



Genesee Health System

Financial Statements,
Required Supplementary Information,
and Supplementary Information
Year Ended September 30, 2022

Genesee Health System

Financial Statements, Required Supplementary Information,
and Supplementary Information
Year Ended September 30, 2022

Genesee Health System

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Independent Auditor's Report

The Board of Directors
Genesee Health System
Flint, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Genesee Health System (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Authority 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS 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 GAAS 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information relating to the Employees' Retirement System and Other Postemployment Benefits Plans 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 Authority's basic financial statements. The Combining Financial Statements are presented for purposes of additional analysis and are 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 Combining Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

As discussed in Note 5 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BDO USA, LLP

April 20, 2023

Genesee Health System

Management's Discussion and Analysis

As management of Genesee Health System (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and with the financial statements, notes to financial statements, required supplementary information, and supplementary information taken as a whole.

Financial Highlights

Net position, business-type activities	\$ 40,534,037
Change in net position, business-type activities	12,074,898
Net position, enterprise fund	36,919,975
Change in net position, enterprise fund	10,907,077

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority'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 required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of the fund financial data to government-wide data in a separate column. The columns labeled "total business-type activities" on the statement of net position and statement of activities represent the government-wide financial statements.

The statement of net position presents information on all of the Authority's assets, deferred outflows, and liabilities and deferred inflows with the difference 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 Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In general, fund financial statements provide a greater level of detail than the government-wide financial statement, but due to the alternative approach used by the Authority,

Genesee Health System

Management's Discussion and Analysis

the same level of detail is presented. All of the funds of the Authority are considered to be proprietary funds.

Proprietary Funds

The Authority maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses enterprise funds to account for all daily activities. The Authority uses internal service funds to account for healthcare benefits and other postemployment benefit costs.

Notes to 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.

Required Supplementary Information

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

Supplementary Information

The combining schedules in connection with the Enterprise Fund and statements referred to earlier in connection with the internal service funds are presented immediately following the required supplementary information.

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Management's Discussion and Analysis

Government-Wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows exceeded its liabilities and deferred inflows by \$40,534,037 at the close of the most recent fiscal year. A condensed summary of the Authority's statements of net position is shown below:

<i>September 30,</i>	2022	2021
Assets		
Current and other assets	\$ 87,565,188	\$ 62,539,919
Capital assets, net	6,133,985	3,750,308
Total Assets	93,699,173	66,290,227
Deferred Outflows of Resources	12,294,294	38,827,690
Liabilities		
Current and other liabilities	35,666,698	57,777,834
Total Liabilities	35,666,698	57,777,834
Deferred Inflows of Resources	29,792,732	18,880,944
Net Position		
Investment in capital assets	3,285,304	3,750,308
Restricted	24,937,972	15,112,623
Unrestricted	12,310,761	9,596,208
Total Net Position	\$ 40,534,037	\$ 28,459,139

The Authority noted an increase in current and other assets of \$27,873,950, a decrease in deferred outflows of resources of \$26,533,396, a decrease in current and other liabilities of \$22,111,136, and an increase of deferred inflows of resources of \$10,911,788, compared to the prior fiscal year-end. These changes are mainly the result of current year pension and other postemployment benefit plan contributions and actuarial valuations.

A total of \$3,285,304 of the Authority's net position reflects its investment in capital assets (e.g., buildings, improvements, vehicles, and equipment). The Authority uses these capital assets to provide services to consumers; consequently, these assets are not available for future spending. In addition, \$24,937,972 is restricted for the purpose of funding the Authority's pension and other postemployment benefits and millage funding. The remainder of the Authority's net position was reported as unrestricted net position of \$12,310,761.

Genesee Health System

Management's Discussion and Analysis

A condensed summary of the Authority's statements of revenues, expenses and changes in fund net position is shown below:

<i>Year ended September 30,</i>	2022	2021
Change in Net Position		
Revenues		
Federal sources	\$ 143,755,991	\$ 135,803,580
State sources	3,718,041	4,221,182
Local sources	19,126,824	10,663,263
Interest income	33,394	630
Total Revenues	166,634,250	150,688,655
Expenses		
Mental health services	141,127,504	134,258,522
Health center	5,754,597	5,842,296
Access center	1,408,447	1,732,357
CMH grants	6,268,804	2,393,956
Total Expenses	154,559,352	144,227,131
Change in Net Position	12,074,898	6,461,524
Net Position, beginning of year	28,459,139	21,997,615
Net Position, end of year	\$ 40,534,037	\$ 28,459,139

During the current fiscal year, the Authority's net position increased by \$12,074,898. The main reason for the increase in the Authority's net position was due to better reimbursement rates received by the health center and the new mental health millage that began during the year.

Capital Asset and Debt Administration

Capital Assets

The Authority's capital assets balance as of September 30, 2022 was \$6,133,985 (net of accumulated depreciation). This investment in capital assets includes building improvements and vehicles and equipment.

Major capital asset events that occurred during the year ended September 30, 2022 included the following:

- Construction/renovations of buildings totaling \$103,173.
- Equipment and vehicle purchases of \$76,190.
- Depreciation expense of \$644,367.
- Right of use lease assets of \$2,848,681.

Genesee Health System

Management's Discussion and Analysis

<i>September 30,</i>	2022	2020
Capital Assets (Net)		
Building improvements	\$ 2,624,427	\$ 2,895,698
Vehicles and equipment	660,877	854,610
Right to use lease asset	2,848,681	-
Total Capital Assets, Net	\$ 6,133,985	\$ 3,750,308

Additional information on the Authority's capital assets can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

Genesee Health System monitors all clinical services and trends the utilization of those services. Genesee Health System has a Data and Financial Review Committee that meets monthly. This group of committee members reviews the financial and services utilization trends. This allows Genesee Health System to predict increases and or decreases in cost, allowing the Authority to react quickly and early to changes in funding or expenses.

For fiscal year 2023, the Authority has continued to maintain our cost structure put in place during 2022. This has allowed the Authority to keep costs well within the expected Medicaid funding. The Authority does not anticipate funding levels to change appreciably during the next two years. In addition, Region 10 continues to negotiate with the State regarding the Healthy Michigan funding for the region. The Authority has seen that funding increase slightly as a result.

On May 4, 2021, in a special election, the Authority submitted a millage proposal to the voters in Genesee County. This proposal was passed by a majority vote of the electors in the county and is designated to fill service gaps and provide highly needed mental health services to residents that are not covered under the Medicaid program. The Authority received \$9,617,035 in Millage funding during Fiscal 2022. During fiscal year 2023 the Authority anticipates receiving a slightly higher amount of millage funding than the prior year.

The Authority considered these factors in preparing the Authority's budget for the 2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Finance Department, 420 5th Avenue, Flint, Michigan 48503.

