

**Benzie/Leelanau
District Health Department**

BASIC FINANCIAL STATEMENTS

September 30, 2023

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Health
Benzie/Leelanau District Health Department
Benzonia, Michigan 49616

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Benzie/Leelanau District Health Department, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Benzie/Leelanau District Health Department, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, 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 Benzie/Leelanau District Health Department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that 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 these 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 Benzie/Leelanau District Health Department'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Health Department'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health Department'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, schedule of funding progress and budgetary comparison information be presented on pages 4 to 12 and 35 to 37 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 Benzie/Leelanau District Health Department's basic financial statements. The accompanying statements of revenues and expenditures – budget and actual and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 statements of revenues and expenditures – budget and actual and the schedule of federal expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024 on our consideration of the Benzie/Leelanau District Health Department'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 Benzie/Leelanau District Health Department'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 Benzie/Leelanau District Health Department's internal control over financial reporting and compliance.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 21, 2024

Management's Discussion and Analysis

This section of the Health Department's annual financial report presents our discussion and analysis of the Health Department's financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the Health Department's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

When the budget was created in the summer of 2022, there were many unknowns when it comes to program revenue. Revenue coming from the Federal/State government sources are typically not finalized when the budget is adopted in September. Revenue from private grants scheduled to close at the end of one fiscal year are often renewed or extended into the next fiscal year. Notifications of such funding often times come well after the budget adoption.

The Health Department continued to respond to the needs of the public when it came to COVID-19 vaccination boosters. Funding from the State continued to be reduced for direct vaccination. In May of 2023 we saw the Federal government stopping the purchase of COVID-19 vaccine and the end of free vaccinations. The Health Department used up current vaccine supplies before planning the purchase of private vaccine for fiscal 2024.

Planning to expand the school wellness programs to Suttons Bay, Leland, and Frankfort school districts was met with successful funding from the State of Michigan in May of 2023. Work during the summer ensured that school nurses and mental health providers were in the schools for the first day of school. MI Safer Schools funding continued through fiscal year 2023 which also placed nurses in various school districts to strengthen health practices by providing consultation, prevention services, and appropriate public health strategies.

Enrollment in Parenting Communities, the early childhood program funded through the Leelanau County Early Childhood Millage, continues to increase each year with 16% more children enrolled in 2023 over 2022. Additional opportunities for family engagement were added in 2023 in response to community needs and interests.

In January of 2023, the new Environmental Health District Sanitary Code went into effect which resulted in a time of transfer septic and well evaluation program in Leelanau County. Previously, only Benzie County and a few Townships in Leelanau County had time of transfer programs in place. Due to the change in regulations that mandated time of transfer evaluations county-wide in Leelanau County, a substantial increase in evaluations resulted in an increase in revenue for environmental health but also the need to hire an additional sanitarian. Having environmental health permits available online has proved beneficial to local contractors, realtors, as well as residents.

A reset in local appropriation dollars resulted in a small decrease for Leelanau County with keeping Benzie County's appropriation amount the same but reducing environmental health permit fees. The Health Department continues to seek additional funding through local grants, partnerships, and billing reimbursement that can be used to fill in the service gaps. Regional collaboration with other health departments and community agencies has helped secure funding for beach water monitoring services, dental services, in school mental health services, immunizations, lead testing, mental health intervention for mothers and their children, breast and cervical cancer screenings, as well as assistance for community members with basic needs of living such as housing, transportation, and insurance navigation. The Health Department continues to contract for Health Officer and Medical Director services with the Health Department of Northwest Michigan. This brings important stability to the Department and offers more funding opportunities. Overall, the Health Department experienced an increase in environmental health permit numbers.

FINANCIAL HIGHLIGHTS (Continued)

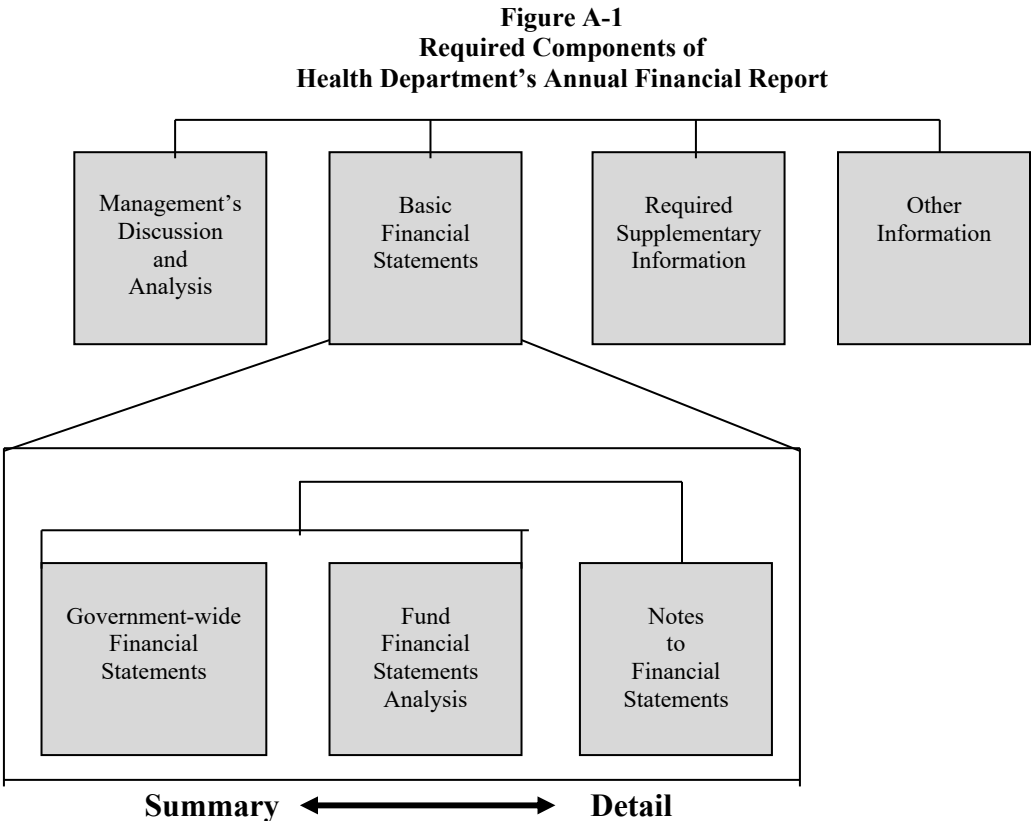
The Health Department continues to expand our billable services within our Community Connections program and we now have contracts with all Medicaid Health Plans serving this jurisdiction. Multiple grants have been obtained to support the staffing needed to address referrals to this program. Community Connections is a free program that connects adults, children, and families to community resources. It addresses social determinants of health in areas revolving around food, housing, transportation, physical and mental health needs. This work is done through many channels by professional community health workers, registered nurses, and social workers. The goal is to improve population health while lowering unnecessary emergency room visits and reducing health care costs.

The Benzie Community Resource Center is at 100 percent capacity. Building partners Centra Wellness Network, Northwest Michigan Health Services, Inc, Women’s Resource Center and Catholic Human Services continue to work together to offer residents a variety of medical, dental, and mental health services. The Resource Center continues to operate within their budget with no financial impact on the Health Department.

Months of discussion about space needs for the Health Department resulted in a joint venture to move the Leelanau County environmental health division to space at the Leelanau County Government Center. Special project funding and an agreement with Leelanau County in late summer 2023 resulted in work being started and a projected move in date of March 2024. Moving environmental health offices and staff to the Leelanau County Government Center will help solve space issues at the existing Binsfield Building and enhance customer service for Leelanau County property owners by having septic and well permits and food service licensing down the hall from the Building Department and Soil Erosion Department.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts - management’s discussion and analysis (this section), the basic financial statements, notes to financial statements, required supplementary information and other information. The basic financial statements include two kinds of statements that present different views of the Health Department.



