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## BOARD OF HEALTH – FINANCE COMMITTEE

### Agenda for April 15, 2024 at 9:00 AM

1. Call to Order
  - a. Roll Call
  - b. Approval of the Agenda\*
2. Public Comment
3. New Business
  - a. Audit Report
  - b. Form 5572
  - c. Additional Payment to MERS DB\*
4. Public Comment
5. Adjournment - Next meeting: Full Board meets on April 25, 2024, next Finance Committee Meeting May 20, 2024.

**Public Comment:**  
For the purpose of public participation during public hearings or during the public comment portion of a meeting, every speaker prior to the beginning of the meeting is requested but not required to provide the Board with his or her name, address and subject to be discussed. Speakers are requested to provide comments that are civil and respectful. Each speaker will be allowed to speak for no more than three (3) minutes at each public comment opportunity.



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March 13, 2024

Board of Public Health  
Branch-Hillsdale-St. Joseph Community Health Agency  
Coldwater, Michigan

We have audited the financial statements of the governmental activities and the major fund of the Branch-Hillsdale-St. Joseph Community Health Agency (the Agency) for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Branch-Hillsdale-St. Joseph Community Health Agency are described in Note 1 to the financial statements. As described in Note 9 to the financial statements, the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*, during the year ended September 30, 2023. The implementation of this new accounting standard did not have an effect on the financial statements or note disclosures of the Agency. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities were:

Management's calculation of the historical termination vesting percentages for severance payments is based on an estimate of the percentage of employees who have terminated employment and payments are based on an estimate of the percentage of employees' use of compensated absences.

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

The calculation of the net pension liability, and the related deferred outflows of resources and deferred inflows of resources, is based on an actuarial study which utilized certain actuarial assumptions based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 13, 2024.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### Other Matters

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

We were engaged to report on other supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Public Health and management of the Branch-Hillsdale-St. Joseph Community Health Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*

**BRANCH-HILLSDALE-ST. JOSEPH  
COMMUNITY HEALTH AGENCY  
COLDWATER, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS  
(with required and other  
supplementary information)**

**YEAR ENDED SEPTEMBER 30, 2023**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Public Health  
Branch-Hillsdale-St. Joseph Community Health Agency  
Coldwater, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Branch-Hillsdale-St. Joseph Community Health Agency, as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the Agency'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 and the major fund of the Branch-Hillsdale-St. Joseph Community Health Agency as of September 30, 2023, 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.

#### ***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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Branch-Hillsdale-St. Joseph Community Health Agency 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.

#### ***Management's Responsibility for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Branch-Hillsdale-St. Joseph Community Health Agency'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch-Hillsdale-St. Joseph Community Health Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Branch-Hillsdale-St. Joseph Community Health Agency'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, budgetary comparison information, and defined benefit pension plan 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.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on our consideration of the Branch-Hillsdale-St. Joseph Community Health Agency'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 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 Branch-Hillsdale-St. Joseph Community Health Agency's internal control over financial reporting and compliance.

*Maney Costeiran PC*

March 13, 2024

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## Management's Discussion and Analysis For Fiscal Year Ended September 30, 2023

This section of the annual financial statements, titled Management's Discussion and Analysis, represents the administration's review of the Branch-Hillsdale-St. Joseph Community Health Agency's (the Agency's) financial performance during the fiscal year ended September 30, 2023. The Management's Discussion and Analysis is intended to be read in conjunction with the Agency's financial statements.

Generally accepted accounting principles (GAAP) according to GASB Statement No. 34 require the reporting of two types of financial statements: government-wide financial statements and fund level financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the Agency exceeded its liabilities at September 30, 2023, by \$2,873,740 at the government-wide level. Unrestricted net position was \$2,419,185 at September 30, 2023.
- The Agency's total net position increased \$835,641 as a result of this year's operations.
- As of September 30, 2023, the Agency's governmental fund reported an ending fund balance of \$3,881,409, an increase of \$371,573.
- As of September 30, 2023, the assigned and unassigned fund balance was \$3,453,485 and \$385,668, respectively, or approximately 48% of total fund expenditures.

### Overview of the Financial Statements

The Branch-Hillsdale-St. Joseph Community Health Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements:** The government-wide financial statements provide information about the activities of the entire Agency. They present an overall view of the Agency's finances, reporting the assets and liabilities on fiscal year ended September 30, 2023.

The statement of net position presents information on all of the Branch-Hillsdale-St. Joseph Community Health Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during fiscal year 2022/2023. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows.

All of the Branch-Hillsdale-St. Joseph Community Health Agency's activities are supported by intergovernmental revenues, governmental grants, fees and charges for services, interest and rents, local revenues, and contributions. The governmental activities of the Agency are all considered health and welfare programs. The Area Agency on Aging (AAA) is an autonomous department within CHA responsible for administering Federal and State funds to local aging programs and organizations within our two-county planning and service area (Branch and St. Joseph Counties only). We are designated by the Michigan Aging and Adult Services Agency (AASA) to carry out this function. The Agency does not operate any programs that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include only financial information related to the Branch-Hillsdale-St. Joseph Community Health Agency.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Branch-Hillsdale-St. Joseph Community Health Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency operates with one fund, which is considered a governmental fund.

**Governmental funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Branch-Hillsdale-St. Joseph Community Health Agency adopts an annual appropriated budget for its Health Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic financial statements can be found on pages 9-15 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-30 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgeted revenues and expenditures, schedule of changes in net pension liability and related ratios, and schedule of employer contributions on pages 31-35. Other supplementary information concerning support services and expenditures of federal awards can be found on pages 36-46 of this report.

**Government-wide Financial Analysis:**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Branch-Hillsdale-St. Joseph Community Health Agency, assets and deferred outflows of resources exceeded liabilities by \$2,873,740. A comparative analysis of net position as of September 30, 2023 and 2022, are presented below:

	<u>2023</u>	<u>2022</u>
Current assets	\$ 5,245,686	\$ 5,275,244
Capital assets	<u>454,555</u>	<u>362,519</u>
Total assets	<u>5,700,241</u>	<u>5,637,763</u>
Deferred outflows of resources related to pension	<u>2,047,199</u>	<u>517,500</u>
Current liabilities	1,611,232	1,959,898
Noncurrent liabilities	<u>3,262,468</u>	<u>864,582</u>
Total liabilities	<u>4,873,700</u>	<u>2,824,480</u>
Deferred inflows of resources related to pension	<u>-</u>	<u>1,292,684</u>
Net position		
Investment in capital assets	454,555	362,519
Unrestricted	<u>2,419,185</u>	<u>1,675,580</u>
Total net position	<u>\$ 2,873,740</u>	<u>\$ 2,038,099</u>

Unrestricted net position (the part of net position that can be used to finance day to day operations) increased by \$743,605.