Basic Financial Statements

Genesee Health System

Statement of Net Position - Proprietary Funds

September 30, 2022

	Enterprise Fund	Internal Service Funds	Adjustments	Total Business- Type Activities
Assets				
Current Assets				
Cash and cash equivalents	\$ 16,175,973	\$ 2,296,049	\$ -	\$ 18,472,022
Investments	11,174,712	-	-	11,174,712
Accounts receivable, net	606,113	2,048,209	-	2,654,322
Due from Department of Health and Human Resources	1,257,829	-	-	1,257,829
Due from other funds	11,575,211	1,160,810	-	12,736,021
Due from other governments	4,349,773	-	-	4,349,773
Prepays	2,585,779	670,764	-	3,256,543
Total Current Assets	47,725,390	6,175,832	-	53,901,222
Non-Current Assets				
Lease receivable	1,028,040	-	-	1,028,040
Capital assets being depreciated, net	6,133,985	-	-	6,133,985
Net other postemployment benefit asset	27,882,812	-	-	27,882,812
Net pension asset	4,753,114	-	-	4,753,114
Total Non-Current Assets	39,797,951	-	-	39,797,951
Total Assets	\$ 87,523,341	\$ 6,175,832	\$ -	\$ 93,699,173
Deferred Outflows of Resources				
Deferred pension amounts	\$ 1,316,330	\$ -	\$ -	\$ 1,316,330
Deferred other postemployment benefit amounts	10,977,964	-	-	10,977,964
Total Deferred Outflows of Resources	\$ 12,294,294	\$ -	\$ -	\$ 12,294,294

Genesee Health System

Statement of Net Position - Proprietary Funds

September 30, 2022

	Enterprise Fund	Internal Service Funds	Adjustments	Total Business- Type Activities
Liabilities				
Current Liabilities				
Accounts payable	\$ 11,587,256	\$ 550,471	\$ -	\$ 12,137,727
Accrued liabilities	2,071,437	-	-	2,071,437
Due to Department of Health and Human Services	167,810	-	-	167,810
Due to other funds	10,724,722	2,011,299	-	12,736,021
Due to other governments	2,418,119	-	-	2,418,119
Unearned revenue	1,003,573	-	-	1,003,573
Compensated absences	2,283,330	-	-	2,283,330
Current portion of lease liability	1,314,892	-	-	1,314,892
Total Current Liabilities	31,571,139	2,561,770	-	34,132,909
Non-Current Liability				
Lease liability, net of current portion	1,533,789	-	-	1,533,789
Total Liabilities	\$ 33,104,928	\$ 2,561,770	\$ -	\$ 35,666,698
Deferred Inflows of Resources				
Deferred lease amounts	\$ 1,028,040	\$ -	\$ -	\$ 1,028,040
Deferred pension amounts	8,625,909	-	-	8,625,909
Deferred other postemployment benefit amounts	20,138,783	-	-	20,138,783
Total Deferred Inflows of Resources	\$ 29,792,732	\$ -	\$ -	\$ 29,792,732
Net Position				
Net investment in capital assets Restricted for pension and other postemployment benefits	\$ 3,285,304	\$ -	\$ -	\$ 3,285,304
Restricted for millage	16,165,528	-	-	16,165,528
Unrestricted	8,772,444	-	-	8,772,444
	8,696,699	3,614,062	-	12,310,761
Total Net Position	\$ 36,919,975	\$ 3,614,062	\$ -	\$ 40,534,037

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

Genesee Health System

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds

Year ended September 30, 2022

	Enterprise Fund	Internal Service Funds	Adjustments	Total Business- Type Activities
Operating Revenues				
Federal sources:				
Medicaid	\$ 136,917,650	\$ -	\$ -	\$ 136,917,650
Federal grants	6,838,341	-	-	6,838,341
State sources:				
State general grant fund indigent	3,552,362	-	-	3,552,362
State grants	165,679	-	-	165,679
Local sources:				
County appropriations	1,640,438	-	-	1,640,438
Charges for services	3,913,860	6,843,535	(6,843,535)	3,913,860
Local grants and contributions	1,666,392	-	-	1,666,392
Millage	9,607,249	-	-	9,607,249
Other revenue	2,298,885	-	-	2,298,885
Total Operating Revenues	166,600,856	6,843,535	(6,843,535)	166,600,856
Operating Expenses				
Mental health services:				
Administration	16,397,844	-	(1,167,821)	15,230,023
Managed care	22,587,243	-	-	22,587,243
Children SED	1,543,567	-	-	1,543,567
Residential services	47,785,112	-	-	47,785,112
Adult MI services	15,460,176	-	-	15,460,176
State hospitals	1,248,828	-	-	1,248,828
Developmental disabilities	11,813,197	-	-	11,813,197
Inpatient services	12,131,468	-	-	12,131,468
Direct Run Services Administration	4,932,934	-	-	4,932,934
Autism benefits	5,990,165	-	-	5,990,165
Millage activities	834,805	-	-	834,805
Group Home services	862,763	-	-	862,763
Home-based services	707,223	-	-	707,223
Health center	5,754,597	-	-	5,754,597
Access center	1,408,447	-	-	1,408,447
CMH grants	6,268,804	-	-	6,268,804
Employee benefits	-	5,675,714	(5,675,714)	-
Total Operating Expenses	155,727,173	5,675,714	(6,843,535)	154,559,352
Operating Income	10,873,683	1,167,821	-	12,041,504
Non-Operating Revenue				
Interest income	33,394	-	-	33,394
Change in Net Position	10,907,077	1,167,821	-	12,074,898
Net Position, beginning of year	26,012,898	2,446,241	-	28,459,139
Net Position, end of year	\$ 36,919,975	\$ 3,614,062	\$ -	\$ 40,534,037

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

Genesee Health System

Statement of Cash Flows - Proprietary Funds

Year ended September 30, 2022

	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities		
Cash received from contacts, grants, customers, and other	\$ 168,906,946	\$ -
Cash received from interfund services	-	5,995,256
Cash payments to employees	(44,602,192)	-
Cash payments to suppliers for goods and services	(123,660,758)	(5,745,979)
Net Cash Provided by Operating Activities	643,996	249,277
Cash Flows from Capital and Related Financing Activity		
Purchase of capital assets	(179,363)	-
Cash Flows from Investing Activities		
Purchase of investments	(33,394)	-
Interest received	33,394	-
Net Cash Provided by (Used in) Investing Activities	-	-
Increase in Cash and Cash Equivalents	464,633	249,277
Cash and Cash Equivalents, beginning of year	15,711,340	2,046,772
Cash and Cash Equivalents, end of year	\$ 16,175,973	\$ 2,296,049
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 10,873,683	\$ 1,167,821
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	644,367	-
Changes in net assets and liabilities:		
Accounts receivable	(102,949)	(76,514)
Due from Department of Health and Human Services	(944,201)	-
Due from other governments	(1,469,076)	-
Due from other funds	4,530,371	(759,274)
Prepays	(77,764)	(302,211)
Net other postemployment benefits asset	(2,788,075)	-
Net pension asset	(4,753,114)	-
Deferred outflows related to net pension liability	35,052,192	-
Deferred outflows related to other postemployment benefits asset	(8,518,796)	-
Accounts payable	4,605,391	231,946
Accrued liabilities	(2,525,990)	-
Due to Department of Health and Human Services	117,569	-
Due to other funds	(3,758,606)	(12,491)
Due to other governments	(10,425,723)	-
Unearned revenue	291,946	-
Compensated absences	(62,117)	-
Net pension liability	(29,928,860)	-
Deferred inflows related to net pension liability	4,032,637	-
Deferred inflows related to other postemployment benefits asset	5,851,111	-
Net Cash Provided by Operating Activities	\$ 643,996	\$ 249,277

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

Genesee Health System

Notes to Financial Statements

1. Summary of Significant Account Policies

The financial statements of Genesee Health System (the Authority), established under Section 205 of the Mental Health Code, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Government-Wide and Fund Financial Statements

As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Position - Proprietary Funds and the Statement of Revenues, Expenses and Changes in Fund Net Position. The Authority's major fund is reported in a separate column in the aforementioned financial statements.

