

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

**Financial Statements
September 30, 2022**



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Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major funds of Detroit Wayne County Health Authority d/b/a Authority Health, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Detroit Wayne County Health Authority d/b/a Authority Health's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Detroit Wayne County Health Authority d/b/a Authority Health as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Detroit Wayne County Health Authority d/b/a Authority Health adopted new accounting guidance, GASBS No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023 on our consideration of 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 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 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 23, 2023

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

Using this Annual Report

This annual report consists of three parts – 1) management's discussion and analysis (this section), 2) the basic financial statements and required supplemental information, 3) the basic financial statements include information that presents two different views of the Detroit Wayne County Health Authority (d/b/a Authority Health).

The General Fund is presented on a modified accrual basis of accounting, i.e. 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 provide more detailed data that explains some of the information in the statements. The statements are followed by a section of required supplemental information that further explains and supports the information in the financial statements.

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022****Condensed Financial Information**

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

Comparison of Net Position		
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Current assets	\$ 4,542,125	\$ 3,231,054
Capital assets	<u>573,060</u>	<u>602,719</u>
Total assets	<u>5,115,185</u>	<u>3,833,773</u>
Current liabilities	1,567,471	990,845
Noncurrent liabilities	<u>740,271</u>	<u>88,702</u>
Total liabilities	<u>2,307,742</u>	<u>1,079,547</u>
Net Position		
Invested in capital assets	553,304	602,719
Unrestricted	<u>2,254,139</u>	<u>2,151,507</u>
Total net position	<u>\$ 2,807,443</u>	<u>\$ 2,754,226</u>

Governmental Activities		
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Revenue		
Contractual and operating grants	\$ 12,390,498	\$ 12,201,981
Contributions and foundation grants	109,696	148,276
Other revenues	<u>13</u>	<u>1,404,783</u>
Total revenue	12,500,207	13,755,040
Expenses - operations/other	<u>12,446,431</u>	<u>11,867,685</u>
Change in net position	53,776	1,887,355
Net position, beginning of year	<u>2,313,062</u>	<u>425,707</u>
Net position, end of year	<u>\$ 2,366,838</u>	<u>\$ 2,313,062</u>

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

	Business-type Activities	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Revenue		
Charges for services	\$ 1,186,526	\$ 1,035,608
Other revenues	<u>69,596</u>	<u>111,736</u>
Total revenue	1,256,122	1,147,344
Expenses - operations/other	<u>1,256,681</u>	<u>1,006,692</u>
Change in net position	(559)	140,652
Net position, beginning of year	<u>441,164</u>	<u>300,512</u>
Net position, end of year	<u>\$ 440,605</u>	<u>\$ 441,164</u>

Authority Health as a Whole

Authority Health had an increase in net position of \$53,217. 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 MDHHS Interdepartmental Agreement-Medicaid Outreach Services, Contractual, Contributions and Donations. Salaries and fringe benefits are a significant expense representing 60 percent and 13 percent, respectively, of Authority Health's total expenses. There was 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 75 residents each year.

Authority Health General Fund and Proprietary 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 Organization's business-type activities consist of the proprietary fund/enterprise fund of community health centers.

This summary addresses the general fund's revenue, expenditures, and changes in fund balance. 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. The general fund's revenue was \$12,450,207, which was \$18,589 less than total expenditures of \$12,468,796. The excess of expenditures over revenues was caused by a change in the funding sources and costs greater than certain program revenues.

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

Authority Health also reports a proprietary fund for community health centers. These amounts are reported similarly to the statement of activities on the full-accrual basis of accounting which include capital assets, debt and compensated absences. The proprietary funds revenue was \$1,256,122, which was \$559 less than total expenses of \$1,256,681. The excess of expenses over revenue was caused by the operating costs of the clinics in excess of charges for services.

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-based workforce in the health care safety net.

To help accomplish these goals, Authority Health conducts an annual strategic planning process, involving input from divisional leaders of the Organization and guidance from the Board of Directors. The work of our management team and staff is focused on supporting the overarching goals of the Organization.

Authority Health also has an advocacy process that promotes policy solutions that contribute to its clinical and administrative effectiveness, health equity and social justice. Public Affairs oversees the general communications functions of the Organization, including community relations, government relations, news media relations, and social media management. The Community Advisory Committee for Hope Family Health Center,

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

our child and adolescent health center, the MOTION Coalition on childhood obesity, the Schweitzer Fellowship Advisory Board, and the Graduate Medical Education Teaching Health Center Advisory Board, provide direct input from community leaders into the programs we provide.

