

County of Oakland, Michigan

**Federal Awards
Supplemental Information
September 30, 2013**

County of Oakland, Michigan

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Commissioners
County of Oakland, Michigan

We have audited the basic 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 the County of Oakland, Michigan (the "County") as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 18, 2014, which contained an unmodified opinion on the basic 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. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited basic financial statements subsequent to March 18, 2014.

The accompanying schedule of expenditures of federal awards and additional information schedule are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

Southfield, Michigan
June 20, 2014

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*

Independent Auditor's Report

To Management and the Board of Commissioners
County of Oakland, 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 basic 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 the County of Oakland, Michigan (the "County") as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Oakland, Michigan's internal control over financial reporting (internal control) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2013-001 and 2013-002 to be material weaknesses.

To Management and the Board of Commissioners
County of Oakland, Michigan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Oakland, Michigan's basic 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 determination of financial statement amounts. 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*.

The County of Oakland, Michigan's Responses to Findings

The County of Oakland, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Oakland, Michigan's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

Southfield, Michigan
March 18, 2014

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Commissioners
County of Oakland, Michigan

Report on Compliance for Each Major Federal Program

We have audited the County of Oakland, Michigan's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. The County of Oakland, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Oakland, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Oakland, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Oakland, Michigan's compliance.

To the Board of Commissioners
County of Oakland, Michigan

Opinion on Each Major Federal Program

In our opinion, the County of Oakland, Michigan 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 September 30, 2013.

Report on Internal Control Over Compliance

Management of the County of Oakland, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Oakland, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 a 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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

Southfield, Michigan
June 20, 2014

Oakland County, Michigan

Schedule of Expenditures of Federal Awards Year Ended September 30, 2013

Federal Agency/Pass-through Agency Program Title	CFDA Number		Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:				
Food Donation Program	10.550			\$ 20,158
Food Donation Program	10.550			2,112
Passed through State of Michigan Department of Community Health:				
Advisory Group Project SNAP - Ed	10.561	(1)	1340266-00	16,916
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557		1340390-00	2,499,353
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557		1340380-00	71,259
Total passed through State of Michigan Department of Community Health				2,587,528
Passed through State of Michigan Department of Education:				
National School Breakfast Program	10.553	(2)		98,468
National School Lunch Program	10.555	(2)		179,347
Child and Adult Care Food Program	10.558			73,146
Total passed through State of Michigan Department of Education				350,961
Passed through Workforce Development Agency State of Michigan -				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	(1)	2M1420132	455,213
Total U.S. Department of Agriculture				3,415,972
U.S. Department of Commerce National Telecommunications and Information Administration - Passed through Michigan State Police - Public Safety Interoperable Communications Grant Program				
	11.555			6,344
U.S. Department of Housing and Urban Development:				
Community Development Block Grant 06-07	14.218	(3)		52,270
Community Development Block Grant 07-08	14.218	(3)		672
Community Development Block Grant 08-09	14.218	(3)		79,275
Community Development Block Grant 09-10	14.218	(3)		717,143
Community Development Block Grant 10-11	14.218	(3)		989,189
Community Development Block Grant 11-12	14.218	(3)		1,919,977
Community Development Block Grant 12-13	14.218	(3)		1,511,927
Emergency Shelter Grants Program 10-11	14.231			81
Emergency Shelter Grants Program 11-12	14.231			23,375
Emergency Solutions Grants Program 11-12	14.231			96,017
Emergency Solutions Grants Program 12-13	14.231			284,692
Housing Counseling Assistance Program 12-13	14.169			42,513
Home Investment Partnership Program 06-07	14.239			2,900
Home Investment Partnership Program 07-08	14.239			39,998
Home Investment Partnership Program 10-11	14.239			31,041
Home Investment Partnership Program 11-12	14.239			345,857
Home Investment Partnership Program 12-13	14.239			444,902
Home Investment Partnership Program 13-14	14.239			46,300
Pontiac Home Investment Partnership Program 10-11	14.239			524,692
Pontiac Home Investment Partnership Program 11-12	14.239			117,527
Neighborhood Stabilization Program 08-09	14.218	(3)		875,199
Neighborhood Stabilization Program 10-11	14.218	(3)		800,749
Pontiac Neighborhood Stabilization Program 10-11	14.218	(3)		16,409
Total U.S. Department of Housing and Urban Development				8,962,705