The following table shows the changes in net position as of September 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Program revenues		
Charges for services	\$ 888,506	\$ 777,592
Grants and contributions	6,502,323	6,254,117
General revenues		
County appropriations	790,027	768,858
Miscellaneous	87,784	116,249
Interest	<u>89,034</u>	<u>16,445</u>
Total revenues	8,357,674	7,933,261
Program expenses	<u>7,522,033</u>	<u>8,218,056</u>
Change in net position	<u>\$ 835,641</u>	<u>\$ (284,795)</u>

During the year grants and contributions increased \$248,206 due primarily to more Medicaid cost based reimbursements in the current year. We will continue to collaborate with local health providers and using them as a resource to find new funding.

Total expenses decreased \$696,023 or approximately 8.47% from last year.

### **Financial Analysis of the Government's Fund**

As noted earlier, the Branch-Hillsdale-St. Joseph Community Health Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund:** The focus of the Branch-Hillsdale-St. Joseph Community Health Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Branch-Hillsdale-St. Joseph Community Health Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Branch-Hillsdale-St. Joseph Community Health Agency's governmental fund reported an ending fund balance of \$3,881,409, an increase of \$371,573 in comparison with the prior year. Of this total, \$42,256 is considered nonspendable as it is for prepaid expenditures. There has been \$3,453,485 assigned for various future year expenditures. The unassigned fund balance at September 30, 2023, was \$385,668.

As a measure of the governmental fund's liquidity, it may be useful to compare assigned and unassigned fund balance to total fund expenditures. Assigned and unassigned fund balance represents approximately 48% of total fund expenditures.

### **Governmental Fund Budgetary Highlights**

Over the course of the year, the Branch-Hillsdale-St. Joseph Community Health Agency's Board of Directors amended the budget to take into account events that occurred during the year. Total expenditures budget was increased by \$1,165,123, or approximately 14%, primarily due to contractual services for consulting fees, repairs and maintenance, and supplies and materials. Actual expenditures were \$1,510,382 under the final amended budget.

### **Capital Asset and Debt Administration**

**Capital Assets:** The Branch-Hillsdale-St. Joseph Community Health Agency's investment in capital assets as of September 30, 2023, amounts to \$454,555 (net of accumulated depreciation). During the year, the Agency made investments in capital assets in the amount of \$166,150, including parking lot and office space improvements. Additional details related to capital assets are presented in Note 3 to the financial statements.

**Long-term Obligations:** The Branch-Hillsdale-St. Joseph Community Health Agency has a long-term obligation related to compensation (e.g., unused vacation and sick leave). The long-term obligation at September 30, 2023, amounted to \$366,660 for compensated absences. Additional details related to long-term obligations are presented in Note 4 to the financial statements.

## **Requests for Information**

This financial report is designed to provide a general overview of the Branch-Hillsdale-St. Joseph Community Health Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Rebecca A. Burns, M.P.H., R.S.**  
**Health Officer**  
**Branch-Hillsdale-St. Joseph Community Health Agency**  
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## **BASIC FINANCIAL STATEMENTS**

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash	\$ 4,739,538
Accounts receivable	51,144
Due from other governmental units - Federal/State	284,565
Prepays	42,256
Inventories	128,183
	5,245,686
Noncurrent assets	
Capital assets, net of accumulated depreciation	454,555
	5,700,241
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pension	2,047,199
	2,047,199
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	332,160
Accrued wages	50,756
Due to other governmental units - Federal/State	553,038
Other accrued liabilities	37,351
Unearned revenue	390,972
Current portion of compensated absences	246,955
	1,611,232
Noncurrent liabilities	
Net pension liability	3,142,763
Noncurrent portion of compensated absences	119,705
	3,262,468
	4,873,700
<b>NET POSITION</b>	
Investment in capital assets	454,555
Unrestricted	2,419,185
	2,873,740
	\$ 2,873,740

See accompanying notes to financial statements.



**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
Personal health	\$ 3,567,934	\$ 227,081	\$ 3,681,067	\$ 340,214
Environmental health	1,378,536	529,283	689,413	(159,840)
Community health	368,581	101,255	333,765	66,439
Aging services	1,543,664	27,227	1,614,611	98,174
Administration	663,318	3,660	183,467	(476,191)
Total governmental activities	<u>\$ 7,522,033</u>	<u>\$ 888,506</u>	<u>\$ 6,502,323</u>	<u>(131,204)</u>
General revenues				
County appropriations - regular				790,027
Miscellaneous				87,784
Interest				<u>89,034</u>
Total general revenues				<u>966,845</u>
Change in net position				835,641
Net position, beginning of the year				<u>2,038,099</u>
Net position, end of the year				<u>\$ 2,873,740</u>

See accompanying notes to financial statements.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
GOVERNMENTAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2023**

<b>ASSETS</b>	
Cash	\$ 4,739,538
Accounts receivable	51,144
Due from other governmental units - Federal/State	284,565
Prepays	42,256
Inventories	<u>128,183</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,245,686</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 332,160
Accrued wages	50,756
Due to other governmental units - Federal/State	553,038
Other accrued liabilities	37,351
Unearned revenue	<u>390,972</u>
<b>TOTAL LIABILITIES</b>	<u>1,364,277</u>
 <b>FUND BALANCE</b>	
Nonspendable	42,256
Assigned	3,453,485
Unassigned	<u>385,668</u>
<b>TOTAL FUND BALANCE</b>	<u>3,881,409</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 5,245,686</u></u>

See accompanying notes to financial statements.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

**Total fund balance - governmental fund** \$ 3,881,409

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	\$ 1,522,875	
Accumulated depreciation is	(1,068,320)	

Capital assets, net		454,555
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Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pension		2,047,199
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental fund balance sheet. Long-term liabilities at year-end consist of:

Net pension liability	(3,142,763)	
Compensated absences	(366,660)	

(3,509,423)

<b>Net position of governmental activities</b>		<b>\$ <u>2,873,740</u></b>
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See accompanying notes to financial statements.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2023**

REVENUES	
Licenses and permits	\$ 333,613
Intergovernmental	
Federal/State	6,493,566
Local	76,632
County appropriations	790,027
Charges for services	513,707
Interest and rents	89,034
Other	<u>61,095</u>
 TOTAL REVENUES	 <u>8,357,674</u>
EXPENDITURES	
Current	
Salaries and wages	3,186,375
Fringe benefits	1,604,257
Supplies and materials	716,565
Contractual	1,348,718
Communications	80,475
Travel and training	192,573
Insurance	44,546
Repairs and maintenance	578,604
Building and equipment rentals	136,468
Printing and advertising	29,097
Postage	24,006
Other	<u>44,417</u>
 TOTAL EXPENDITURES	 <u>7,986,101</u>
 NET CHANGE IN FUND BALANCE	 371,573
 Fund balance, beginning of year	 <u>3,509,836</u>
 Fund balance, end of year	 <u><u>\$ 3,881,409</u></u>

