



Report to Board of Directors

GENESEE HEALTH SYSTEM

Audit Wrap Up for the
Year Ended September 30, 2022



Contents

QUICK ACCESS TO THE
FULL REPORT

<u>INTRODUCTION</u>	3
<u>EXECUTIVE SUMMARY</u>	4
<u>INTERNAL CONTROL OVER FINANCIAL REPORTING</u>	9
<u>ADDITIONAL REQUIRED COMMUNICATIONS</u>	11

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the Authority, and is not intended and should not be used by anyone other than these specified parties.

Welcome

April 21, 2023

Board of Directors
Genesee Health System

Professional standards require us to communicate with you regarding matters related to the audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On November 17, 2022, we presented an overview of our plan for the audit of the financial statements including the schedule of expenditures of federal awards of Genesee Health System (the Authority) as of and for the year ended September 30, 2022, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Authority's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Authority and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



JOHN LAFRAMBOISE
Audit Director
jlaframboise@bdo.com



JASON KELLY
Audit Senior Manager
jkelly@bdo.com



DEVIN HULSEBOS
Audit Senior Associate
dhulsebos@bdo.com



Executive Summary

Status of Our Audit

- ▶ We have completed our audit of the financial statements as of and for the year ended September 30, 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
 - The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
 - The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
 - We have issued unmodified opinions on the financial statements and released our report on April 20, 2023.
 - We have issued an unmodified opinion on the Authority's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA).
 - In planning and performing our audit of the SEFA, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on its major federal program(s) to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
 - Our responsibility for other information in documents containing the Authority's audited financial statements (e.g., management's discussion and analysis) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Authority and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
 - All records and information requested by BDO were freely available for our inspection.
 - Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Authority personnel throughout the course of our work.



Results of the Audit

ACCOUNTING PRACTICES, POLICIES, AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the Authority’s accounting practices, policies, and estimates:

The Authority’s significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ The Authority adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*, during the current period.
- ▶ There were no other changes in significant accounting policies and practices during 2022.

Significant estimates are those that require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Authority’s significant accounting estimates, including a description of management’s processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

Significant Accounting Estimates

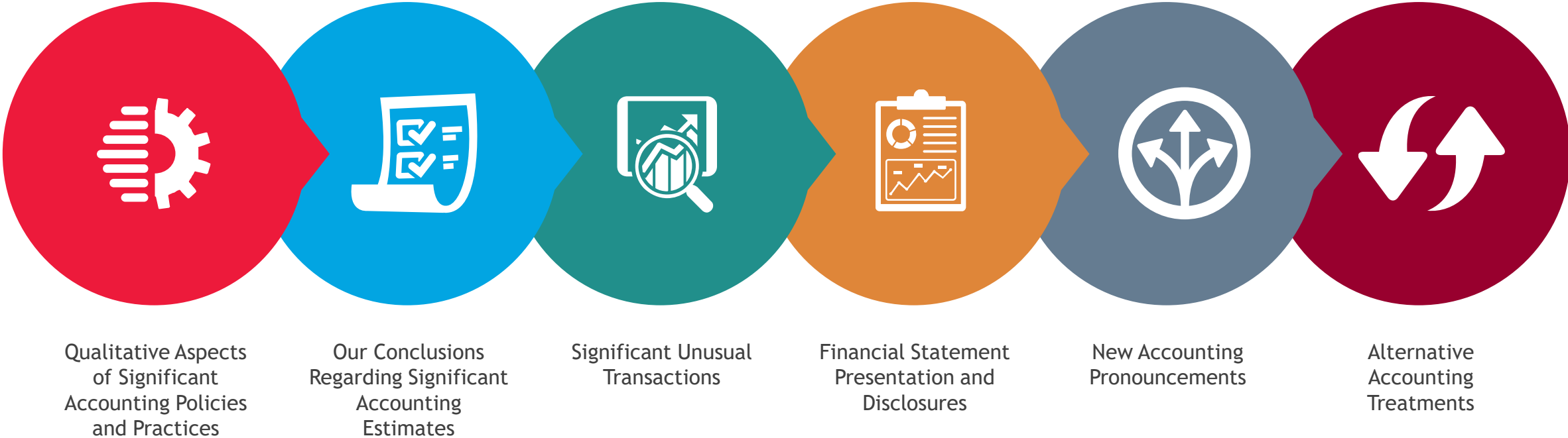
- Accounts Receivable and Allowances
- Fair Value Measurements
- Self-insured Liabilities
- Pension and Other Postemployment Benefits

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2022.

Results of the Audit

QUALITY OF THE AUTHORITY'S FINANCIAL REPORTING

A discussion was held regarding the quality of the Authority's financial reporting, which included:



Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.





Internal Control Over Financial Reporting

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Authority’s internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.



Additional Required Communications

Additional Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Authority:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding the Authority's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant matters identified by component auditors	During the component auditor's procedures, there were no significant matters identified that were deemed necessary to bring to group management's attention.
Significant findings and issues arising during the audit in connection with the Authority's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

Additional Required Communications


Following is a summary of other required items, along with specific discussion points as they pertain to the Authority:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Authority's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
Other matters significant to the oversight of the Authority's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Authority's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence

Our engagement letter to you dated September 19, 2022, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.





BDO USA, LLP is a professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 70 offices and over 750 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of more than 97,000 people working out of more than 1,700 offices across 167 countries and territories.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

This document contains information that is proprietary and confidential to BDO USA, LLP, the disclosure of which could provide substantial benefit to competitors offering similar services. Thus, this document may not be disclosed, used, or duplicated for any purposes other than to permit you to evaluate BDO to determine whether to engage BDO. If no contract is awarded to BDO, this document and any copies must be returned to BDO or destroyed.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2023 BDO USA, LLP. All rights reserved. www.bdo.com