(1) Denotes the Supplemental Nutrition Assistance Program Cluster

(2) Denotes the Child Nutrition Cluster

(3) Denotes the Community Development Block Grant Cluster

Oakland County, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2013

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior Fish and Wildlife Service - Passed through Michigan Department of Natural Resources - State Wildlife Grant	15.634	75IN3200765	\$ 3,400
U.S. Department of Justice:			
State Criminal Alien Assistance Program	16.606		35,485
Bulletproof Vest Partnership Program	16.607		8,736
Public Safety Partnership and Community Policing Grants - CLEMIS Integrated Biometric Identification System Grant 05	16.710		11,896
Public Safety Partnership and Community Policing Grants - CLEMIS Integrated Biometric Identification System Grant 06	16.710		751,523
Public Safety Partnership and Community Policing Grants - Sheriff's Cops Technology Program Grant 10	16.710		201,646
Second Chance Act Prisoner Reentry Initiative Program	16.812		2,048
Edward Byrne Memorial Justice Assistance Grant Program - 09	16.738	(4)	12,012
Edward Byrne Memorial Justice Assistance Grant Program - 10	16.738	(4)	17,496
Edward Byrne Memorial Justice Assistance Grant Program - 11	16.738	(4)	19,455
Edward Byrne Memorial Justice Assistance Grant Program - 12	16.738	(4)	83,198
ARRA 2009 Recovery Act JAG Edward Byrne Memorial Justice Assistance Grant	16.804	(4)	118,105
Passed through State of Michigan Family Independence Agency:			
Juvenile Accountability Incentive Block Grants 13-14	16.523	JAIBG13-63001	31,960
Juvenile Accountability Incentive Block Grants 12-13	16.523	JAIBG12-63001	<u>39,587</u>
Total passed through State of Michigan Family Independence Agency			71,547
Passed through Michigan Department of Community Health - Crime Victim Assistance	16.575	20687-14V12	66,968
Passed through Michigan State Police - Edward Byrne Memorial Justice Assistance Grant	16.738	(4) 201372181	<u>198,850</u>
Total U.S. Department of Justice			1,598,965
U.S. Department of Labor -			
Passed through Workforce Development Agency State of Michigan:			
Unemployment Insurance (UI)	17.225	ES224371155A26	875,664
WIA Local Administration AY-11	17.258	(5) AA22110155A26	222,791
WIA Local Administration AY-11	17.259	(5) AA22110155A26	241,679
WIA Local Administration AY-11	17.278	(5) AA22110155A26	294,096
WIA Local Administration AY-12	17.258	(5) AA229421255A26	26,447
WIA Local Administration AY-12	17.259	(5) AA229421255A26	28,282
WIA Local Administration AY-12	17.278	(5) AA229421255A26	28,700
WIA Local Administration AY-13	17.258	(5) AA240991355A26	15,397
WIA Local Administration AY-13	17.259	(5) AA240991355A26	16,511
WIA Local Administration AY-13	17.278	(5) AA240991355A26	16,511
WIA Adult AY-11	17.258	(5) AA22110155A26	380,152
WIA Adult AY-12	17.258	(5) AA229421255A26	2,850,660
WIA Youth AY-12	17.259	(5) AA229421255A26	1,554,480
WIA Youth AY-13	17.259	(5) AA240991355A26	777,710
WIA Dislocated Worker AY-10	17.278	(5) AA202001055A26	450,000
WIA Dislocated Worker AY-11	17.278	(5) AA221101155A26	635,823
WIA Dislocated Worker AY-12	17.278	(5) AA229421255A26	1,502,221
Wagner Peyser (WP) Employment Services 7(A) PY-11	17.207	(6) ES224371155A26	33,911
Wagner Peyser (WP) Employment Services 7(A) PY-12	17.207	(6) ES226941255A26	1,929,771
Wagner Peyser (WP) Employment Services 7(A) AY-13	17.207	(6) ES246251355A26	38,067
WIA SWA MWA SVCS CTR OPS AY-11	17.258	(5) AA202001055A26	951
WIA SWA MWA SVCS CTR OPS AY-11	17.259	(5) AA202001055A26	1,019
WIA SWA MWA SVCS CTR OPS AY-11	17.278	(5) AA202001055A26	1,270
WIA SWA MWA SVCS CTR OPS AY-12	17.258	(5) AA229421255A26	61,417
WIA SWA MWA SVCS CTR OPS AY-12	17.259	(5) AA229421255A26	65,679
WIA SWA MWA SVCS CTR OPS AY-12	17.278	(5) AA229421255A26	66,648
WIA Adult Program - SWA Incentive AY12	17.258	(5) AA229421255A26	2,617
WIA Youth Activities - SWA Incentive AY12	17.259	(5) AA229421255A26	2,799
WIA Dislocated Workers - SWA Incentive AY12	17.278	(5) AA229421255A26	2,840
Trade Adjustment Assistance	17.245	TA212271155A26	3,559,409
Trade Adjustment Assistance EBTF	17.245	TA212271155A26	740,000
WIA Dislocated Worker National Rapid Response Section Emergency - National Emergency Grant	17.277	(5) EM-21188-11-60-A-26	4,463
On the Job Training National Emergency Grant	17.260	(5)	<u>479</u>
Total U.S. Department of Labor			16,428,463