See accompanying notes to financial statements.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

**Net change in fund balance - governmental fund** \$ 371,573

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 166,150	
Depreciation expense	(74,114)	

Excess of capital outlay over depreciation expense		92,036
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. These activities consist of:

(Increase) in net pension liability	(2,451,734)	
Decrease in accrued compensated absences	1,383	
Increase in deferred outflows of resources related to pension	1,529,699	
Decrease in deferred inflows of resources related to pension	1,292,684	

372,032

<b>Change in net position of governmental activities</b>		<b><u>\$ 835,641</u></b>
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See accompanying notes to financial statements.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

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

The Branch-Hillsdale-St. Joseph Community Health Agency (the Agency) is a joint venture between Branch, Hillsdale, and St. Joseph Counties, and was established to provide public health services. The Community Health Agency Board has representation and provides services to Branch, Hillsdale, and St. Joseph Counties. Each County provides annual appropriations and passes through the statutory amounts of cigarette tax funding to subsidize operations. The current funding formula approved by the Community Health Agency requires Branch, Hillsdale, and St. Joseph Counties to provide approximately 28%, 31%, and 41%, respectively.

The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency's more significant accounting policies are discussed below.

The primary revenues of the Branch-Hillsdale-St. Joseph Community Health Agency are charges for services, Federal and State grants, and County appropriations.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements are exclusive presentations of the financial condition and results of operations of the Branch-Hillsdale-St. Joseph Community Health Agency.

Basis of Presentation

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities (the government-wide financial statements) present information for the Agency as a whole.

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

The statement of activities presents the direct functional expenses of the Agency and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients for goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest and all County appropriations and shows how governmental functions are either self-financing or supported by the general revenues of the Agency.

**FUND FINANCIAL STATEMENTS**

The Agency uses a single fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The governmental fund financial statements present the Agency's individual major fund.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

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

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

The governmental fund financial statements are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The government-wide financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the Agency before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenses.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

If/when both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The annual budget of the Agency is prepared by Agency management and approved by the Board at the total expenditure level. Any revisions to the original budget are approved by the Board before the end of the fiscal year.

Cash

Cash consists of the Agency's payroll and accounts payable checking accounts, branch office depository accounts, imprest cash, and cash on deposit with the Branch County Treasurer.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

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

Cash (continued)

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

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

Receivables and Unearned Revenue

Receivables consist of amounts due from governmental units for various grant programs and accounts receivable for charges for services to clients and other organizations.

The Agency has recognized the revenue related to charges for services at the time the services are performed and billed to the extent such amounts are estimated to be received. Contractual adjustments by third-party payers are treated as a reduction to revenues.

In addition to grant funding received prior to meeting the revenue recognition criteria, the Agency has also recorded unearned revenue of \$128,183 in the government-wide and fund financial statements, respectively, equaling the amount of vaccine inventory received from the State of Michigan that is on hand at year-end. Unearned revenues arise when the Agency receives resources before it has a legal claim to them. In subsequent periods, when the revenue meets both the "measurable" and "available" criteria for recognition, the liability for unearned revenue is removed from the statement of net position and balance sheet, respectively, and revenue is recognized.



**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

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

Inventories

Inventories are stated at cost on a first in/first out basis. Donated vaccines inventory is stated at fair value as of the date of the donation. Inventory consists of vaccines received from the State of Michigan. They are recorded as expenditures at the time individual inventory items are used.

Prepays

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenditures/expenses. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of equity.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements. Capital assets are those with an initial individual cost of \$5,000 or more, with estimated useful lives of more than one year. Capital assets are not recorded in the governmental fund. Instead, capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition cost on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	7-20 years
Equipment	4-10 years

Compensated Absences

The Agency employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick time. This amount, along with related payroll taxes has been recorded in the government-wide financial statements.

Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized on the Agency's government-wide financial statements.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Agency will sometimes report deferred inflows of resources on the balance sheet in connection with long-term receivables that are not considered available to liquidate liabilities of the current period. The Agency also reports deferred outflows of resources and deferred inflows of resources on the statement of net position which correspond to the Agency's net pension liability and are related to differences in experience, differences in assumptions, differences between projected and actual pension plan investment earnings and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow of resources or an inflow of resources in the period to which they apply.

Fund Balance Classification Policies and Procedures

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

For committed fund balance, the Agency's highest level of decision-making authority is the Board of Public Health. The formal action that is required to be taken to establish a fund balance commitment is the adoption of a Board resolution.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

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

Fund Balance Classification Policies and Procedures (continued)

For assigned fund balance, the Branch-Hillsdale-St. Joseph Community Health Agency has not approved a policy indicating who is authorized to assign amounts to a specific purpose, therefore the authority for assigning fund balance remains with the Agency's Board of Public Health.

For the classification of fund balances, the Branch-Hillsdale-St. Joseph Community Health Agency considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the Branch-Hillsdale-St. Joseph Community Health Agency considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - DEPOSITS**

As of September 30, 2023, the Agency had deposits subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. As of September 30, 2023, \$308,603 of the Agency's bank balance of \$649,104 was exposed to custodial credit risk because it was all covered by federal depository insurance. The Agency's carrying value on the books for deposits at the end of the year was \$45,879.

The cash balances reported in the basic financial statements include \$323 in imprest cash and \$4,693,336 in cash that is on deposit with the Branch County Treasurer. The cash on deposit with the Branch County Treasurer is part of the County pooled cash and investments. As a result, the insured and uninsured amounts related to these amounts cannot be determined.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of September 30, 2023, the Agency did not have any investments that would be subject to rating.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS (continued)**

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

**NOTE 3 - CAPITAL ASSETS**

The following provides a summary of the changes in capital assets for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Disposals	Balance Sept. 30, 2023
Capital assets, not being depreciated				
Construction in progress	\$ 3,900	\$ 95,100	\$ (99,000)	\$ -
Capital assets, being depreciated				
Equipment	1,078,786	-	(21,700)	1,057,086
Land improvements	295,739	170,050	-	465,789
Total capital assets, being depreciated	1,374,525	170,050	(21,700)	1,522,875
Less accumulated depreciation for:				
Equipment	(977,580)	(51,360)	21,700	(1,007,240)
Land improvements	(38,326)	(22,754)	-	(61,080)
Total accumulated depreciation	(1,015,906)	(74,114)	21,700	(1,068,320)
Net capital assets being depreciated	358,619	95,936	-	454,555
Capital assets, net	<u>\$ 362,519</u>	<u>\$ 191,036</u>	<u>\$ (99,000)</u>	<u>\$ 454,555</u>

Depreciation expense appears on the statement of activities in these governmental functions: Personal Health \$34,834; Environmental Health \$13,341; Community Health \$3,706; Aging Services \$15,564; and Administration \$6,669.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the Agency for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023	Amount Due within One Year
Compensated absences	\$ 368,043	\$ 245,120	\$ (246,503)	\$ 366,660	\$ 246,955

Employees of the Branch-Hillsdale-St. Joseph Community Health Agency are granted vacation and sick leave in varying amounts based on length of service. Upon termination of employment, employees are paid accumulated sick time at full current rate of pay up to a maximum of 260 hours and accumulated vacation at full current rate of pay up to a maximum of 420 hours.

