

## AUDIT COMMUNICATION LETTER

To the Board of Directors  
St. Clair County Community Mental Health Authority  
Port Huron, Michigan

We have audited the financial statements of the business-type activities and the general and internal service funds of the St. Clair County Community Mental Health Authority (the “Authority”) for the year ended September 30, 2022 and have issued our report thereon dated March 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated December 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management’s estimate for depreciation, which is based on historical data and estimated useful lives.

Management’s estimate for the allowance for doubtful accounts, which is based on past experience and a review of the current year’s accounts receivable.

Management’s estimate of the annual pension costs and postemployment costs, which are based on reports received from contracted actuaries.

We evaluated the key factors and assumptions used to develop these estimates in determining their reasonableness in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the custodial credit risk of deposits in Note 2 to the financial statements indicates the Authority held \$9,469,981 of total deposits, of which \$4,147,703 is insured, with the remaining \$5,322,278 uninsured/uncollateralized.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 31, 2023.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves applications of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant factors. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

In the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, we did not note any material weaknesses in internal control.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Other Matters***

We applied certain limited procedures to the Management, Discussion, and Analysis letter and pension and other postemployment benefits schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, and with the exception of the portion marked "unaudited," we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the use of the Authority and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the St. Clair County Community Mental Health Authority Board members.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, handwritten font, with "LLP" in a smaller, simpler font to the right.

Port Huron, Michigan  
March 31, 2023

**SUMMARY OF UNADJUSTED AUDIT DIFFERENCES**

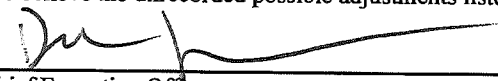
Client Name: St. Clair County Community Mental Health Authority


Financial Statement Date: September 30, 2022

Opinion Unit: General Fund and Business-type Activities

<u>Description of Misstatement</u>	<u>Known (K) or Likely (L)</u>	<u>Financial Statements Effect Amount of Over ( Under ) Statement of</u>				
		<u>Assets</u>	<u>Liabilities</u>	<u>Fund Equity</u>	<u>Revenues</u>	<u>Expenditure / Expenses</u>
<u>Understated right-to-use assets and lease liability</u>	<u>Known (K)</u>	<u>(118,386)</u>	<u>(118,386)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u> </u>	<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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<u> </u>	<u> </u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Current Year Unadjusted Amount</u>		<u>(118,386)</u>	<u>(118,386)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unadjusted Amount From Prior Year</u>					<u>-</u>	<u>-</u>
<b>Total Unadjusted Amount</b>		<u><u>(118,386)</u></u>	<u><u>(118,386)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

  
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Chief Executive Officer

  
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Chief Financial Officer