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Health Department's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Health Department's government, reporting the Health Department's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with individual statements that provide details about our individual divisions of the Health Department each of which are added together and presented in single columns in the basic financial statements. Figure A-2 summarizes the major features of the Health Department's financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Health Department's Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire Health Department government (except fiduciary funds) and the Health Department's component units	The activities of the Health Department that are not proprietary or fiduciary, such as Health and Welfare
Required financial	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow received	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Government-wide Statements**

The government-wide statements report information about the Health Department as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government's assets, deferred outflows, deferred inflows and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Health Department's net position and how they have changed. Net position – the difference between the Health Department's assets, deferred outflows, deferred inflows and liabilities – is one way to measure the Health Department's financial health, or position.

- Over time, increases or decreases in the Health Department's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Health Department you need to consider additional nonfinancial factors such as changes in the federal and state requirements and the condition of the economy.

The government-wide financial statements of the Health Department are:

- Governmental activities – Most of the Health Department's basic services are included here, such as Public Health and Environmental Health programs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Health Department's most significant funds-not the Health Department as a whole. Funds are accounting devices that the Health Department uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Benzie/Leelanau District Health Department Board establishes other funds to control and manage money for particular purposes.
- Governmental funds – All of the Health Department's basic services are included in governmental funds, which focus on (1) how much cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Health Department's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE HEALTH DEPARTMENT AS A WHOLE

Total assets. The Health Department's total assets increased by 12% between fiscal year 2022 and the year ended 2023 to \$3,942,506. (See Table A-1.) This increase is due to an increase in cash in relation to the transfer of funds to a higher interest earning investment account.

Table A-1
Health Department's Net Position

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current assets	\$ 2,659,849	\$ 2,117,994
Noncurrent assets	<u>1,282,657</u>	<u>1,416,672</u>
Total assets	<u>3,942,506</u>	<u>3,534,666</u>
Deferred Outflows of Resources	<u>168,967</u>	<u>90,937</u>
Liabilities		
Current liabilities	921,335	671,333
Noncurrent liabilities	<u>1,350,083</u>	<u>1,316,654</u>
Total liabilities	<u>2,271,418</u>	<u>1,987,987</u>
Deferred Inflows of Resources	<u>439,290</u>	<u>539,834</u>
Net position		
Invested in capital assets	28,595	37,839
Unrestricted	<u>1,372,170</u>	<u>1,059,943</u>
Total net position	<u>\$ 1,400,765</u>	<u>\$ 1,097,782</u>

Net position of the Health Department's governmental activities increased 28% to \$1,400,765. However, \$1,372,170 of the net position is unrestricted as to the purposes for which they can be used. The remaining \$28,595 is invested in capital assets.

Changes in net position. The Health Department's total program revenues increased by \$590,645 to \$5,360,907. (See Table A-2.) A majority of the Health Department's revenue (60%) comes from federal and state funding.

The total cost of all primary activities increased by \$727,097. The Health Department's expenses cover salaries, fringes, supplies, and other expenses.

Table A-2 and the narrative that follows consider the operations of governmental-type activities.

Governmental Activities

Revenues for the Health Department's governmental activities increased 10%, while total expenses increased 14% in 2023.

Table A-2
Changes in Health Department's Net Position

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
Program Revenue		
Charges for Services	\$ 1,710,727	\$ 1,599,074
Operating Grants and Contributions	<u>3,650,180</u>	<u>3,171,188</u>
Total Program Revenues	<u>5,360,907</u>	<u>4,770,262</u>
Program Expenses		
Environmental Health	1,375,568	1,190,411
Personal Health	4,302,224	3,825,208
Administration	222,257	157,336
Depreciation Expense – Unallocated	<u>9,244</u>	<u>9,241</u>
Total Program Expenses	<u>5,909,293</u>	<u>5,182,196</u>
Net Program Revenues (Expenses)	<u>(548,386)</u>	<u>(411,934)</u>
General Revenues		
Interest Income	51,436	17,248
Rent	197,562	135,443
County Appropriations	<u>483,665</u>	<u>603,180</u>
Total General Revenues	<u>732,663</u>	<u>755,871</u>
Changes in Net Position	184,277	343,937
Beginning Net Position (as Restated, see Note 12)	<u>1,216,488</u>	<u>753,845</u>
Ending Net Position	<u>\$ 1,400,765</u>	<u>\$ 1,097,782</u>

FINANCIAL ANALYSIS OF THE HEALTH DEPARTMENT'S FUNDS

As the Health Department completed the year, its governmental funds reported a fund balance of \$1,617,658, a \$160,768 increase in fund balance. The primary reason for the increase in fund balance is highlighted in the financial analysis of the Health Department.

Governmental Fund Revenues and Expenditures

Operating revenues for the Health Department increased by 10% and operating expenditures for the Health Department's governmental funds increased by 15%.

Table A-3
Changes in Health Department's Fund Balance

	Governmental General Fund 2023	Governmental General Fund 2022
Revenues:		
Intergovernmental		
Federal/State/Local	\$ 3,650,180	\$ 3,171,188
Charges for Services	1,327,885	1,176,632
Licenses and Permits	382,842	422,442
Interest and Rents	248,998	152,691
Total Revenues	5,609,905	4,922,953
Expenditures:		
Health and Welfare:		
Salaries and Wages	3,050,266	2,698,092
Fringes	1,171,807	1,111,300
Supplies and Materials	419,868	365,532
Consultant	60,367	38,883
Contractual	285,901	289,113
Communications	49,583	34,773
Travel	146,482	109,787
Space	395,645	333,986
Miscellaneous	352,883	199,825
Total Expenditures	5,932,802	5,181,291
Excess of Revenues Over (Under)		
Expenditures Before Other		
Financing Sources (Uses)	(322,897)	(258,338)
Other Financing Sources (Uses):		
County Appropriations	483,665	603,180
Net Change in Fund Balance	160,768	344,842
Fund Balance Beginning of Year (as Restated, see Note 12)	1,456,890	993,342
Fund Balance End of Year	\$ 1,617,658	\$ 1,338,184

CAPITAL ASSETS

At the end of 2023, the Health Department had invested \$887,526 in capital assets, including right to use assets and equipment and furniture. (See Table A-4.) This amount presents a net decrease (including additions and deductions) of \$107,516 or 11%, under last year.

Table A-4
Health Department's Capital Assets
(net of depreciation)

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
Right to Use Lease Asset	\$ 858,931	\$ 957,203
Equipment and Furniture	<u>28,595</u>	<u>37,839</u>
Totals	<u>\$ 887,526</u>	<u>\$ 995,042</u>

The principal change in capital assets consisted mainly of depreciation. More detailed information about the Health Department's capital assets is presented in Note 4 to the financial statements.

LONG TERM OBLIGATIONS

At the end of 2023, the Health Department had a net pension liability of \$359,413.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final amended budget for expenditures were a result of the addition of the time of transfer program in Leelanau County. New funding opportunities for the school wellness programs resulted in a need to hire more staff and purchase supplies to set up offices within the school space.

The difference between the original and final amended budget for revenue was also tied to the point-of-sale program in Leelanau County. Revenue from billing COVID booster vaccine administration remained high in Medicare, Medicaid, and private insurance revenue. Additional State funding for a school wellness program and other school readiness programs helped to increase our State CPBC funding. An increase in interest rates from Honor Bank and Michigan Class resulted in a significant increase in interest revenue.

ECONOMIC FACTORS IMPACTING THE 2024 BUDGET

In adopting the general fund budget for fiscal year 2024, there was a small increase in the fund balance from fiscal year 2023. Unspent funding from 2023 State programs were planned for funding pull-back in fiscal year 2024. The Health Department will continue to work with the Board of Health and both county boards of commissioners on maximizing local appropriations to best serve the community.