- (4) Denotes Justice Assistance Grant Cluster
(5) Denotes Workforce Investment Act Cluster
(6) Denotes Employment Services Cluster

See Notes to Schedule of Expenditures
of Federal Awards.

Oakland County, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2013

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Passed through Michigan Department of Transportation - Tiger II Planning Grant	14.704	113261	\$ 48,309
Passed through Michigan Department of State Police-Emergency Management Division - Hazardous Materials Emergency Planning	20.703	HM-HMP-0286-12-01-00	10,931
Total U.S. Department of Transportation			59,240
Institute of Museum and Library Services National Foundation on the Arts and the Humanities - Passed through Michigan Council for Arts and Culture Affairs, Michigan Department of History, Arts, and Libraries - Promotion of the Arts - Partnership Agreements			
	45.025	13RR0036RG	6,447
U.S. Environmental Protection Agency:			
CO-EF SDS 1-1 Reduction Project	66.202		141,961
Passed through Michigan Department of Environmental Quality:			
EPA Grant - Operator Certification	66.471	FS97548710	6,734
State Clean Water Revolving Fund Loan	66.458	7307-01	62,132
State Clean Water Revolving Fund Loan	66.458	5408-01	37,212
State Clean Water Revolving Fund Loan	66.458	5408-02	246,314
State Clean Water Revolving Fund Loan	66.458	5408-03	3,048,360
EFSDS Design Grant	66.458	5494-01	895,808
Oakland Macomb Interceptor - Segment 1	66.458	5368-01	679,056
ARRA Oakland Macomb Interceptor - Segment 1	66.458	5368-01	122,828
Oakland Macomb Interceptor - Segment 2	66.458	5368-02	5,502,240
Oakland Macomb Interceptor - Segment 3	66.458	5368-03	3,859,613
Total passed through Michigan Department of Environmental Quality			14,460,297
Passed through Southeast Michigan Council of Governments (SEMCOG) - 2010 Regional Green Streets Program	66.469		33,816
Total U.S. Environmental Protection Agency			14,636,074
U.S. Department of Health and Human Services:			
Social Security - Work Incentives Planning and Assistance Program	96.008		157,873
Passed through Workforce Development Agency State of Michigan (WDA SOM):			
Temporary Assistance for Needy Families (JET)	93.558	(7) G-1302MITANF	3,155,414
Temporary Assistance for Needy Families Refugee (JET)	93.558	(7) G-1302MITANF	141,649
Total passed through WDA SOM			3,297,063
Passed through Michigan Family Independence Agency:			
Child Support Enforcement - Friend of the Court	93.563	CSFOC13-63001	9,470,375
Child Support Enforcement	93.563	CSPA13-63002	1,626,529
Child Support for Access and Visitation Programs	93.597		25,478
Total passed through Michigan Family Independence Agency			11,122,382
Passed through Michigan Department of Human Services -			
Foster Care - Title IV-E	93.658	PROFC-11-63001	93,069

