

Bay County,
Michigan



Year Ended
December 31,
2023

Single Audit Act
Compliance

Rehmann

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Table of Contents

	<u>Page</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to Schedule of Expenditures of Federal Awards	6
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	9
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Audit Findings	15



This page intentionally left blank.

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

September 30, 2024

Board of Commissioners
Bay County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Bay County, Michigan** (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 28, 2024, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
U.S. Department of Agriculture						
Child Nutrition Cluster:						
Juvenile Home-National School Breakfast	10.553	MDE	90008002	10-01-22 to 09-30-23	\$ -	\$ 7,297
Juvenile Home-National School Breakfast	10.553	MDE	90008002	10-01-23 to 09-30-24	-	2,483
Juvenile Home-Supply Chain Assistance	10.555	MDE	220910	10-01-22 to 09-30-23	-	6,778
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-22 to 09-30-23	-	17,438
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-23 to 09-30-24	-	5,998
Total Child Nutrition Cluster					-	39,994
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):						
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-22 to 09-30-23	-	435,889
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-23 to 09-30-24	-	139,236
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-22 to 09-30-23	-	29,822
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-23 to 09-30-24	-	9,483
					-	614,430
Total U.S. Department of Agriculture					-	654,424
U.S. Department of Justice						
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:						
Justice Assistance Grant	16.738	Direct	15PBJA-22-GG-02610-JAGX	10-01-21 to 09-30-23	11,004	21,762
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	MSP	2015-MU-BX-0964	10-01-22 to 09-30-23	-	79,657
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	MSP	2015-MU-BX-0703	10-01-23 to 09-30-24	-	9,610
					11,004	111,029
Total U.S. Department of Justice					11,004	111,029
U.S. Department of Transportation						
Highway Planning and Construction Cluster:						
Highway Planning & Construction	20.205	MDOT	2015-0002/Z1	10-01-22 to 09-30-23	-	156,780
Highway Planning & Construction	20.205	MDOT	2015-0002/Z4	10-01-22 to 09-30-23	-	49,414
Total Highway Planning and Construction Cluster					-	206,194
Highway Safety Cluster:						
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	PT-23-04	10-01-22 to 09-30-23	-	32,855
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	2024-PT-00-09	10-01-23 to 09-30-24	-	7,722
Total Highway Safety Cluster					-	40,577
National Highway Traffic Safety Administration:						
Alcohol Traffic Safety & Drunk Driving Prevention Incentive	20.616	OHSP	2024-ID-05-IG	10-01-23 to 09-30-24	-	9,928
Total U.S. Department of Transportation					-	256,699

continued...

BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
U.S. Department of Treasury						
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds:						
United Way	21.027	Direct	N/A	03-1-2021 to 12-31-2024	\$ 283,000	\$ 283,000
Bay Community Foundation	21.027	Direct	N/A	03-1-2021 to 12-31-2026	400,000	400,000
Bay Veterans	21.027	Direct	N/A	03-1-2021 to 10-31-2024	64,526	64,526
Bay Future Small Business Support	21.027	Direct	N/A	03-1-2021 to 12-31-2026	68,143	68,143
Boys and Girls Club	21.027	Direct	N/A	03-1-2021 to 12-31-2026	57,724	57,724
Bay County Sheriff Department	21.027	Direct	N/A	03-1-2021 to 12-31-2026	-	149,128
Household Assistance Program	21.027	Direct	N/A	03-1-2021 to 12-31-2026	-	202,910
Bay County Revenue Recovery	21.027	Direct	N/A	03-1-2021 to 12-31-2026	-	2,100,000
EV Feasibility Study	21.027	Direct	N/A	03-1-2021 to 12-31-2023	-	40,000
Bay County Administrative Cost	21.027	Direct	N/A	03-1-2021 to 12-31-2026	-	28,368
Health and Human Service Center	21.027	Direct	N/A	03-1-2021 to 12-31-2026	-	3,313,116
Health and Human Service Center	21.027	Direct	N/A	03-1-2021 to 12-31-2026	-	3,514
Virtual Backlog Response Dockett	21.027	SCAO	N/A	10-01-22 to 09-30-23	-	7,921
Virtual Backlog Response Dockett	21.027	SCAO	N/A	10-01-23 to 09-30-24	-	2,201
Total U.S. Department of Treasury					873,393	6,720,551
U.S. Environmental Protection Agency						
Nonpoint Source Implementation:						
Kawkawlin River Watershed Septic System Mapping and Replacement	66.460	EGLE	C9955474-20	10-01-22 to 09-30-23	-	61,092
Kawkawlin River Watershed Septic System Mapping and Replacement	66.460	EGLE	C9955474-20	10-01-23 to 09-30-24	-	71,743
					-	132,835
Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements:						
EPI-Administration	66.802	MDHHS	V00E00740	10-01-22 to 09-30-23	-	51,001
EPI-Administration	66.802	MDHHS	V00E00740	10-01-23 to 09-30-24	-	17,001
					-	68,002
Total U.S. Environmental Protection Agency					-	200,837
U.S. Department of Health and Human Services						
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:						
Covid - 19 - ARPA Preventative Health III-D SVCS	93.043	Region VII	20161841	10-01-22 to 09-30-23	-	10,917
Covid - 19 - ARPA Preventative Health III-D SVCS	93.043	Region VII	20161841	10-01-23 to 09-30-24	-	4,296
					-	15,213
Aging Cluster:						
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-22 to 09-30-23	-	59,704
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-23 to 09-30-24	-	27,674
Covid - 19 - ARPA Title IIIB Homemaking	93.044	Region VII	20161841	10-01-22 to 09-30-23	-	67,970
Covid - 19 - ARPA Title IIIB Homemaking	93.044	Region VII	20161841	10-01-23 to 09-30-24	-	3,006
					-	158,354
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-22 to 09-30-23	-	69,509
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-23 to 09-30-24	-	12,748
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-22 to 09-30-23	-	156,925
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-23 to 09-30-24	-	72,097
					-	311,279
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-22 to 09-30-23	-	21,549
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	7,185
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-22 to 09-30-23	-	94,264
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	31,458
NSIP Millage Meal Sites	93.053	Region VII	20161841	10-01-22 to 09-30-23	-	882
NSIP Millage Meal Sites	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	294
					-	155,632
Total Aging Cluster					-	625,265