The operations of the Authority are accounted for as enterprise funds (a proprietary fund type), which are designed to be self-supporting. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

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

The Authority reports the following major enterprise fund:

- The *enterprise fund* accounts for the provision of mental health services in Genesee County, as well as physical and behavioral healthcare services through the Federally Qualified Health Center.

Additionally, the Authority reports the following fund type:

- The *internal service funds* are used to account for healthcare benefits and other selected retirement costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Genesee Health System

Notes to Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's operating fund are contract revenues from the Michigan Department of Health and Human Services (MDHHS), Region 10 Prepaid Inpatient Health Plan (Region 10), county appropriations, tax levies, and first- and third-party billings. Operating revenues of the internal service fund are comprised of charges to other funds for risk financing and other postemployment benefits. Operating expenses include the cost of providing mental health and substance abuse services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

Statutory Authority

State statutes authorize the Authority to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the state of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Authority's investment policy allows for all of these types of investments.

Genesee Health System

Notes to Financial Statements

Receivables

Certain receivables are shown net of an allowance for uncollectible amounts. Consumer accounts receivable and revenue are recorded when services are performed. A substantial portion of the Authority's receivables from services to consumers is received under contractual arrangements with Medicaid, Medicare and Michigan Blue Cross/Blue Shield programs, whereby the Authority is paid based on allowable costs incurred. The preliminary settlement of amounts due to the Authority is subject to redetermination upon audit by the applicable agency. "Due from other governments" largely represents a receivable from Region 10 for contributions to the Authority's pension plan. An estimated provision is made for possible adjustments that may result from such reviews and any differences between the amounts accrued and amounts settled are recorded in operations in the period of settlement. The Authority's allowance for doubtful accounts as of September 30, 2022 was \$136,171.

Interfund Receivables/Payables

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

Prepays

Payments made to vendors for services that will benefit periods beyond September 30, 2022, are recorded as "prepays" in the accompanying statement of net position.

Capital Assets

Capital assets, which include building improvements, vehicles and equipment, are reported in the statement of net position. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Building improvements	15-40
Vehicles and equipment	3-10
Right of use lease assets	2-9

Genesee Health System

Notes to Financial Statements

Leases

Lessee

The Authority is party to multiple leases of nonfinancial assets as a lessee. The Authority recognizes a lease liability and an intangible right-to-use asset (lease asset) in the financial statements.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (2) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with non-current liabilities on the statement of net position.

Lessor

The Authority leases to third-parties multiple nonfinancial assets. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Genesee Health System

Notes to Financial Statements

Deferred Outflows 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 represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans and contributions made subsequent to the measurement date for its pension plan.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until then. The Authority reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans and leasing related activities.

Contract With Michigan Department of Health and Human Services (MDHHS)

The Authority has several account balances that relate to the Authority's contract with the MDHHS. The amount reported as "Due from Department of Health and Human Services" primarily represents a receivable from the various grantor agencies for services provided under the contract for the year. "Due to Department of Health and Human Services" reflects amounts due to the State for clients of the Authority placed in state institutions and amounts owed back to the State as the result of year end cost settlements.

Unearned Revenue

The Authority reported unearned revenue in connection with resources that have been received, but not yet earned, including the portion of the current year MDHHS contract amount that may be carried-over to and expended in subsequent fiscal years. Such carryover is generally limited to five percent of the MDHHS contract amount.

Compensated Absences

The Authority provides three types of compensated absences: paid time off, compensatory, and holiday time. Authority employees are granted leave in varying amounts based on length of service. Pay for compensated absences is accrued and fully vested when earned.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension asset, net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans (the Plans), and pension and other postemployment benefit expenses, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are

Genesee Health System

Notes to Financial Statements

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

2. Deposits and Investments

Following is a reconciliation of deposit and investment balances:

September 30, 2022

Statement of Net Position

Cash and cash equivalents	\$ 18,472,022
Investments	11,174,712
	<hr/>
	\$ 29,646,734

Deposits and Investments

Bank deposits - checking/saving accounts	\$ 18,468,428
Investments - money market mutual funds	11,174,712
Cash on hand	3,594
	<hr/>
	\$ 29,646,734

Investment and Deposit Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require and the Authority does not have a policy for deposit custodial credit risk. The Authority has chosen to participate in Genesee County's investment pool, which is managed by the County Treasurer. These funds are deposited in the Treasurer's pooled accounts, and are deposited in the name of the County Treasurer. Other county funds are also deposited in those accounts and, as such, because of the complexities of FDIC regulation No. 330.8, it is not possible to readily determine the amount of insurance that would be allocated to the Authority's deposits. For deposits held separately from the County's investment pool, as of year-end, \$19,513,165 of the Authority's bank balance of \$19,763,165 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a policy for investment custodial credit risk. At year-end, the Authority's investments

Genesee Health System

Notes to Financial Statements

consisted entirely of money market mutual funds totaling \$11,174,712. There is no custodial credit risk, as these investments are not evidenced by physical securities.

Credit Risk

State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on investment credit risk. The Authority's investments in money market mutual funds were rated AAAM by S&P.

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At year-end, the weighted average maturity of the Authority's investments in mutual funds ranged from 16-22 days.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Fair Value Measurements

The Authority categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the Authority. At year end, all of the Authority's investments in money market mutual funds were determined to be Level 1 (fair value determined based on quoted prices in active markets for identical assets).

Genesee Health System
Notes to Financial Statements

3. Capital Assets

Capital assets activity was as follows:

Year ended September 30, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Building improvements	\$ 6,196,455	\$ 96,888	\$ -	\$ 6,293,343
Vehicles and equipment	5,388,494	82,475	-	5,470,969
Right to use lease assets	-	4,144,268	-	4,144,268
	11,584,949	4,323,631	-	15,908,580
Accumulated depreciation:				
Building improvements	(3,300,757)	(368,159)	-	(3,668,916)
Vehicles and equipment	(4,533,884)	(276,208)	-	(4,810,092)
Right to use lease assets	-	(1,295,587)	-	(1,295,587)
	(7,834,641)	(1,939,954)	-	(9,774,595)
Total Capital Assets, Net	\$ 3,750,308	\$ 2,383,677	\$ -	\$ 6,133,985

4. Compensated Absences

Compensated absences activity was as follows:

Year ended September 30, 2022

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated balances	\$ 2,345,447	\$ 3,628,054	\$ (3,690,171)	\$ 2,283,330	\$ 2,283,330

5. Leases

The Authority adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*, during the year ended September 30, 2022.

Leases Payable

The Authority entered into leases for buildings with lease terms ranging from two to nine years. The leases went into effect on October 1, 2021. An initial lease liability was recorded in the amount of \$4,144,268 during the current year. As of September 30, 2022, the outstanding balance on the leases was \$2,848,681. The Authority is required to make monthly principal and lease payments ranging from \$867 to \$85,577. The leases have an interest rate of 1.48%. The net value of the right-of-use assets as of September 30, 2022 was \$2,848,681 and had accumulated amortization of \$1,295,587.