(7) Denotes TANF Cluster

Oakland County, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2013

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued):			
Passed through Michigan Department of Community Health:			
Federally Funded Vaccine VFC	93.268		\$ 1,423,217
Medicaid Outreach Activities	93.778	(8) 1340305-00	43,478
MCH Block - SIDS	93.994	1340360-00	1,625
STD Control VD Reimbursement	93.977	1340350-00	82,650
Tobacco Regulation Awareness, Communication, and Education Program	93.058	1340112-00	50,000
Children's Health Insurance Program	93.767	20130790-002	19,304
Immunization Cooperative Agreements - Immunization Action Plan	93.268	1340200-00	471,361
Immunization Cooperative Agreements - Immunization Fixed Fees	93.268	1340210-00	36,850
Tuberculosis Outreach	93.116	1340365-00	64,526
AIDS/HIV Counseling/Testing and HIV Prevention	93.940	1340170-00	308,111
MDPH-OSAS Community Grant	93.959	20130790-002	3,636,916
MCH Block - Maternal Infant Support Services	93.994	1340320-00	321,457
MCH Block - CHSCS Care Coordination and Medicaid Outreach	93.778	(8) 1340085-00	143,961
MCH Block - CHSCS Outreach/Advocacy	93.778	(8) 1340065-00	142,500
MCH Block - CHSCS Care Coordination and Medicaid Outreach	93.778	(8) 1340060-00	143,795
MCH Block - CHSCS Care Coordination and Medicaid Outreach	93.994	1340060-00	19,763
MDPH-OSAS Grant Medicaid Title XIX	93.778	(8) 20130790-002	303,698
OSAS ABW Grant	93.778	(8) 20130790-002	21,591
Bioterrorism - Laboratory Services	93.069	1340245-00	74,430
Bioterrorism - Regional EPI Support	93.069	1340040-00	2,180
MCH Block - Nurse Family Partnership Services	93.778	(8) 1340311-00	246,500
STD Control VD Reimbursement - Adolescent STD Screening	93.977	1340010-00	69,890
MCH Block - Fetal Infant Mortality Review (FIMR) Case Abstraction	93.994	1340120-00	5,400
MCH Block - Fetal Infant Mortality Review (FIMR) Maternal Interview Support	93.941	1340121-00	250
MI Health and Wellness 4x4 Plan	93.283	1340293-00	10,500
Obesity Prevention	93.283	1340316-00	34,977
Adoption Incentive Grant	93.603	MOU-111-63001	30,390
Public Health Emergency Preparedness	93.069	1340025-00	276,128
Public Health Emergency Preparedness CRI	93.069	1340035-00	162,903
Immunization Billing Practice Infrastructure Enhancement	93.539	1340201-00	10,000
Public Health Emergency Preparedness	93.069	1340030-00	47,304
Public Health Emergency Preparedness CRI	93.069	1340036-00	18,857
MCH Block - Detroit Metro Learning Collaborative	93.994	1340088-00	<u>3,281</u>
Total passed through Michigan Department of Community Health			<u>8,227,793</u>
Total U.S. Department of Health and Human Services			22,898,180

(8) Denotes Medicaid Cluster

Oakland County, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2013

Federal Agency/Pass-through Agency Program Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security:			
Passed through Michigan Department of State Police - Emergency Management Division:			
Emergency Management Planning Grant	97.042	EMW-2013EP0026-501	\$ 77,898
Homeland Security - 2008 SHSGP Regional Fiduciary	97.067		68,429
Homeland Security - Monroe Co. Fiduciary	97.067		3,232
Homeland Security - 2009 SHSGP Oakland County	97.067	2009-SS-T9-0060	430,169
Homeland Security - 2009 SHSGP Regional Fiduciary	97.067	2009-SS-T9-0060	1,005,748
Homeland Security - 2009 SHSGP Monroe Co. Fiduciary	97.067	2009-SS-T9-0060	536,374
Homeland Security - 2009 Citizens Corps - Oakland	97.067	2009-SS-T9-0060	10,737
Homeland Security - 2010 Citizens Corps - Oakland	97.067	2010-SS-T0-0009	14,821
Homeland Security - 2010 SHSGP Oakland	97.067	2010-SS-T0-0009	1,689,652
PDM Grant Program 2010	97.047	PDMC-PL005-MI-2010-003	333
Homeland Security - 2011 SHSGP Oakland	97.067	EMW-2011-SS-00103	637,307
Homeland Security - 2011 Citizens Corps - Oakland	97.067	EMW-2011-SS-00103	1,080
Homeland Security - 2012 SHSGP Oakland	97.067	EMW-2012-SS-00055	459,810
Homeland Security - 2010 SHSGP Lenco Bear	97.067	2010-UA-T0-0016	<u>467,785</u>
Total passed through Michigan Department of State Police			5,403,375
Passed through Michigan Department of Natural Resources -			
Marine Safety Program	97.012		<u>54,676</u>
Total U.S. Department of Homeland Security			5,458,051
U.S. Department of Energy:			
ARRA Energy Efficiency and Conservation Block Grant (EECBG)	81.128		811,095
Passed through Workforce Development Agency State of Michigan (WDA SOM)			
ARRA - WIA Dislocated Workers National Rapid Response Section Emergency - Oakland Utility	81.122		<u>129,845</u>
Total U.S. Department of Energy			<u>940,940</u>
Total Federal Awards			<u>\$ 74,414,781</u>