State and Federal funding for COVID activities has greatly decreased with the endemic. The Health Department will continue to monitor all communicable disease outbreaks and use appropriate funding to respond to activities as needed. It is encouraging to see increased funding for placing social workers and nurses back within the school systems. Increased funding in the State's Essential Local Public Health Services (ELPHS) helps those programs required by the State to provide.

ECONOMIC FACTORS IMPACTING THE 2024 BUDGET (Continued)

Space needs will be closely monitored for both office locations. Work with the Leelanau County Board of Commissioners has resulted in newly renovated space for environmental health services in the lower level of the Leelanau County Government Center. By moving the Leelanau environmental health division to the Leelanau County Government Center, we will better align our services with similar County services. Renovation of the existing environmental health/administration area of the Benzonia office is also being explored for improved customer and employee service. The Health Department did receive funding from the State to support such infrastructure changes.

Having a contractual agreement with the Health Department of Northwest Michigan for Health Officer and Medical Director services brings increased opportunities to expand services to residents of Benzie and Leelanau counties. The administration continues to look at ways to increase services within Benzie and Leelanau counties while staying fiscally responsible.

CONTACTING THE HEALTH DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and grantors with a general overview of the Health Department's finances and to demonstrate the Health Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Benzie/Leelanau District Health Department at 6051 Frankfort Highway, Suite 100, Benzonia, MI 49616.

Basic Financial Statements

Benzie/Leelanau District Health Department**Statement of Net Position
September 30, 2023**

	Governmental Activities
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 1,934,848
Investments - Unrestricted	597,484
Due from Other Governments	54,198
Lease Receivable - Current Portion	26,498
Lease Receivable - Long Term	395,131
Prepaid Items	46,821
Lease Asset	858,931
Capital Assets (Net of Accumulated Depreciation)	28,595
Total Assets	3,942,506
DEFERRED OUTFLOWS:	
Pension Related Items	168,967
LIABILITIES:	
Accounts Payable	40,009
Accrued Payroll and Related Liabilities	76,854
Unearned Revenue	713,032
Lease Liability - Due in less than one year	91,440
Lease Liability - Due in more than one year	792,407
Compensated Absences - Due in more than one year	198,263
Net Pension Liability - Due in more than one year	359,413
Total Liabilities	2,271,418
DEFERRED INFLOWS:	
Lease Related Items	409,164
Pension Related Items	30,126
Total Deferred Inflows	439,290
NET POSITION:	
Investment in Capital Assets	28,595
Unrestricted	1,372,170
Total Net Position	1,400,765
Total Liabilities and Net Position	\$ 4,111,473

Benzie/Leelanau District Health Department**Statement of Activities
For the Year Ended September 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Health and Welfare:				
Environmental Health	\$ 1,375,568	\$ 619,756	\$ 614,326	\$ (141,486)
Personal Health	4,302,224	1,076,493	3,031,854	(193,877)
Administration	222,257	14,478	4,000	(203,779)
Depreciation Expense - Unallocated	9,244	-	-	(9,244)
Total Governmental Activities	<u>\$ 5,909,293</u>	<u>\$ 1,710,727</u>	<u>\$ 3,650,180</u>	(548,386)
General Revenues:				
Interest Income				51,436
Rent				197,562
County Appropriations				483,665
Total General Revenues				732,663
Changes in Net Position				184,277
Net Position - Beginning (as Resetated, see Note 12)				1,216,488
Net Position - Ending				<u>\$ 1,400,765</u>

Benzie/Leelanau District Health Department**Balance Sheet
September 30, 2023**

	General Fund
ASSETS	
Cash and Equivalents - Unrestricted	\$ 1,934,848
Investments - Unrestricted	597,484
Due from Other Governments	54,198
Lease Receivable - Current Portion	26,498
Lease Receivable - Long Term	395,131
Prepaid Items	46,821
Total Assets	<u>\$ 3,054,980</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 40,009
Accrued Liabilities	76,854
Unearned Revenue	713,032
Compensated Absences	198,263
Total Liabilities	<u>1,028,158</u>
DEFERRED INFLOWS OF RESOURCES	
Lease Items	<u>409,164</u>
FUND BALANCE	
Nonspendable	46,821
Assigned	306,342
Unassigned	1,264,495
Total Fund Balance	<u>1,617,658</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 3,054,980</u>

Benzie/Leelanau District Health Department

Reconciliation of the Balance Sheet Fund Balance to the Statement of Net Position For the Year Ended September 30, 2023

Total Governmental Fund Balance	\$ 1,617,658
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	28,595
Right-to-Use Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right-to-Use Leased Asset	858,931
Lease Liability	(883,847)
Net pension liability not due in current year is not recognized in the fund statements.	(359,413)
Deferred outflows/inflows related to pension items.	<u>138,841</u>
Net Position of Governmental Activities	<u>\$ 1,400,765</u>

Benzie/Leelanau District Health Department**Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended September 30, 2023**

Revenues:	<u>General Fund</u>
Intergovernmental	
Federal/State/Local	\$ 3,650,180
Charges for Services	1,327,885
Licenses and Permits	382,842
Interest and Rents	248,998
Total Revenues	<u>5,609,905</u>
Expenditures:	
Health and Welfare:	
Salaries and Wages	3,050,266
Fringes	1,171,807
Supplies and Materials	419,868
Consultant	60,367
Contractual	285,901
Communications	49,583
Travel	146,482
Space	395,645
Miscellaneous	352,883
Total Expenditures	<u>5,932,802</u>
EXCESS OF REVENUES OVER (UNDER)	
EXPENDITURES BEFORE OTHER	
FINANCING SOURCES (USES)	(322,897)
Other Financing Sources:	
County Appropriations	<u>483,665</u>
NET CHANGE IN FUND BALANCE	160,768
FUND BALANCE BEGINNING OF YEAR (as Restated, see Note 12)	<u>1,456,890</u>
FUND BALANCE END OF YEAR	<u><u>\$ 1,617,658</u></u>

Benzie/Leelanau District Health Department

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities For the Year Ended September 30, 2023

Net Change in Fund Balance – Total Governmental Fund	\$ 160,768
Amounts reported for governmental activities in the statements are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation (\$9,244) in the current period.	(9,244)
Amortization for Right-to-Use Leased Assets	(98,272)
Principal Payment on Right-to-Use Leased Assets	87,933
Pension expense related to experience and contributions of resources.	<u>43,092</u>
Change in Net Position of Governmental Activities	<u>\$ 184,277</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Benzie/Leelanau District Health Department, (the “Health Department”) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Health Department’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Health Department’s activities.
- A change in the fund financial statements to focus on the major funds.

A. Reporting Entity

The Benzie/Leelanau District Health Department is an Agency separate from the Counties of Benzie and Leelanau Michigan, the purpose of which is to provide limited health services to the residents of Benzie and Leelanau counties. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise the fund’s assets, liabilities, fund equity, revenues and expenditures. Each County Board appoints three members to the Health Board, for a total of six members of which four are Commissioners and two members are from the public.

B. Basis of Presentation – Government-Wide Financial Statements

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with Governmental Accounting Standards.

The statement of net position and the statement of activities display information about the Health Department as a whole. The statements include all funds of the Department.

The statement of net position and the statement of activities are presented to distinguish between governmental and business-type activities of the Health Department. Program revenues in the statement of activities are charges for services and grants received from the federal and state governments. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are reported in governmental funds. Business-type activities are financed by fees charged to external parties for goods or services. The Health Department does not have business-type activities.

The government-wide focus is more on the sustainability of the Health Department as an entity and the change in the Health Department’s net position resulting from the current year’s activities.

When both restricted and unrestricted resources are available for use, it is the Health Department’s policy to use restricted resources first, then unrestricted resources as needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**C. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Health Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Health Department:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Health Department.

