

Bay County,
Michigan



Year Ended
December 31,
2021

Single Audit Act
Compliance

Rehmann

BAY COUNTY, MICHIGAN

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Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

September 27, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 27, 2022, 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, 2021

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	10-01-20 to 09-30-21	\$ -	\$ 5,665
Juvenile Home-National School Breakfast	10.553	MDE	90008002	10-01-21 to 09-30-22	-	2,054
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-20 to 09-30-21	-	10,368
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-21 to 09-30-22	-	4,380
Total Child Nutrition Cluster					-	22,467
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):						
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-20 to 09-30-21	-	417,711
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-21 to 09-30-22	-	139,236
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-20 to 09-30-21	-	27,274
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-21 to 09-30-22	-	8,767
					-	592,988
Total U.S. Department of Agriculture					-	615,455
U.S. Department of Justice						
COVID-19 - Coronavirus Emergency Supplemental Funding Program						
	16.034	Direct	N/A	01-20-20 to 01-31-23	-	31,502
Victims of Crime Act (VOCA)-Abuse Intervention	16.575	MDHHS	CVA 20745-15V14	10-01-20 to 09-30-21	-	56,978
Victims of Crime Act (VOCA)-Abuse Intervention	16.575	MDHHS	CVA 20745-16V15	10-01-21 to 09-30-22	-	19,080
					-	76,058
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:						
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct	N/A	10-01-19 to 09-30-21	7,800	15,980
Edward Byrne Memorial Justice Assistance Grant	16.738	MSP	2015-MU-BX-0964	10-01-20 to 09-30-21	-	55,477
Edward Byrne Memorial Justice Assistance Grant	16.738	MSP	2015-MU-BX-0964	10-01-21 to 09-30-22	-	9,633
					7,800	81,090
Total U.S. Department of Justice					7,800	188,650
U.S. Department of Transportation						
Highway Planning and Construction Cluster:						
Highway Planning & Construction	20.205	MDOT	2015-0002/Z1	10-01-20 to 09-30-21	-	110,879
Highway Planning & Construction	20.205	MDOT	2015-0002/Z4	10-01-21 to 09-30-22	-	42,938
					-	153,817
Highway Safety Cluster:						
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	PT-21-15	10-01-20 to 09-30-21	-	18,785
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	PT-22-34	10-01-21 to 09-30-22	-	2,474
Underage Drinking Enforcement	20.616	OHSP	AL-17-20	10-01-17 to 09-30-18	-	4,736
					-	21,259
Total U.S. Department of Transportation					-	175,076
U.S. Department of Treasury						
Coronavirus Relief Fund:						
COVID-19 - Coronavirus Relief Fund Local Health Dept Testing	21.019	MDHHS	SLT0040	10-01-20 to 09-30-21	-	734
					-	734

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BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
U.S. Environmental Protection Agency						
Nonpoint Source Implementation:						
Kawkawlin River Watershed Septic System Mapping and Replacement	66.460	EGLE	C9955474-20	10-01-20 to 09-30-21	\$ -	\$ 114,011
Kawkawlin River Watershed Septic System Mapping and Replacement	66.460	EGLE	C9955474-20	10-01-21 to 09-30-22	-	19,392
Kawkawlin River Watershed Septic System Mapping and Replacement	66.460	EGLE	C9975474-18	10-01-20 to 09-30-21	-	2,644
Kawkawlin River Watershed Septic System Mapping and Replacement	66.460	EGLE	C9975474-18	10-01-21 to 09-30-22	-	438
					-	136,485
Capitalization Grants for Drinking Water State Revolving Funds Cluster:						
Noncommunity Type II Public Drinking Water Supply PRG A	66.468	EGLE	FS975487-17	10-01-20 to 09-30-21	-	164
Noncommunity Type II Public Drinking Water Supply PRG A	66.468	EGLE	FS975487-17	10-01-21 to 09-30-22	-	61
					-	225
Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements:						
EPI-Administration	66.802	MDHHS	V00E00740	10-01-20 to 09-30-21	-	48,620
EPI-Administration	66.802	MDHHS	V00E00740	10-01-21 to 09-30-22	-	13,639
					-	62,259
Total U.S. Environmental Protection Agency					-	198,969
U.S. Department of Health and Human Services						
Aging Cluster:						
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-20 to 09-30-21	-	33,613
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-21 to 09-30-22	-	23,022
					-	56,635
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-20 to 09-30-21	-	35,566
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-21 to 09-30-22	-	17,497
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-20 to 09-30-21	-	109,346
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-21 to 09-30-22	-	66,870
C-2 Home Delivered Meals CAA	93.045	Region VII	20161841	10-01-20 to 09-30-21	-	7,749
					-	237,028
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-20 to 09-30-21	-	19,605
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-21 to 09-30-22	-	7,185
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-20 to 09-30-21	-	87,241
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-21 to 09-30-22	-	31,458
NSIP Millage Meal Sites	93.053	Region VII	20161841	10-01-20 to 09-30-21	-	184
NSIP Millage Meal Sites	93.053	Region VII	20161841	10-01-21 to 09-30-22	-	279
					-	145,952
Total aging cluster					-	439,615
National Family Caregiver Support, Title III, Part E:						
Title IIIE Caregiver Training	93.052	Region VII	20161841	10-01-20 to 09-30-21	-	9,660
Title IIIE Caregiver Training	93.052	Region VII	20161841	10-01-21 to 09-30-22	-	3,851
Title IIIE Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-20 to 09-30-21	-	5,590
Title IIIE Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-21 to 09-30-22	-	2,035
Title IIIE Kinship Care	93.052	Region VII	20161841	10-01-21 to 09-30-22	-	2,737
					-	23,873

