

AGENDA

BAY ARENAC BEHAVIORAL HEALTH BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

Wednesday, November 8, 2023 at 5:00 pm

William B. Cammin Clinic, Bay Room, 1010 N. Madison Avenue, Bay City, MI 48708

Committee Members:	Present	Excused	Absent		Present	Excused	Absent	
Ernie Krygier, Ch	_____	_____	_____	Patrick McFarland	_____	_____	_____	Others Present: BABH: Chris Pinter, Marci Rozek, and Sara McRae Legend: M-Motion; S-Support; MA-Motion Adopted; AB-Abstained
Sally Mrozinski, V Ch	_____	_____	_____	Robert Pawlak, Ex Off	_____	_____	_____	
Tim Banaszak	_____	_____	_____	Colleen Maillette, Ex Off	_____	_____	_____	
Jerome Crete	_____	_____	_____	Richard Byrne, Ex Off	_____	_____	_____	
Robert Luce	_____	_____	_____					

	Agenda Item	Discussion	Motion/Action
1.	Call To Order & Roll Call		
2.	Public Input (Maximum of 3 Minutes)		
3.	Investment Earning Reports for Period Ending October 31, 2023		3) Consideration of motion to refer the investment earnings reports for period ending October 31, 2023 to the full Board for information
4.	Contracts 4.1) Finance November 2023 Contract List		4.1) Consideration of motion to refer the Finance November 2023 contract list to the full Board for approval
5.	Unfinished Business 5.1) None		
6.	New Business 6.1) Vocational Contract Settlements Fiscal Year (FY) 2023		6.1) Consideration of motion to refer the settlement amount of \$17, 500 to Do-All, Inc. to the full Board for approval

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BAY ARENAC BEHAVIORAL HEALTH

BOARD OF DIRECTORS

FINANCE COMMITTEE MEETING

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	6.2) Meadows & Union Homes Updates		6.2) No action necessary
	6.3) FY23 Audit Engagement Letter		6.3) No action necessary
7.	Adjournment	M -	S - pm MA

Bay-Arenac Behavioral Health Authority
Estimated Cash and Investment Balances October 31, 2023

Balance October 1, 2023	4,461,389.79
Balance October 31, 2023	3,726,742.66
Average Daily Balance	3,535,753.56
Estimated Actual/Accrued Interest October 2023	11,914.64
Effective Rate of Interest Earning October 2023	4.04%
Estimated Actual/Accrued Interest Fiscal Year to Date	11,914.64
Effective Rate of Interest Earning Fiscal Year to Date	4.04%

Note: The Cash and Investment Balances exclude Payroll and AP related Cash Accounts.

Cash Available - Operating Fund

	Rate	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Beg. Balance Operating Funds - Cash, Cash equivalents, Investments		6,280,285	6,996,077	6,239,568	5,801,955	5,531,567	4,929,028	4,145,850	3,560,754	2,822,426	3,940,689	3,431,903	4,022,437
Cash in		6,055,062	5,148,520	4,869,398	5,256,044	5,799,795	6,405,791	7,365,485	6,140,991	9,939,499	6,328,711	12,694,585	11,257,050
Cash out		(5,339,270)	(5,905,029)	(5,307,011)	(5,526,431)	(6,402,334)	(7,188,968)	(7,950,581)	(6,879,319)	(8,821,236)	(6,837,497)	(12,104,052)	(11,993,562)
Ending Balance Operating Fund		6,996,077	6,239,568	5,801,955	5,531,567	4,929,028	4,145,850	3,560,754	2,822,426	3,940,689	3,431,903	4,022,437	3,285,926
Investments													
Money Markets		6,996,077	6,239,568	5,801,955	5,531,567	4,929,028	4,145,850	3,560,754	2,822,426	3,940,689	3,431,903	4,022,437	3,285,926
	90.00												
	180.00												
	180.00												
	270.00												
	270.00												
Total Operating Cash, Cash equivalents, Invested		6,996,077	6,239,568	5,801,955	5,531,567	4,929,028	4,145,850	3,560,754	2,822,426	3,940,689	3,431,903	4,022,437	3,285,926
Average Rate of Return General Funds		1.63%	1.78%	1.86%	1.93%	2.03%	2.14%	2.25%	2.41%	2.51%	2.60%	2.69%	3.82%
		1.73%	2.08%	2.09%	2.24%	2.50%	2.81%	3.01%	3.66%	3.46%	3.51%	3.71%	3.82%
Average		6,638,181	6,505,310	6,329,471	6,169,890	5,963,080	5,703,476	5,435,635	5,145,279	5,024,820	4,880,009	4,808,545	3,285,926

