

BAY-ARENAC ISD  
BAY CITY, MICHIGAN  
SINGLE AUDIT REPORT  
JUNE 30, 2025



**WEINLANDER FITZHUGH**  
Certified Public Accountants & Advisors

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INDEPENDENT AUDITOR'S 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

October 28, 2025

Board of Education  
Bay-Arenac ISD  
Bay City, Michigan

We have audited, in accordance with U.S. generally accepted auditing standards 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, each major fund and the aggregate remaining fund information of Bay-Arenac ISD (School District), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Bay-Arenac ISD's basic financial statements and have issued our report thereon dated October 28, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bay-Arenac ISD'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 Bay-Arenac ISD's internal control. Accordingly, we do not express an opinion on the effectiveness of Bay-Arenac ISD'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 School District'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.



**WEINLANDER FITZHUGH**

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bay-Arenac ISD'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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weinlander Fitzhugh*



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

December 18, 2025

Board of Education  
Bay-Arenac ISD  
Bay City, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Bay-Arenac ISD's compliance 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 Bay-Arenac ISD's major federal programs for the year ended June 30, 2025. Bay-Arenac ISD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bay-Arenac ISD complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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* (CFR) 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bay-Arenac ISD 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 Bay-Arenac ISD's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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



### **Auditor's Responsibility 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 Bay-Arenac ISD'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 U.S. generally accepted auditing standards, *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 Bay-Arenac ISD's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *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 Bay-Arenac ISD'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 Bay-Arenac ISD'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 Bay-Arenac ISD's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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



## WEINLANDER FITZHUGH

Certified Public Accountants & Advisors

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

### **Report of Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bay-Arenac ISD, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Bay-Arenac ISD's basic financial statements. We issued our report thereon dated October 28, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the 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 U.S. Generally Accepted Auditing Standards. 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.

*Weinlander Fitzhugh*

BAY-ARENAC ISD  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

**SECTION I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NO
<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NONE REPORTED
<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NO

Noncompliance material to financial statements noted?

**Federal Awards**

Internal Control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NO
<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NONE REPORTED

Type of auditor's report issued on compliance of major programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NO
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Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Cluster - Special Education Grants to States (IDEA Part B)
84.173	IDEA Cluster - Special Education Preschool Grants (IDEA Preschool)

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

Auditee qualified as low-risk auditee?

<input checked="" type="checkbox"/>	YES	<input type="checkbox"/>	NO
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**SECTION II - Financial Statement Findings**

There are no matters reported.

**SECTION III - Federal Award Findings and Questioned Costs**

There are no matters reported.



BAY-ARENAC ISD  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2025

**2024-001**

Audit Finding

The School District incurred budget violations in its general fund revenue and expenditures..

Corrective Action Taken

The Director of Finance closely monitored the budget process with Directors and Supervisors.

BAY-ARENAC ISD  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2024	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2025	Payments to Subrecipients
<b><u>CLUSTERS:</u></b>									
IDEA Cluster Programs:									
Passed through Michigan									
Department of Education:									
Grants to States (IDEA, Part B)	84.027								
Special Ed Flowthrough:									
Project 240450-2324		\$ 4,559,861	\$ 4,278,287	\$ 964,846	\$ 0	\$ 1,246,420	\$ 281,574	\$ 0	\$ 0
Project 250450-2425		4,356,534	0	0	0	3,589,382	4,224,703	635,321	0
		<u>8,916,395</u>	<u>4,278,287</u>	<u>964,846</u>	<u>0</u>	<u>4,835,802</u>	<u>4,506,277</u>	<u>635,321</u>	<u>0</u>
Project 240493-2324		172,600	172,600	14,376	0	14,376	0	0	0
Project 250493-2425		172,600	0	0	0	168,203	172,600	4,397	0
		<u>345,200</u>	<u>172,600</u>	<u>14,376</u>	<u>0</u>	<u>182,579</u>	<u>172,600</u>	<u>4,397</u>	<u>0</u>
Subtotal ALN #84.027		<u>9,261,595</u>	<u>4,450,887</u>	<u>979,222</u>	<u>0</u>	<u>5,018,381</u>	<u>4,678,877</u>	<u>639,718</u>	<u>0</u>
Preschool Grants (IDEA Preschool)	84.173								
P.L. 94-142 Preschool Incentive:									
Project 240460-2324		191,968	191,268	46,697	0	46,697	0	0	0
Project 250460-2425		192,495	0	0	0	133,966	179,890	45,924	0
		<u>384,463</u>	<u>191,268</u>	<u>46,697</u>	<u>0</u>	<u>180,663</u>	<u>179,890</u>	<u>45,924</u>	<u>0</u>
Total For IDEA Cluster Programs		<u>\$ 9,646,058</u>	<u>\$ 4,642,155</u>	<u>\$ 1,025,919</u>	<u>\$ 0</u>	<u>\$ 5,199,044</u>	<u>\$ 4,858,767</u>	<u>\$ 685,642</u>	<u>\$ 0</u>