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BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
Public Health Emergency Preparedness:						
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-20 to 06-30-21	\$ -	\$ 62,757
Bioterrorism	93.069	MDHHS	U90TP000528	07-1-21 to 09-30-21	-	27,104
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-21 to 06-30-22	-	28,799
					-	118,660
Family Planning Services:						
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-20 to 09-30-21	-	75,989
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-21 to 09-30-22	-	25,649
					-	101,638
Nurse Education, Practice Quality and Retention Grants:						
Integrated Coll. Care Delivery	93.359	SVSU	UD7HP29871	07-01-20 to 06-30-21	-	32,262
Immunization Cooperative Agreements:						
COVID-19 - Immunization	93.268	MDHHS	NH23IP922635	10-01-20 to 09-30-21	-	230,185
COVID-19 - Immunization	93.268	MDHHS	NH23IP922635	10-01-21 to 09-30-22	-	86,447
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-20 to 09-30-21	-	34,803
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-21 to 09-30-22	-	11,599
Immunization/Vaccines	93.268	MDHHS	H23CCH522556-01-4	10-01-20 to 09-30-21	-	100,940
Immunization-VFCA	93.268	MDHHS	H23CCH522556	10-01-20 to 09-30-21	-	400
					-	464,374
Epidemiology and Laboratory Capacity for Infectious Diseases:						
COVID-19 - Contact Tracing Wraparound	93.323	MDHHS	NU50CK000510	10-01-20 to 09-30-21	-	73,986
COVID-19 - Contact Tracing Testing Coordination	93.323	MDHHS	NU50CK000510	10-01-20 to 09-30-21	-	174,536
COVID-19 - Contact Tracing Testing Coordination	93.323	MDHHS	NU50CK000510	10-01-20 to 09-30-21	-	93,170
COVID-19 - Infection Prevention	93.323	MDHHS	NU50CK000510	10-01-20 to 09-30-21	-	109,252
COVID-19 - Infection Prevention	93.323	MDHHS	NU50CK000510	10-01-21 to 09-30-22	-	11,908
					-	462,852
Emergency Response Public Health Crisis:						
COVID-19 - PHEP Covid-19 Response	93.354	MDHHS	NU90TP922074	10-01-20 to 09-30-21	-	3,586
COVID-19 - Provider Relief Fund - Period 1	93.498	Direct	N/A	01-01-20 to 06-30-21	-	1,051,483
COVID-19 - Provider Relief Fund - Period 2	93.498	Direct	N/A	01-01-20 to 12-30-21	-	308,700
					-	1,360,183
U.S. Department of Health and Human Services (concluded)						
Child Support Enforcement:						
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-20 to 09-30-21	-	102,260
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-21 to 09-30-22	-	33,214
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-20 to 09-30-21	-	866,591
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC17-09001	10-01-21 to 09-30-22	-	272,253
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA17-09002	10-01-20 to 09-30-21	-	79,701
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA17-09002	10-01-21 to 09-30-22	-	26,297
					-	1,380,316
Grants to States for Access and Visitation Programs:						
Federal Access and Visitation Grant	93.597	SCAO	SCAO-2020-013	10-01-20 to 09-30-21	-	880
Federal Access and Visitation Grant	93.597	SCAO	SCAO-2021-051	10-01-21 to 09-30-22	-	550
					-	1,430
Grant for Legal Representation:						
Child and Parent Legal Representation	93.658	MDHHS	E20213215-00	10-01-20 to 09-30-21	-	68,325
Child and Parent Legal Representation	93.658	MDHHS	E20213215-01	10-01-21 to 09-30-22	-	19,124
					-	87,449

