Bay County, Michigan

Year Ended December 31, 2025

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 23, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 23, 2026, 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 Robson LLC

BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

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	10-01-24 to 09-30-25	$ -	$ 7,615
Juvenile Home-Supply Chain Assistance	10.555	MDE	220910	10-01-24 TO 09-30-25	-	1,250
Juvenile Home-Supply Chain Assistance	10.555	MDE	90008002	10-01-25 to 09-30-26	-	2,637
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-24 to 09-30-25	-	15,248
Juvenile Home-National School Lunch	10.555	MDE	90008002	10-01-25 to 09-30-26	-	5,737
Total Child Nutrition Cluster					-	24,872
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):						
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-24 to 09-30-25	-	417,711
Women, Infants & Children Supplemental Food	10.557	MDHHS	IW100342	10-01-25 to 09-30-26	-	139,236
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-24 to 09-30-25	-	28,449
Women, Infants & Children Breastfeeding Peer Counseling	10.557	MDHHS	W500342	10-01-25 to 09-30-26	-	9,483
					-	594,879
Total U.S. Department of Agriculture					-	627,366
U.S. Department of Housing and Urban Development						
Economic Development Initiative, Community Project Funding & Other	14.251	Direct	B-24-CP-MI-1143	03-01-13 to 09-30-15	-	2,045
U.S. Department of Justice						
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:						
Justice Assistance Grant	16.738	Direct	15PBJA-23-GG-03500-JAGX	10-01-23 to 09-30-25	8,553	17,106
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	SCAO	2015-MU-BX-0964	10-01-24 to 09-30-25	-	55,581
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	SCAO	2015-MU-BX-0964	10-01-25 to 09-30-26	-	7,460
					8,553	80,147
Byrne Community Project	16.753	MSP	15PBJA-24-GG-00158-BRND	10-01-24 to 07-31-27	-	12,730
Total U.S. Department of Justice					8,553	92,877
U.S. Department of Transportation						
Highway Planning and Construction Program:						
Highway Planning & Construction	20.205	MDOT	2015-0002/Z1	10-01-24 to 09-30-25	-	116,958
Highway Planning & Construction	20.205	MDOT	2015-0002/Z4	10-01-25 to 09-30-26	-	51,452
					-	168,410
Highway Safety Cluster:						
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	2025-PT-00-09	10-01-24 to 09-30-25	-	39,051
Traffic Enforcement Seat Belt/Impaired Driving	20.600	OHSP	2026-PT-00-09	10-01-25 to 09-30-26	-	5,356
Total Highway Safety Cluster					-	44,407
MDCGP Sobriety Treatment (OHSP)	20.601	SCAO	U10068-37385	10-01-24 to 09-30-25	-	45,762
MDCGP Sobriety Treatment (OHSP)	20.601	SCAO	U10068-42188	10-01-25 to 09-30-26	-	8,603
					-	54,365
Total U.S. Department of Transportation					-	267,182

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BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2025

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:						
Boys and Girls Club	21.027	Direct	N/A	03-1-21 to 12-31-26	$ -	$ 22,538
Bay Veterans	21.027	Direct	N/A	03-1-21 to 12-31-26	45,907	45,907
Bay Future Small Business Support	21.027	Direct	N/A	03-1-21 to 12-31-26	84,654	84,654
Health and Human Service Center (construction)	21.027	Direct	N/A	03-1-21 to 12-31-26	-	2,838,439
Civic/Golf	21.027	Direct	N/A	03-1-21 to 12-31-26	-	257,410
United Way	21.027	Direct	N/A	03-1-21 to 12-31-26	-	17,000
Bay County Administrative Cost	21.027	Direct	N/A	03-1-21 to 12-31-26	-	2,411
Total U.S. Department of Treasury					130,561	3,268,359
U.S. Environmental Protection Agency						
Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements:						
EPI-Administration	66.802	MDHHS	V00E00740	10-01-24 to 09-30-25	-	43,280
EPI-Administration	66.802	MDHHS	V00E00740	10-01-25 to 09-30-26	-	14,427
					-	57,707
U.S. Department of Health and Human Services						
Aging Cluster:						
Title IIIB Case Homemaker	93.044	Region VII	20161841	10-01-24 to 09-30-25	-	2,384
Title IIIB Case Homemaker	93.044	Region VII	20161841	10-01-25 to 09-30-26	-	751
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-24 to 09-30-25	-	57,398
Title IIIB Case Coordination	93.044	Region VII	20161841	10-01-25 to 09-30-26	-	24,556
Title IIIB Personal Care	93.044	Region VII	20161841	10-01-24 to 09-30-25	-	427
Title IIIB Personal Care	93.044	Region VII	20161841	10-01-25 to 09-30-26	-	144
					-	85,660
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-24 to 09-30-25	-	33,642
C-1 Congregate Meals	93.045	Region VII	20161841	10-01-25 to 09-30-26	-	14,988
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-24 to 09-30-25	-	143,816
C-2 Home Delivered Meals	93.045	Region VII	20161841	10-01-25 to 09-30-26	-	83,208
					-	275,654
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-24 to 09-30-25	-	14,601
NSIP Congregate Meals	93.053	Region VII	20161841	10-01-25 to 09-30-26	-	4,611
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-24 to 09-30-25	-	63,916
NSIP Home Delivered Meals	93.053	Region VII	20161841	10-01-25 to 09-30-26	-	20,184
					-	103,312
Total Aging Cluster					-	464,626