Genesee Health System

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The future principal and interest lease payments as of September 30, 2022 were as follows:

Year ending September 30,

	Principal	Interest	Total
2023	\$ 1,314,892	\$ 33,266	\$ 1,348,158
2024	1,234,094	14,350	1,248,444
2025	112,607	3,674	116,281
2026	39,745	2,500	42,245
2027	40,337	1,908	42,245
2028-2030	107,006	2,125	109,131
Total	\$ 2,848,681	\$ 57,823	\$ 2,906,504

Leases Receivable

The Authority leases various buildings to third parties. The leases are for terms ranging from two to four years, and the Authority will receive monthly payments ranging from \$867 to \$22,200. The Authority recognized \$503,084 in lease revenue and \$42,310 in interest revenue for the year ended September 30, 2022. As of September 30, 2022, the Authority's receivable for lease payments was \$1,028,040. The Authority recognized a deferred inflow of resources associated with the leases of \$1,028,040 at September 30, 2022 that will be recognized as revenue over the remainder of the lease terms.

6. Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, malpractice, and employee injuries. The Authority has purchased commercial insurance for these claims. Settled claims for the commercial insurance did not exceed insurance coverage in the current period. The Authority also participates in the Genesee County self-insurance program for automobile insurance. The Authority does not retain any risk through participation in this program.

The self-insurance program for health insurance is accounted for in the healthcare internal service fund. An independent administrator (HAP) is hired to process the daily claims. The Authority is responsible for individual claims up to \$200,000 per participant. The Authority is also responsible for paying administrative charges and stop loss insurance premiums. The liability at the end of the year is based on claims already incurred and reported as well as estimates of incurred but not reported claims as estimated by management which cannot exceed the stop loss insurance limits. Settled claims did not exceed insurance coverage in the last two fiscal periods.

Year ended September 30,

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Period Liability
2022	\$ 908,782	\$ 5,675,716	\$ 6,034,027	\$ 550,471

The self-insurance program for dental insurance is accounted for in the mental health and retiree health fund. An independent administrator (Delta Dental) is hired to process the daily claims and to

Genesee Health System

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perform management duties. Benefits under the program are capped at \$1,200 for Teamsters and \$1,200 for American Federation of State, County & Municipal Employees (AFSCME) and non-union employees for routine dental and \$1,400 for orthodontic procedures per covered person annually. There were no reductions of insurance coverage from the prior year. Settled claims did not exceed insurance coverage in the last two fiscal periods. The liability related to self-insurance is included within accrued liabilities on the statement of net position.

Year ended September 30,

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Period Liability
2022	\$ -	\$ 40,638	\$ 40,638	\$ -

7. Defined Benefit Pension System

Employees' Retirement System

The Authority participates in a contributory agent multi-employer, defined benefit pension plan (the Genesee County Employees' Retirement System or GCERS). GCERS was organized pursuant to Section 12A of Act 156, Public Acts of 1851 (MSA 5.333(1); MCLA 46.12a) as amended. The GCERS is regulated under the Genesee County Employees' Retirement System Ordinance (Retirement System Ordinance), the sections of which have been approved by the state pension commission and is administered by the Genesee County Retirement Commission. The GCERS was established in 1946, beginning with the General Unit and the County Road Commission. Water and Waste joined the system in 1956, Community Mental Health in 1966, the City of Mt. Morris in 1969, and the Genesee District Library in 1980. GCERS issues a stand-alone financial report; a copy of this report may be obtained by contacting the retirement office.

Benefits Provided

Employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service. Benefit computations may vary by bargaining group, but are generally computed at final average compensation times the sum of 2.4% for the first 25 years of service, plus 1% for years of service in excess of 25 years, up to a maximum of 60%-65%.

Employees are eligible for regular retirement at either the 23-year anniversary date of employment; or age 60 with a minimum of eight years of service. Full retirement benefits vary by bargaining unit. Members with eight to 15 years of service may elect a deferred annuity providing a lifetime benefit which varies by employer bargaining unit. Members leaving service may withdraw their accumulated contributions together with the interest credited to their account.

Contributions

GCERS employers are required by the Retirement System Ordinance to make adequate contributions to fund the retirement allowances provided by the System. Because the Retirement System is a multiple-employer retirement fund, each employer has the ability to negotiate and/or establish

Genesee Health System

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through personnel policy retirement benefits with their respective employees. The contribution rates are determined by an annual actuarial valuation based on certain assumptions along with consideration of members' contributions and assumed investment income. The Authority's contribution rate for the plan for the year ended September 30, 2022 was 19.6% of projected valuation payroll. Eligible employees are required to contribute from 5.0% of eligible monetary compensation to the Plan.

Employees Covered by Benefit Terms

At December 31, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	365
Inactive employees entitled to but not yet receiving benefits	16
Active employees	84
Total Membership	465

Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2.50 - 8.50%, based on age
Investment rate of return	7.00%, net of investment expenses

Mortality rates were based on the Pub-2010 with generational mortality improvements using Scale MP-2021.

The pension plan's investment policy discourages the use of cash equivalents except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation (%)
U.S. equities active or passive	42
Non-U.S. equities	15
Domestic fixed income	18
Commercial real estate	18
Alternative Investment Hedge Funds	5
Cash equivalents	2
	100

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Rate of Return

The annual money weighted rate of return on pension plan investments is calculated as the internal rate of return on pension plan investments, net of investment expenses, not including inflation. This expresses investment performance, adjusted for the changing amounts actually invested throughout the year, measured on monthly inputs with expenses measured on an accrual basis. At December 31, 2021, the annual money-weighted rate of return, net of investment expenses was 14.06%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made based on the plan's funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to outlast the obligation for current members. Therefore, the long-term expected rate of return on pension plan investments was used to discount projected benefit payments. The single effective discount rate was 7.00%.

Changes in the Net Pension Liability (Asset)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, December 31, 2020	\$ 134,488,982	\$ 104,560,122	\$ 29,928,860
Changes for the year:			
Service cost	1,102,929	-	1,102,929
Interest	9,157,400	-	9,157,400
Differences between expected and actual experience	(472,484)	-	(472,484)
Changes in assumptions	2,032,050	-	2,032,050
Employer contributions	-	31,247,776	(31,247,776)
Employee contributions	-	367,001	(367,001)
Net investment income	-	14,997,160	(14,997,160)
Benefit payments, including refunds of employee contributions	(9,543,823)	(9,543,823)	-
Administrative expense	-	(110,068)	110,068
Net Changes	2,276,072	36,958,046	(34,681,974)
Balance, December 31, 2021	\$ 136,765,054	\$ 141,518,168	\$ (4,753,114)

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Notes to Financial Statements

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 7.00%, as well as what the Authority's net pension (asset) liability would be if it were calculated using a discount rate that is 1% lower 6.00% or 1% higher 8.00% than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Authority's net pension liability (asset)	\$ 9,543,655	\$ (4,753,114)	\$ (16,867,081)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in its separately issued financial statements.

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

For the year ended September 30, 2022, the Authority recognized pension expense of \$1,534,453. At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (42,953)	\$ (42,953)
Changes in assumptions	184,732	-	184,732
Net difference between projected and actual earnings on pension plan investments	-	(8,582,956)	(8,582,956)
Contributions subsequent to the measurement date	1,131,598	-	1,131,598
Total	\$ 1,316,330	\$ (8,625,909)	\$ (7,309,579)

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, 2023.

Genesee Health System

Notes to Financial Statements

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense for the following years ending September 30:

		Deferred Outflows (Inflows) of Resources
2023	\$	(1,813,627)
2024		(3,541,592)
2025		(1,704,094)
2026		(1,381,864)
Total	\$	(8,441,177)

Payable to the Pension Plan

At September 30, 2022, the Authority reported a payable of \$139,037 for the outstanding amount of contributions to the pension plan for the year ended September 30, 2022. This liability is recorded in accounts payable on the statement of net position.