County of Oakland, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2013

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Oakland, Michigan under programs of the federal government for the year ended September 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of County of Oakland, Michigan, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of the County of Oakland, Michigan. Pass-through entity identifying numbers are presented where available.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 447,678
Community Development Block Grants	14.218	2,920,155
Juvenile Accountability Incentive Block Grants	16.523	21,345
Justice Assistance Grants	16.738, 16.804	120,902
Trade Adjustment Assistance	17.245 17.258, 17.259, 17.277, 17.278,	4,109,880
Workforce Investment Act	17.260	8,977,962
Art, Culture and Film-MCACA Regranting Program	45.025	6,447
Jobs, Education, and Training (JET), Temporary Assistance for Needy Families (TANF)	93.558	3,027,043
MDPH-OSAS Community Grant	93.959	492,770
Urban Area Security Initiative	97.067	2,830,450
	Total	<u>\$ 22,954,632</u>

County of Oakland, Michigan

Schedule of Findings and Questioned Costs Year Ended September 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.738, 16.804	ARRA - Justice Assistance Grant Cluster
14.218	Community Development Block Grant Cluster
66.458	State Revolving Fund
81.128	ARRA - Energy Efficiency Community Block Grant
93.069	Public Health Emergency Preparedness

Dollar threshold used to distinguish between type A and type B programs: \$2,232,443

Auditee qualified as low-risk auditee? Yes No

County of Oakland, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

Section II - Financial Statement Audit Findings

Reference Number	Finding
2013-001	<p>Finding Type - Material weakness</p> <p>Criteria - The County should include a review process for significant accounting information in order to detect and correct any errors in the financial reporting process.</p> <p>Condition - Some of the accounting takes place without a subsequent review by another person; as a result, the audit identified the following errors in the accounting records:</p> <ul style="list-style-type: none">• Capital assets were expensed in the Evergreen-Farmington SDS that should have been capitalized.• Accounts receivable in the Water and Sewer Trust were recorded backwards (a credit rather than a debit).• The same capital assets were recorded in two places - both the Drains and the Water and Sewer Trust. <p>Context - The County has not significantly changed its method of preparing and reviewing accounting information. However, the current year likely included additional transactions that were different than prior years.</p> <p>Cause - The County has experienced staffing restructuring and reassignments over the past several years, resulting in the responsibilities being divided over fewer staff and a lack of proper review of journal entries.</p> <p>Effect - There is not a review of all significant accounting information as part of the annual financial closing process.</p> <p>Recommendation - We recommend that the County review its staffing availability and determine whether there is an opportunity for additional supervision and review.</p>

County of Oakland, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2013-001 (Continued)	<p>Views of Responsible Officials and Planned Corrective Actions - The conditions cited in the above finding are the result of several different factors. The first condition, regarding the expensing of capital assets in the Evergreen-Farmington SDS, is a result of three different infrastructure projects focusing on the Middlebelt area within the Evergreen-Farmington SDS. Two of these projects for lining and sinkhole repair of the Middlebelt section were expensed as maintenance and the third project was a construction tunnel, which should be capitalized. Originally, the County staff viewed all three projects as "maintenance," therefore expensed rather than capitalized the item. Upon further review, the tunnel project is new construction and therefore should have been capitalized. The remaining two conditions, a backwards journal entry and the booking of the same capital assets in two funds, were simply errors.</p> <p>While errors happen, the above comment and recommendation has validity. Due to staff reductions and restructuring, the new supervisory personnel became engaged in the actual closing process and were not able to review the transactions posted by their staff in a timely manner.</p> <p>Fiscal services administration is looking to reassign current staff, within the division, to provide accounting support to the function area cited in the finding. This will free supervision time so that they can provide more timely and thorough review of staff transaction postings. In addition, fiscal services will conduct a review of the capitalization policy and procedures so as to obtain clear definitions of capital assets.</p>