Accumulated sick and vacation leave represents a liability to the Agency, which is presented in a current and long-term portion of the liability. For this reason, the total liability is reported in the government-wide financial statements and represents a current liability of \$246,955 and a long-term liability of \$119,705 at September 30, 2023. Payments to employees for sick and vacation leave are recorded as expenditures when they are used, and payments are actually made to the employees.

**NOTE 5 - RETIREMENT PLANS**

**Defined Benefit Pension Plan**

Plan Description

The Agency participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all eligible full-time general employees (closed to new hires after August 1, 2015) at the Agency.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RETIREMENT PLANS (continued)**

**Defined Benefit Pension Plan (continued)**

Benefits Provided (continued)

Retirement benefits for Agency employees are calculated at 2.00% of the employee's five-year final average compensation times the employee's years of service with no maximum. Normal retirement age is 60 with an unreduced benefit at age 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 6 years of credited service but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 6 years of service and for duty related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accrued interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Board of Health.

At the December 31, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>21</u>
	<u><u>133</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The Agency is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended September 30, 2023, the Agency's required contribution rate was 50% of annual payroll. Employees are required to contribute 3.00%.

Payable to the Pension Plan

At September 30, 2023, there were no amounts outstanding by the Agency for contributions to the pension plan required for the year ended September 30, 2023.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RETIREMENT PLANS (continued)**

**Defined Benefit Pension Plan (continued)**

Net Pension Liability

The net pension liability reported at September 30, 2023 was determined using a measure of the total pension liability and the pension net position as of December 31, 2022. The December 31, 2022 total pension liability was determined by an annual actuarial valuation as of that date.

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at December 31, 2021	\$ 18,708,586	\$ 18,017,557	\$ 691,029
Changes for the year			
Service cost	144,261	-	144,261
Interest on total pension liability	1,322,608	-	1,322,608
Difference between expected and actual experience	(174,176)	-	(174,176)
Employer contributions	-	811,184	(811,184)
Employee contributions	-	36,767	(36,767)
Net investment loss	-	(1,974,073)	1,974,073
Benefit payments, including employee refunds	(1,075,707)	(1,075,707)	-
Administrative expense	-	(32,919)	32,919
Net changes	<u>216,986</u>	<u>(2,234,748)</u>	<u>2,451,734</u>
Balances at December 31, 2022	<u>\$ 18,925,572</u>	<u>\$ 15,782,809</u>	<u>\$ 3,142,763</u>

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

For the year ended September 30, 2023, the Agency recognized pension expense of \$434,888. The Agency reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,535,346	\$ -
Contributions subsequent to the measurement date*	<u>511,853</u>	<u>-</u>
Total	<u>\$ 2,047,199</u>	<u>\$ -</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2024.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RETIREMENT PLANS (continued)**

**Defined Benefit Pension Plan (continued)**

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Pension Expense
2024	\$ 139,895
2025	273,665
2026	467,606
2027	654,180
	\$ 1,535,346

Actuarial Assumptions

The total pension liability in the December 31, 2022, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.00% in the long-term plus a percentage based on age related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return: 7.00%, net of investment expenses, including inflation.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Change in Assumptions

There were no changes in assumptions during plan year 2022.

Changes in Benefits

There were no changes of benefit terms during plan year 2022.



**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RETIREMENT PLANS (continued)**

**Defined Benefit Pension Plan (continued)**

Projected Cash Flows

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money-Weighted Rate of Return</u>
Global Equity	60.00%	4.50%	2.70%
Global Fixed Income	20.00%	2.00%	0.40%
Private Investments	20.00%	7.00%	1.40%
	<u>100.00%</u>		<u>4.50%</u>
Inflation			2.50%
Administration expenses netted above			<u>0.25%</u>
Investment rate of return (discount rate)			<u>7.25%</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Agency, calculated using the discount rates of 7.25%, as well as what the Agency's net pension liability would be using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 5,238,629</u>	<u>\$ 3,142,763</u>	<u>\$ 1,372,437</u>

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RETIREMENT PLANS (continued)**

**Defined Contribution Pension Plan**

As of August 1, 2015, the Agency established a defined contribution pension plan through the Michigan Municipal Employees' Retirement System. All employees hired after August 1, 2015, are covered under the defined contribution plan.

The plan is administered by the Michigan Municipal Employees' Retirement System. Contributions are determined, and may be amended, by an employment agreement requiring employer and employee contributions of 5% and 3% of covered payroll, respectively.

The Agency's contributions to the plan were \$91,643 for the year ended September 30, 2023. The Agency's employees contributed \$54,986 to the defined contribution plan for the year ended September 30, 2023.

**NOTE 6 - RISK MANAGEMENT**

The Agency carries commercial insurance for the risk of loss due to workers' compensation claims. Settled claims relating to workers' compensation and professional liability have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Agency also participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Agency has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Agency has not been informed of any special assessments being required.

**NOTE 7 - CONTINGENT LIABILITIES**

The Agency participates in a number of Federal and State assisted grant programs which are subject to compliance audits. The periodic program compliance audits of many of the programs have not yet been completed or final resolution has not been received. Accordingly, the Agency's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Agency expects such amounts, if any, to be immaterial.