The General fund is the operating fund of the Health Department. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The Health Department selected the General Fund as its only Major Fund and has no nonmajor funds.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance****Cash and Equivalents**

Cash and equivalents are considered to be cash on hand, demand deposit, and short-term investments with maturities of three months or less.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at September 30, 2023 was \$0. Changes in the valuation allowance have not been material to the financial statements. The Health Department followed the allowance method in recognizing anticipated uncollectible accounts.

Prepaid Items

Payments made to vendors for insurance and rent that will benefit future periods are recorded as prepaid items. All other payments made to vendors for services that will benefit future periods are recorded as expenditures. These payments do not have a material effect on the financial statements.

Leases (Lessee)

The lease liability is measured at the present value of the payments expected to be made during the lease term and subsequent extensions, if they are reasonably certain to be exercised. The lease liability is subsequently reduced by the principal portion of the lease payments.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any prepayments made at or before the commencement of the lease, less any lease incentives received from the lessor. Lease assets are amortized using the straight-line method over the shorter of the useful life of the underlying asset or the lease term, unless the lease contains an option to purchase the underlying asset at the end of the term. The useful life will be used to amortize the lease if a purchase option is present and it is reasonably certain the entity will exercise that option.

Key estimates and judgements related to leases include the discount rate used to discount the expected lease payments to present value, the lease term, and lease payments. The Health Department uses the interest rate charged by the lessor as the discount rate, when available. When this rate is not provided, the Health Department generally uses the estimated incremental borrowing rate. The lease term is the non-cancellable period of the lease, which is the initial term of the lease and any options to extend if they are reasonably certain to be exercised. Payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that are reasonably certain to be exercised.

The Health Department monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if changes occur that are anticipated to significantly affect the amount of the lease asset and liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**Leases (Lessor)**

The Health Department recognizes leases receivable and deferred inflows related to lease items in the financial statements. Variable payments based on the future performance of the lessee are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured 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 received. The deferred inflows of resources are measured as the initial amount of the lease receivable and is subsequently adjusted for lease payments received at or before the commencement of the lease. Deferred inflows of resources related to lease items are recognized as revenue over the lease term in a systematic and rational method.

Key estimates and judgements related to lease receivables and deferred inflows include the discount rate used to discount the expected lease payments to present value and the lease term. The Health Department uses its estimated incremental borrowing rate as the lease discount rate. The lease term is the non-cancellable period of the lease, which is the initial term of the lease and any options to extend if they are reasonably certain to be exercised. Payments included in the measurement of the lease receivable are composed of fixed payments expected to be received from the lessee.

The Health Department monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable if changes occur that are anticipated to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets are reported in the government-wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery and equipment and all other tangible or intangible assets that are used in operations and have initial useful lives beyond two reporting periods. Capital assets are defined by the Department as assets with an initial individual cost of more than \$5,000 and an estimated life in excess of two years.

Capital assets that are depreciated are reported net of accumulated depreciation in the statement of net position. Capital assets that are not depreciated, such as land, are reported separately if significant.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

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

Equipment and Furniture

5 - 20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**Compensated Absences**

The Health Department accrues compensatory time and vacation leave when earned by the employee.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Health Department has pension items that qualify for reporting in this category.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Health Department has pension and lease items that qualify for reporting in this category.

Pensions

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

Unearned Revenue

The Health Department reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Health Department before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Annual Budget

The Health Department adopts an annual budget each year for expenditures applicable to the General Fund. The operating budget includes proposed expenditures and the means of financing them is stated on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets lapse at fiscal year-end.

On or before the Board’s September meeting a final budget must be prepared and adopted for the next fiscal year. The appropriated budget is prepared by fund and function. The legal level of budgetary control is the function level.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**Fund Balance Classification**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Health Department is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Health Department has classified Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year. The Health Department has \$46,821 in nonspendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Health Department has \$0 in restricted fund balance.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Health Department. These amounts cannot be used for any other purpose unless the Health Department removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Health Department has \$0 in committed fund balance.
- Assigned: This classification includes amounts that are constrained by the Health Department's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Health Department through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Health Department has \$306,342 in assigned funds.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Health Department would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Use of Estimates

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

NOTE 2 - CASH AND EQUIVALENTS:

The balance sheet accounts and types of cash items are presented below:

Cash and investments - unrestricted	\$ 2,532,332	Petty cash	\$ 565
		Investments	597,484
		Demand deposits -	
		savings and checking	<u>1,934,283</u>
TOTALS	<u>\$ 2,532,332</u>		<u>\$ 2,532,332</u>

Investment and Deposit Risk

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Department'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.

Credit risk. The Department's investment policy does not have specific limits in excess of state law on investment credit risk. The Department has no investments for which ratings are required.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned. State law does not require and the Department does not have a policy for deposit custodial credit risk. As of year-end, \$1,799,030 of the Department's bank balance of \$2,084,268 was exposed to credit risk because it was uninsured and uncollateralized.

With respect to all the demand deposits listed above, they are held with the Benzie County Treasurer.

These deposits are in financial institutions located in Honor, Michigan and Traverse City, Michigan in varying amounts. All accounts are in the name of the Health Department and specific funds. Interest is recorded in the month in which it is earned.

NOTE 3 - INVESTMENTS:

The Health Department has the following fair value measurements as of year end:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments-MI Class	<u>\$ 597,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Michigan Class investments are not required to be categorized within the fair value of the securities making up the investment fund.

Public Act 152, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

NOTE 3 - INVESTMENTS: (Continued)

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The Board of Health is authorized to designate depositories for department funds, and funds are invested in accordance with State of Michigan statutory authority.

NOTE 4 - CAPITAL ASSETS:

A summary of capital assets is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
<i>Assets being depreciated:</i>				
Right to Use Lease Asset	\$ 1,055,474	\$ -	\$ -	\$ 1,055,474
Equipment & Furniture	<u>92,924</u>	<u>-</u>	<u>-</u>	<u>92,924</u>
Subtotal	<u>1,148,398</u>	<u>-</u>	<u>-</u>	<u>1,148,398</u>
<i>Accumulated depreciation:</i>				
Right to Use Lease Asset	\$ (98,271)	\$ (98,272)	-	\$ (196,543)
Equipment & Furniture	<u>(55,085)</u>	<u>(9,244)</u>	<u>-</u>	<u>(64,329)</u>
Subtotal	<u>(153,356)</u>	<u>(107,516)</u>	<u>-</u>	<u>(260,872)</u>
Net Capital Assets	<u>\$ 995,042</u>	<u>\$ (107,516)</u>	<u>\$ -</u>	<u>\$ 887,526</u>

Depreciation/Amortization expense was charged to:

Health and Welfare \$ 107,516

NOTE 5 - COMPENSATED ABSENCES:

The Health Department has a contingent liability for accumulated vested vacation benefits and accumulated sick leave benefits of its employees. As of September 30, 2023, the accumulated vacation and sick leave benefits were as follows:

<u>Beginning Balance</u>	<u>Increase/ (Decrease)</u>	<u>Ending Balance</u>
<u>\$ 170,759</u>	<u>\$ 27,504</u>	<u>\$ 198,263</u>

Paid Time Off (PTO)

The Benzie-Leelanau District Health Department believes that staff members will benefit mentally and physically from a period of rest and relaxation away from the duties and responsibilities of the job. In addition to vacations, the Department understands that staff members need time off for other reasons such as wellness, illness and personal matters. This section complies with the State of Michigan's Paid Medical Leave Act of 2018.

To accommodate these needs for time off, and to allow eligible staff members to protect their income during periods of time off, BLDHD has a Paid Time Off (PTO) program which combines vacation and sick days into one pool of paid time off, which is used for scheduled and unscheduled time away from work. Scheduled time should be approved by the employee's supervisor or director with a recommended minimum of two weeks advance notices.

FULL-TIME EMPLOYEES - Regular employees working between a .80 and 1.0 FTE, will be compensated on an hourly and salary basis a proportionate share of PTO based on their FTE. New employees will be eligible to use two days of PTO during their probationary period. PTO may be accumulated to a maximum of 300 hours.