8. Defined Contribution Pension Plan

In 2000, the Authority allowed new retirees to elect to transfer the actuarial present value of the participants accrued benefit under the defined benefit plan to an account within the Genesee County Defined Contribution Pension Plan. Presently, AFSCME employees hired after October 1, 2007, Teamsters employees hired after November 20, 2007 and Non-Union employees hired after May 8, 2012 participate in the Mission Square Retirement Plan. Participants in the Mission Square plan need six years of credited service to be fully vested. Employer contributions for the year ended September 30, 2022 were \$1,038,313.

In addition, all employees hired on or after October 1, 2006, participate in a defined contribution pension plan through MERS (separate from the retiree health funding vehicle defined benefit plan) in lieu of participation in the retiree healthcare plan. Employees vest after eight years of service. The Authority contributes 5% of the employee's annual salary to the plan after the employee's probationary period is complete. Employer contributions for the year ended September 30, 2022 were \$312,042.

9. Other Postemployment Benefits

Plan Description

The Genesee Health System Retiree Healthcare Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Authority. The Plan provides health insurance benefits including medical, prescription, dental, and optical coverage to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. Plan assets are held in trust by a third party administrator. The Plan was closed to new hires as of May 2008. As of January 12, 2005, employees need 15 years of credited service to be fully vested in the Plan. Employees who retired before that date needed eight years of credited service.

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Notes to Financial Statements

Employees Covered by Benefit Terms

At December 31, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	376
Inactive employees entitled to but not yet receiving benefits	56
Active employees	515
Total Membership	947

Net Other Postemployment Benefits Asset

The Authority's net other postemployment benefit asset was measured as of September 30, 2022; the total other postemployment benefit liability used to calculate the net other postemployment benefit asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to September 30, 2022.

Actuarial Assumptions

The total other postemployment benefits asset in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.00 - 9.00%, plus service based increases
Investment rate of return	7.35%, net of investment expense and including inflation
Health care trend rates	Trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.50% over 15 years

Mortality rates were based on the Pub-2010 General Healthy Retiree Mortality Tables for male and females with fully generational mortality improvements using scale MP-2018.

The other postemployment benefits plan's investment policy discourages the use of cash equivalents except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Currently, the Board has elected to invest entirely in the MERS Total Market Portfolio through the Michigan Employees' Retirement System's retiree health funding vehicle.

Discount Rate

The discount rate used to measure the total other postemployment benefit asset was 7.35%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the other postemployment benefit plan's fiduciary net position was projected to be available to make all projected future benefit payments of current

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active and inactive employees. Therefore, the long-term expected rate of return on other postemployment benefits plan investments was applied to all periods of projected benefit payments to determine the total other postemployment benefit asset.

Changes in the Net Other Postemployment Benefits Asset

The components of the change in the net other postemployment benefits asset are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance, September 30, 2021	\$ 51,407,854	\$ 76,502,591	\$ (25,094,737)
Changes for the year:			
Service cost	139,477	-	139,477
Interest	3,533,586	-	3,533,586
Differences between expected and actual experience	(18,814,409)	-	(18,814,409)
Changes in assumptions	2,497,730		2,497,730
Employer contributions	-	650,984	(650,984)
Net investment income	-	(10,370,986)	10,370,986
Administrative fees		(135,539)	135,539
Benefit payments, including refunds of employee contributions	(1,995,571)	(1,995,571)	-
Net Changes	(14,639,187)	(11,851,112)	(2,788,075)
Balance, September 30, 2022	\$ 36,768,667	\$ 64,651,479	\$ (27,882,812)

Sensitivity of the Net Other Postemployment Benefits Asset to Changes in the Discount Rate

The following presents the net other postemployment benefits asset of the Authority, calculated using the discount rate of 7.35% as well as what the Authority's net other postemployment benefits asset would be if it were calculated using a discount rate that is 1% lower (6.35%) or 1% higher (8.35%) than the current rate:

	1% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
Authority's net other postemployment benefits liability (asset)	\$ (27,059,016)	\$ (27,882,812)	\$ (28,591,967)

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Sensitivity of the Net Other Postemployment Benefits Asset to Changes in the Healthcare Cost Trend Rate Assumption

The following presents the net other postemployment benefits asset of the Authority, as well as what the Authority's net other postemployment benefits asset would be if it were calculated using healthcare cost trend rates that are 1.00% lower (7.25% decreasing to 2.50%) or 1.00% higher (9.25% decreasing to 4.50%) than the current healthcare cost trend rates:

	1% Decrease (7.25% Decreasing to 2.50%)	Healthcare Cost Trend Rates (8.25% Decreasing to 3.50%)	1% Increase (9.25% Decreasing to 4.50%)
Authority's net other postemployment benefits liability (asset)	\$ (30,687,674)	\$ (27,882,812)	\$ (24,444,398)

Other Postemployment Benefits Plan Fiduciary Net Position

Detailed information about the other postemployment benefits plan's fiduciary net position is available in the separately issued Plan financial statements.

Other Postemployment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

For the year ended September 30, 2022, the Authority recognized other postemployment benefit expense (benefit) of \$(4,804,776). At September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 3,730,240	\$ (20,138,783)	\$ (16,408,543)
Net difference between projected and actual earnings on other postemployment benefits plan investments	7,247,724	-	7,247,724
Total	\$ 10,977,964	\$ (20,138,783)	\$ (9,160,819)

Genesee Health System

Notes to Financial Statements

The amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefit will be recognized in other postemployment benefits expense for the following years ending September 30:

	Deferred Outflows (Inflows) of Resources
2023	\$ (3,436,404)
2024	(3,677,048)
2025	(2,018,082)
2026	(29,285)
Total	\$ (9,160,819)

Payable to the Other Postemployment Benefits Plan

At September 30, 2022, the Authority reported a receivable of \$29,642 for the excess amount of contributions made to the other postemployment benefits plan required for the year ended September 30, 2022.

10. Medicaid and State General Fund Revenue

The Authority provides services to individuals with mental illnesses, developmental disabilities, and substance abuse disorders on behalf of the MDHHS in accordance with a managed specialty supports and services contract (the Contract). Under the Contract, the Authority receives monthly capitation payments based on the number of eligible participants, regardless of services actually performed by the Authority. In addition, the MDHHS makes fee-for-service payments to the Authority for certain covered services.

The Authority receives funding for Medicaid eligible consumers through Region 10 PIHP, the Prepaid Inpatient Health Plan (PIHP) created by Genesee Health System, Lapeer County Community Mental Health, Sanilac County Community Mental Health Authority, and St. Clair County Community Mental Health Authority.

11. Contingencies

Under the terms of various federal and state grants and regulatory requirements, the Authority is subject to periodic audits of its agreements. Such audits could lead to questioned costs and/or requests for reimbursement to grantor or regulatory agencies. Management does not consider such amounts to be significant.

As is the case with other entities, the Authority faces exposure from potential claims and legal proceedings involving environmental and other matters. No such claims or proceedings have been asserted as of September 30, 2022.

At this time, the Authority receives its funding from the state of Michigan as appropriated by the legislature and agreed upon via formula in its contract. Funding is not directly generated by the

Genesee Health System
Notes to Financial Statements

provision of services, and there is not an anticipated impact to revenue received from the state of Michigan.

12. Related Parties

The Authority leases staff from Region 10. During the year ended September 30, 2022, total revenues and expenses related to this lease arrangement amounted to \$1,408,447. As of September 30, 2022 this lease arrangement came to an end.

