

Bay County,  
Michigan



Year Ended  
December 31,  
2024

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**

June 27, 2025

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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 27, 2025, 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 Lobach LLC*



## BAY COUNTY, MICHIGAN

### Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
<b>U.S. Department of Agriculture</b>						
Child Nutrition Cluster:						
Juvenile Home-National School Breakfast	10.553	MDE	220910	10-01-22 to 09-30-23	\$ -	\$ 6,652
Juvenile Home-National School Breakfast	10.553	MDE	90008002	10-01-23 to 09-30-24	-	7,642
Juvenile Home-Supply Chain Assistance	10.555	MDE	90008002	10-01-24 to 09-30-25	-	2,584
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-23 to 09-30-24	-	17,448
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-24 to 09-30-25	-	5,047
Total Child Nutrition Cluster					-	39,373
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):						
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-23 to 09-30-24	-	417,711
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-24 to 09-30-25	-	139,236
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-23 to 09-30-24	-	28,449
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-24 to 09-30-25	-	9,483
					-	594,879
<b>Total U.S. Department of Agriculture</b>					-	634,252
<b>U.S. Department of Justice</b>						
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:						
Justice Assistance Grant	16.738	Direct	15PBJA-23-GG-03500-JAGX	10-01-22 to 09-30-24	11,776	23,305
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	MSP	2015-MU-BX-0964	10-01-23 to 09-30-24	-	59,549
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	MSP	2015-MU-BX-0964	10-01-24 to 09-30-25	-	16,189
					11,776	99,043
Byrne Community Project	16.753	MSP	15PBJA-23-GG-00106-BRND	10-01-23 to 03-31-27	-	706,999
Byrne Community Project	16.753	MSP	15PBJA-24-GG-00158-BRND	10-01-24 to 07-31-27	-	16,195
					-	723,194
<b>Total U.S. Department of Justice</b>					11,776	822,237
<b>U.S. Department of Transportation</b>						
Highway Planning and Construction Program:						
Highway Planning & Construction	20.205	MDOT	2015-0002/Z1	10-01-23 to 09-30-24	-	176,497
Highway Planning & Construction	20.205	MDOT	2015-0002/Z4	10-01-24 to 09-30-25	-	38,873
					-	215,370
Highway Safety Cluster:						
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	2024-PT-00-09	10-01-23 to 09-30-24	-	19,636
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	2025-PT-00-09	10-01-24 to 09-30-25	-	7,843
Total Highway Safety Cluster					-	27,479
MDCGP Sobriety Treatment (OHSP)	20.616	NHTSA	2025-ID-05-IG	10-01-23 to 09-30-24	-	4,747
<b>Total U.S. Department of Transportation</b>					-	247,596

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# BAY COUNTY, MICHIGAN

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
<b>U.S. Department of Treasury</b>						
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds:						
Boys and Girls Club	21.027	Direct	N/A	03-1-21 to 12-31-26	\$ -	\$ 80,800
Bay Veterans	21.027	Direct	N/A	03-1-21 to 12-31-26	89,567	89,567
Bay Future Small Business Support	21.027	Direct	N/A	03-1-21 to 12-31-26	72,777	72,777
Health and Human Service Center (construction)	21.027	Direct	N/A	03-1-21 to 12-31-26	-	68,437
Health Electronic Medical Records	21.027	Direct	N/A	03-1-21 to 12-31-26	-	60,000
Civic/Golf	21.027	Direct	N/A	03-1-21 to 12-31-26	-	923,630
Health and Human Service Center	21.027	Direct	N/A	03-1-21 to 12-31-26	-	564
Linwood Project	21.027	Direct	N/A	03-1-21 to 12-31-26	-	110,000
Bay County Administrative Cost	21.027	Direct	N/A	03-1-21 to 12-31-26	-	8,990
<b>Total U.S. Department of Treasury</b>					<b>162,344</b>	<b>1,414,765</b>
<b>U.S. Environmental Protection Agency</b>						
Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements:						
EPI-Administration	66.802	MDHHS	V00E00740	10-01-23 to 09-30-24	-	50,999
EPI-Administration	66.802	MDHHS	V00E00740	10-01-24 to 09-30-25	-	14,427
					-	65,426
<b>U.S. Department of Health and Human Services</b>						
Aging Cluster:						
Title IIIB Case Homemaker	93.044	Region VII	20161841	10-01-23 to 09-30-24	-	906
Title IIIB Case Homemaker	93.044	Region VII	20161841	10-01-24 to 09-30-25	-	485
Covid - 19 - ARPA Title IIIB Homemaking	93.044	Region VII	20161841	10-01-23 to 09-30-24	-	15,481
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-23 to 09-30-24	-	46,540
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-24 to 09-30-25	-	27,306
					-	90,718
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-23 to 09-30-24	-	22,340
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-24 to 09-30-25	-	14,259
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-23 to 09-30-24	-	157,082
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-24 to 09-30-25	-	73,858
Covid - 19 - ARPA Home Delivered Meals	93.045	Region VII	20161841	10-01-23 to 09-30-24	-	7,176
					-	274,715
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	14,370
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-24 to 09-30-25	-	4,857
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	62,916
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-24 to 09-30-25	-	21,258
Covid - 19 - ARPA Congregate Meals	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	4,784
NSIP Millage Meal Sites	93.053	Region VII	20161841	10-01-23 to 09-30-24	-	98
					-	108,283
<b>Total Aging Cluster</b>					<b>-</b>	<b>473,716</b>