NOTE 5 - COMPENSATED ABSENCES: (Continued)

The following Paid Time Off schedule will be used (each day = 7.5 hours):

Years:	3 mos-2	3-4	5-9	10-14	15-19	20-24	25-29	30 above
Days:	17	19	22	25	27	29	31	33

PART-TIME EMPLOYEES - Part-time employees working between a .50 and .79 FTE on a regular basis, will be compensated on an hourly and salary basis a proportionate share of PTO based on their FTE. PTO may accumulate to a maximum of 300 hours.

The following Paid Time Off schedule will be used for employees working between .50 and .69 FTE (each day = 7.5 hours):

Years:	3 mos-2	3-4	5-9	10-14	15-19	20-24	25-29	30 above
Days:	10	12	15	18	20	22	24	26

TEMPORARY EMPLOYEES - Temporary employees would be exempt from any PTO hours.

ALLOWANCE - PTO shall not be credited for use until the employee has completed of continuous employment. At the end of the 90-day period, employees will receive a credit for the hours of annual leave which were earned during this period.

ACCRUED PTO AT SEPARATION, RETIREMENT, OR DEATH OF EMPLOYEE - Accrued PTO due an employee at the time of separation, retirement or death will be paid at the same time of payment of wages or salary for the last pay period, at the employee's current pay rate. Maximum number of hours paid out will be 300.

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEM:**Description of Plan and Plan Assets**

The Health Department is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for employees' times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2022.

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEM: (Continued)
01 – Gnrl Empl: Closed to new hires

	2022 Valuation
Benefit Multiplier:	2.25% Multiplier (80 % max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
DC Plan for New Hires:	10/1/1996
Act 88:	Yes (Adopted 3/28/2002)

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>2</u>
	4

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

The obligation to contribute and maintain the system for these employees was established by the personnel policy; currently no employee contribution is required.

Net Pension Liability

The Health Department's net pension liability was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.00 percent, in the long term
Investment rate of return	7.00 percent, net of investment and administrative expense.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the Pub-2010 Annual Mortality Table.

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEM: (Continued)

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2009-2013.

Significant Changes from the Previous Actuarial Valuation:

Mortality assumptions changed from RP-2014 Group Annuity Mortality Tables to the Pub-2010 Annual Mortality Tables

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.00%	2.70%
Global Fixed Income	20.00%	0.40%
Private Investments	20.00%	1.40%

Discount Rate. The discount rate used to measure the total pension liability is 7.25 percent for 2022. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2021	\$ 1,452,456	\$ 1,190,408	\$ 262,048
Service cost	15,580	-	15,580
Interest on total pension liability	103,857	-	103,857
Difference between expected and actual experience	(60,252)	-	(60,252)
Changes in assumptions	-	-	-
Employer contributions	-	87,870	(87,870)
Employee contributions	-	-	-
Net investment income	-	(123,808)	123,808
Benefit payments, including employee refunds	(55,477)	(55,477)	-
Administrative expense	-	(2,242)	2,242
Net changes	3,708	(93,657)	97,365
Balances as of December 31, 2022	\$ 1,456,164	\$ 1,096,751	\$ 359,413

NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEM: (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Health Department, calculated using the discount rate of 7.25%, as well as what the Health Department's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Health Department's net pension liability	\$524,353	\$359,413	\$219,310

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended September 30, 2023, the Health Department recognized pension expense of \$50,880. At September 30, 2023, the Health Department 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
Difference between expected and actual experience	\$ -	\$ 30,126
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	98,488	-
Contributions subsequent to the measurement date	70,479	-
Total	<u>\$ 168,967</u>	<u>\$ 30,126</u>

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

<u>Year Ended September 30:</u>	
2024	(21,164)
2025	18,618
2026	28,668
2027	42,240

NOTE 7- DEFINED CONTRIBUTION (MONEY PURCHASE) PENSION PLAN:

The Benzie/Leelanau District Health Department contributes to a defined contribution retirement plan administered by the Municipal Employees Retirement System (MERS). Benefit provisions and contribution requirements are established and may be amended by the Board of Health.

The Health Department contributed \$276,195 and employees contributed \$55,240 to the Plan during the year ended September 30, 2023, equal to 10% and 2% respectively of the covered payroll.

NOTE 8- RIGHT-TO-USE LEASE ASSET:

The Health Department has recorded their leases for office space as a Right-to-Use Asset. These assets are amortized using the straight-line method over the term of the lease. The lease asset has been recorded at the present value of the future minimum lease payments as of the date of adoption.

The future minimum lease obligations and net present value of these leases as of September 30, 2023 are as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2024	\$ 91,440	\$ 27,373	\$ 118,813
2025	95,067	24,347	119,414
2026	98,821	21,202	120,023
2027	102,703	17,933	120,636
2028	90,898	14,578	105,476
2029 – 2033	246,450	46,650	293,100
2034 – 2036	<u>158,468</u>	<u>7,622</u>	<u>166,090</u>
Total	<u>\$ 883,847</u>	<u>\$ 159,705</u>	<u>\$ 1,043,552</u>

The subsequent amortization of the lease asset is as follows:

<u>Year</u>	<u>Amortization Expense</u>	<u>Accumulated Amortization</u>
2024	\$ 98,272	\$ 196,544
2025	98,272	294,816
2026	98,272	393,088
2027	98,272	491,360
2028	98,272	589,632
2029 – 2033	229,731	819,363
2034 – 2036	<u>137,840</u>	<u>957,203</u>
Total	<u>\$ 858,931</u>	

NOTE 9- LEASE RECEIVABLE:

The Health Department leases building space to various other organizations, with lease terms ending during the year 2036. The initial lease receivable and deferred inflow of resources related to leases was calculated as \$472,114 as of October 1, 2022. The subsequent payments made to the Health Department relating to the assets leased by other organizations are as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2024	\$ 26,498	\$ 13,311	\$ 39,809
2025	27,372	12,436	39,808
2026	28,275	11,533	39,808
2027	29,208	10,601	39,809
2028	30,172	9,637	39,809
2029 – 2033	166,461	32,583	199,044
2034 – 2036	<u>113,643</u>	<u>5,784</u>	<u>119,427</u>
Total	<u>\$ 421,629</u>	<u>\$ 95,885</u>	<u>\$ 517,514</u>

NOTE 10- CONTINGENT LIABILITIES:

The Benzie/Leelanau District Health Department has received significant financial assistance from state and federal agencies in the form of various grants. The payment of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the Health Department. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements included herein or on the overall financial position of the Health Department at September 30, 2023.

NOTE 11- RISK MANAGEMENT/INSURANCE:

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Department is a member of Michigan Municipal Risk Management Authority (MMRMA) for risk of loss relating to its property and general liability except for auto.

The MMRMA is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the MMRMA is to administer a risk management fund, which provides members with loss protection for general and property liability.

The Department has joined with numerous other governmental agencies in Michigan as a participant in MMRMA's "State Pool." Members of the State Pool do not have individual self-insured retention amounts other than a \$500 deductible per occurrence of liability coverage and a \$250 deductible per occurrence of property coverage.

State Pool members' limits of coverage (per occurrence) are \$5,000,000 for liability and \$350,000 for property. If a covered loss exceeds these limits or, if for any reason, MMRMA's resources are depleted, the payment of all unpaid losses is the sole obligation of the Department.

The Department carries commercial insurance for all other risks of loss including auto liability, vehicle physical damage, worker's compensation, liability, and health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in past three fiscal years.