County of Oakland, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2013-002	<p>Finding Type - Material weakness</p> <p>Criteria - Revenue should be recognized in accordance with generally accepted accounting principles and the County's revenue recognition policy.</p> <p>Condition - Certain grant-related cash receipts received outside of the period of availability, as established by generally accepted accounting principles and the County's revenue recognition policy, were recorded as revenue rather than deferred inflows of resources.</p> <p>Context - The recording of the grant-related cash receipts received outside of the period of availability, as established by generally accepted accounting principles and the County's revenue recognition policy, resulted in the overstatement of grant revenue.</p> <p>Cause - The County did not have an independent review process in place to ensure that certain grant revenue was recorded in accordance with generally accepted accounting principles and the County's revenue recognition policy.</p> <p>Effect - Grant revenue is overstated and a passed auditor-proposed journal entry was disclosed.</p> <p>Recommendation - We recommend that the County review its staffing availability and determine whether there is an opportunity for additional supervision and review.</p>

County of Oakland, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2013-002 (Continued)	<p>Views of Responsible Officials and Planned Corrective Actions - The condition cited in the finding is not the result of a lack of supervision or review; rather it resulted from grantor agencies not responding to the County's proper and timely request for grant reimbursement.</p> <p>Generally accepted accounting principles (GAAP), as well as the County's revenue recognition policy, allows for the recognition of revenue as long as the revenue is received within 60 days of the close of the fiscal year. In the County's case, this would be November 29. This has created a situation with grant revenue. County staff must wait until all year-end billing is completed before submitting final grant reports requesting reimbursement for County cost. Due to the fact that these reports are usually submitted within a month of closing, and most grant processing takes approximately another month for the grantor, the County assumes that the revenue will be received within the 60-day timeframe and therefore books a receivable (revenue). There have been occasions when the reimbursement has been delayed, either because of information issues, multiple approvals at the grantor, or other reasons. In some cases the revenue is not received within the 60-day timeframe.</p> <p>However, the County does not know if the revenue will be received within 60 days until after the books are closed in the first week in November. Because the County cannot wait until the end of November to close the books, and because the County has met all reasonable deadlines to request reimbursement, those receivables remain on the books even if payment is not received within the 60 days.</p> <p>This will continue to be a dilemma for future fiscal years. The County will certainly look more closely at the history and experience of individual grants to ascertain the likelihood of revenue receipted within 60 days (there may be some grants where it is almost certain that payment will not be received within 60 days); however, there is no guarantee for any receipt. As improper as it is to book a receivable when the payment is not received within 60 days, it is equally improper to book a deferred inflow when the revenue is received within 60 days.</p>

County of Oakland, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2013

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2013-002 (Continued)	<p>The County will look at the policy and practices and recommend changes for this situation. For example, the Government Finance Officer's Association's (GFOA's) publication <i>Governmental Accounting, Auditing and Financial Reporting</i> (which is considered lower level GAAP) states, "It is not uncommon for a government to utilize a longer availability period for expenditure grants (for example, 90 days rather than 60 days).</p> <p>Another potential recommendation could be that grant revenue not received at time of closing (early November) automatically be recorded as deferred inflow or resources. Fiscal services administration will work with the independent auditors to arrive at a policy/procedure solution.</p>

Section III - Federal Program Audit Findings

None

County of Oakland, Michigan

Oakland County Health Division Substance Abuse Prevention and Treatment Schedule of Budgeted, Reported, and Audited Amounts Year Ended September 30, 2013

Fund Source	Budgeted (FINAL) (Unaudited)	Reported Expenditures (FINAL RER)	Audited Expenditures	Variance (Audited- Reported)
A Medicaid				
1 Current year PEPM (federal and state)	\$ 2,494,999	\$ 2,469,066	\$ 2,469,066	\$ -
2 Federal share only for Women's Specialty	69,710	129,518	129,518	-
3 State share only for Women's Specialty	35,291	65,568	65,568	-
4 Reinvestment savings	-	-	-	-
A Subtotal Medicaid	<u>2,600,000</u>	<u>2,664,152</u>	<u>2,664,152</u>	<u>-</u>
B Adult Benefit Waiver (ABW)				
1 Current year PEPM (federal and state)	396,200	440,616	440,616	-
2 Federal share only for Women's Specialty	2,523	197	197	-
3 State share only for Women's Specialty	1,277	99	99	-
B Subtotal ABW	<u>400,000</u>	<u>440,912</u>	<u>440,912</u>	<u>-</u>
Grand Total of Subtotals A-B	<u><u>\$ 3,000,000</u></u>	<u><u>\$ 3,105,064</u></u>	<u><u>\$ 3,105,064</u></u>	<u><u>\$ -</u></u>