

DOUGLAS COUNTY, OREGON

FEDERAL SINGLE AUDIT ACT AUDIT IN ACCORDANCE WITH OMB CIRCULAR A-133

Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON THE INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

December 27, 2012

Board of Commissioners
Douglas County, Oregon
Roseburg, Oregon

Compliance

We have audited Douglas County, Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Douglas County, Oregon's major federal programs for the year ended June 30, 2012. Douglas County, Oregon's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Douglas County, Oregon's management. Our responsibility is to express an opinion on Douglas County, Oregon's compliance based on our audit.

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 Douglas County, Oregon'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. Our audit does not provide a legal determination of Douglas County, Oregon's compliance with those requirements.

In our opinion, Douglas County, Oregon 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, 2012.

Internal Control Over Compliance

Management of Douglas County, Oregon is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Douglas County, Oregon's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Douglas County, Oregon'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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Douglas County, Oregon as of and for the year ended June 30, 2012, and have issued our report thereon dated December 27, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2012

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2012</u>
<u>U.S. Department of Agriculture</u>					
Direct Programs:					
Collaborative Forest Restoration	10.679	\$ 2,760	\$ 13,800	\$ 15,180	\$ 4,140
Passed through Oregon Department of Education:					
School Breakfast Program	10.553	2,145	19,037	18,481	1,589
National School Lunch Program (Commodity Distribution)	10.555	-	2,642	2,642	-
National School Lunch Program	10.555	3,939	34,691	33,643	2,891
Passed through Oregon Department of Forestry:					
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	-	36,630	36,630	-
Passed through Oregon Department of Human Services:					
Health Division:					
Supplemental Food Program for Women, Infants, & Children	10.557	32,662	32,296	(366)	-
Passed through Oregon Executive Department:					
Secure Rural Schools and Community Self-Determination Act:					
Title I - Secure Payments	10.665	-	7,603,345	7,603,345	-
Title II - Special Projects		-	715,609	715,609	-
Title III - County Projects		(3,800,469)	626,158	505,590	(3,921,037)
Passed through Oregon Health Authority					
Health Division:					
Supplemental Food Program for Women, Infants, & Children	10.557	-	494,522	541,570	47,048
WIC Grants to States	10.578	-	12,512	20,165	7,653
Total U.S. Department of Agriculture		(3,758,963)	9,591,242	9,492,489	(3,857,716)
<u>U.S. Department of Commerce-NOAA</u>					
Passed through Oregon Department of Land Conservation and Development:					
Coastal Zone Management Administration Awards	11.419	8,667	18,667	16,993	6,993
Total U.S. Department of Commerce		8,667	18,667	16,993	6,993
<u>U.S. Department of the Interior</u>					
Direct Programs:					
Secure Rural Schools and Community Self-Determination Act:					
Title I - Secure Payments	15.unknown	-	9,198,252	9,198,252	-
Title II - Special Projects		-	865,718	865,718	-
Title III - County Projects		(4,902,393)	757,503	916,370	(4,743,526)
Invasive and Noxious Plant Management	15.230	-	7,918	66,707	58,789
ARRA - Fish, Wildlife and Plant Conservation Resource Mgmt	15.231	63,866	63,866	88,770	88,770
Secure Rural Schools and Community Self-Determination	15.234	7,140	15,282	18,702	10,560
Passed through Oregon State Marine Board:					
Clean Vessel Act-US Fish and Wildlife	15.616	-	525	525	-
Total U.S. Department of the Interior		(4,831,387)	10,909,064	11,155,044	(4,585,407)
<u>U.S. Department of Justice</u>					
Direct Programs:					
State Criminal Alien Assistance Program	16.606	8,000	7,484	(516)	-
Bulletproof Vest Partnership Program	16.607	-	607	607	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11,605	11,605	-	-
Criminal, Juvenile and Mental Health Collaboration Program	16.745	16,085	20,079	27,351	23,357
ARRA - Edward Byrne Memorial Justice Assistance	16.804	-	27,929	27,929	-
ARRA - Assistance to Rural Law Enforcement	16.810	242,273	705,475	463,202	-