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BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
Medicaid Cluster:						
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-20 to 09-30-21	\$ -	\$ 3,585
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-21 to 09-30-22	-	1,142
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-20 to 09-30-21	-	15,496
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-21 to 09-30-22	-	5,164
CSHSC - Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-20 to 09-30-21	-	55,303
CSHSC - Medicaid Elevated Blood Level	93.778	MDHHS	05205M15MAP	10-01-20 to 09-30-21	-	266
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-20 to 09-30-21	-	18,751
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-21 to 09-30-22	-	4,965
POS Waiver	93.778	Region VII	20161841	10-01-20 to 09-30-21	-	34,467
POS Waiver	93.778	Region VII	20161841	10-01-21 to 09-30-22	-	11,218
					-	150,357
Preventative Health and Health Services Block Grant to States:						
Family Planning	93.991	MDHHS	B1MIMCHS	10-01-20 to 09-30-21	-	8,163
Maternal and Child Health Services Block Grant to the States:						
CSHSC - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-20 to 09-30-21	-	3,330
CSHSC - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-21 to 09-30-22	-	530
MCH Childhood Lead Poisoning Education and Outreach	93.994	MDHHS	B1MIMCHS	10-01-20 to 09-30-21	-	15,645
MCH Childhood Lead Poisoning Education and Outreach	93.994	MDHHS	B1MIMCHS	10-01-21 to 09-30-22	-	4,886
Local MCH - Enabling Services Child	93.994	MDHHS	B1MIMCHS	10-01-20 to 09-30-21	-	4,975
Local MCH - Enabling Services Child	93.994	MDHHS	B1MIMCHS	10-01-21 to 09-30-22	-	3,889
					-	33,255
Total U.S. Department of Health and Human Services					-	4,668,013
U.S. Department of Homeland Security						
Emergency Management Performance Grants:						
Emergency Management Assistance	97.042	MSP	EMC-2021-EP-00003	10-01-20 to 09-30-21	-	29,498
Emergency Management Assistance	97.042	MSP	N/A	10-01-21 to 09-30-22	-	5,992
					-	35,490
Homeland Security Grant Program:						
2019 HSP Operation Stonegarden	97.067	MSP	EMW-2019-SS-00021-S01	09-01-19 to 07-31-22	-	6,809
2020 HSP Operation Stonegarden	97.067	MSP	EMW-2020-SS-00021-S01	09-01-20 to 07-31-23	-	54,806
2017 Pre-Disaster Mitigation	97.067	MSP	EMC-2018-PC-0002	08-04-17 to 03-22-21	-	22,367
2019 SHSP	97.067	MIDLAND	R3-2019-80-0004	09-01-2019 to 09-30-2022	-	6,400
					-	90,382
Total U.S. Department of Homeland Security					-	125,872
Total Expenditures of Federal Awards					\$ 7,800	\$ 5,972,769

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, 2021. 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.

The County's reporting entity is defined in Note 1 of the County's financial statements. The County's financial statements include the operations of the Bay County Housing Commission nonmajor enterprise fund and the Bay County Department of Water and Sewer and the Bay County Road Commission discretely presented component units, which the Housing is the only entity that received federal awards that are not included in the Schedule for the year ended December 31, 2021, as these entities were separately audited.

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. PROVIDER RELIEF FUNDS

The County received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Assistance Listing Number 93.498) during the year ended December 31, 2020. The County incurred eligible expenditures and had eligible lost revenues and therefore recognized revenue totaling \$1,360,183 for the year ended December 31, 2020, in the financial statements. In accordance with the compliance supplement addendum, the PRF expenditures and lost revenue recognized on the schedule are based on the reporting to HHS for the period ending June 30, 2021 (Period 1 funding) and December 31, 2021 (Period 2 funding), as required under the PRF program.

BAY COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

4. 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
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MSP	Michigan State Police
MDOT	Michigan Department of Transportation
OHSP	Michigan Office of Highway Safety Planning
EGLE	Michigan Department of Environment, Great Lakes, and Energy
Region VII	Region VII Area Agency on Aging
SVSU	Saginaw Valley State University
SCAO	Michigan State Court Administrative Office
MIDLAND	Midland County, Michigan



**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***

July 22, 2022

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 **Bay County, Michigan** (the "County"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the Bay County Road Commission component unit, Bay County Department of Water and Sewer component unit, and the Bay County Housing nonmajor enterprise fund, 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.

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 may exist that have not been identified.

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 Lohman LLC". The signature is written in a cursive, flowing style.

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

September 27, 2022

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 Single Audit** (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, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Bay County Housing enterprise fund, which received \$261,490 in federal awards, and which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2021. Our audit, described below, did not include the operations of the Bay County Housing enterprise fund, Bay County Road Commission component unit, or the Bay County Department of Water and Sewer component unit because they arranged for a separate audits in accordance with the Uniform Guidance.

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, 2021.

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.

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.

Rehmann Johnson LLC

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

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 statements 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 required 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>
93.498	COVID-19 - Provider Relief Fund	Unmodified
93.563	Child Support Enforcement	Unmodified

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes X no

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None in the current year.

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None in the current year.

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BAY COUNTY, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2021

Nothing reported in the prior year.