Required Supplementary Information

Genesee Health System
Employees' Retirement System Plan
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Year ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 1,102,929	\$ 1,138,660	\$ 1,107,677	\$ 1,412,025	\$ 1,656,594	\$ 1,998,936	\$ 1,269,466	\$ 1,351,737
Interest	9,157,400	8,904,044	8,989,874	8,243,308	7,943,297	7,676,712	7,830,710	7,576,741
Differences between expected and actual experience	(472,484)	245,225	635,419	1,034,460	(1,119,969)	(5,174,366)	1,507,736	4,373,348
Changes of assumptions	2,032,050	2,743,431	6,405,382	(5,559,975)	(8,396,217)	(4,875,031)	20,976,139	-
Benefit payments, including refunds of employee contributions	(9,543,823)	(9,208,707)	(8,871,040)	(7,974,099)	(7,576,896)	(7,368,755)	(7,307,322)	(6,928,961)
Rollover to other pension	-	-	-	-	(256,925)	(38,698)	(678,965)	(1,240,669)
Net Change in Total Pension Liability	2,276,072	3,822,653	8,267,312	(2,844,281)	(7,750,116)	(7,781,202)	23,597,764	5,132,196
Total Pension Liability, beginning of year	134,488,982	130,666,329	122,399,017	125,243,298	132,993,414	140,774,616	117,176,852	112,044,656
Total Pension Liability, end of year	136,765,054	134,488,982	130,666,329	122,399,017	125,243,298	132,993,414	140,774,616	117,176,852
Plan Fiduciary Net Position								
Employer contributions	31,247,776	7,661,490	5,517,359	3,077,859	2,865,256	4,528,171	4,037,724	4,147,902
Employee contributions	367,001	381,718	405,959	420,777	549,059	597,146	503,823	553,918
Net investment income	14,997,160	8,387,814	15,490,109	(1,935,209)	9,911,802	6,648,406	1,043,740	5,740,032
Benefit payments, including refunds of employee contributions	(9,543,823)	(9,208,707)	(8,871,040)	(7,974,099)	(7,576,896)	(7,368,755)	(7,307,322)	(6,928,961)
Rollover to other pension	-	-	-	-	(256,925)	(38,698)	(678,965)	(1,240,669)
Administrative expense	(110,068)	(108,657)	(96,833)	(95,958)	(120,836)	(79,190)	(93,060)	(93,106)
Net Change in Plan Fiduciary Net Pension	36,958,046	7,113,658	12,445,554	(6,506,630)	5,371,460	4,287,080	(2,494,060)	2,179,116
Plan Fiduciary Net Position, beginning of year	104,560,122	97,446,464	85,000,910	91,507,540	86,136,080	81,849,000	84,343,060	82,163,944
Plan Fiduciary Net Position, end of year	141,518,168	104,560,122	97,446,464	85,000,910	91,507,540	86,136,080	81,849,000	84,343,060
Authority's Net Pension Liability (Asset)	\$ (4,753,114)	\$ 29,928,860	\$ 33,219,865	\$ 37,398,107	\$ 33,735,758	\$ 46,857,334	\$ 58,925,616	\$ 32,833,792
Plan fiduciary net position as a percentage of total pension liability (%)	103.5	77.7	74.6	69.4	73.1	64.8	58.1	72.0
Cover-employee payroll	\$ 6,767,542	\$ 7,674,497	\$ 9,257,625	\$ 8,559,159	\$ 9,257,625	\$ 9,419,585	\$ 10,265,612	\$ 10,782,351
Authority's net pension liability (asset) as a percentage of covered-employee payroll (%)	(70.23)	389.98	358.84	436.94	364.41	497.45	574.01	304.51

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

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

Change of assumptions: In fiscal year 2022, the discount rate used to measure the total pension liability stayed consistent with fiscal year 2021. In fiscal year 2021, the discount rate used to measure the total pension liability stayed consistent with fiscal year 2020. In fiscal year 2020, the discount rate used to measure the total pension liability decreased from 7.55% to 7.00%. In fiscal year 2019, the discount rate used to measure the total pension liability increased from 6.72% to 7.55% and the commission adopted the RP-2014 Mortality Table with fully generational improvements from 2006 based on assumptions from Scale MP 2018. In fiscal year 2018, the discount rate used to measure the total pension liability increased from 6.07% to 6.72%. In fiscal year 2017, the discount rate used to measure the total pension liability increased from 5.56% to 6.07%. In fiscal year 2016 the retirement commission adopted the RP 2000 Mortality Table projected to 2014 and reduced the assumed rate of return to 7.85% from 8.00% with future annual reductions of 0.15% until a 7.00% rate of return is reached.

Genesee Health System
Employees' Retirement System Plan
Schedule of the Net Pension Liability (Asset)

Year ended September 30,

	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as Percentage of Total Pension Liability (%)	Covered- Employee Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll (%)
2015	\$117,176,852	\$ 84,343,060	\$ 32,833,792	72.00	\$ 10,782,351	304.51
2016	140,774,616	81,849,000	58,925,616	58.10	10,265,612	574.01
2017	132,993,414	86,136,080	46,857,334	64.80	9,419,585	497.45
2018	125,243,298	91,507,540	33,735,758	73.10	9,257,625	364.41
2019	122,399,017	85,000,910	37,398,107	69.40	8,559,159	436.94
2020	130,666,329	97,446,464	33,219,865	74.58	9,257,625	358.84
2021	134,488,982	104,560,122	29,928,860	77.70	7,674,497	389.98
2022	136,765,054	141,518,168	(4,753,114)	103.48	6,767,542	(70.23)

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

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

Genesee Health System
Employees' Retirement System Plan
Schedule of the Authority's Pension Contributions

Year ended December 31,

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as Percentage of Covered- Employee Payroll (%)
2014	\$ 4,038,382	\$ 4,038,382	\$ -	\$ 10,452,506	38.6
2015	2,442,981	2,442,981	-	9,764,471	25.0
2016	3,067,099	3,067,099	-	9,505,578	32.3
2017	3,028,142	3,028,142	-	9,075,914	33.4
2018	5,424,557	5,424,557	-	8,876,045	61.1
2019	3,838,011	36,790,215	(32,952,204)	7,639,161	481.6
2020	3,742,524	2,831,163	911,361	7,665,041	36.9
2021	1,325,432	1,325,432	-	6,767,542	19.6

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

Notes to Schedule of Contributions

Valuation date	December 31, 2021
Notes	Actuarially determined contribution rates are calculated as of December 31, which is nine months prior to the beginning of the year in which contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal cost method
Amortization method	25-year closed amortization period beginning December 31, 2018
Remaining amortization period	22
Asset valuation method	Market value of assets
Inflation	3.00%
Salary increases	2.50% - 8.50% plus service based increases
Investment rate of return	7.00%, net of investment expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality rates were based on the Pub-2010 with generational mortality improvements using Scale MP-2021.