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BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

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:						
Title IIIE Caregiver Training	93.052	Region VII	20161841	10-01-24 to 09-30-25	$ -	$ 11,252
Title IIIE Caregiver Training	93.052	Region VII	20161841	10-01-25 to 09-30-26	-	3,074
Title IIIE Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-24 to 09-30-25	-	5,840
Title IIIE Caregiver Supplemental Services	93.052	Region VII	20161841	10-01-25 to 09-30-26	-	1,725
Title IIIE Kinship Care	93.052	Region VII	20161841	10-01-25 to 09-30-26	-	2,789
					-	24,680
Public Health Emergency Preparedness:						
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-24 to 06-30-25	-	84,414
Bioterrorism	93.069	MDHHS	U90TP000528	07-01-25 to 09-30-25	-	29,896
Bioterrorism	93.069	MDHHS	U90TP000528	10-01-24 to 06-30-25	-	30,741
					-	145,051
Family Planning Services:						
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-24 to 09-30-25	-	30,345
Family Planning	93.217	MDHHS	GFPHPA05017341	10-01-25 to 09-30-26	-	42,385
					-	72,730
Immunization Cooperative Agreements:						
Bridge Access Program Immunizations	93.268	MDHHS	NH23IP922635	10-01-24 to 09-30-25	-	5,279
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-24 to 09-30-25	-	36,542
Immunization Action Plan	93.268	MDHHS	H23CCH522556	10-01-25 to 09-30-26	-	12,180
Immunization/Vaccines	93.268	MDHHS	H23CCH522556-01-4	10-01-24 to 09-30-25	-	97,102
Immunization-VFCA	93.268	MDHHS	H23CCH522556	10-01-24 to 09-30-25	-	350
Immunization-VFCA	93.268	MDHHS	H23CCH522556	10-01-25 to 09-30-26	-	1,575
					-	153,028
Epidemiology and Laboratory Capacity for Infectious Diseases:						
Infection Prevention & Healthcare Associated Infection Response	93.323	MDHHS	NU50CK000510	10-01-24 to 09-30-25	-	16,848
Public Health Emergency Response - Cooperative Agreement:						
COVID - 19 - Workforce Development	93.354	MDHHS	NU90TP922168	10-01-24 to 09-30-25	-	16,940
Congressional Directives:						
Community Project Funding/Congressionally Directed Spending - Construction	93.493	Direct	CE152369	10-01-24 to 09-30-25	-	321,897
Directed Spending - Construction	93.493	Direct	CE152369	10-01-25 to 09-30-26	-	1,154,200
						1,476,097
Child Support Enforcement:						
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-24 to 09-30-25	-	107,393
IV-D Performance Incentive - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-25 to 09-30-26	-	34,977
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-24 to 09-30-25	-	1,114,294
IV-D Cooperative Reimburse - Friend of the Court	93.563	MDHHS	CSFOC24-09001	10-01-25 to 09-30-26	-	356,242
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA24-09002	10-01-24 to 09-30-25	-	82,651
IV-D Cooperative Reimburse - Prosecuting Attorney	93.563	MDHHS	CSPA24-09002	10-01-25 to 09-30-26	-	25,347
					-	1,720,904
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	-	959
Federal Access and Visitation Grant	93.597	SCAO	SCAO-2025-033	10-01-24 to 09-30-25	-	880
					-	1,839

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BAY COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