Significant patient service revenue and account receivable balances for service fees were derived from reimbursements for providing medical services to Medicare and Medicaid recipients. Payments for these services are based upon allowable costs incurred and are subject to final audit by the intermediaries. Possible changes in the health care financing systems may have an effect on the Agency's future revenues.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - DETAILS OF FUND BALANCE CLASSIFICATIONS**

For the classification of fund balances, the Agency considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the Agency considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

As of September 30, 2023, the fund balance classifications were as follows:

Nonspendable		
Prepays	\$	42,256
Assigned		
Vacation and sick leave		366,660
BCCF funds		309,956
Dental revenue		453,443
Aging services		24,993
Medicaid cost base reimbursement		1,772,361
Community stabilization		459,573
Capital improvement		66,499
Unassigned		385,668
	\$	3,881,409

**NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended September 30, 2023, the Agency implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the Agency’s financial statements after the adoption of GASB Statement No. 96.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Agency is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Agency is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Agency is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
GENERAL OPERATING FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ 340,240	\$ 362,240	\$ 333,613	\$ (28,627)
Intergovernmental				
Federal/State	6,338,006	7,256,005	6,493,566	(762,439)
Local	85,404	95,152	76,632	(18,520)
County appropriations	759,486	932,657	790,027	(142,630)
Charges for services	687,624	538,408	513,707	(24,701)
Interest and rents	8,000	80,000	89,034	9,034
Other	112,600	206,629	61,095	(145,534)
<b>TOTAL REVENUES</b>	<b>8,331,360</b>	<b>9,471,091</b>	<b>8,357,674</b>	<b>(1,113,417)</b>
<b>EXPENDITURES</b>				
Current				
Salaries and wages	3,495,509	3,499,563	3,186,375	313,188
Fringe benefits	1,703,386	1,687,590	1,604,257	83,333
Supplies and materials	782,231	967,972	716,565	251,407
Contractual	1,306,258	1,843,779	1,348,718	495,061
Communications	85,225	108,100	80,475	27,625
Travel and training	229,395	286,850	192,573	94,277
Insurance	50,000	50,000	44,546	5,454
Repairs and maintenance	435,970	686,303	578,604	107,699
Building and equipment rentals	132,079	138,823	136,468	2,355
Printing and advertising	32,765	63,851	29,097	34,754
Postage	38,830	44,805	24,006	20,799
Other	39,712	118,847	44,417	74,430
<b>TOTAL EXPENDITURES</b>	<b>8,331,360</b>	<b>9,496,483</b>	<b>7,986,101</b>	<b>1,510,382</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(25,392)</b>	<b>371,573</b>	<b>396,965</b>
Fund balance, beginning of year	3,509,836	3,509,836	3,509,836	-
Fund balance, end of year	<u>\$ 3,509,836</u>	<u>\$ 3,484,444</u>	<u>\$ 3,881,409</u>	<u>\$ 396,965</u>

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST NINE MEASUREMENT YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**  
**(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 144,261	\$ 165,771	\$ 184,846	\$ 162,697	\$ 188,936	\$ 194,225	\$ 221,881	\$ 260,139	\$ 257,464
Interest	1,322,608	1,302,936	1,174,321	1,161,744	1,155,643	1,122,384	1,096,376	1,008,655	958,052
Difference between expected and actual experience	(174,176)	36,501	423,704	24,243	(366,923)	(79,298)	(233,076)	80,642	-
Changes of assumptions	-	664,119	921,539	508,776	-	-	-	814,056	-
Benefit payments, including employee refunds	(1,075,707)	(1,043,494)	(961,641)	(915,864)	(860,670)	(777,188)	(715,313)	(616,270)	(590,701)
Net Change in Total Pension Liability	216,986	1,125,833	1,742,769	941,596	116,986	460,123	369,868	1,547,222	624,815
Total Pension Liability, beginning	18,708,586	17,582,753	15,839,984	14,898,388	14,781,402	14,321,279	13,951,411	12,404,189	11,779,374
Total Pension Liability, ending	<u>\$ 18,925,572</u>	<u>\$ 18,708,586</u>	<u>\$ 17,582,753</u>	<u>\$ 15,839,984</u>	<u>\$ 14,898,388</u>	<u>\$ 14,781,402</u>	<u>\$ 14,321,279</u>	<u>\$ 13,951,411</u>	<u>\$ 12,404,189</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 811,184	\$ 1,275,772	\$ 1,264,662	\$ 637,262	\$ 304,525	\$ 266,448	\$ 226,464	\$ 219,053	\$ 181,018
Contributions - employee	36,767	44,476	48,270	47,927	50,404	55,364	64,400	85,602	71,723
Net investment income (loss)	(1,974,073)	2,130,706	1,994,138	1,615,364	(497,015)	1,559,362	1,251,034	(173,001)	708,740
Benefit payments, including employee refunds	(1,075,707)	(1,043,494)	(961,641)	(915,864)	(860,670)	(777,188)	(715,313)	(616,270)	(590,701)
Administrative expense	(32,919)	(25,220)	(27,686)	(27,776)	(24,912)	(24,713)	(24,706)	(25,331)	(25,997)
Net Change in Plan Fiduciary Net Position	(2,234,748)	2,382,240	2,317,743	1,356,913	(1,027,668)	1,079,273	801,879	(509,947)	344,783
Plan Fiduciary Net Position, beginning	18,017,557	15,635,317	13,317,574	11,960,661	12,988,329	11,909,056	11,107,177	11,617,124	11,272,341
Plan Fiduciary Net Position, ending	<u>\$ 15,782,809</u>	<u>\$ 18,017,557</u>	<u>\$ 15,635,317</u>	<u>\$ 13,317,574</u>	<u>\$ 11,960,661</u>	<u>\$ 12,988,329</u>	<u>\$ 11,909,056</u>	<u>\$ 11,107,177</u>	<u>\$ 11,617,124</u>
Agency's Net Pension Liability	<u>\$ 3,142,763</u>	<u>\$ 691,029</u>	<u>\$ 1,947,436</u>	<u>\$ 2,522,410</u>	<u>\$ 2,937,727</u>	<u>\$ 1,793,073</u>	<u>\$ 2,412,223</u>	<u>\$ 2,844,234</u>	<u>\$ 787,065</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	83%	96%	89%	84%	80%	88%	83%	80%	94%
Covered payroll	\$ 1,127,922	\$ 1,366,616	\$ 1,590,755	\$ 1,439,800	\$ 1,673,482	\$ 1,727,981	\$ 1,974,029	\$ 2,408,692	\$ 2,383,929
Agency's Net Pension Liability as a percentage of covered payroll	279%	51%	122%	175%	176%	104%	122%	118%	33%

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)  
(AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 537,855	\$ 548,940	\$ 397,479	\$ 325,829	\$ 306,612	\$ 295,032	\$ 256,452	\$ 221,994	\$ 209,441
Contributions in relation to the actuarially determined contribution	<u>660,537</u>	<u>699,598</u>	<u>1,180,620</u>	<u>1,259,227</u>	<u>631,891</u>	<u>295,032</u>	<u>256,452</u>	<u>221,994</u>	<u>209,441</u>
Contribution deficiency (excess)	<u>\$ (122,682)</u>	<u>\$ (150,658)</u>	<u>\$ (783,141)</u>	<u>\$ (933,398)</u>	<u>\$ (325,279)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,075,792	\$ 1,300,578	\$ 1,573,681	\$ 1,559,148	\$ 1,634,619	\$ 1,688,177	\$ 1,918,244	\$ 2,204,494	\$ 2,413,420
Contributions as a percentage of covered payroll	61%	54%	75%	81%	39%	17%	13%	10%	9%



**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1 - EMPLOYEE RETIREMENT PLAN**

Changes in assumptions: There were no changes in assumptions for the plan year 2022.