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 five 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 or 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 funded, approved for 78 slots in the following 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 24 residents completed training in June 2022 in family medicine, internal medicine, pediatrics, and psychiatry. Of the 24 residents who completed the programs, 4 (17%) entered a fellowship, 5 (21%) entered practice in an ambulatory setting, 12 (50%) entered an inpatient setting, and 3 (13%) other. Thirteen (54%) of the 24 graduates' practice locations were in a medically underserved or high physician shortage area, and 3 (13%) entered a Federally Qualified Health Center. Seven (29%) of our graduates chose to start practicing in the State of Michigan.

Now, in our 10th academic year of operation, Authority Health welcomed to its program orientation 24 new residents in July 2022, for a total of 74 resident trainees this 2022-2023 academic year. All available positions were filled with an excess of 3,300 applicants for approximately 21 positions for the 2021-22 academic year.

Authority Health's GME consortium has full ACGME Sponsoring Institution accreditation through 2027; in Internal Medicine full continued accreditation through 2027; Pediatrics full continued accreditation through 2028; Psychiatry full continued accreditation through 2029; and, Family Medicine having been in initial accreditation status recently received its full continuing accreditation status.

A unique component that continues to be a highlight for the program 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 fifth 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

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

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.

Authority Health planned and initiated a program in Anti-Racism and Social Justice, now in its second year, the program is composed of bi-monthly, 2-hour workshops facilitated by community experts. The program was developed with the partnership of New Detroit and the participation of the Michigan Public Health Institute.

Progress continues toward the development and full integration of a primary care – behavioral health care model. Behavioral Health counselors have been introduced at all sites, and utilize Athena (single medical record), with regular interactions with Authority Health primary care physicians.

Recruit, train, and retain diverse, high quality, mission aligned residents: The 2022 PGY1 class meets Authority Health's goal for diversity. Quality and alignment goals were also achieved. Virtual recruitment and interviewing methods are being utilized as mandated. Updates to residency curricula continues as needed in utilizing virtual and in-person instruction, and all residents continue to receive training to provide telemedicine/telehealth at their assigned clinical sites.

Over the years since the first residency graduating class in 2015, the teaching health center GME program has placed primary care physicians where the need is greatest. Sixty-one percent (61%) of Authority Health graduates have joined practices in Medically Underserved/Health Provider Shortage Areas, 13% have joined FQHCs, and 48% remained in Michigan to practice or complete a fellowship after completing their residency program.

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 Chair, Dr. William Dietz, a national pediatric obesity expert from George Washington University, and Co-chair Barbara Blum-Alexander, a director of programs 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, with special 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 maintains 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, physical activity, and a health-built environment.

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

Clinical Operations

The Authority Health clinical philosophy calls for integrated health programs in all of its facilities. Behavioral health professionals and physicians collaborate on the most effective care of patients. Psychotherapy is provided in each of the Organization's health care centers.

Popoff Family Health Center. Authority Health continues to operate Popoff Family Health Center, since 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 provides an integrated training experience. In 2022 Authority Health was faced with both challenges and opportunities given the ongoing adjustments of the lasting impact of a the COVID-19 pandemic. Of importance, in 2022, Authority Health was able to meet its mission to offer comprehensive health services to its community by hiring a Community Health Worker and Peer Recovery Coach to assist with connecting our patients of varying needs to appropriate resources.

In 2022, Popoff Family Health Center was awarded the largest grant given by Total Healthcare Foundation in the amount of \$450,000 to build a demonstration kitchen. The demonstration kitchen will be an asset to the community by providing resources and education around health and nutrition. In November of 2022, the foundation was laid, and construction began on Popoff's expansion and demonstration kitchen.

Primary care services offered at Popoff Family Health Center include a comprehensive family medicine approach 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 include but are not limited to: Preventative Care, Pediatric Care, Women's Health & Family Planning, Same day Sick Visits, Sports Physicals, Immunizations, Diabetes Care, and High Blood Pressure Management.

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

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.