NOTE 12 - RESTATEMENTS:

	<u>Governmental Net Position</u>
Beginning net position as previously stated at October 1, 2022	\$ 1,097,782
Restatement to adjust local revenues	<u>118,706</u>
Beginning net position, as restated at October 1, 2022	<u>\$ 1,216,488</u>
	<u>General Fund Fund Balance</u>
Beginning fund balance as previously stated at October 1, 2022	\$ 1,338,184
Restatement to adjust local revenues	<u>118,706</u>
Beginning fund balance, as restated at October 1, 2022	<u>\$ 1,456,890</u>

NOTE 13 - IMPLEMENTATION OF GASB STATEMENT NO. 96, SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May of 2020, the GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended.

The Health Department implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the period ending June 30, 2023. There were no subscription-based information technology arrangements held by the Health Department that meet the definition of recognition under GASB Statement No. 96, therefore, the financial statements have not been affected by such implementation.

Required Supplementary Information

Benzie/Leelanau District Health Department

Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in Pension Liability
For the Year Ended September 30, 2023

	For MERS Years Ending 12/31						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability							
Service cost	\$ 15,580	\$ 15,086	\$ 14,069	\$ 13,496	\$ 14,646	\$ 24,438	\$ 22,216
Interest	103,857	101,622	94,012	89,344	85,985	78,531	72,853
Difference between expected and actual experience	(60,252)	(17,294)	(1,801)	(24,326)	50,233	26,412	1,545
Changes in assumptions	-	53,120	54,595	41,081	-	-	-
Benefit payments, including refund of member contributions	(55,477)	(59,326)	(63,175)	(63,175)	(35,857)	(26,751)	(26,751)
Other changes	-	-	-	4,703	-	-	1
Net change in total pension liability	<u>3,708</u>	<u>93,208</u>	<u>97,700</u>	<u>61,123</u>	<u>115,007</u>	<u>102,630</u>	<u>69,864</u>
Total pension liability - beginning	<u>1,452,456</u>	<u>1,359,248</u>	<u>1,261,548</u>	<u>1,200,425</u>	<u>1,085,418</u>	<u>982,788</u>	<u>912,924</u>
Total pension liability - ending	<u><u>\$ 1,456,164</u></u>	<u><u>\$ 1,452,456</u></u>	<u><u>\$ 1,359,248</u></u>	<u><u>\$ 1,261,548</u></u>	<u><u>\$ 1,200,425</u></u>	<u><u>\$ 1,085,418</u></u>	<u><u>\$ 982,788</u></u>
Plan fiduciary net position							
Contributions - employer	\$ 87,870	\$ 80,103	\$ 72,162	\$ 57,804	\$ 46,407	\$ 38,850	\$ 31,254
Contributions - employee	-	-	-	-	-	-	-
Net investment income	(123,808)	146,481	118,838	108,603	(33,156)	96,284	73,589
Benefit payments, including refunds of member contributions	(55,477)	(59,326)	(63,175)	(63,175)	(35,857)	(26,751)	(26,751)
Administrative expense	(2,242)	(1,680)	(1,833)	(1,870)	(1,620)	(1,521)	(1,451)
Net change in plan fiduciary net position	<u>(93,657)</u>	<u>165,578</u>	<u>125,992</u>	<u>101,362</u>	<u>(24,226)</u>	<u>106,862</u>	<u>76,641</u>
Plan fiduciary net position - beginning	<u>1,190,408</u>	<u>1,024,830</u>	<u>898,838</u>	<u>797,476</u>	<u>821,702</u>	<u>714,840</u>	<u>638,199</u>
Plan fiduciary net position - ending	<u><u>\$ 1,096,751</u></u>	<u><u>\$ 1,190,408</u></u>	<u><u>\$ 1,024,830</u></u>	<u><u>\$ 898,838</u></u>	<u><u>\$ 797,476</u></u>	<u><u>\$ 821,702</u></u>	<u><u>\$ 714,840</u></u>
Net pension liability - ending	<u><u>\$ 359,413</u></u>	<u><u>\$ 262,048</u></u>	<u><u>\$ 334,418</u></u>	<u><u>\$ 362,710</u></u>	<u><u>\$ 402,949</u></u>	<u><u>\$ 263,716</u></u>	<u><u>\$ 267,948</u></u>
Plan fiduciary net position as a percentage of the total pension liability	75%	82%	75%	71%	66%	76%	73%
Covered - employee payroll	\$ 136,663	\$ 130,024	\$ 125,197	\$ 126,045	\$ 210,669	\$ 191,355	\$ 181,701
Net pension liability as a percentage of covered-employee payroll	263%	202%	267%	288%	191%	138%	147%

Benzie/Leelanau District Health Department

Required Supplementary Information Employee Retirement and Benefit Systems Schedule of Employer Contributions For the Year Ended September 30, 2023

	For MERS Year Ending 12/31						
	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 87,870	\$ 80,103	\$ 72,162	\$ 57,804	\$ 46,407	\$ 38,850	\$ 31,254
Contributions in relation to the actuarially determined contribution	(87,870)	(80,103)	(72,162)	(57,804)	(46,407)	(38,850)	(31,254)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 136,663	\$ 130,024	\$ 125,197	\$ 126,045	\$ 210,669	\$ 191,355	\$ 181,701
Contributions as a percentage of covered-employee payroll	64%	62%	58%	46%	22%	20%	17%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.00%
Retirement age	In the 2019 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the Pub-2010 annual mortality tables.

Benzie/Leelanau District Health Department**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, October 1, 2022	\$ 1,456,890	\$ 1,456,890	\$ 1,456,890	\$ -
Resources (inflows):				
Licenses and Permits	377,500	381,519	382,842	1,323
Charges for Services	854,934	1,286,413	1,327,885	41,472
Federal Sources	1,225,432	1,225,432	1,214,997	(10,435)
State Sources	1,091,595	1,356,567	1,364,220	7,653
Local Sources	1,770,006	2,276,466	1,554,628	(721,838)
Rents	208,884	204,127	197,562	(6,565)
Interest	2,000	42,000	51,436	9,436
Amounts available for appropriation	6,987,241	8,229,414	7,550,460	(678,954)
Charges to appropriations (outflows):				
Health and Welfare				
Salaries and Wages	2,800,320	3,256,164	3,050,266	205,898
Fringes	1,188,961	1,240,298	1,171,807	68,491
Supplies and Materials	314,962	599,828	419,868	179,960
Consultant	47,400	46,215	60,367	(14,152)
Contractual	311,274	364,564	285,901	78,663
Communications	57,827	61,787	49,583	12,204
Travel	141,474	172,973	146,482	26,491
Space	335,025	479,735	395,645	84,090
Miscellaneous	333,108	550,960	352,883	198,077
Total charges to appropriations	5,530,351	6,772,524	5,932,802	839,722
Budgetary fund balance, September 30, 2023	\$ 1,456,890	\$ 1,456,890	\$ 1,617,658	\$ 160,768

Supplementary Information

Benzie/Leelanau District Health Department**General Fund
Statement of Revenues, By Program
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
General Administration	\$ 58,245	\$ 65,971	7,726
Community Health Assessment	13,488	13,856	368
Health Promotion	1,000	951	(49)
CHIR	775,795	801,151	25,356
Environmental Health	20,278	8,270	(12,008)
Septage Program	-	4,250	4,250
Food Protection	210,168	222,721	12,553
DHHS Facilities *	-	5,185	5,185
Mortgage Evaluations *	297,802	293,977	(3,825)
Waste Management - Required	465,647	461,190	(4,457)
Private Wells	208,536	208,103	(433)
Type II Water Supply	154,476	142,836	(11,640)
COVID Workforce Development	134,332	85,426	(48,906)
COVID BLDHD Administration	91,613	101,335	9,722
COVID Immunizations	142,177	106,339	(35,838)
ELC COVID Contract Tracing	140,536	145,454	4,918
Emergency Preparedness	131,362	138,795	7,433
Public Swimming Pools*	-	3,355	3,355
Campgrounds*	-	4,361	4,361
EH Communicable Disease *	-	640	640
Vacant Land Development *	48,835	50,836	2,001
Monkeypox	1,428	611	(817)
Syringe Service	50,000	44,546	(5,454)
Other Communicable Diseases	32,343	34,757	2,414
Immunization	423,243	389,490	(33,753)
Immunization Action Plan	72,657	75,845	3,188
Ukraine TB	1,464	-	(1,464)
Sexually Transmitted Diseases	34,401	29,268	(5,133)
HIV/AIDS Prevention	20,511	18,739	(1,772)
Benzie Central School Nurse	64,334	-	(64,334)
Frankfort School Nurse	81,340	-	(81,340)
Northport School Nurse	64,334	-	(64,334)
Suttons Bay School Nurse	64,334	-	(64,334)
Benzie School Wellness Program	232,756	277,383	44,627
SB Mental Health	94,653	118,265	23,612
Michigan Safer Schools	390,369	311,420	(78,949)
Lead	9,077	11,453	2,376