Changes of benefits terms: There were no changes of benefit terms for the plan year 2022.

## **OTHER SUPPLEMENTARY INFORMATION**

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE (a)**  
**AGING AND ADULT SERVICES AGENCY**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Title III-B	Title III-C1	Title III-C2	Title III-D
<b>EXPENDITURES</b>				
Personal care	\$ 10,458	\$ -	\$ -	\$ -
Homemaker	8,000	-	-	-
Chore services	8,000	-	-	-
Home delivered meals	-	-	133,956	-
Adult day care	-	-	-	-
Care management	15,483	-	-	-
Respite care	-	-	-	-
Case coordination and support	-	-	-	-
Congregate meals	-	100,580	-	-
Transportation	33,351	-	-	-
Legal assistance	12,000	-	-	-
Caregiver Support Group	-	-	-	-
Caregiver Training	-	-	-	-
Assistive devices and technologies	4,900	-	-	-
Friendly Reassurance	11,680	-	-	-
Information and assistance	23,000	-	-	-
Home repair	1,140	-	-	-
Disease prevention and health promotion	-	-	-	11,484
Program development	18,233	-	-	-
Caregiver transportation	-	-	-	-
Ombudsman	2,000	-	-	-
Medication management	-	-	-	-
Administration	-	-	-	-
Community living support services - RSD	1,641	-	-	-
Gap Filing/Special Needs (RSD)	5,500	-	-	-
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 155,386</b>	<b>\$ 100,580</b>	<b>\$ 133,956</b>	<b>\$ 11,484</b>

(a) This schedule only includes Aging Services programs.

<u>Title III-E</u>	<u>Title III Administration</u>	<u>NSIP</u>	<u>Targeted Care Management</u>	<u>State Access</u>	<u>State In-Home</u>	<u>State Congregate Meals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,485	\$ -
-	-	-	-	-	128,109	-
-	-	-	-	-	-	-
-	-	85,900	-	-	-	-
-	-	-	-	-	-	-
31,050	-	-	-	-	-	-
1,260	-	-	-	-	17,389	-
8,740	-	-	-	7,989	-	-
-	-	35,546	-	-	-	2,676
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,870	-	-	-	-	-	-
7,870	-	-	-	-	-	-
-	-	-	-	-	8,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,833	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,332	-
-	51,233	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	82,725	-	-	-
<u>\$ 62,623</u>	<u>\$ 51,233</u>	<u>\$ 121,446</u>	<u>\$ 82,725</u>	<u>\$ 7,989</u>	<u>\$ 195,315</u>	<u>\$ 2,676</u>

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE (continued)**  
**AGING AND ADULT SERVICES AGENCY**  
**YEAR ENDED SEPTEMBER 30, 2023**

	State Home Delivered Meals	State Alternative Care	Merit Award Trust Fund Respite	State Respite Care
<b>EXPENDITURES</b>				
Personal care	\$ -	\$ 2,071	\$ -	\$ -
Homemaker	-	29,162	-	-
Chore services	-	-	-	-
Home delivered meals	132,785	-	-	-
Adult day care	-	-	20,000	22,700
Care management	-	-	-	-
Respite care	-	-	5,416	13,392
Case coordination and support	-	-	-	-
Congregate meals	-	-	-	-
Transportation	-	-	8,000	-
Legal assistance	-	-	-	-
Caregiver Support Group	-	-	-	-
Caregiver Training	-	-	-	-
Assistive devices and technologies	-	-	-	-
Friendly Reassurance	-	-	-	-
Information and assistance	-	-	-	-
Home repair	-	-	-	-
Disease prevention and health promotion	-	-	-	-
Program development	-	-	-	-
Caregiver transportation	-	-	-	-
Ombudsman	-	-	-	-
Medication management	-	-	-	-
Administration	-	-	-	-
Community living support services - RSD	-	-	-	-
Gap Filing/Special Needs (RSD)	-	-	-	-
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 132,785</b>	<b>\$ 31,233</b>	<b>\$ 33,416</b>	<b>\$ 36,092</b>

<u>State CG Support</u>	<u>Merit Award Fund Administration</u>	<u>State Care Management</u>	<u>State Administration</u>	<u>State Caregiver Support Administration</u>	<u>State Aging New Services</u>	<u>Program Income</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,718
-	-	-	-	-	-	17,332
-	-	-	-	-	-	800
-	-	-	-	-	-	68,753
-	-	-	-	-	-	3,637
-	-	71,734	-	-	12,458	-
4,123	-	8,494	-	-	-	8,645
-	-	-	-	-	-	18
-	-	-	-	-	-	40,570
-	-	-	-	-	-	19,500
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,300	-	8,896	407	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,123</u>	<u>\$ 3,300</u>	<u>\$ 80,228</u>	<u>\$ 8,896</u>	<u>\$ 407</u>	<u>\$ 12,458</u>	<u>\$ 163,973</u>

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY**  
**SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE (continued)**  
**AGING AND ADULT SERVICES AGENCY**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Cash Match	In-kind Match	Total
<b>EXPENDITURES</b>			
Personal care	\$ 2,840	\$ -	\$ 55,572
Homemaker	10,277	-	192,880
Chore services	926	-	9,726
Home delivered meals	38,820	-	460,214
Adult day care	3,948	-	50,285
Care management	11,000	12,000	153,725
Respite care	2,050	850	61,619
Case coordination and support	1,819	-	18,566
Congregate meals	13,215	-	192,587
Transportation	20,613	-	81,464
Legal assistance	1,793	-	13,793
Caregiver Support Group	689	-	8,559
Caregiver Training	689	-	8,559
Assistive devices and technologies	-	-	12,900
Friendly Reassurance	647	-	12,327
Information and assistance	-	5,000	28,000
Home repair	148	-	1,288
Disease prevention and health promotion	1,480	-	12,964
Program development	-	-	18,233
Caregiver transportation	-	-	5,833
Ombudsman	26,234	-	28,234
Medication management	-	-	6,332
Administration	-	-	63,836
Community living support services - RSD	-	-	1,641
Gap Filing/Special Needs (RSD)	390	-	5,890
Other	-	-	82,725
<b>TOTAL EXPENDITURES</b>	<b>\$ 137,578</b>	<b>\$ 17,850</b>	<b>\$ 1,587,752</b>