continued...

BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)						
National Family Caregiver Support, Title III, Part E:						
Covid - 19 - ARPA Caregiving Services	93.052	Region VII	20161841	10-01-22 to 09-30-23	\$ -	\$ 8,109
Covid - 19 - ARPA Caregiving Services	93.052	Region VII	20161841	10-01-23 to 09-30-24	-	11,258
Title III E Caregiver Training	93.052	Region VII	20161841	10-01-22 to 09-30-23	-	7,193
Title III E Caregiver Training	93.052	Region VII	20161841	10-01-23 to 09-30-24	-	6,338
Title III E Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-22 to 09-30-23	-	5,540
Title III E Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-23 to 09-30-24	-	1,945
Title III E Kinship Care	93.052	Region VII	20161841	10-01-23 to 09-30-24	-	2,804
					-	43,187
Public Health Emergency Preparedness:						
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-22 to 06-30-23	-	74,614
Bioterrorism	93.069	MDHHS	U90TP000528	07-01-23 to 09-30-23	-	29,751
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-23 to 06-30-24	-	30,741
					-	135,106
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:						
TB Control	93.116	MDHHS	U52CCU500499	10-01-22 to 09-30-23	-	2,872
TB Control	93.116	MDHHS	U52CCU500499	10-01-23 to 09-30-24	-	207
					-	3,079
Family Planning Services:						
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-22 to 09-30-23	-	81,701
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-23 to 09-30-24	-	28,466
					-	110,167
Immunization Cooperative Agreements:						
COVID - 19 - Covid Immunization	93.268	MDHHS	NH23IP922635	10-01-22 to 09-30-23	-	47,723
COVID - 19 - Covid Immunization	93.268	MDHHS	NH23IP922635	10-01-23 to 09-30-24	-	12,087
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-22 to 09-30-23	-	34,803
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-23 to 09-30-24	-	12,180
Immunization/Vaccines	93.268	MDHHS	H23CCH522556-01-4	10-01-22 to 09-30-23	-	112,160
Immunization-VFCA	93.268	MDHHS	H23CCH522556	10-01-23 to 09-30-24	-	900
					-	219,853
Epidemiology and Laboratory Capacity for Infectious Diseases:						
COVID - 19 - ELC Covid 19 Contact Tracing						
Testing Coordination	93.323	MDHHS	NU50CK000510	10-01-22 to 09-30-23	-	32,273
COVID - 19 - ELC Covid 19 Infection Prevention	93.323	MDHHS	NU50CK000510	10-01-23 to 09-30-24	-	32,885
					-	65,158
Public Health Emergency Response: Cooperative Agreement						
COVID - 19 - Workforce Development	93.354	MDHHS	NU90TP922168	10-01-22 to 09-30-23	-	118,676
COVID - 19 - Workforce Development	93.354	MDHHS	NU90TP922168	10-01-23 to 09-30-24	-	33,417
					-	152,093
Child Support Enforcement:						
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-22 to 09-30-23	-	112,387
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-23 to 09-30-24	-	35,520
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-22 to 09-30-23	-	895,428
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-23 to 09-30-24	-	341,676
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA17-09002	10-01-22 to 09-30-23	-	80,745
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA17-09002	10-01-23 to 09-30-24	-	27,780
					-	1,493,536
Grants to States for Access and Visitation Programs:						
Federal Access and Visitation Grant	93.597	SCAO	SCAO-2020-013	10-01-22 to 09-30-23	-	1,100
					-	1,100

continued...

BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)						
Grant for Legal Representation:						
Child Parent Legal Representation	93.658	MDHHS	E20213215-00	10-01-22 to 09-30-23	\$ -	\$ 72,813
Child Parent Legal Representation	93.658	MDHHS	E20213215-01	10-01-23 to 09-30-24	-	24,811
					-	97,624
Medicaid Cluster:						
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-22 to 09-30-23	-	8,514
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	1,452
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-22 to 09-30-23	-	15,496
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	5,164
CSHSC - Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-21 to 09-30-22	-	79,244
Medicaid Cluster (Concluded):						
CSHSC - Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	101,208
CSHSC - Medicaid Elevated Blood Level	93.778	MDHHS	05205M15MAP	10-01-22 to 09-30-23	-	1,178
CSHSC - Medicaid Elevated Blood Level	93.778	MDHHS	05205M15MAP	10-01-23 to 09-30-24	-	144
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-22 to 09-30-23	-	44,145
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	15,407
POS Waiver	93.778	Region VII	20161841	10-01-22 to 09-30-23	-	35,948
POS Waiver	93.778	Region VII	20161841	10-01-23 to 09-30-24	-	13,786
Total Medicaid Cluster					-	321,686
Assistance Programs for Chronic Disease Prevention and Control:						
Accelerator Community Engagement	93.945	MDHHS	NU90TP922062	10-01-22 to 09-30-23	-	3,838
Preventative Health and Health Services Block Grant to States:						
Family Planning	93.991	MDHHS	B1MIMCHS	10-01-22 to 09-30-23	-	7,139
Family Planning	93.991	MDHHS	B1MIMCHS	10-01-23 to 09-30-24	-	2,488
					-	9,627
Maternal and Child Health Services Block Grant to the States:						
CSHSC - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-22 to 09-30-23	-	3,918
CSHSC - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-23 to 09-30-24	-	605
MCH Childhood Lead Poisoning Education and Outreach	93.994	MDHHS	B1MIMCHS	10-01-22 to 09-30-23	-	762
Local MCH - Enabling Services Child	93.994	MDHHS	B1MIMCHS	10-01-22 to 09-30-23	-	4,993
Local MCH - Enabling Services Child	93.994	MDHHS	B1MIMCHS	10-01-23 to 09-30-24	-	178
					-	10,456
Total U.S. Department of Health and Human Services					-	3,306,988
U.S. Department of Homeland Security						
Emergency Management Performance Grants:						
Emergency Management Assistance	97.042	MSP	EMC-2022-EP-00001	10-01-22 to 09-30-23	-	12,833
Emergency Management Assistance	97.042	MSP	N/A	10-01-23 to 09-30-24	-	4,616
					-	17,449
Homeland Security Grant Program:						
2021 HSP Operation Stonegarden	97.067	MSP	EMW-2021-SS-00021-S01	09-01-21 to 07-31-24	-	4,304
2022 HSP Operation Stonegarden	97.067	MSP	EMW-2022-SS-00031-S01	09-01-22 to 07-31-25	-	36,780
2020 SHSP	97.067	MIDLAND	EMW-2020-SS-00044-S01	09-01-20 to 09-30-23	-	117,787
					-	158,871
Total U.S. Department of Homeland Security					-	176,320
Total Expenditures of Federal Awards					\$ 884,397	\$ 11,426,848

concluded

See notes to schedule of expenditures of federal awards.

BAY COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bay County, Michigan (the "County") under programs of the federal government for the year ended December 31, 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 County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented when available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
EGLE	Michigan Department of Environment, Great Lakes, and Energy
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MDOT	Michigan Department of Transportation
MIDLAND	Midland County, Michigan
MSP	Michigan State Police
OHSP	Michigan Office of Highway Safety Planning
Region VII	Region VII Area Agency on Aging
SCAO	Michigan State Court Administrative Office





**INDEPENDENT AUDITORS' 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***

June 28, 2024

Board of Commissioners
Bay City, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **Bay County, Michigan** (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2024. Our report includes a reference to other auditors who audited the financial statements of the Bay County Road Commission component unit and Bay County Department of Water and Sewer component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive style with a loop at the end of the word "Johnson".

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

September 30, 2024

Board of Commissioners
Bay City, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the **Bay County, Michigan** (the "County") 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 County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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



Other Matter – Federal Expenditures Not Included in the Compliance Audit

The County's basic financial statements include the operations of the Bay County Road Commission component unit and Bay County Department of Water and Sewer component unit, which expended \$1,973,052 in federal awards which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2023. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of the Bay County Road Commission component unit and Bay County Department of Water and Sewer component unit because it engaged other auditors to perform an audit of compliance.

Responsibilities of Management for Compliance

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

Independent Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' 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.

Purpose of this Report

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 black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Any audit findings disclosed that are to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified
93.778	Medicaid Cluster	Unmodified

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

Auditee qualified as low-risk auditee? X yes _____ no

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.



BAY COUNTY, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2023

2022-001 - Audit Adjustments

During the audit, we identified material adjustments which needed to be made in order to reach proper year-end balances. Pension investments were not recorded at fair market value therefore overstating assets by \$172,027,653. As a result of this condition, the Plan's accounting records were initially misstated by amounts material to the financial statements.



This page intentionally left blank.