See accompanying notes to schedule of expenditures of federal awards.

**BAY-ARENAC ISD**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2024	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2025	Payments to Subrecipients
<b><u>OTHER FEDERAL AWARDS:</u></b>									
U.S. Department of Education:									
Passed through Michigan Department of Education:									
WOIA Adult Basic Education Instructional	84.002								
Project 241130-231911		\$ 190,390	\$ 175,526	\$ 47,457	\$ 0	\$ 47,457	\$ 0	\$ 0	\$ 0
Project 251130-241911		119,250	0	0	0	89,002	99,959	10,957	0
		<u>309,640</u>	<u>175,526</u>	<u>47,457</u>	<u>0</u>	<u>136,459</u>	<u>99,959</u>	<u>10,957</u>	<u>0</u>
 Title I Part D	 84.010								
Project 241700-2324		104,062	61,107	14,119	0	30,332	16,213	0	0
Project 251700-2425		132,191	0	0	0	76,830	101,191	24,361	0
		<u>236,253</u>	<u>61,107</u>	<u>14,119</u>	<u>0</u>	<u>107,162</u>	<u>117,404</u>	<u>24,361</u>	<u>0</u>
 Title 1 Regional Assistance Grant	 84.010A								
Project 241570-23-24		83,823	83,823	2,226	0	2,226	0	0	0
Project 251570-24-25		88,710	0	0	0	57,580	84,336	26,756	0
		<u>172,533</u>	<u>83,823</u>	<u>2,226</u>	<u>0</u>	<u>59,806</u>	<u>84,336</u>	<u>26,756</u>	<u>0</u>
 Total ALN 84.010		<u>408,786</u>	<u>144,930</u>	<u>16,345</u>	<u>0</u>	<u>166,968</u>	<u>201,740</u>	<u>51,117</u>	<u>0</u>
 Vocational Education - Basic Grants to States									
Vocational Education Regional Allocation:									
Project 243520-24128	84.048A	468,667	446,677	179,228	0	179,228	0	0	0
Project 253520-25128		356,008	0	0	0	247,076	316,547	69,471	86,609
		<u>824,675</u>	<u>446,677</u>	<u>179,228</u>	<u>0</u>	<u>426,304</u>	<u>316,547</u>	<u>69,471</u>	<u>86,609</u>
 Infants and Toddlers	 84.181								
Infants and Toddler Formula Grant:									
Project 241340-23-24		149,597	149,597	1,446	0	1,446	0	0	0
Project 251340-24-25		151,042	0	0	0	134,853	151,042	16,189	0
		<u>300,639</u>	<u>149,597</u>	<u>1,446</u>	<u>0</u>	<u>136,299</u>	<u>151,042</u>	<u>16,189</u>	<u>0</u>
 Homeless Students' Assistance Grants	 84.196								
Project 242320-2324		109,904	24,974	21,419	0	31,200	9,781	0	0
Project 252320-2425		135,495	0	0	0	31,051	38,006	6,955	0
		<u>245,399</u>	<u>24,974</u>	<u>21,419</u>	<u>0</u>	<u>62,251</u>	<u>47,787</u>	<u>6,955</u>	<u>0</u>
 Education Stabilization Fund:									
American Rescue Plan - EANS II - 11b									
Project 221037-2324	84.425V	5,902	0	0	0	5,849	5,849	0	0
		<u>5,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,849</u>	<u>5,849</u>	<u>0</u>	<u>0</u>
 American Rescue Plan - Homeless II	 84.425W								
Project 211012-2122		225,583	118,693	18,472	0	87,488	69,016	0	0
Project 211013-2223		129,009	20,181	9,195	0	114,702	105,507	0	0
		<u>354,592</u>	<u>138,874</u>	<u>27,667</u>	<u>0</u>	<u>202,190</u>	<u>174,523</u>	<u>0</u>	<u>0</u>
 Total ALN 84.425		<u>360,494</u>	<u>138,874</u>	<u>27,667</u>	<u>0</u>	<u>208,039</u>	<u>180,372</u>	<u>0</u>	<u>0</u>