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Michigan Department of Health and Human Services			
Special Supplemental Nutrition Program for			
Women, Infants, and Children			
	10.557 <sup>(a)</sup>		
FY 22-23 Resident Services		232MI003W1003	\$ 931,626
FY 22-23 Breastfeeding		222MI013W5003	33,231
FY 22-23 Breastfeeding		232MI003W1003	50,733
FY 22-23 Breastfeeding		232MI013W5003	7,714
			<u>1,023,304</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through Michigan Department of Health and Human Services			
Crime Victim Assistance			
FY 22-23 VOCA	16.575	2020V2GX0044	<u>168,716</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Michigan Department of Environment, Great Lakes, and Energy			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468 <sup>(d)</sup>		
FY 22-23 Standard/Operator Assistance		FS97548721	<u>3,578</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Michigan Department of Health and Human Services			
Aging Cluster			
Title III-B Special Programs for the Aging			
(Grants for Supportive Services and Senior Centers)			
FY 22-23 Expanding Older Adult	93.044 <sup>(b)</sup>	2101MIVAC5	13,577
Passed through Michigan Aging and Adult Services Agency			
Aging Cluster			
Title III-B Special Programs for the Aging			
(Grants for Supportive Services and Senior Centers)			
FY 22-23 Administration	93.044 <sup>(b)</sup>	N/A	13,870
FY 22-23 Regular		N/A	155,386
COVID-19 ARP for Supportive Services Title III-B		N/A	15,377
			<u>198,210</u>
Title III-C Special Programs for the Aging			
(Nutrition Services)			
FY 22-23 Administration	93.045 <sup>(b)</sup>	N/A	30,775
FY 22-23 Nutrition Congregate		N/A	100,580
FY 22-23 Nutrition Home Delivered Meals		N/A	133,956
COVID-19 ARP for Congregate Meals Title III		N/A	4,500
COVID-19 ARP for Home Delivered Meals Title III		N/A	31,457
			<u>301,268</u>
Nutrition Services Incentive Program			
FY 22-23 Nutrition Services Incentive Program	93.053 <sup>(b)</sup>	N/A	<u>121,446</u>
<b>Total Aging Cluster</b>			
			<u>620,924</u>



**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)			
Passed through Michigan Aging and Adult Services Agency (continued)			
Title III-D Special Programs for the Aging			
(Disease Prevention and Health Promotion Services)	93.043		
FY 22-23		N/A	\$ 11,484
COVID-19 ARP for Preventative Health		N/A	<u>3,813</u>
Total Special Services			<u>15,297</u>
National Family Caregiver Support	93.052		
FY 22-23 Administration		N/A	6,588
FY 22-23 Regular		N/A	62,623
COVID-19 ARP for Family Caregivers		N/A	<u>15,398</u>
			<u>84,609</u>
Public Health Emergency Preparedness	93.069		
FY 22-23 Public Health Emergency Preparedness		NU90TP922062	<u>32,733</u>
Tuberculosis Control Program	93.116		
FY 22-23 Tuberculosis Control		NU52PS910173	39
FY 22-23 Tuberculosis Control		NU52PS910173	407
FY 22-23 U4U Tuberculosis Control		NU52PS910173	<u>5,398</u>
			<u>5,844</u>
Immunization Cooperative Agreements	93.268		
FY 22-23 Vaccine Supply		NH23IP922635	229,301
FY 22-23 Vaccine Initiative		NH23IP922635	14,007
FY 22-23 Immunization Action Plan		NH23IP922635	71,789
FY 22-23 Immunization Fixed Fees		NH23IP922635	2,650
FY 22-23 COVID-19 COVID Immunization		NH23IP922635	83,173
COVID-19 Immunization Support		NH23IP922635	<u>24,392</u>
			<u>425,312</u>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323		
COVID-19 Contact Tracing Testing Coordination		NU50CK000510	<u>369,321</u>
Passed through Michigan Department of Health and Human Services			
COVID-19 Public Health Crisis Response - Coronavirus	93.354		
FY 22-23 COVID-19 Workforce Development		NU90TP922186	<u>99,035</u>
Passed through Michigan Aging and Adult Services Agency			
Medicaid Cluster			
Medical Assistance Program			
FY 22-23 Aging	93.778 <sup>(c)</sup>	N/A	<u>82,725</u>

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)			
Passed through Michigan Department of Health and Human Services			
Medicaid Cluster			
Medical Assistance Program			
FY 22-23 Medicaid Outreach	93.778 <sup>(c)</sup>	2405MI5ADM	\$ 4,646
FY 22-23 CSHCS Medicaid Outreach		2405MI5ADM	26,548
FY 22-23 CSHCS Care Coordination (e)		2305MI5ADM	5,000
FY 22-23 CSHCS Care Coordination (e)		2405MI5ADM	2,000
FY 22-23 CSHCS Care Coordination (f)		2405MI5MAP	1,181
FY 22-23 CSHCS Care Coordination (f)		2305MI5MAP	3,535
FY 22-23 CSHCS Medicaid Elevated Blood Lead Case Management		2405MI5MAP	1,309
FY 22-23 CSHCS Medicaid Elevated Blood Lead Case Management		2305MI5MAP	3,534
FY 22-23 CSHCS Outreach and Advocacy (e)		2305MI5ADM	<u>58,365</u>
			<u>106,118</u>
Total Medicaid Cluster			<u>188,843</u>
National Bioterrorism Hospital Preparedness Program	93.889		
FY 22-23 Public Health Emergency Preparedness		U3REP190584	<u>98,199</u>
Maternal and Child Health Services Block Grant	93.994		
FY 22-23 CSHCS Care Coordination		B0447425	47,238
FY 22-23 CSHCS Care Coordination		B0452932	12,625
FY 22-23 MCH - Children		B0447425	26,198
FY 22-23 MCH - All other		B0447425	<u>33,978</u>
			<u>120,039</u>
Preventative Health Services	93.991		
Local Health Department (LHD) Sharing Support		NB010T009436	<u>48,535</u>
Passed through Michigan Department of Health and Human Services and MMAP, Inc.			
State Health Insurance Assistance Program	93.324	90SAPG0090	<u>11,625</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,120,316</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 3,315,914</u> (g)

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule" includes the federal grant activity of the Branch-Hillsdale-St. Joseph Community Health Agency (the Agency) under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position or changes in net position of the Branch-Hillsdale-St. Joseph Community Health Agency.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Agency has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - SUBRECIPIENTS**

No Federal Awards were passed through by the Agency to any subrecipients during the year.