Anne Mare' Ice Pediatric Health Center. On February 1, 2021, Authority Health opened its doors to the Anne Mare' Ice Pediatric Health Center, named after Dr. Anne Mare' Ice, a pediatric physician who served patients and families for over 40 years in the Metro Detroit area. Our pediatric

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

health center continues to serve as a continuity site for our Pediatric Residents and provides high quality affordable trauma-informed care and screening for social determinants of health for the children and adolescents in our community.

With Authority Health's largest patient population, our pediatric care team provided excellent patient care while performing over 3,000 patient visits in 2022.

The Anne Mare' Ice Pediatric Health Center offers the following services: well child visits, sick child visits, virtual telehealth visits, preventative care, asthma management, childhood immunizations, COVID-19 testing, COVID-19 vaccine administration, Diabetes management, nutrition counseling, sports physicals, same day visits, management of chronic disease, trauma-informed care, treatment for injuries, health education, integrated behavioral health counseling, ADHD management, Autism screening, dental fluoride varnishing, ear piercing, and Medicaid outreach. Additionally, through funding provided by the Michigan Endowment Fund, in 2022, The Anne Mare' Ice Pediatric Center added a Community Health Worker to the care team to assist patients with health education, linkage to care, and referrals to much needed community resources.

Hope Family Health Center / Child and Adolescent Health Center. Since August of 2021, Authority Health has operated Hope Family Health Center (HOPE) located inside of Hope Academy school on Broadstreet on the west side of Detroit to operate the CAHC program. As an initiative of the MDHHS Child and Adolescent Health Center Program, services are aimed at achieving the best possible physical, intellectual, and emotional status of adolescents by providing services that are high quality, accessible, and acceptable to youth.

The CAHC programs offers three models of service to include clinical health centers, school wellness programs and behavioral health services. HOPE offers a hybrid of all three services targeted to uninsured, underinsured and Medicaid insured children ages 5-21. Screening for the social determinants of health and adverse childhood experiences for the school students and children in the surrounding community is an important outreach aspect of our services.

Service provision includes child and adolescent vaccinations, COVID-19 vaccinations, COVID-19 testing, well-childcare, behavioral health care, acute injury and illness, insurance enrollment and navigation, and education and outreach to children and families. In 2022, the Hope Family Health Center continued to provide COVID-19 vaccinations and testing to students, teachers, administrators, and the community. The HOPE Community Advisory Council continues to meet on a quarterly basis.

In 2022, Hope Family Health Center began offering patients and students Mindful Performance Therapy (MPT), an evidence-based program that incorporates physical fitness as a coping skill for at-risk youths, as well as for emotionally and mentally struggling children and teens; children are equipped with "the tools they need to be healthy, both body and mind.

Primary care services offered at Hope Family Health Center include well-childcare, acute care – illness and injury, behavioral health counseling, full laboratory services, vaccinations (including COVID-19), health promotion and education services, Medicaid outreach, and intervention programming aimed to reduce obesity and improve mental health.

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

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.

- Access to Health Care – The Authority Health Michigan Medicaid Outreach team 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 designated organization (CDO) 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 2022 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.
 - Authority Health staff, during this fiscal year, has been unable to conduct 100% of Health Insurance Navigations and Outreach Activities due to the COVID pandemic.
 - 885 individuals for screenings via in-person, telephone, and virtual interviews for Medicaid.
 - 353 applicants were submitted to Michigan Department of Health and Human Services (MDHHS) for Medicaid processing.
 - Participated in 16 community health fairs.
 - Participated in 16 virtual Foster Care Association outreach events
 - Distributed over 5,165 pieces of Medicaid literature as well as resource information to community organizations.
 - Received over 1071 telephone inquiries regarding Medicaid eligible.
 - 66 Redeterminations for Medicare/Medicaid members were resolved.

**Management's Discussion and Analysis
For The Fiscal Year Ended September 30, 2022**

Albert Schweitzer Fellowship - Detroit Chapter

The Albert Schweitzer Fellowship 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 2022, Authority Health's sources of funding came from the community at large and various stakeholders, including: Michigan Department of Health and Human Resources (MDHHS)/Federal Government, Michigan Economic Development Corp, and the U.S. Department of Health & Human Services – Health Resources and Services Administration (HRSA), The Total Health Foundation, The Children's Hospital of Michigan Foundation, Blue Cross Blue Shield Foundation, Everest Foundation, DTE/Detroit Public Schools Community District, Black Family Development, patient revenue, private and public insurers, individual donors, and others.