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# BAY COUNTY, MICHIGAN

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>						
National Family Caregiver Support, Title III, Part E:						
Title III-E Caregiver Training	93.052	Region VII	20161841	10-01-23 to 09-30-24	\$ -	\$ 10,954
Title III-E Caregiver Training	93.052	Region VII	20161841	10-01-24 to 09-30-25	-	6,945
Covid - 19 - ARPA Caregiver Support	93.052	Region VII	20161841	10-01-23 to 09-30-24	-	7,154
Title III-E Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-23 to 09-30-24	-	6,550
Title III-E Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-24 to 09-30-25	-	2,165
Title III-E Kinship Care	93.052	Region VII	20161841	10-01-24 to 09-30-25	-	2,789
					-	36,557
Public Health Emergency Preparedness:						
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-23 to 06-30-24	-	80,015
Bioterrorism	93.069	MDHHS	U90TP000528	07-01-23 to 09-30-24	-	30,875
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-24 to 06-30-25	-	30,741
					-	141,631
Family Planning Services:						
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-24 to 09-30-25	-	31,995
Immunization Cooperative Agreements:						
Bridge Access Program Immunizations	93.268	MDHHS	NH23IP922635	10-01-23 to 09-30-24	-	1,270
COVID-19 - Covid Immunization	93.268	MDHHS	NH23IP922635	10-01-23 to 09-30-24	-	14,934
COVID-19 - Covid Immunization	93.268	MDHHS	NH23IP922635	10-01-24 to 09-30-25	-	2,356
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-23 to 09-30-24	-	36,540
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-24 to 09-30-25	-	12,180
Immunization/Vaccines	93.268	MDHHS	H23CCH522556-01-4	10-01-23 to 09-30-24	-	95,665
Immunization-VFCA	93.268	MDHHS	H23CCH522556	10-01-23 to 09-30-24	-	1,200
					-	164,145
Epidemiology and Laboratory Capacity for Infectious Diseases:						
COVID - 19 - ELC Covid 19 Contact Tracing						
Testing Coordination and Prevention	93.323	MDHHS	NU50CK000510	10-01-23 to 09-30-24	-	39,559
COVID - 19 - ELC Covid 19 Infection Prevention	93.323	MDHHS	NU90TP922168	10-01-24 to 09-30-25	-	10,110
					-	49,669
Public Health Emergency Response - Cooperative Agreement:						
COVID - 19 - Workforce Development	93.354	MDHHS	NU90TP922168	10-01-23 to 09-30-24	-	158,302
COVID - 19 - Workforce Development	93.354	MDHHS	NU90TP922168	10-01-24 to 09-30-25	-	27,500
					-	185,802
Congressional Directives:						
Community Project Funding/Congressionally Directed Spending - Construction	93.493	HHS	CE152369	10-01-24 to 09-30-25	-	30,225
Child Support Enforcement:						
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-23 to 09-30-24	-	111,852
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-24 to 09-30-25	-	36,028
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-23 to 09-30-24	-	1,085,244
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-24 to 09-30-25	-	365,043
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA24-09002	10-01-23 to 09-30-24	-	91,036
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA24-09002	10-01-24 to 09-30-25	-	29,557
					-	1,718,760
Grants to States for Access and Visitation Programs:						
Federal Access and Visitation Grant	93.597	SCAO	SCAO-2025-027	10-01-24 to 09-30-25	-	660

continued...