**NOTE 4 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE**

The following descriptions identified below as (a) - (g) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Denotes program tested as "major program".
- (b) Denotes programs required to be clustered by United States Department of Health and Human Services.
- (c) Denotes programs required to be clustered by United States Department of Health and Human Services.
- (d) Denotes programs required to be clustered by United States Environmental Protection Agency.
- (e) Reimbursements of this contract are passed through the State. The amount reported on the Schedule of Expenditures of Federal Awards represents the portion of the grant that is considered federal. Federal participation in this program is 50%.
- (f) Reimbursements of this contract are passed through the State. The amount reported on the Schedule of Expenditures of Federal Awards represents the portion of the grant that is considered federal. Federal participation in this program is 64.94%.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED SEPTEMBER 30, 2023**

**NOTE 4 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE (continued)**

(g) The following reconciles the federal revenues reported in the September 30, 2023, financial statements to the expenditures of the Agency administered federal programs reported on the Schedule of Expenditures of Federal Awards (SEFA):

Federal/State Revenue (per fund financial statements)	\$ 6,493,566
Less: Difference between vaccines administered (revenue per financial statements) and vaccines received (expenditures per SEFA and instructions from grantor agency)	(66,489)
Less: Portions of grant funding considered "State" funding	<u>(3,111,163)</u>
Federal award expenditures	<u><u>\$ 3,315,914</u></u>



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

Board of Public Health  
Branch-Hillsdale-St. Joseph Community Health Agency  
Coldwater, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Branch-Hillsdale-St. Joseph Community Health Agency (the Agency), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 13, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 the limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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.

*Maney Costeiran PC*

March 13, 2024



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Public Health  
Branch-Hillsdale-St. Joseph Community Health Agency  
Coldwater, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Branch-Hillsdale-St. Joseph Community Health Agency's (the Agency) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Agency's major federal programs for the year ended September 30, 2023. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Branch-Hillsdale-St. Joseph Community Health Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maney Costeiran PC*

March 13, 2024

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2023**

**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program For Women, Infants, and Children

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

**Section II - Financial Statement Findings**

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None noted.

**Section III - Federal Award Findings and Questioned Costs**

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None noted.

**BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2023**

FINDINGS/COMPLIANCE

Control Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with the Uniform Guidance.

No prior audit findings noted.

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) & Public Act 530 of 2016 Pension Report

Enter Local Government Name Enter Six-Digit Municode	Branch-Hillsdale-St. Joseph Community Health Agency 127505	Instructions: For a list of detailed instructions on how to complete and submit this form, visit <a href="http://michigan.gov/LocalRetirementReporting">michigan.gov/LocalRetirementReporting</a> .
Unit Type	Authority	
Fiscal Year End Month	September	
Fiscal Year (four-digit year only, e.g. 2019)	2023	
Contact Name (Chief Administrative Officer)	Theresa Fisher	
Title if not CAO	Administrative Services Director	Questions: For questions, please email <a href="mailto:LocalRetirementReporting@michigan.gov">LocalRetirementReporting@michigan.gov</a> . Return this original Excel file. Do not submit a scanned image or PDF.
CAO (or designee) Email Address	fishert@bhsj.org	
Contact Telephone Number	517-279-9561, ext. 107	
Pension System Name (not division) 1	Municipal Employees Retirement System	If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
Pension System Name (not division) 2		
Pension System Name (not division) 3		
Pension System Name (not division) 4		
Pension System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	NO	NO	NO	NO	NO
2	Provide the name of your retirement pension system	Calculated from above	Municipal Employees Retirement System				
<b>3</b>	<b>Financial Information</b>						
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	15,872,809				
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	18,925,572				
6	Funded ratio	Calculated	83.9%				
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	537,855				
8	Governmental Fund Revenues	Most Recent Audit Report	8,357,674				
9	All systems combined ADC/Governmental fund revenues	Calculated	6.4%				
<b>10</b>	<b>Membership</b>						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	21				
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	21				
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	75				
<b>14</b>	<b>Investment Performance</b>						
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	-10.37%				
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	4.95%				
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.79%				
<b>18</b>	<b>Actuarial Assumptions</b>						
19	Actuarial assumed rate of investment return	Actuarial Funding Valuation used in Most Recent Audit Report	7.00%				
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Percent				
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	11				
22	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	Yes				
<b>23</b>	<b>Uniform Assumptions</b>						
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	17,053,508				
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	19,720,754				
26	Funded ratio using uniform assumptions	Calculated	86.5%				
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	666,360				
28	All systems combined ADC/Governmental fund revenues	Calculated	8.0%				
<b>29</b>	<b>Pension Trigger Summary</b>						
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	<b>Primary government triggers:</b> Less than 60% funded <u>AND</u> greater than 10% ADC/Governmental fund revenues. <b>Non-Primary government triggers:</b> Less than 60% funded	NO	NO	NO	NO	NO

**Requirements (For your information, the following are requirements of P.A. 202 of 2017)**  
 Local governments must post the current year report on their website or in a public place.  
 The local government must electronically submit the form to its governing body.  
 Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years.  
 Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every 8 years.

By emailing this report to the Michigan Department of Treasury, the local government acknowledges that this report is complete and accurate in all known respects.

The Agency should send an additional payment of \$302,495 to the MERS Surplus Division, to further support the MERS Defined Benefit (DB) underfunded pension plan. Per the most recent Annual Actuarial Report (2022), when looking at the Defined Benefit plan and the surplus fund together, the plan is only 94.1% funded. The agency would need to contribute an additional \$1,140,193 to fully fund the plan. The additional \$302,495 would come from deferred revenue from the Medicaid Cost Based Reimbursement money which was originally thought to be restricted. The agency will be in a better financial position in the future if it sends this additional funding to the MERS surplus fund.

**Table 6: Actuarial Accrued Liabilities and Valuation Assets  
as of December 31, 2022**

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
01 - Gnrl	\$ 5,240,432	\$ 2,183,388	\$ 11,968,946	\$ 23,378	\$ 19,416,144	\$ 15,350,651	79.1%	\$ 4,065,493
S1 - Surplus Unassociated	0	0	0	0	0	2,925,300		(2,925,300)
<b>Total</b>	<b>\$ 5,240,432</b>	<b>\$ 2,183,388</b>	<b>\$ 11,968,946</b>	<b>\$ 23,378</b>	<b>\$ 19,416,144</b>	<b>\$ 18,275,951</b>	<b>94.1%</b>	<b>\$ 1,140,193</b>

Please see the Comments on Asset Smoothing in the Executive Summary of this report.

The December 31, 2022 valuation assets (actuarial value of assets) are equal to 1.157665 times the reported market value of assets. Refer to the Appendix for a description of the valuation asset derivation and a detailed calculation of valuation assets.

In late October the MDHHS Medicaid Cost Based Reimbursement program issued updated *Medicaid Cost Based Reimbursement (MCBR) Budget and Financial Status Report (FSR) MDHHS Guidance*. This guidance included a section on reporting that broke MCBR payments into 3 types, with different rules/restrictions/reporting based on the type of payment received. The new guidance indicated that initial and final settlement payments are considered unrestricted and can be used as general fund money. Upon receiving this new guidance, the accounting division reviewed all previously received payments and found that those payments total \$302,495. The funds were previously believed to be restricted, to be used only in the programs in which they were earned, but the new guidance eliminates that restriction.