Cash Available - Other Restricted Funds

	Rate	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
Beg. Balance-Other Restricted Funds - Cash, Cash equivalents, Investments		422,556	423,587	424,765	426,097	427,405	428,924	430,428	432,047	433,645	435,308	437,156	438,953
Cash in		1,030	1,178	1,332	1,308	1,519	1,504	1,619	1,598	1,663	1,849	1,797	1,864
Cash out													
Ending Balance Other Restricted Funds		423,587	424,765	426,097	427,405	428,924	430,428	432,047	433,645	435,308	437,156	438,953	440,817
Investments													
Money Market		423,587	424,765	426,097	427,405	428,924	430,428	432,047	433,645	435,308	437,156	438,953	440,817
	91.00	0.70%											
	91.00	1.10%											
	91.00	1.15%											
	91.00	1.35%											
	90.00	1.70%											
	91.00	2.05%											
	90.00	2.15%	-	-	-	-	-	-	-	-	-	-	-
	365.00	80.00%											
Total Other Restricted Funds		423,587	424,765	426,097	427,405	428,924	430,428	432,047	433,645	435,308	437,156	438,953	440,817
Average Rate of Return Other Restricted Funds		2.56%	2.84%	2.98%	3.19%	3.32%	3.47%	3.58%	3.68%	3.76%	3.88%	3.97%	5.00%
		2.97%	3.41%	3.41%	4.00%	4.00%	4.35%	4.35%	4.50%	4.50%	5.00%	5.00%	5.00%
Average		423,071	423,636	424,251	424,882	425,556	426,252	426,976	427,717	428,476	429,265	430,073	440,817
Total - Bal excludes payroll related cash accounts		7,419,664	6,664,333	6,228,052	5,958,972	5,357,952	4,576,278	3,992,801	3,256,071	4,375,997	3,869,059	4,461,390	3,726,743
Total Average Rate of Return		1.71%	1.83%	1.93%	1.99%	2.09%	2.17%	2.25%	2.34%	2.41%	2.51%	2.58%	4.04%

**Bay-Arenac Behavioral Health
Finance Council Board Meeting
Summary of Proposed Contracts
November 8, 2023**

		Old Rate	New Rate	Term	Out Clause?	Performance Issues? (Y/N) Risk Assessment Rating (Poor/Fair/Good/Excellent)
SECTION I. SERVICES PROVIDED BY OUTSIDE AGENCIES						
Clinical Services						
1	M	Beacon Specialized Living Services Specialized Residential Treatment services to an individual moving from The Lodge to 62nd St: 62nd St. per diem 1:1 Staffing 24 hours/day	\$0	\$350/day \$33.43/hour - Max per diem \$1,152.32/day	10/27/23-11/5/23	Y N
2	M	Beacon Specialized Living Services Specialized Residential Treatment services to an individual moving from 62nd St back to The Lodge: The Lodge per diem	\$300.55/day	\$300.55/day	11/6/23-9/30/24	Y N
3	M	Michigan Community Services, Inc. Parker St. Home to become a 5 bed home vs. 4 bed home	\$796.43	Same	11/1/23 - 9/30/24	Y N
4	M	Vocational Providers FY24 rate for H2023 HX 3Y: AOI Do-All New Dimensions	\$12.86/unit \$12.86/unit \$12.86/unit	\$16.80/unit \$16.80/unit \$16.80/unit	10/1/23 - 9/30/24	Y N
5	N	*Flourish Therapy ABA Services	\$0	State rates eff. 10/1/22	12/1/23 - 9/30/24	Y New Provider
6	N	*T.R.A.C. Therapy Research Autism Center ABA Services	\$0	State rates eff. 10/1/22	12/1/23 - 9/30/24	Y New Provider
7	N	Bromberg & Associates Interpreter Services (2 hour minimum) Group I - Business Hours (8:00am - 5:00pm) Group II - Business Hours (8:00am - 5:00pm) Group III - Business Hours (8:00am - 5:00pm) Group IV - Business Hours (8:00am - 5:00pm) Group I - Holidays, Evening and Weekend Rate Group II - Holidays, Evening and Weekend Rate Group III - Holidays, Evening and Weekend Rate Group IV - Holidays, Evening and Weekend Rate Emergency Requests - (Requests made with less than 48-hour lead time) Travel Costs (Charged for on-site services only)	\$0	\$80 \$85 \$100 \$110 \$85 \$90 \$105 \$120 Addl. \$10	11/17/23 - Ongoing	Y New Provider
8	S	Hospital Psychiatry PLLC Psychiatric Services - All-Inclusive Contract Value	\$504,000/year	Same	12/1/23 - 11/30/25	Y N
9	R	Bay Human Services CLS Contract Maximum	N/A	Contract Maximum: \$782,000 Cost Settled Contract	10/1/23 - 9/30/24	Y N
10	N	Crisis Resential Unit, operated by Dr. Ibrahim Crisis Residential Services	\$0	Daily Per Diem - \$539 Contract Maximum: \$886,121	1/1/24 - 9/30/24	Y New Provider
Admin/Other Services						
SECTION II. SERVICES PROVIDED BY THE BOARD (REVENUE CONTRACTS)						
SECTION III. STATE OF MICHIGAN GRANT CONTRACTS						
SECTION IV. MISC PURCHASES REQUIRING BOARD APPROVAL						