## BAY COUNTY, MICHIGAN

### Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Grant Period	Total Subawards	Federal Expenditures
<b>U.S. Department of Health and Human Services (Concluded)</b>						
Grant for Legal Representation:						
Child Parent Legal Representation	93.658	MDHHS	E20213215-00	10-01-23 to 09-30-24	\$ -	\$ 44,507
Child Parent Legal Representation	93.658	MDHHS	E20213215-01	10-01-24 to 09-30-25	-	10,859
					-	55,366
Medicaid Cluster:						
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	2,979
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	913
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	20,041
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	6,302
CSHSC - Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	115,180
CSHSC - Medicaid Elevated Blood Level	93.778	MDHHS	05205M15MAP	10-01-23 to 09-30-24	-	1,011
CSHSC - Medicaid Elevated Blood Level	93.778	MDHHS	05205M15MAP	10-01-24 to 09-30-25	-	578
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-23 to 09-30-24	-	58,940
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	18,187
POS Waiver	93.778	MDHHS	20161841	10-01-23 to 09-30-24	-	42,699
POS Waiver	93.778	Region VII	20161841	10-01-24 to 09-30-25	-	13,364
Total Medicaid Cluster					-	280,194
Maternal and Child Health Services Block Grant to the States:						
CSHCS - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-23 to 09-30-24	-	2,024
CSHCS - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	330
CLPP - Childhood Lead Poisoning Prevention	93.994	MDHHS	B1MIMCHS	10-01-23 to 09-30-24	-	14,999
MCH Childhood Lead Poisoning Education and Outreach	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	5,001
Local MCH - Enabling Services Child	93.994	MDHHS	B1MIMCHS	10-01-23 to 09-30-24	-	32,085
Local MCH - Enabling Services Child	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	15,228
					-	69,667
<b>Total U.S. Department of Health and Human Services</b>					-	3,238,387
<b>U.S. Department of Homeland Security</b>						
Emergency Management Performance Grants:						
Emergency Management Assistance	97.042	MSP	EMC-2023-EP-00001	10-01-23 to 09-30-24	-	4,998
Emergency Management Assistance	97.042	MSP	N/A	10-01-24 to 09-30-25	-	2,407
					-	7,405
Homeland Security Grant Program:						
2021 HSP Operation Stonegarden	97.067	MSP	EMW-2021-SS-00021-S01	09-01-21 to 07-31-24	-	13,289
2022 HSP Operation Stonegarden	97.067	MSP	EMW-2022-SS-00031-S01	09-01-22 to 07-31-25	-	1,600
2021 SHSP	97.067	MIDLAND	EMW-2021-SS-00011-S01	09-01-21 to 09-30-24	-	400
					-	15,289
<b>Total U.S. Department of Homeland Security</b>					-	22,694
<b>Total Expenditures of Federal Awards</b>					\$ 174,120	\$ 6,445,357

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, 2024. 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
HHS	Federal Health and Human Services
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
NHTSA	National Highway Traffic Safety Administration
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 27, 2025

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, 2024, 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 27, 2025. 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 "Lehmann Lohman LLC". The script is cursive and fluid, with the letters connected. The "L" at the beginning is large and loops around. The "LLC" is written in a slightly more upright, but still cursive, style.

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

June 27, 2025

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, 2024. 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, 2024.

#### *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, of which Bay County Road Commission expended \$3,043,156 in federal awards which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2024. 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 the Bay County Department of Water and Sewer component unit because it engaged other auditors to perform an audit.

### ***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.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Lohman LLC*

Schedule of Findings and Questioned Costs	
For the Year Ended December 31, 2024	
1	Findings
2	Questioned Costs
3	Total

## 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
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### Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?   X   yes      \_\_\_\_\_ none reported

Any audit findings disclosed that are to be reported in accordance with 2 CFR 200.516(a)?	X	yes	no
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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	Coronavirus State and Local Fiscal Recovery 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
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**BAY COUNTY, MICHIGAN**

**Schedule of Findings and Questioned Costs**

For the Year Ended December 31, 2024

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None noted.



# BAY COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2024

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### 2024-001 - Variance in Quarterly Reporting

**Finding Type.** Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Reporting).

**Program.** Coronavirus State and Local Fiscal Recovery Funds (CSLFRF); U.S. Department of Treasury; ALN 21.027 (all).

**Criteria.** CSLFRF grant recipients are required to file quarterly Project and Expenditure ("P&E") reports that include period-to-date and cumulative expenditures.

**Condition.** During our audit, we noted a variance between amounts reported in all quarterly P&E reports and amounts recorded in the general ledger and presented on the schedule of expenditures of federal awards (SEFA) for fiscal year 2024. This resulted in an overall total difference of \$320,511 between the 2024 P&E reports and the County's general ledger and SEFA.

**Cause.** This condition was caused by management not appropriately tracking project expenditures in sufficient detail on the general ledger to allow for reconciliation to the underlying accounting records and each quarterly P&E report.

**Effect.** As a result of this condition, the County did not fully comply with the requirements of the grant award or the Uniform Guidance.

**Questioned Costs.** No costs have been questioned as a result of this finding, inasmuch as the reporting was deemed to be inaccurate, not the financial records.

**Recommendation.** We recommend that the County reconcile quarterly P&E reporting with amounts in the general ledger to ensure that all expenditures reported are classified in the correct project category on the P&E reporting and in the correct reporting period. We recommend an independent review is completed to ensure the reporting is accurate.

**View of Responsible Officials.** Management will conduct the final review and cross-check between the general ledger entries and amounts reported on the quarterly P&E reports to ensure accuracy in the amounts reported for the period.



**BAY COUNTY, MICHIGAN**

**Summary Schedule of Prior Audit Findings**

For the Year Ended December 31, 2024

None noted.

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