At the end of the fiscal year, Authority Health had \$553,304 invested in furniture and equipment.

Interdepartmental Agreement - Medicaid Outreach Services

Authority Health entered into a new agreement with the State of Michigan Department of Health and Human Resources for fiscal year 2022.

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, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,526,652	\$ 275,747	\$ 2,802,399
Accounts receivable	515,283	389,114	904,397
Prepaid items	136,504	5,419	141,923
Right to use assets, net of amortization	678,671	14,735	693,406
Capital assets, net of accumulated depreciation	141,960	369,666	511,626
Capital assets not being depreciated	-	61,434	61,434
	<u>3,999,070</u>	<u>1,116,115</u>	<u>5,115,185</u>
Liabilities			
Accounts payable	577,638	35,278	612,916
Accrued and other liabilities	126,698	-	126,698
Unearned revenue	202,483	625,374	827,857
Noncurrent liabilities			
Debt due within one year	288,374	6,625	294,999
Debt due in more than one year	437,039	8,233	445,272
	<u>1,632,232</u>	<u>675,510</u>	<u>2,307,742</u>
Net Position			
Net investment in capital assets	122,327	430,977	553,304
Unrestricted	2,244,511	9,628	2,254,139
	<u>2,366,838</u>	<u>440,605</u>	<u>2,807,443</u>
Total net position	<u>\$ 2,366,838</u>	<u>\$ 440,605</u>	<u>\$ 2,807,443</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, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Contractual and Operating Grants	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Governmental activities						
Operations	\$ 12,376,835	\$ -	\$ 12,390,498	\$ 13,663	\$ -	\$ 13,663
Business-type activities						
Community health centers	1,256,681	1,186,526	-	-	(70,155)	(70,155)
Total primary government	<u>\$ 13,633,516</u>	<u>\$ 1,186,526</u>	<u>\$ 12,390,498</u>	<u>13,663</u>	<u>(70,155)</u>	<u>(56,492)</u>
General revenues						
Contributions and foundation grants				109,696	-	109,696
Interest				13	-	13
Transfers				(69,596)	69,596	-
Total general revenues				<u>40,113</u>	<u>69,596</u>	<u>109,709</u>
Change in net position				53,776	(559)	53,217
Net position - beginning of year				<u>2,313,062</u>	<u>441,164</u>	<u>2,754,226</u>
Net position - end of year				<u>\$ 2,366,838</u>	<u>\$ 440,605</u>	<u>\$ 2,807,443</u>

See Accompanying Notes to the Financial Statements

Detroit Wayne County Health Authority
d/b/a Authority Health
Governmental Funds
Balance Sheet
September 30, 2022

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 2,526,652
Accounts receivable	515,283
Prepaid items	<u>136,504</u>
 Total assets	 <u><u>\$ 3,178,439</u></u>
 Liabilities	
Accounts payable	\$ 508,042
Due to other funds	69,596
Accrued and other liabilities	126,698
Unearned revenue	<u>202,483</u>
 Total liabilities	 <u><u>\$ 906,819</u></u>
 Deferred inflows of resources	
Grants	<u>50,000</u>
 Fund Balances	
Non-spendable	
Prepaid items	136,504
Assigned for	
Graduate medical education	1,000,000
Unassigned	<u>1,085,116</u>
 Total fund balances	 <u><u>2,221,620</u></u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u><u>\$ 3,178,439</u></u>

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, 2022**

Total fund balances for governmental funds	\$ 2,221,620
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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.

Right to use assets, net of amortization	678,671
Capital assets, net of accumulated depreciation	141,960

Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	50,000
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Certain liabilities are not due and payable in the current period and are not reported in the funds.