Benzie/Leelanau District Health Department**General Fund
Statement of Revenues, By Program
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Frankfort School Wellness Program	85,375	76,519	(8,856)
Suttons Bay School Wellness Program	68,760	66,595	(2,165)
Leland School Wellness Program	86,130	82,334	(3,796)
Vision	35,744	24,797	(10,947)
Children's Special Health Care Services	81,435	72,334	(9,101)
Hearing	34,882	25,170	(9,712)
Local Leadership Group	28,850	28,240	(610)
Maternal and Infant Support Services (MIHP)	338,292	319,331	(18,961)
Healthy Futures	84,420	81,500	(2,920)
Leelanau Early Childhood	680,141	529,269	(150,872)
Family Planning	69,331	53,986	(15,345)
Medicaid Outreach	102,312	99,556	(2,756)
WIC	152,013	143,238	(8,775)
Migrant WIC	16,651	11,320	(5,331)
WIC - Breastfeeding	43,030	42,364	(666)
Breast/Cervical Cancer	1,041	541	(500)
BCCP - Wisewoman	-	20	20
Dental Outreach **	1,479	4,283	2,804
Kindergarten Oral Health Assessment	53,782	53,889	107
Benzie Community Resource Center	277,052	201,235	(75,817)
Leelanau Resource Center	270	270	-
TOTAL REVENUES	<u>\$ 6,772,524</u>	<u>\$ 6,093,570</u>	<u>\$ (678,954)</u>

NOTES:

* - Indicates Budgeted Revenue was included in with Environmental Health

** - Indicates Budgeted Revenue was included in with Medicaid Outreach

Benzie/Leelanau District Health Department**General Fund
Statement of Expenditures, By Program
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
General Administration	\$ 58,245	\$ 53,507	4,738
Community Health Assessment	13,488	13,856	(368)
Health Promotion	1,000	951	49
CHIR	775,795	801,346	(25,551)
Environmental Health	20,278	16,295	3,983
Septage Program	-	4,433	(4,433)
Long-Term Monitoring	-	922	(922)
Food Service	210,168	200,286	9,882
DHHS Facilities *	-	1,467	(1,467)
Mortgage Evaluation	297,802	293,977	3,825
Waste Management - Required	465,647	461,190	4,457
Private Wells	208,536	208,103	433
Type II Water Supply	154,476	132,863	21,613
COVID - Workforce Development	134,332	85,426	48,906
COVID BLDHD Administration	91,613	47,940	43,673
COVID Immunizations	142,177	106,339	35,838
ELC COVID Contract Tracing	140,536	145,454	(4,918)
Emergency Preparedness	131,362	126,535	4,827
Public Swimming Pools	-	1,731	(1,731)
Campgrounds	-	3,167	(3,167)
EH Communicable Disease *	-	296	(296)
Vacant Land Development *	48,835	50,836	(2,001)
Monkeypox	1,428	611	817
Syringe Service	50,000	44,546	5,454
Other CD	32,343	34,757	(2,414)
Immunization	423,243	389,490	33,753
Immunization Action Plan	72,657	75,845	(3,188)
Ukraine TB	1,464	-	1,464
Sexually Transmitted Diseases	34,401	29,268	5,133
HIV/AIDS Prevention	20,511	18,739	1,772
Benzie Central School Nurse	64,334	-	64,334
Frankfort School Nurse	81,340	-	81,340
Northport School Nurse	64,334	-	64,334

Benzie/Leelanau District Health Department**General Fund
Statement of Expenditures, By Program
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES:			
Suttons Bay School Nurse	64,334	-	64,334
Benzie School Wellness Program	232,756	221,679	11,077
SB Mental Health	94,653	94,863	(210)
MI Safer Schools	390,369	311,420	78,949
Lead	9,077	11,453	(2,376)
Frankfort School Wellness Program	85,375	76,519	8,856
Suttons Bay School Wellness Program	68,760	67,174	1,586
Leland School Wellness Program	86,130	82,334	3,796
Vision	35,744	24,797	10,947
Children's Special Health Care Services	81,435	72,334	9,101
Hearing	34,882	25,170	9,712
Local Leadership Group	28,850	25,301	3,549
Maternal and Infant Support Services (MIHP)	338,292	319,331	18,961
Healthy Futures	84,420	81,500	2,920
Leelanau Early Childhood	680,141	561,481	118,660
Family Planning	69,331	53,986	15,345
Medicaid Outreach	102,312	99,556	2,756
WIC	152,013	143,238	8,775
Migrant WIC	16,651	11,320	5,331
WIC - Breastfeeding	43,030	42,364	666
Breast/Cervical Cancer	1,041	541	500
BCCS - Wisewoman	-	20	(20)
Dental Outreach **	1,479	851	628
Kindergarten Oral Health Assessment	53,782	53,889	(107)
Benzie Community Resource Center	277,052	201,235	75,817
Leelanau Resource Center	270	270	-
TOTAL EXPENDITURES	<u>\$ 6,772,524</u>	<u>\$ 5,932,802</u>	<u>\$ 839,722</u>

NOTES:

* - Indicates Budgeted Revenue was included in with Environmental Health

** - Indicates Budgeted Revenue was included in with Medicaid Outreach

Benzie/Leelanau District Health Department**Administrative Programs
Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Interest on Deposits	\$ 42,000	\$ 37,279	\$ (4,721)
Interest from Leases	-	14,157	14,157
Charges for Services	14,495	14,478	(17)
Rents Collected	204,127	197,562	(6,565)
Local Funding	74,945	4,000	(70,945)
Total Revenues	335,567	267,476	(68,091)
EXPENDITURES:			
Salaries and Wages	208,668	192,030	16,638
Fringes	80,420	64,791	15,629
Supplies and Materials	20,264	15,936	4,328
Consultant	14,900	11,542	3,358
Contractual	28,460	26,513	1,947
Communications	3,085	2,001	1,084
Travel	14,700	13,817	883
Space	259,991	186,477	73,514
Distributive Cost	(363,349)	(325,801)	(37,548)
Miscellaneous	68,428	67,704	724
Total Expenditures	335,567	255,010	80,557
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 12,466	\$ 12,466

Benzie/Leelanau District Health Department**Environmental Health Programs
Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Licenses and Permits	\$ 381,519	\$ 382,842	\$ 1,323
Charges for Services	229,922	236,914	6,992
Federal Funding	7,908	7,908	-
State Funding	627,540	606,418	(21,122)
Local Funding	158,853	171,643	12,790
Total Revenues	1,405,742	1,405,725	(17)
EXPENDITURES:			
Salaries and Wages	734,298	717,144	17,154
Fringes	302,878	299,911	2,967
Supplies and Materials	65,603	66,407	(804)
Consultant	12,375	15,750	(3,375)
Contractual	35,025	34,368	657
Communications	11,047	9,107	1,940
Travel	58,721	51,707	7,014
Space	52,948	56,097	(3,149)
Distributive Cost	89,564	84,173	5,391
Miscellaneous	43,283	40,904	2,379
Total Expenditures	1,405,742	1,375,568	30,174
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 30,157	\$ 30,157