Genesee Health System

Other Postemployment Benefits Plan Schedule of Changes in Net OPEB Asset and Related Ratios

<i>Year ended September 30,</i>	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 139,477	\$ 184,417	\$ 184,305	\$ 248,463	\$ 267,324
Interest	3,533,586	3,540,910	4,129,968	4,048,449	3,964,359
Differences between expected and actual experience	(18,814,409)	(1,234,884)	(10,899,877)	(909,732)	(647,518)
Changes in assumptions	2,495,051	1,801,550	1,732,861	-	-
Benefit payments, including refunds of employee contributions	(1,995,571)	(1,919,057)	(2,137,970)	(2,388,654)	(2,518,403)
Other changes	2,679	(8,045)	(9,400)	-	-
Net Change in Total OPEB Liability	(14,639,187)	2,364,891	(7,000,113)	998,526	1,065,762
Total OPEB Liability, beginning of year	51,407,854	49,042,963	56,043,076	55,044,550	53,983,654
Total OPEB Liability, end of year	36,768,667	51,407,854	49,042,963	56,043,076	55,049,416
Plan Fiduciary Net Position					
Employer contributions	650,984	577,268	502,184	587,702	852,000
Net investment income	(10,370,986)	14,459,524	4,470,666	1,492,725	3,112,995
Benefit payments, including refunds of employee contributions	(1,995,571)	(1,919,057)	(2,137,970)	(2,388,654)	(2,518,403)
Administrative expense	(135,539)	(140,280)	(114,270)	(121,594)	-
Net Change in Plan Fiduciary Net Position	(11,851,112)	12,977,455	2,720,610	(429,821)	59,787,755
Plan Fiduciary Net Position, beginning of year	76,502,591	63,525,136	60,804,526	61,234,347	59,787,755
Plan Fiduciary Net Position, end of year	64,651,479	76,502,591	63,525,136	60,804,526	61,234,347
Authority's Net OPEB Liability (Asset)	\$ (27,882,812)	\$ (25,094,737)	\$ (14,482,173)	\$ (4,761,450)	\$ (6,184,931)
Plan fiduciary net position as a percentage of total OPEB liability	175.83%	148.8%	129.53%	108.50%	111.20%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Authority's net OPEB asset as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Genesee Health System
Other Postemployment Benefits Plan
Schedule of the Net OPEB Asset

Year ended September 30,

	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)	Plan Net Position as Percentage of Total Pension Liability (%)	Covered- Employee Payroll	Net Pension Liability as a Percentage of Covered Payroll (%)
2022	\$ 36,768,667	\$ 64,651,479	\$ (27,882,812)	175.83	N/A	N/A
2021	51,407,854	76,502,591	(25,094,737)	148.80	N/A	N/A
2020	49,042,963	63,525,136	(14,482,173)	129.53	N/A	N/A
2019	56,043,076	60,804,526	(4,761,450)	108.50	N/A	N/A
2018	55,049,416	61,234,347	(6,184,931)	111.20	N/A	N/A

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Genesee Health System
Other Postemployment Benefits Plan
Schedule of the Authority's OPEB Contributions

Year ended December 31,

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as Percentage of Covered Payroll (%)
2022	\$ -	\$ 650,984	\$ (650,984)	N/A	N/A
2021	-	577,268	(577,268)	N/A	N/A
2020	-	507,101	(507,101)	N/A	N/A
2019	-	535,794	(535,794)	N/A	N/A
2018	2,548,407	852,000	1,696,407	N/A	N/A

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Notes to Schedule of Contributions

Valuation date	December 31, 2021
Notes	Actuarially determined contribution rates were calculated as of December 31, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, open
Remaining amortization period	25 years
Asset valuation method	Market Value of Assets
Inflation	2.50%
Salary increases	5.00% - 9.00% plus service based increases
Investment rate of return	7.35%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Post-retirement: Pub-2010 General Healthy Retiree Mortality Tables for males and females with fully generational mortality improvement using MP-2018. Pre-retirement: Pub-2010 General Employee Tables for males and females with fully generational mortality improvement using MP-2018.
Health care trend rates	Trend starting at 8.25% and gradually decreasing to an ultimate trend rate of 3.5% over 15 years
Expenses	Investment expenses are net of the investment returns; administrative expenses are included in the premium costs
Other information	There were no benefit changes during the year.

Supplementary Information

Genesee Health System
Combining Schedule of Net Position -
Enterprise Fund

September 30, 2022

	Mental Health Activities	Health Center Activities	Millage Activities	Total Enterprise Fund
Assets				
Current Assets				
Cash and cash equivalents	\$ 16,175,873	\$ 100	\$ -	\$ 16,175,973
Investments	11,174,712	-	-	11,174,712
Accounts receivable, net	348,062	255,709	2,342	606,113
Due from Department of Health and Human Resources	34,074	1,223,755	-	1,257,829
Due from other funds	945,116	1,851,417	8,778,678	11,575,211
Due from other governments	4,050,709	299,064	-	4,349,773
Prepays	2,519,180	65,389	1,210	2,585,779
Total Current Assets	35,247,726	3,695,434	8,782,230	47,725,390
Non-Current Assets				
Lease receivable	1,028,040	-	-	1,028,040
Capital assets being depreciated, net	4,979,300	1,154,685	-	6,133,985
Net other postemployment benefit asset	27,882,812	-	-	27,882,812
Net pension asset	4,753,114	-	-	4,753,114
Total Non-Current Assets	38,643,266	1,154,685	-	39,797,951
Total Assets	\$ 73,890,992	\$ 4,850,119	\$ -	\$ 87,523,341
Deferred Outflows of Resources				
Deferred pension amounts	\$ 1,316,330	\$ -	\$ -	\$ 1,316,330
Deferred other postemployment benefit amounts	10,977,964	-	-	10,977,964
Total Deferred Outflows of Resources	\$ 12,294,294	\$ -	\$ -	\$ 12,294,294

Genesee Health System
Combining Schedule of Net Position -
Enterprise Fund

September 30, 2022

	Mental Health Activities	Health Center Activities	Millage Activities	Total Enterprise Fund
Liabilities				
Current Liabilities				
Accounts payable	\$ 11,557,427	\$ 28,741	\$ 1,088	\$ 11,587,256
Accrued liabilities	1,916,029	146,710	8,698	2,071,437
Due to Department of Health and Human Services	167,810	-	-	167,810
Due to other funds	10,724,722	-	-	10,724,722
Due to other governments	2,418,119	-	-	2,418,119
Unearned revenue	275,037	728,536	-	1,003,573
Compensated absences	2,138,345	144,985	-	2,283,330
Current portion of lease liability	1,314,892	-	-	1,314,892
Total Current Liabilities	30,512,381	1,048,972	9,786	31,571,139
Non-Current Liability				
Lease liability, net of current portion	1,533,789	-	-	1,533,789
Total Liabilities	\$ 32,046,170	\$ 1,048,972	\$ 9,786	\$ 33,104,928
Deferred Inflows of Resources				
Deferred lease amounts	\$ 1,028,040	\$ -	\$ -	\$ 1,028,040
Deferred pension amounts	8,625,909	-	-	8,625,909
Deferred other postemployment benefit amounts	20,138,783	-	-	20,138,783
Total Deferred Inflows of Resources	\$ 29,792,732	\$ -	\$ -	\$ 29,792,732
Net Position				
Net investment in capital assets Restricted for pension and other postemployment benefits	16,165,528	-	-	16,165,528
Restricted for millage Unrestricted	6,050,237	2,646,462	8,772,444	8,772,444
Total Net Position	\$ 24,346,384	\$ 3,801,147	\$ 8,772,444	\$ 36,919,975