Compensated absences	(27,109)
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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>(698,304)</u>

Net position of governmental activities	<u><u>\$ 2,366,838</u></u>
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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, 2022

	<u>General Fund</u>
Revenues	
Contributions and foundation grants	\$ 109,696
Federal grants - graduate medical education	11,394,714
State grants	540,884
Interest	13
Contractual	<u>404,900</u>
Total revenues	<u>\$ 12,450,207</u>
Expenditures	
Salaries	7,581,066
Employee benefits	1,638,192
Supplies and materials	77,495
Meetings	354,868
Transportation and travel	15,400
Training	81,778
Telephone	21,869
Communications and marketing	51,848
Equipment, repairs and maintenance	115,021
Contracted and consulting services	1,727,011
Legal and professional	24,471
Business insurance	386,854
Occupancy	38,758
Debt Service	
Principal retirement	271,393
Interest and fiscal charges	<u>13,176</u>
Total expenditures	<u>12,399,200</u>
Excess of revenues over expenditures	<u>\$ 51,007</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, 2022

Other financing sources (uses)

Transfers out	<u>(69,596)</u>
Net change in fund balance	(18,589)
Fund balance - beginning of year	<u>2,240,209</u>
Fund balance - end of year	<u>\$ 2,221,620</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, 2022**

Net change in fund balances - Total governmental funds	\$ (18,589)
---	--------------------

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 and amortization expense.

Depreciation and amortization expense	(310,622)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Grants	50,000
--------	--------

Expenses are recorded when incurred in the statement of activities.

Compensated absences	61,593
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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.

Repayments of long-term debt	<u>271,394</u>
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Change in net position of governmental activities	<u>\$ 53,776</u>
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See Accompanying Notes to the Financial Statements

Detroit Wayne County Health Authority
d/b/a Authority Health
Proprietary Fund
Statement of Net Position
September 30, 2022

	Enterprise Fund
	Community Health Centers
Assets	
Current assets	
Cash and cash equivalents	\$ 275,747
Accounts receivable	319,518
Due from other funds	69,596
Prepaid items	5,419
Total current assets	<u>\$ 670,280</u>
Noncurrent assets	
Right to use assets, net of amortization	14,735
Capital assets, net of accumulated depreciation	369,666
Capital assets not being depreciated	61,434
Total noncurrent assets	<u>445,835</u>
Total assets	<u>\$ 1,116,115</u>
Liabilities	
Current liabilities	
Accounts payable	35,278
Unearned revenue	625,374
Current portion of noncurrent liabilities	6,625
Total current liabilities	<u>\$ 667,277</u>
Noncurrent liabilities	
Long-term debt net of current portion	8,233
Total liabilities	<u>675,510</u>
Net Position	
Unrestricted	<u>\$ 440,605</u>

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, 2022

	Enterprise Fund
	<u>Community Health Centers</u>
Revenues	
Contributions and foundation grants	\$ 239,961
Contractual	<u>946,565</u>
Total revenues	<u>\$ 1,186,526</u>
Expenditures	
Salaries	582,095
Employee benefits	133,816
Supplies and materials	175,803
Meetings	12,667
Transportation and travel	93
Telephone	43,684
Training	3,915
Communications and marketing	266
Equipment, repairs and maintenance	54,104
Contracted and consulting services	114,628
Occupancy	64,256
Depreciation expense	<u>71,354</u>
Total expenditures	<u>\$ 1,256,681</u>
Operating loss	(70,155)
Nonoperating revenue (expenses)	
Transfers in	<u>69,596</u>
Change in net position	(559)
Net position - beginning of year	<u>441,164</u>
Net position - end of year	<u><u>\$ 440,605</u></u>

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, 2022

	Enterprise Fund
	<u>Community Health Centers</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,672,331
Payments to suppliers	(619,506)
Payments to employees	<u>(715,911)</u>
Net cash provided by operating activities	<u>\$ 336,914</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(8,300)
Principal and interest paid on long-term debt	<u>(52,867)</u>
Net cash used by capital and related financing activities	<u>\$ (61,167)</u>
Net change in cash and cash equivalents	275,747
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 275,747</u>

Detroit Wayne County Health Authority
d/b/a Authority Health
Proprietary Fund
Statement of Cash Flows
For the Year Ended September 30, 2022

	Enterprise Fund
	<u>Community Health Centers</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (70,155)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization expense	71,354
Changes in assets and liabilities	
Receivables (net)	(139,569)
Prepaid items	2,389
Accounts payable	(21,912)
Checks written against future deposits	(119,443)
Accrued and other liabilities	(11,124)
Unearned revenue	<u>625,374</u>
Net cash provided by operating activities	<u>\$ 336,914</u>

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

Note 1 - Summary of Significant Accounting Policies

Detroit Wayne County Health Authority d/b/a Authority Health 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. Authority Health'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 Authority Health 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 Authority Health:

Reporting Entity

A nine-member Board, appointed by state and local governments, governs Authority Health. 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 Authority Health's reporting entity, and which organizations are legally separate, component units of Authority Health. Based on the application of the criteria, Authority Health 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 90 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, 2022

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

The proprietary fund accounts for activities of Authority Health's community health centers.

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

Assets, liabilities, and net position or fund balance

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, 2022.

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

Capital assets – Authority Health 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 Authority Health 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.

Compensated absences – It is Authority Health's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. Vacation pay is accrued up to 40 hours at year end in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net position.

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

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 Authority Health 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 Authority Health takes the same highest level action to remove or change the constraint.

Assigned – amounts Authority Health 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, Authority Health'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, Authority Health'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. 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.

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

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

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. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Upcoming Accounting and Reporting Changes

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This Statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This Statement is effective for the year ending September 30, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for the year ending September 30, 2025.

Authority Health is evaluating the impact 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. Annual budgets are adopted on a basis consistent with the accounting principles generally accepted in the United States of America for the general fund.

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 Authority Health 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

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

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 \$2,836,553 and of which \$250,000 was covered by FDIC insurance and \$2,586,553 was uninsured. The full balance of cash on the statement of net position was \$2,802,399 and was all held in demand accounts.

Note 4 - Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Equipment	\$ 390,170	\$ -	\$ -	\$ 390,170
Right to use asset - buildings	963,282	-	-	963,282
Right to use asset - equipment	6,416	-	-	6,416
Total capital assets being depreciated	<u>1,359,868</u>	<u>-</u>	<u>-</u>	<u>1,359,868</u>
Less accumulated depreciation for				
Equipment	228,615	19,595	-	248,210
Right to use asset - buildings	-	288,985	-	288,985
Right to use asset - equipment	-	2,042	-	2,042
Total accumulated depreciation	<u>228,615</u>	<u>310,622</u>	<u>-</u>	<u>539,237</u>
Governmental activities capital assets, net	<u>\$1,131,253</u>	<u>\$(310,622)</u>	<u>\$ -</u>	<u>\$ 820,631</u>

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 56,484	\$ -	\$ -	\$ 56,484
Construction in progress	-	4,950	-	4,950
Total capital assets not being depreciated	<u>56,484</u>	<u>4,950</u>	<u>-</u>	<u>61,434</u>
Capital assets being depreciated				
Buildings	378,368	-	-	378,368
Equipment	23,817	3,350	-	27,167
Right to use asset - buildings	56,610	-	-	56,610
Right to use asset - equipment	-	11,115	-	11,115
Total capital assets being depreciated	<u>458,795</u>	<u>14,465</u>	<u>-</u>	<u>473,260</u>
Less accumulated depreciation for				
Buildings	15,600	15,241	-	30,841
Equipment	1,905	3,123	-	5,028
Right to use asset - buildings	-	52,256	-	52,256
Right to use asset - equipment	-	734	-	734
Total accumulated depreciation	<u>17,505</u>	<u>71,354</u>	<u>-</u>	<u>88,859</u>
Business-type activities capital assets, net	<u>\$ 497,774</u>	<u>\$(51,939)</u>	<u>\$ -</u>	<u>\$ 445,835</u>

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

Note 5 – Net Investment in Capital Assets

The composition of net investment in capital assets as of September 30, 2022 was as follows:

	Governmental Activities	Business-type Activities
Capital assets		
Capital assets not being depreciated	\$ -	\$ 61,434
Capital assets, net of accumulated depreciation	141,960	369,666
Right to use assets, net of amortization	678,671	14,735
Total capital assets	820,631	445,835
Related debt		
Leases	698,304	14,858
Net investment in capital assets	<u>\$ 122,327</u>	<u>\$ 430,977</u>

Note 6 – Interfund Receivables, Payables and Transfers

The proprietary fund has a due from general fund balance in the amount of \$69,596 at September 30, 2022. The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Additionally, the general fund transferred unrestricted money in the amount of \$69,596 to the proprietary fund to aid the cash flows needs of the proprietary fund.