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	10-01-24 to 09-30-25	$ -	$ 35,816
Child Parent Legal Representation	93.658	MDHHS	E20213215-01	10-01-25 to 09-30-26	-	9,322
					-	45,138
Medicaid Cluster:						
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	963
CSHSC - Care Coordination	93.778	MDHHS	05U05M15ADM	10-01-25 to 09-30-26	-	699
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	18,904
CSHSC - Outreach & Advocacy	93.778	MDHHS	05U05M15ADM	10-01-25 to 09-30-26	-	6,301
CSHSC - Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	107,449
CSHSC - Medicaid Elevated Blood Level	93.778	MDHHS	05205M15MAP	10-01-23 to 09-30-24	-	434
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-24 to 09-30-25	-	50,554
Medicaid Outreach	93.778	MDHHS	05U05M15ADM	10-01-25 to 09-30-26	-	19,718
POS Waiver	93.778	Region VII	20161841	10-01-24 to 09-30-25	-	44,342
POS Waiver	93.778	Region VII	20161841	10-01-25 to 09-30-26	-	15,590
Total Medicaid Cluster					-	264,954
Strengthen MI PH Workforce and Infrastructure:						
Public Health Workforce and Infrastructure	93.967	MDHHS	NE11OE000025	10-01-24 to 09-30-25	-	167,800
Advancing Health Equity for Population at Risk for Diabetes						
Diabetes Health Equity Advancement	93.988	MDHHS	NU58DP007406	10-01-24 to 09-30-25	-	1,455
Diabetes Health Equity Advancement	93.988	MDHHS	NU58DP007406	10-01-25 to 09-30-26	-	8,962
					-	10,417
Preventative Health and Health Services Block Grant to States						
Local Health Department Sharing Support	93.991	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	19,922
Local Health Department Sharing Support	93.991	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	10,100
					-	30,022
Maternal and Child Health Services Block Grant to the States:						
CSHCS - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	605
CSHCS - Care Coordination	93.994	MDHHS	B1MIMCHS	10-01-25 to 09-30-26	-	242
CLPP - Childhood Lead Poisoning Prevention	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	14,999
CLPP - Childhood Lead Poisoning Prevention	93.994	MDHHS	B1MIMCHS	10-01-25 to 09-30-26	-	5,001
MCH All Other	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	45,684
MCH All Other	93.994	MDHHS	B1MIMCHS	10-01-25 to 09-30-26	-	15,228
MCH Children	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	1,840
MCH Children	93.994	MDHHS	B1MIMCHS	10-01-24 to 09-30-25	-	121
Family Planning	93.994	MDHHS	B1MIMCHS	10-01-25 to 09-30-26	-	9,914
					-	93,634
Total U.S. Department of Health and Human Services					-	4,704,708
U.S. Department of Homeland Security						
US Coast Guard:						
USCG Boating Safety Financial Assistance	97.012	Direct	MS25-010	01-01-25 to 09-30-25	-	15,550
Emergency Management Performance Grants:						
Emergency Management Assistance	97.042	MSP	EMC-2023-EP-00001	10-01-23 to 09-30-24	-	5,418
Emergency Management Assistance	97.042	MSP	N/A	10-01-24 to 09-30-25	-	2,294
					-	7,712
Homeland Security Grant Program:						
2021 HSP Operation Stonegarden	97.067	MSP	EMW-2022-SS-00031-S01	09-01-22 to 07-31-25	-	31,085
2022 HSP Operation Stonegarden	97.067	MSP	EMW-2023-SS-00022-S01	09-01-23 to 07-31-26	-	36,920
2021 SHSP	97.067	MSP	EMW-2024-SS-05068	09-01-24 to 09-30-27	-	63,816
					-	131,821
Total U.S. Department of Homeland Security					-	155,083
Total Expenditures of Federal Awards					$ 139,114	$ 9,175,327

concluded

See notes to schedule of expenditures of federal awards.

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, 2025. 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 Annual Comprehensive Financial Report. The County's financial statements include the operations of the Bay County Road Commission discretely presented component unit, which received federal awards that are not included in the Schedule for the year ended December 31, 2025, as the entity was 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. DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not to use the 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
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MDOT	Michigan Department of Transportation
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

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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 23, 2026

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, 2025, 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 23, 2026. 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.

5800 Gratiot, Suite 201, Saginaw, MI 48638 989.799.9580

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.

Rehmann Robson LLC

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

June 23, 2026

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 ***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, 2025. 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, 2025.

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 $1,461,568 in federal awards which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2025. 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.

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. 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.

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 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 Robson LLC

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

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:

Assistance Listing Number	Name of Federal Program or Cluster	Type of Report
93.493	Congressional Directives	Unmodified
93.044, 93.045, 93.053	Aging Cluster	Unmodified
93.778	Medicaid Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,000,000			
Auditee qualified as low-risk auditee?	X	yes		no

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

BAY COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2025

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

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Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2025

2024-001 - Variance in Quarterly Reporting

The audit identified 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. This matter was corrected in 2025.

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