b/a Authority Health's internal control. Accordingly, we do not express an opinion on the effectiveness of Detroit Wayne County Health Authority d/b/a Authority Health'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 Detroit Wayne County Health Authority d/b/a Authority Health'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.

*Yeo & Yeo, P.C.*

Southgate, MI  
March 22, 2021