Benzie/Leelanau District Health Department**Public Health Programs
Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended September 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Charges for Services	\$ 1,041,996	\$ 1,076,493	\$ 34,497
Federal Funding	1,217,524	1,207,089	(10,435)
State Funding	729,027	757,802	28,775
Local Funding	2,042,668	1,378,985	(663,683)
Total Revenues	5,031,215	4,420,369	(610,846)
EXPENDITURES:			
Salaries and Wages	2,313,198	2,141,092	172,106
Fringes	857,000	807,105	49,895
Supplies and Materials	513,961	337,525	176,436
Consultant	18,940	33,075	(14,135)
Contractual	301,079	225,020	76,059
Communications	47,655	38,475	9,180
Travel	99,552	80,958	18,594
Space	166,796	153,071	13,725
Distributive Cost	273,785	241,628	32,157
Miscellaneous	439,249	244,275	194,974
Total Expenditures	5,031,215	4,302,224	728,991
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 118,145	\$ 118,145

Reports on Compliance



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KINROSS OFFICE

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TORI N. KRUISE, CPA

**MEMBER AICPA DIVISION FOR
CPA FIRMS**

**MEMBER MACPA
OFFICES IN MICHIGAN**

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

Members of the Board of Health
Benzie/Leelanau District Health Department
Benzonia, Michigan 49616

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Benzie/Leelanau District Health Department, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Benzie/Leelanau District Health Department's basic financial statements, and have issued our report thereon dated February 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Benzie/Leelanau District Health Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Benzie/Leelanau District Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Benzie/Leelanau District Health Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Benzie/Leelanau District Health Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 21, 2024



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Health
Benzie/Leelanau District Health Department
Benzonia, Michigan 49616

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Benzie Leelanau District Health Department's, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Benzie Leelanau District Health Department's major federal programs for the year ended September 30, 2023. The Benzie Leelanau District Health Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Benzie/Leelanau District Health Department complied, in all material respects, with types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Benzie/Leelanau District Health Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Health Department's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreement applicable to Benzie/Leelanau District Health Department's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Benzie/Leelanau District Health Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Benzie/Leelanau District Health Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Benzie/Leelanau District Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Members of the Board of Health
Benzie/Leelanau District Health Department

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

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

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

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC".

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

February 21, 2024

Benzie Leelanau District Health Department

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Passed Through</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:				
Women with Infant Children Breastfeeding	10.557	MDHHS	222M1013W5003	\$ 28,705
Women with Infant Children Migrant Services	10.557	MDHHS	232M1003W1003	11,320
Women with Infant Children Resident Services	10.557	MDHHS	232M1003W1003	137,720
Total U.S. Department of Agriculture				177,745
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<i>Drinking Water state Revolving Fund Cluster</i>				
Public Drinking Water - Operator Assistance	66.468	MDEQ	FS97548721	7,908
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:				
ADMINISTRATION FOR CHILDREN AND FAMILIES:				
Public Health Emergency Preparedness	93.069	MDHHS	U3REP190584	85,378
Public Health Emergency Preparedness	93.069	MDHHS	NU90TP922062	28,459
Tuberculosis TB Control	93.116	MDHHS	NU52PS910173	282
U4U Tuberculosis Services	93.116	MDHHS	NU52PS910173	975
Family Planning	93.217	MDHHS	FPHPA006540	15,163
Immunization - IAP	93.268	MDHHS	NH23IP922635	19,845
Immunization - Vaccines	93.268	MDHHS	NH23IP922635	44,014
Immunization - Fixed Fees	93.268	MDHHS	NH23IP922635	3,150
Immunization-COVID	93.268	MDHHS	NH23IP922635	92,853
Immunization - Vaccine Initiative	93.268	MDHHS	NH23IP922635	3,471
COVID-19 ELC Contract Tracing and Wraparound	93.323	MDHHS	NU50CK000510	145,454
Reopening Schools HRA	93.323	MDHHS	NU50CK000510	311,420
COVID Workforce Development	93.354	MDHHS	NU90TP922186	85,426
Subtotal				835,890
<i>Medicaid Cluster</i>				
Medicaid Outreach	93.778	MDHHS	2305MI5ADM	116,658
Medical Assistance Program	93.778	MDHHS	2305MI5ADM	1,925
Medical Assistance Program	93.778	MDHHS	2305MI5ADM	345
Medical Assistance Program	93.778	MDHHS	2305MI5ADM	202
CSHCS Outreach & Advocacy	93.778	MDHHS	2305MI5ADM	14,463
CSHCS Medicaid Elevated Blood Lead Case Management	93.778	MDHHS	2305MI5ADM	262
CSHCS Medicaid Outreach	93.778	MDHHS	2305MI5ADM	7,779
Subtotal - Medicaid Cluster				141,634
Harm Reduction Support Services	93.788	MDHHS	H79T1083298	9,999
Family Planning	93.991	MDHHS	N8010T009436	10,000
Enabling Services Women-MCH	93.994	MDHHS	B0447425	15,490
Family Planning	93.994	MDHHS	B0447425	16,331
Subtotal				41,821
Total U.S. Department of Health & Human Services				1,029,344
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,214,997</u>

See accompanying notes to schedule of expenditures of federal awards.

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Benzie Leelanau District Health Department under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Benzie Leelanau District Health Department, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Benzie Leelanau District Health Department.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - COGNIZANT AGENCY:

Benzie Leelanau District Health Department has not been assigned a cognizant agency. Therefore, the Health Department is under the general oversight of the U.S. Department of Health and Human Services which provided the greatest amount of indirect federal funding to the Health Department during 2023.

NOTE D - INDIRECT COST:

For purposes of charging indirect costs to federal awards, the Health Department has elected to use the 10% de minimis cost rate as permitted by CFR Section 200.414 of the Uniform Guidance.

NOTE E - RECONCILIATION TO BASIC FINANCIAL STATEMENTS:

The following is a reconciliation of the amounts reported on the basic financial statements to the schedule of expenditures of federal awards:

Total Federal per Financial Statements	
Revenues	\$ <u>1,214,997</u>
Total Federal Revenue Recognized per Schedule of	
Expenditures of Federal Awards	\$ <u><u>1,214,997</u></u>

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified
that are not considered to be
material weaknesses? No

Noncompliance material to financial
statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified
that are not considered to be
material weaknesses? No

Type of auditors' report issued on
compliance for major programs: Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with Title 2 (CFR) part 200, Uniform
Guidance? No

Identification of Major Programs**CFDA NUMBERS****Name of Federal Program or Cluster**

93.323 Epidemiology and Laboratory Capacity for
Infectious Diseases

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

NONE.



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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OFFICES IN MICHIGAN**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Members of the Board of Health
Benzie/Leelanau District Health Department
Benzonia, Michigan 49616

We have audited the financial statements of the governmental activities and major fund of the Benzie/Leelanau District Health Department for the year ended September 30, 2023, and have issued our report thereon dated February 21, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated October 17, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Benzie/Leelanau District Health Department are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, Benzie/Leelanau District Health Department changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, *Subscription-Based IT Arrangements* in 2023. The application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the Health Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions that have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate to determine that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of vacation bank.
- Management's estimate for pension benefits were based on various assumptions regarding life expectancies, inflation, and investment rates.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$0.
- Management's estimate of the discount rate used in the present value of leases were based on the interest rate charged by the lessor, when available. If unavailable, the estimated incremental borrowing rate is used.

The financial statements disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

New Pronouncements

The GASB has issued the following statements and implementation guides:

1. Statement No. 99, "Omnibus 2023." The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.
2. Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024.
3. Statement No. 101, "Compensated Absences." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024.

Earlier application of these statements is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org.

Other Matters

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

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

Restriction on Use

This information is intended solely for the information and use of management, the Board of Health, state awarding agencies, pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Conclusion

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of assistance, please contact us.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan