

# **County of Oakland, Michigan**

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**Federal Awards  
Supplemental Information  
September 30, 2017**

### Independent Auditor's Reports:

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Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance

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, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 22, 2018, which contained unmodified opinions on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to March 22, 2018.

The accompanying schedule of expenditures of federal awards is presented for the 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 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 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 financial statements as a whole.

*Plante & Moran, PLLC*

June 13, 2018

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 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2018.

**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 a certain deficiency in internal control that we consider to be a material weakness.

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 County'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2017-001 to be a material weakness.

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 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*.

### **County of Oakland, Michigan's Response to Finding**

The County of Oakland, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Oakland, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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*

March 22, 2018

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) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017. 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.

The County of Oakland, Michigan's basic financial statements include the operations of the Road Commission of Oakland County's discretely presented component unit, which received \$8,359,551 in federal awards, that is not included in the schedule during the year ended September 30, 2017. Our audit, described below, did not include the operations of the Road Commission of Oakland County because the Road Commission of Oakland County's discretely presented component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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.

To the Board of Commissioners  
County of Oakland, Michigan

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.

### ***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, 2017.

### **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 the Uniform Guidance, 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.

To the Board of Commissioners  
County of Oakland, Michigan

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.

*Plante & Moran, PLLC*

June 13, 2018



# Oakland County, Michigan

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number		Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:					
Food Donation Program:	10.550		n/a	\$ -	\$ 21,565
Passed through Michigan Department of Education:					
National School Breakfast Program	10.553	(2)	630008006	-	95,588
National School Lunch Program	10.555	(2)	630008006	-	189,569
Child and Adult Care Food Program	10.558		630008006	-	79,646
Total passed through Michigan Department of Education				-	364,803
Passed through Michigan Department of Health and Human Services -					
Passed through Michigan Fitness Foundation -					
Local Health Department SNAP - Ed	10.561	(1)	ADMIN-16-99011 ADMIN-17-99011	-	28,486
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)					
Resident Services	10.557		E20171010-00	-	2,436,030
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)					
Breastfeeding	10.557		E20171009-00	-	152,429
Total passed through Michigan Department of Health and Human Services				-	2,616,945
Passed through Talent Investment Agency -					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	(1)	16162MI00S2520 201717Q750342 201717Q252042	258,779	267,464
Total U.S. Department of Agriculture				258,779	3,270,777
U.S. Department of Housing and Urban Development:					
Community Development Block Grant 12-13	14.218	(3)	n/a	-	5,040
Community Development Block Grant 13-14	14.218	(3)	n/a	25,468	42,692
Community Development Block Grant 14-15	14.218	(3)	n/a	245,068	1,669,761
Community Development Block Grant 15-16	14.218	(3)	n/a	1,109,198	2,013,613
Community Development Block Grant 16-17	14.218	(3)	n/a	914,186	1,942,575
Housing Counseling Assistance Program 16	14.169		n/a	-	28,229
Home Investment Partnership Program 13-14	14.239		n/a	-	27,339
Home Investment Partnership Program 14-15	14.239		n/a	-	1,206,023
Home Investment Partnership Program 15-16	14.239		n/a	-	1,113,844
Home Investment Partnership Program 16-17	14.239		n/a	-	669,603
Neighborhood Stabilization Program 08-09	14.218	(3)	n/a	36,292	78,347
Emergency Shelter Grants Program 2015	14.231		n/a	-	7,626
Emergency Shelter Grants Program 2016	14.231		n/a	-	316,090
Total U.S. Department of Housing and Urban Development				2,330,212	9,120,782

- (1) Denotes the Supplemental Nutrition Assistance Program Cluster  
(2) Denotes the Child Nutrition Cluster  
(3) Denotes the CDBG - Entitlement Grants Cluster

# Oakland County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Justice:				
Edward Byrne Memorial Justice Assistance Grant Program 16-19	16.738	n/a	\$ -	\$ 30,659
Passed through Michigan State Police:				
Edward Byrne Memorial Justice Assistance Grant	16.738	JAG-72181-N.E.T.-2017	-	134,000
Paul Coverdell 2017 Grant	16.742	2016-CD-BX-0012	-	29,368
Total passed through Michigan State Police			-	163,368
Total U.S. Department of Justice			-	194,027
U.S. Department of Labor - Passed through Talent Investment Agency:				
WIOA Rapid Response AY-14	17.278	(4) AA253601455A26	12,665	12,665
WIOA SWA Capacity Building AY-15	17.258	(4) AA267861555A26	25,577	25,577
WIOA SWA Capacity Building AY-15	17.259	(4) AA267861555A26	27,340	27,340
WIOA SWA Capacity Building AY-15	17.278	(4) AA267861555A26	35,278	35,278
SWA MWSC OPS AY-15	17.258	(4) AA267861555A26	50,342	50,342
SWA MWSC OPS AY-15	17.259	(4) AA267861555A26	53,813	53,813
SWA MWSC OPS AY-15	17.278	(4) AA267861555A26	69,437	69,437
WIOA SWA MWA OPS AY-15	17.258	(4) AA267861555A26	7,878	7,878
WIOA SWA MWA OPS AY-15	17.259	(4) AA267861555A26	8,421	8,421
WIOA SWA MWA OPS AY-15	17.278	(4) AA267861555A26	10,866	10,866
WIOA Dislocated Worker AY-15	17.278	(4) AA267861555A26	634,055	634,055
WIOA Local Administration AY-15	17.258	(4) AA267861555A26	66,303	207,577
WIOA Local Administration AY-15	17.259	(4) AA267861555A26	70,876	221,893
WIOA Local Administration AY-15	17.278	(4) AA267861555A26	91,453	286,314
WIOA Adult AY-15	17.258	(4) AA267861555A26	1,204,157	1,204,157
WIOA Youth AY-15	17.259	(4) AA267861555A26	733,954	733,954
WIOA SWA Apprenticeship Coordinators AY-16	17.258	(4) AA267861555A26	2,215	2,215
WIOA SWA Apprenticeship Coordinators AY-16	17.259	(4) AA267861555A26	2,445	2,445
WIOA SWA Apprenticeship Coordinators AY-16	17.278	(4) AA267861555A26	2,980	2,980
WIOA Local Administration AY-16	17.258	(4) AA283231655A26	6,045	25,742
WIOA Local Administration AY-16	17.259	(4) AA283231655A26	6,670	28,405
WIOA Local Administration AY-16	17.278	(4) AA283231655A26	8,129	34,619
WIOA SWA MWSC AY-16	17.258	(4) AA267861555A26	93,542	93,542
WIOA SWA MWSC AY-16	17.259	(4) AA267861555A26	103,219	103,219
WIOA SWA MWSC AY-16	17.278	(4) AA267861555A26	125,799	125,799
WIOA Adult AY-16	17.258	(4) AA283231655A26	1,487,836	1,487,836
WIOA Youth AY-16	17.259	(4) AA283231655A26	1,142,413	1,142,413
WIOA Dislocated Worker AY-16	17.278	(4) AA283231655A26	1,334,908	1,334,908
Wagner Peyser (WP) Employment Services 7(A) AY-15	17.207	(5) ES274971555A26	243,351	338,421
Wagner Peyser (WP) Employment Services 7(A) AY-16	17.207	(5) ES294191655A26	990,606	1,090,183
Unemployment Insurance State Administration RESEA 2016	17.225	UI281381660A26	68,525	68,525
Unemployment Insurance State Administration RESEA 2017	17.225	UI302241760A26	25,688	25,688
Trade Adjustment Assistance FY-15	17.245	TA267311555A26	922,804	950,747
National Emergency Grant (NEG) FY15 Sector Partnership	17.277	EM273571560A26	95,291	95,291
Total U.S. Department of Labor			9,764,881	10,542,545

(4) Denotes WIOA Cluster

(5) Denotes Employment Services Cluster

# Oakland County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation:				
Passed through Michigan Department of State Police - Emergency Management and Homeland Security Division - Hazardous Materials Emergency Preparedness	20.703	HM-HMP-0558-16-01-00	\$ -	\$ 18,477
Passed through Michigan Department of State Police - Office of Highway Safety Planning- Passed through Transportation Improvement Association:				
Oakland County Underage Drinking Enforcement	20.616	(6) AL-17-14	-	14,979
Oakland County Traffic Enforcement	20.600	(6) AP-17-23	-	<u>118,342</u>
Total U.S. Department of Transportation			-	151,798
U.S. Environmental Protection Agency:				
Brownfield Assessment Grant	66.818		70,966	143,441
Passed through Michigan Department of Environmental Quality:				
State Drinking Water Revolving Fund Loan	66.468	(7) FS975487-15	-	12,898
State Drinking Water Revolving Fund Loan	66.468	(7) 7335-01	-	173,075
State Drinking Water Revolving Fund Loan	66.468	(7) 7406-01	-	2,030,919
State Drinking Water Revolving Fund Loan	66.468	(7) 7408-01	-	176,058
State Drinking Water Revolving Fund Loan	66.468	(7) 7406-02	-	241,308
EFSDS Middlebelt Tunnel	66.458	(8) 5493-01	-	1,205,393
Oakland Macomb Interceptor - Segment 3	66.458	(8) 5368-03	-	19,445
Clinton River Biosolids - Septage	66.458	(8) 5642-01	-	2,802,933
WPC State And Interstate program support - Beach Monitoring	66.419	2017-7212	-	<u>31,993</u>
Total passed through Michigan Department of Environmental Quality			-	<u>6,694,022</u>
Total U.S. Environmental Protection Agency			70,966	6,837,463
United States Election Assistance Commission - Passed through Michigan Department of State - Help America Vote Act Grant				
	90.401	071B7700128	-	150,352
U.S. Office of National Drug Control Policy - Passed through Michigan State Police - High Intensity Drug Trafficking Areas Program				
	95.001	G17SM0002A	56,271	105,977
Social Security Administration - Social Security - Work Incentives Planning and Assistance Program				
	96.008	n/a	-	143,000
U.S. Department of Health and Human Services:				
Passed through Talent Investment Agency - Temporary Assistance For Needy Families (TANF), Partnership, Accountability, Training, Hope (PATH)	93.558	(9) 1701MITANF	2,814,386	3,134,265
Passed through Michigan State Court Administrative Office - Child Support For Access and Visitation Programs	93.597	SCAO-2017-026	-	19,000
(6) Denotes Highway Safety Cluster				
(7) Denotes Drinking Water State Revolving Fund Cluster				
(8) Denotes Clean Water State Revolving Fund Cluster				
(9) Denotes TANF Cluster				

# Oakland County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (Continued):				
Passed through Michigan Department of Health and Human Services:				
Child Support Enforcement - Friend of the Court	93.563	CSFOC17 - 63001	\$ -	\$ 7,675,376
Child Support Enforcement - Friend of the Court Federal Incentives Payments	93.563	CSFOC17 - 63001	-	1,703,124
Child Support Enforcement - Prosecuting Co-Up Reimbursement	93.563	CSPA17 - 63002	-	1,625,119
Federal Vaccine Shipped to Local Health Departments	93.268	n/a	-	1,311,956
Sexually Transmitted Disease (STD) Control	93.977	E20171002-00	-	82,650
Sudden Unexplained Infant Death	93.994	E20171001-00	-	750
Immunization Fixed Fees	93.268	E20171006-00	-	25,200
Immunization Cooperative Agreements - Immunization Action Plan (IAP)	93.268	E20170992-00	-	186,848
Immunization Cooperative Agreements - Immunization Action Plan (IAP)	93.539	E20170992-00	-	315,466
TB Control	93.116	E20171004-00	-	127,011
HIV Prevention	93.940	E20170990-00	-	159,269
Enabling Services Women - MCH	93.994	E20170983-00	-	134,316
Fetal Infant Mortality Review (FIMR) Case Abstraction	93.994	E20170984-00	-	6,840
Public Health Functions & Infrastructure - MCH	93.994	E20170998-00	-	171,650
Children's Special Health Care Services (CSHCS) Care Coordination	93.778	(10) E20170979-00	-	66,892
Children's Special Health Care Services (CSHCS) Care Coordination	93.994	E20170979-00	-	36,225
CSHCS Medicaid Outreach	93.778	(10) E20170980-00	-	109,024
CSHCS Medicaid Elevated Blood Lead Case Mgmt	93.778	(10) E20172791-00	-	2,889
Children's Special Health Care Services (CSHCS) Outreach & Advocacy	93.778	(10) E20170982-00	-	142,500
Medicaid Outreach	93.778	(10) E20170997-00	-	102,397
Laboratory Services Bio	93.069	E20170995-00	-	15,000
Laboratory Services Bio	93.074	E20170995-00	-	5,000
Nurse Family Partnership Services	93.870	E20170996-00	-	156,040
Nurse Family Partnership Services	93.778	(10) E20170996-00	-	232,121
Adolescent STD Screening	93.977	E20170976-00	-	73,000
Public Health Emergency Preparedness (PHEP) CRI 10/1/16 - 6/30/17	93.069	E20170981-00	-	184,867
Public Health Emergency Preparedness (PHEP) 10/1/16 - 6/30/17	93.069	E20170977-00	-	266,921
Public Health Emergency Preparedness (PHEP) CRI 7/1/17 - 9/30/17	93.069	E20173036-00	-	36,914
Public Health Emergency Preparedness (PHEP) 7/1/17 - 9/30/17	93.074	E20173035-00	-	70,377
Public Health Emergency Preparedness (PHEP) Ebola Virus Disease (EVD) Phase II	93.069	E20170999-00	-	56,267
West Nile Virus Community Surveillance	93.323	E20172720-00	-	8,000
Zika Virus Community Support	93.323	E20172736-00	-	10,000
Zika Virus Mosquito Surveillance	93.323	E20172721-00	-	10,000
HIV Surveillance Support	93.944	E20170991-00	-	17,500
HIV Surveillance Support	93.941	E20170991-00	-	17,500
Gonococcal Isolate Surveillance Project	93.977	E20170987-00	-	10,000
Total passed through Michigan Department of Health and Human Services			-	15,155,009
Passed through Michigan Department of Health and Human Services -				
Passed through Oakland Community Health Network:				
Health Education SUD Prevention Services	93.959	2017-0016-SUD	-	156,121
Transforming Youth Suicide Prevention	93.243	20121486	-	116,245
Total passed through Michigan Department of Health and Human Services - Passed through Oakland Community Health Network			-	272,366
Passed through Oakland University -				
CDC Racial and Ethnic Approaches to Community Health	93.738	1U58DP005885-03-00	-	47,567
Total U.S. Department of Health and Human Services			2,814,386	18,628,207

(10) Denotes Medicaid Cluster

# Oakland County, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Homeland Security:				
Passed through Michigan Department of State Police - Emergency Management and Homeland Security Division:				
Emergency Management Performance Grant	97.042	EMC-2017-EP-00001-S01	\$ -	\$ 50,638
Hazard Mitigation Grant	97.039	P4195.14	-	39,700
Total passed through Michigan Department of State Police - Emergency Management and Homeland Security Division			-	90,338
Passed through Michigan Department of State Police - Emergency Management and Homeland Security Division - Passed through the County of Macomb:				
Fiscal Year 2015 Homeland Security Grant Program	97.067	EMW-2015-SS-00033	222,976	481,129
Fiscal Year 2016 Homeland Security Grant Program	97.067	EMW-2016-SS-00010-S01	163,761	270,863
Total Passed through Michigan Department of State Police - Emergency Management and Homeland Security Division - Passed through County of Macomb			386,737	751,992
Passed through Michigan Department of Natural Resources -				
Marine Safety Program	97.012	MS17-006	-	48,000
Total U.S. Department of Homeland Security			386,737	890,330
Total federal awards			<u>\$ 15,682,232</u>	<u>\$ 50,035,258</u>

# County of Oakland, Michigan

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## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2017

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Oakland, Michigan (the "County") under programs of the federal government for the year ended September 30, 2017. The information in the 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the County of Oakland, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Oakland, Michigan.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the same basis of accounting with the exception of the Drinking Water Revolving Loan Fund and State Revolving Fund. In accordance with the 2017 OMB Compliance Supplement, these expenditures are reported when paid. Other expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The County of Oakland, Michigan has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

# County of Oakland, Michigan

## Schedule of Findings and Questioned Costs Year Ended September 30, 2017

### 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 2 CFR 200.516 (a)?  Yes  No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
17.258; 17.259;	
17.278	WIOA Cluster
93.563	Child Support Enforcement
93.268	Immunization Cooperative Agreements

Dollar threshold used to distinguish between type A and type B programs: \$1,501,058

Auditee qualified as low-risk auditee?  Yes  No

# County of Oakland, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2017

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2017-001	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - All funds of the County should be classified in the Comprehensive Annual Financial Report according to the applicable guidance issued by the Governmental Accounting Standards Board.</p> <p><b>Condition</b> - The County has presented the Superseding Trust within the OPEB Plan (fiduciary fund).</p> <p><b>Context</b> - The County has presented the Superseding Trust within the OPEB Plan (fiduciary fund). The Superceding Trust Fund should not be presented within the OPEB Plan in accordance with Governmental Accounting Standards Board Statement No. 74. Instead, the balances and activity within the Superceding Trust Fund should be reported as balances and activity of the County.</p> <p><b>Cause</b> - The County implemented Governmental Accounting Standards Board Statement No. 74 during fiscal year 2017, but a particular section of the implementation guide was not followed by the County.</p> <p><b>Effect</b> - The OPEB Plan's net position is overstated by \$12,676,638, and the Fringe Benefit internal service fund's net position, and that of the governmental activities, is understated by \$12,676,638.</p> <p><b>Recommendation</b> - We recommend that the County account for the balances and activity of the Superceding Trust within the Fringe Benefit internal service fund.</p>



# County of Oakland, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2017

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2017-001 (cont.)	<p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Oakland County, Michigan understands the issue as presented. This issue was realized late in the audit, and the complexity and time involved to make any changes to the CAFR made changes infeasible.</p> <p>The GASB 74 Implementation Guide questions 4.39 and 4.62 have been referenced as being the authoritative guidance related to this reporting location issue. The guidance indicates that the Superseding Trust meets the definition of a "Trust B" which GASB indicates is not reportable as part of the OPEB Plan itself. The County does separately identify the Superseding Trust assets within the Pension Trust statements (separate reporting schedule to detail the VEBA Trust and the Superseding Trust). Also, it is important to note that the County did follow proper guidance to not include the Superseding Trust assets for the purposes of the actuarial valuation and the OPEB funding status.</p> <p>The County is considering the recommendation to change the reporting location of the Superseding Trust for the FY 2018 CAFR. The consideration includes keeping the Superseding Trust as a separate fund within the financial system given the restrictions of the trust, combining with the Fringe Benefit Fund for reporting purposes only with the Superseding Trust assets being reported as restricted assets, and providing a supplemental combining schedule to detail the Superseding Trust and the Fringe Benefit Fund.</p>

### Section III - Federal Program Audit Findings

None