R = Renewal with rate increase since previous contract
D = Renewal with rate decrease since previous contract
S = Renewal with same rate as previous contract
ES = Extension

M = Modification
N = New Contract/Provider
NC = New Consumer
T = Termination

Footnotes:
* Both new ABA providers are pending initial credentialing approval by the BABHA Credentialing Committee (meeting scheduled for 11/14/23).



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August 9, 2023

Board of Directors
Bay-Arenac Behavioral Health Authority
201 Mulholland St
Bay City, MI 48708

Enclosed is the engagement letter for Bay Arenac Behavioral Health Authority for the year ending September 30, 2023. Generally Accepted Auditing Standards and *Government Auditing Standards* require that we communicate, during the planning stage of an audit, certain information to the Board of Directors. This information includes the auditors' responsibilities in a financial statement audit, including our responsibilities for testing and reporting on compliance with laws and regulations and internal control, and the planned scope and timing of the audit. The engagement letter includes the items which must be communicated to the Board of Directors.

Therefore, please make copies of the attached engagement letter and forward the copies to each member of the Board of Directors. Additionally, please inform the Board of Directors, that as part of our audit procedures we will be selecting a member of the Board of Directors to direct specific inquiries to as part of our risk assessment process. However, any of the members of the Board of Directors are invited to contact us to discuss any matters they feel as though may be of audit significance, or areas of concern.

Please sign and return the enclosed copy of the attached engagement letter to us at your earliest convenience.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Dixon', written over a horizontal line.

Brian Dixon, CPA
Yeo & Yeo, P.C.
CPAs & Advisors

Enclosures

August 9, 2023

Board of Directors
Bay-Arenac Behavioral Health Authority
201 Mulholland St
Bay City, MI 48708

We are pleased to confirm our understanding of the services we are to provide Bay-Arenac Behavioral Health Authority for the year ended September 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the general fund and the disclosures, which collectively comprise the basic financial statements of Bay-Arenac Behavioral Health Authority as of and for the year ended September 30, 2023. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Bay-Arenac Behavioral Health Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Bay-Arenac Behavioral Health Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of employer contributions - Bay County Employee's Retirement System
- 3) Schedule of changes in net OPEB Liability and Related Ratios - Bay County Voluntary Employee's Beneficiary Association
- 4) Schedule of changes in Pension Liability (Asset) and Related Ratios - Bay County Retirement System
- 5) Schedule of Employers Contributions - Bay County Voluntary Employee's Beneficiary Association

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant those emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We will communicate significant risks of material misstatement identified in our audit planning with a specific individual or individuals charged with governance during our required discussions as part of our planning process. Our audit procedures will be developed to address the specific risks identified.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Bay-Arenac Behavioral Health Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also provide the following services, some of which may be covered by separate engagement letters, which cover the terms of each separate engagement. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

- Assist in preparing financial statements, related notes and supplementary financial information in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP)

- Assist in preparing calculations related to GASB 68 for the Net Pension Liability (Asset) and related amounts
- Assist in preparing calculations related to GASB 75 for the Net OPEB Liability (Asset) and related amounts
- Assist in preparing the calculations related to GASB 87 for leases
- Assist in preparing the calculations related to GASB 96 for SBITAs

We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

At the conclusion of the audit, you agree to retain all work products provided to you as part of our engagement in order to maintain complete records to support the audited financial statements. Under the AICPA Code of Professional Conduct, we cannot serve as custodian of your data under the independence rule.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are

immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Yeo & Yeo, P.C., will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

With regard to an exempt offering document with which Yeo & Yeo, P.C. is not involved, you agree to clearly indicate in the exempt offering document that Yeo & Yeo, P.C. is not involved with the contents of such offering document.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Examination

We will examine Michigan Department of Health and Human Services (MDHHS) Contract Compliance of Bay-Arenac Behavioral Health Authority as of and for the year ended September 30, 2023. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether you complied with the MDHHS contract for the Medicaid Program of Community Mental Health. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement.

The examination report is intended solely for the use of the board and management of Bay-Arenac Behavioral Health Authority and MDHHS and is not intended to be and should not be used by anyone other than these specified parties.

Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud or other illegal acts that may exist. However, we will inform you of any material errors or fraud that comes to our attention.

We understand that you will provide us with the basic information required for our examination and that you are responsible for the accuracy and completeness of that information. At the end of the engagement, we will require a representation letter from management.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services or we will provide an addendum to be governed by the terms of this engagement letter.

We will provide copies of our reports to Bay-Arenac Behavioral Health Authority and the Michigan Department of Treasury; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Yeo & Yeo, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the applicable regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit

documentation will be provided under the supervision of Yeo & Yeo, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the applicable regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Brian Dixon is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately November 16, 2023, and to issue our reports no later than March 31, 2024.

Professional standards require us to be independent with respect to Bay-Arenac Behavioral Health Authority in the performance of our services. Any discussions that management has with personnel of Yeo & Yeo regarding employment could pose a threat to our independence. Therefore, we request that management inform the engagement principal prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Neither party shall, during the term of this engagement and for one year after its termination, solicit for hire as an employee, consultant or otherwise, any of the other party's personnel without such other party's express written consent. If Bay-Arenac Behavioral Health Authority desires to offer employment to a Yeo & Yeo, P.C. employee and the employee is hired in any capacity by Bay-Arenac Behavioral Health Authority, a compensation placement fee of 25% of their salary may apply.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary. In the event of litigation brought against us, any judgment you obtain shall be limited in amount, and shall not exceed the amount of the price charged by us, and paid by you, for the services set forth in this engagement letter.

Yeo & Yeo, P.C. has an established portal system to allow for secure transfer of your confidential information. The portal system is not intended to be utilized as a record storage device, purely a means to transmit information. Documents provided via the portal system will be removed approximately a year after it has been provided.

Our fee for services will be \$19,650 for the audit and \$6,500 for the compliance examination. Fees for assistance with GASB 87 calculations and GASB 96 implementation will be billed at standard hourly rates. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes past due and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination, even if we have not completed our report. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

To be respectful of your time and ours, we schedule our client work well in advance. When engagements have to be rescheduled it causes a domino effect, as we likely have other clients scheduled in the new

requested time slot, and our staff are likely scheduled on another client. As a result, we may have to put your engagement at the end of the line, and/or change staff. When our staff members finishing the work are not the same as those who started it, the audit is less efficient and more disruptive to your and our staff. Our price quoted above is contingent on the following:

- All items on the assistance list being completed by the due dates indicated.
- The audit being performed during the dates scheduled.
- All accounts being adequately reconciled by the beginning of scheduled fieldwork.
- Accurate information provided to us that does not require subsequent rework.
- Suralink is used to provide the assistance list items to us.

If the above items are not met and the engagement needs to be rescheduled or if additional days need to be scheduled, then an additional price of at least 20% will apply. Beyond this, the time required for rework and posting client requested entries after we have been given the trial balance will be billed at our standard hourly rates.

Reporting

We will issue a written report upon completion of our audit of Bay-Arenac Behavioral Health Authority's financial statements.

Our report will be addressed to management and those charged with governance of Bay-Arenac Behavioral Health Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Bay-Arenac Behavioral Health Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Our engagement will end upon delivery of your audited financial statements and our report thereon for the year set forth above. Any additional services that may be required will be part of a separate and new engagement. Should you wish to engage us to audit your financial statements for any other year, and should we accept such engagement, such engagement will be a separate and new engagement. A new engagement letter for any services beyond the scope of this engagement will govern the terms and conditions of the new engagement.

We appreciate the opportunity to be of service to Bay-Arenac Behavioral Health Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

Yeo & Yeo, P. C.
CPAs & Advisors



Brian Dixon, CPA
Principal

RESPONSE:

This letter correctly sets for the understanding of Bay-Arenac Behavioral Health Authority.

Signature:  _____

Title: 8-17-23 _____