Note 7 – Lease Liability

Lease agreements are summarized as follows:

Description	Agreement Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance as of September 30, 2022
Governmental activities						
Administration building	2/1/2020	60 months	\$ 66,915	1.72%	\$ 963,282	\$ 693,934
Phone system	2/1/2021	21 months	4,356	1.72%	56,610	4,370
Total governmental activities						<u>698,304</u>
Business-type activities						
Health center	11/22/2019	60 months	178	1.72%	6,416	4,469
Copier	6/2/2022	60 months	193	1.72%	11,115	10,389
Total business-type activities						<u>14,858</u>
Total lease agreements						<u>\$ 713,162</u>

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 287,019	\$ 9,570	\$ 6,625	\$ 434
2024	306,662	4,661	2,194	107
2025	104,623	375	2,232	78
2026	-	-	2,271	48
2027	-	-	1,536	10
	<u>\$ 698,304</u>	<u>\$ 14,606</u>	<u>\$ 14,858</u>	<u>\$ 677</u>

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

Note 8 - Long Term Debt

Authority Health's governmental long-term activity for the year ended September 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Leases	\$ 969,698	\$ -	\$ 271,394	\$ 698,304	\$ 287,019
Compensated absences	88,702	3,143	64,736	27,109	1,355
Total	<u>\$ 1,058,400</u>	<u>\$ 3,143</u>	<u>\$ 336,130</u>	<u>\$ 725,413</u>	<u>\$ 288,374</u>

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

Authority Health's business-type long-term activity for the year ended September 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
	<u>\$ 56,610</u>	<u>\$ 11,115</u>	<u>\$ 52,867</u>	<u>\$ 14,858</u>	<u>\$ 6,625</u>

Note 9 - Employee Benefits Plans

Authority Health adopted a 401(a) Defined Contribution Plan under the Municipal Employees' Retirement System of Michigan (MERS) effective September 1, 2008. The plan covers all Authority Health 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, 2022 totaled \$233,461 and are included in Employee Benefits expense. The employer does not match contributions under the plan agreement at this time.

Note 10 - Litigation, Contingencies and Risk Management

Authority Health 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, 2022, Authority Health 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 Authority Health 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 11 - Concentration of Revenue

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

Note 12 - Interdepartmental Agreement - Medicaid Outreach Services

Effective October 1, 2022, Authority Health renewed its Interdepartmental Agreement with the State of Michigan for Medicaid Outreach. Essentially all state agreements must be renewed on an annual basis.

Detroit Wayne County Health Authority
d/b/a Authority Health
Notes to the Financial Statements
September 30, 2022

Note 13 – Change in Accounting Principle

As indicated in Note 1, Authority Health implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement enhances the relevance and consistency of information of Authority Health's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The 2021 financial statements include a prior period adjustment for the lease receivable and lease liability. This adjustment had no effect on the beginning fund balance of the General Fund or beginning net position of the governmental activities and business-type activities since the right to use assets equal the right to use liabilities.

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, 2022

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Contributions and foundation grants	\$ 41,250	\$ 27,700	\$ 109,696	\$ 81,996
Federal grants - graduate medical education	11,864,300	11,950,257	11,394,714	(555,543)
State grants	523,106	528,728	540,884	12,156
Interest	-	-	13	13
Contractual	437,750	354,370	404,900	50,530
Total revenues	12,866,406	12,861,055	12,450,207	(410,848)
Expenditures				
Compensation	9,455,797	9,247,496	9,219,258	(28,238)
Occupancy	302,656	326,214	323,327	(2,887)
Other expenses	3,340,911	3,304,103	2,856,615	(447,488)
Total expenditures	13,099,364	12,877,813	12,399,200	(478,613)
Excess (deficiency) of revenues over expenditures	(232,958)	(16,758)	51,007	67,765
Other financing sources (uses)				
Transfers out	(87,450)	(94,721)	(69,596)	25,125
Transfers in	84,473	7,443	-	(7,443)
Total other financing sources and uses	(2,977)	(87,278)	(69,596)	17,682
Net change in fund balance	(235,935)	(104,036)	(18,589)	85,447
Fund balance - beginning of year	2,240,209	2,240,209	2,240,209	-
Fund balance - end of year	\$ 2,004,274	\$ 2,136,173	\$ 2,221,620	\$ 85,447

OTHER REPORTS

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, the business-type activities, the major funds of Detroit Wayne County Health Authority d/b/a Authority Health, as of and for the year ended September 30, 2022, 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 23, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 23, 2023