Genesee Health System

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position - Enterprise Fund

Year ended September 30, 2022

	Mental Health Activities	Health Center Activities	Millage Activities	Total Enterprise Fund
Operating Revenues				
Federal sources:				
Medicaid	\$ 136,917,650	\$ -	\$ -	\$ 136,917,650
Federal grants	3,896,157	2,942,184	-	6,838,341
State sources				
State general grant fund indigent	3,552,362	-	-	3,552,362
State grants	159,650	6,029	-	165,679
Local sources:				
County appropriations	1,640,438	-	-	1,640,438
Charges for services	373,440	3,540,420	-	3,913,860
Local grants and contributions	1,431,637	234,755	-	1,666,392
Millage	-	-	9,607,249	9,607,249
Other revenue	2,266,110	32,775	-	2,298,885
Total Operating Revenues	150,237,444	6,756,163	9,607,249	166,600,856
Operating Expenses				
Mental health services:				
Administration	16,397,844	-	-	16,397,844
Managed care	22,587,243	-	-	22,587,243
Children SED	1,543,567	-	-	1,543,567
Residential services	47,785,112	-	-	47,785,112
Adult MI services	15,460,176	-	-	15,460,176
State hospitals	1,248,828	-	-	1,248,828
Developmental disabilities	11,813,197	-	-	11,813,197
Inpatient services	12,131,468	-	-	12,131,468
Flint water crisis	4,932,934	-	-	4,932,934
Autism benefits	5,990,165	-	-	5,990,165
Millage activities	-	-	834,805	834,805
Group Home services	862,763	-	-	862,763
Home-based services	707,223	-	-	707,223
Health center	-	5,754,597	-	5,754,597
Access center	1,408,447	-	-	1,408,447
CMH grants	6,268,804	-	-	6,268,804
Total Operating Expenses	149,137,771	5,754,597	834,805	155,727,173
Operating Income	1,099,673	1,001,566	8,772,444	10,873,683
Non-Operating Revenue				
Interest income	33,394			33,394
Change in Net Position	1,133,067	1,001,566	8,772,444	10,907,077
Net Position, beginning of year	23,213,317	2,799,581	-	26,012,898
Net Position, end of year	\$ 24,346,384	\$ 3,801,147	\$ 8,772,444	\$ 36,919,975

Genesee Health System
Combining Schedule of Cash Flows -
Enterprise Fund

Year ended September 30, 2022

	Mental Health Activities	Health Center Activities	Millage Activities	Total Enterprise Fund
Cash Flows from Operating Activities				
Cash received from contacts, grants, customers, and other	\$ 162,634,240	\$ 5,446,477	\$ 826,229	\$ 168,906,946
Cash payments to employees	(40,501,079)	(4,045,574)	(55,539)	(44,602,192)
Cash payments to suppliers for goods and services	(121,233,200)	(1,656,868)	(770,690)	(123,660,758)
Net Cash Provided by (Used in) Operating Activities	899,961	(255,965)	-	643,996
Cash Flows from Capital and Related Financing Activity				
Purchase of capital assets	(160,613)	(18,750)	-	(179,363)
Cash Flows from Investing Activities				
Purchase of investments	(33,394)	-	-	(33,394)
Interest received	33,394	-	-	33,394
Net Cash Provided by Investing Activities	-	-	-	-
Increase (Decrease) in Cash and Cash Equivalents	739,348	(274,715)	-	464,633
Cash and Cash Equivalents, beginning of year	15,436,525	274,815	-	15,711,340
Cash and Cash Equivalents, end of year	\$ 16,175,873	\$ 100	\$ -	\$ 16,175,973
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income	\$ 1,099,673	\$ 1,001,566	\$ 8,772,444	\$ 10,873,683
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	517,138	127,229	-	644,367
Changes in net assets and liabilities:				
Accounts receivable	(93,833)	(6,774)	(2,342)	(102,949)
Due from Department of Health and Human Services	(30,197)	(914,004)	-	(944,201)
Due from other governments	(1,223,525)	(245,551)	-	(1,469,076)
Due from other funds	13,730,886	(421,837)	(8,778,678)	4,530,371
Prepays	(100,566)	24,012	(1,210)	(77,764)
Net other postemployment benefits asset	(2,788,075)	-	-	(2,788,075)
Net pension asset	(4,753,114)	-	-	(4,753,114)
Deferred outflows related to net pension liability	35,052,192	-	-	35,052,192
Deferred outflows related to other postemployment benefits asset	(8,518,796)	-	-	(8,518,796)
Accounts payable	4,604,692	(389)	1,088	4,605,391
Accrued liabilities	(2,442,207)	(92,481)	8,698	(2,525,990)
Due to Department of Health and Human Services	117,569	-	-	117,569
Due to other funds	(3,758,606)	-	-	(3,758,606)
Due to other governments	(10,418,589)	(7,134)	-	(10,425,723)
Unearned revenue	13,466	278,480	-	291,946
Compensated absences	(63,035)	918	-	(62,117)
Net pension liability	(29,928,860)	-	-	(29,928,860)
Deferred inflows related to net pension liability	4,032,637	-	-	4,032,637
Deferred inflows related to other postemployment benefits asset	5,851,111	-	-	5,851,111
Net Cash Provided by (Used in) Operating Activities	\$ 899,961	\$ (255,965)	\$ -	\$ 643,996

Genesee Health System

Combining Statement of Fund Net Position - Internal Service Funds

September 30, 2022

	Healthcare	Retiree Health	Total
Current Assets			
Cash and cash equivalents	\$ 2,296,049	\$ -	\$ 2,296,049
Accounts receivable, net	-	2,048,209	2,048,209
Due from other funds	1,160,810	-	1,160,810
Prepays	556,479	114,285	670,764
Total Current Assets	4,013,338	2,162,494	6,175,832
Current Liabilities			
Accounts payable	399,276	151,195	550,471
Due to other funds	-	2,011,299	2,011,299
Total Current Liabilities	399,276	2,162,494	2,561,770
Net Position			
Unrestricted	\$ 3,614,062	\$ -	\$ 3,614,062

Genesee Health System

Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds

Year ended September 30, 2022

	Healthcare	Retiree Health	Total
Operating Revenues			
Charges for services	\$ 4,847,964	\$ 1,995,571	\$ 6,843,535
Expenses			
Employee benefits	3,680,143	1,995,571	5,675,714
Change in Net Position	1,167,821	-	1,167,821
Net Position, beginning of year	2,446,241	-	2,446,241
Net Position, end of year	\$ 3,614,062	\$ -	\$ 3,614,062

Genesee Health System
Combining Statement of Cash Flows -
Internal Service Funds

Year ended September 30, 2022

	Healthcare	Retiree Health	Total
Cash Flows from Operating Activities			
Cash received for interfund services	\$ 4,111,227	\$ 1,884,029	\$ 5,995,256
Cash payments to suppliers for goods and services	(3,861,950)	(1,884,029)	(5,745,979)
Net Cash Provided by Operating Activities	249,277	-	249,277
Increase in Cash and Cash Equivalents	249,277	-	249,277
Cash and Cash Equivalents, beginning of year	2,046,772	-	2,046,772
Cash and Cash Equivalents, end of year	\$ 2,296,049	\$ -	\$ 2,296,049
Reconciliation of Operating Income to Change in Cash and Cash Equivalents			
Operating income	\$ 1,167,821	\$ -	\$ 1,167,821
Adjustments to reconcile income to net cash provided by operating activities			
Changes in assets and liabilities			
Accounts receivable	52,638	(129,152)	(76,514)
Due from other funds	(759,274)	-	(759,274)
Prepays	(282,633)	(19,578)	(302,211)
Accounts payable	100,826	131,120	231,946
Due to other funds	(30,101)	17,610	(12,491)
Net Cash Provided by Operating Activities	\$ 249,277	\$ -	\$ 249,277