See accompanying notes to schedule of expenditures of federal awards.

BAY-ARENAC ISD  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

Federal Grantor Pass Through Grantor <u>Program Title Grant Number</u>	Federal AL <u>Number</u>	Approved Grant Award <u>Amount</u>	(Memo Only) Prior Year <u>Expenditures</u>	Accrued (Deferred) Revenue <u>July 1, 2024</u>	Adjustments and <u>Transfers</u>	Current Year Receipts <u>(Cash Basis)</u>	Current Year <u>Expenditures</u>	Accrued (Deferred) Revenue <u>June 30, 2025</u>	Payments to <u>Subrecipients</u>
U.S. Department of Treasury Passed through Michigan Department of Education ARP Trails Program Project 232425-22-23	21.027	<u>\$ 892,857</u>	<u>\$ 267,857</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 401,786</u>	<u>\$ 401,786</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total non cluster programs passed through MDE		<u>3,342,490</u>	<u>1,348,435</u>	<u>293,562</u>	<u>0</u>	<u>1,538,106</u>	<u>1,399,233</u>	<u>154,689</u>	<u>86,609</u>
U.S. Department of Health and Human Services Passed through Michigan Community Health Medicaid Assistance Program Title XIX Michigan Administrative Outreach	93.778	<u>299,844</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,414</u>	<u>299,844</u>	<u>99,430</u>	<u>0</u>
Total Federal Financial Assistance		<u><u>\$ 13,288,392</u></u>	<u><u>\$ 5,990,590</u></u>	<u><u>\$ 1,319,481</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,937,564</u></u>	<u><u>\$ 6,557,844</u></u>	<u><u>\$ 939,761</u></u>	<u><u>\$ 86,609</u></u>

See accompanying notes to schedule of expenditures of federal awards.

BAY-ARENAC ISD  
SCHEDULE OF SUBRECIPIENT EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal AL number</u>	<u>Subrecipient award/ contract amount</u>	<u>Subrecipient current year expenditures</u>	<u>Current year cash transferred to subrecipient</u>
Vocational Education - Basic Grants to States	84.048A			
Passed through to:				
Midland County ESA - 253520-25128		<u>\$ 139,384</u>	<u>\$ 86,609</u>	<u>\$ 86,609</u>
 Total federal awards passed-through to subrecipients		<u><u>\$ 139,384</u></u>	<u><u>\$ 86,609</u></u>	<u><u>\$ 86,609</u></u>

**BAY-ARENAC ISD**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Bay-Arenac ISD under programs of the federal government for the year ended June 30, 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 Bay-Arenac ISD, it is not intended to and does not present the financial position or changes in net position of Bay-Arenac ISD.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures.

The School District has elected not to use the 10 percent de minimus indirect cost rate to recover costs as allowed under the Uniform Guidance.

**NOTE 2 - OTHER DISCLOSURES**

Management has utilized NexSys and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

**NOTE 3 - RECONCILIATION OF REVENUE REPORTED IN THE FINANCIAL STATEMENTS**

Total federal expenditures per Schedule of Expenditures of	
Federal Awards	\$ 6,557,844
HIL Grant	53,863
Revenues per financial statements - federal sources	<u>\$ 6,611,707</u>