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2012

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2012</u>
Passed through Oregon Commission on Children & Families:					
Juvenile Accountability Incentive Block Grant	16.523	\$ 2,500	\$ 10,000	\$ 10,000	\$ 2,500
Passed through Oregon Department of Justice:					
Crime Victim Assistance-VOCA Grant	16.575	9,188	25,599	26,415	10,004
Edward Byrne Memorial State & Local - Discretionary Grants	16.580	-	40,470	40,470	-
Passed through Oregon Criminal Justice Commission:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14,762	45,760	34,552	3,554
Total U.S. Department of Justice		304,413	895,008	630,010	39,415
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Highway Planning and Construction Programs	20.205	-	1,298,339	1,298,339	-
Passed through Oregon State Sheriff's Association:					
Occupant Protection Incentive Grants	20.600	-	2,365	2,915	550
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	1,155	15,868	15,923	1,210
Occupant Protection Incentive Grants	20.602	1,925	1,925	-	-
Passed through Oregon Department of Transportation:					
Highway Planning and Construction Programs	20.205	-	23,645	49,645	26,000
Metropolitan Planning Program	20.505	-	2,053	2,053	-
Formula Grants for Other than Urbanized Areas	20.509	98,791	327,501	304,758	76,048
ARRA-Formula Grants for Other than Urbanized Areas	20.509	12,987	12,987	-	-
Capital Assist Program for Elderly Persons & Persons with Disabilities	20.513	21,168	431,398	497,446	87,216
State and Community Highway Safety	20.600	1,880	2,780	7,320	6,420
Child Safety and Child Booster Seats Incentive Grants	20.613	-	618	618	-
Total U.S. Department of Transportation		137,906	2,119,479	2,179,017	197,444
<u>U.S. General Services Administration</u>					
Passed through Oregon Department of Administrative Services:					
Disposal of Federal Surplus Real Property	39.002	-	1,126	1,126	-
Total U.S. General Services Administration		-	1,126	1,126	-
<u>U.S. Environmental Protection Agency</u>					
Passed through Oregon Health Authority:					
Health Services Division:					
State Public Water System Supervision	66.432	-	16,936	16,936	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	-	4,690	5,390	700
Total U.S. Environmental Protection Agency		-	21,626	22,326	700
<u>U.S. Department of Energy</u>					
Direct Programs:					
ARRA-Energy Efficiency and Conservation Block Grant Program	81.128	145,949	333,214	187,265	-
Passed through Oregon Department of Energy:					
ARRA-State Energy Program	81.041	10,000	10,000	-	-
Total U.S. Department of Energy		155,949	343,214	187,265	-

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2012

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2012</u>
<u>U.S. Department of Health and Human Services</u>					
Passed through Oregon Department Human Services:					
Senior and Disabled Services Division:					
Special Programs for Aging:					
Older American Act - Title VIIB	93.041	\$ 1,383	\$ 2,265	\$ 924	\$ 42
Older American Act - Title IIID	93.043	3,073	4,558	1,485	-
Older American Act - Title IIIB	93.044	36,595	144,284	129,987	22,298
Older American Act - Title IIIB (expenditures reported under 93.707 in prior year)	93.044	1,862	1,862	-	-
Older American Act - Title III Part C Nutrition	93.045	-	3,629	4,699	1,070
Older American Act - Title IIIC1	93.045	28,024	163,012	197,658	62,670
Older American Act - Title IIIC2	93.045	29,529	159,921	145,550	15,158
National Family Caregiver Support	93.052	10,087	55,035	72,080	27,132
Nutrition Services Incentive Program	93.053	-	64,912	64,912	-
Health Services Division:					
Public Health Emergency Preparedness	93.069	44,468	42,734	(1,734)	-
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	147	164	17	-
Family Planning Services	93.217	2,474	6,533	4,059	-
Immunization Grants - Childhood Immunization Action Plan	93.268	-	180	180	-
Social Services Block Grant-Title XX-Youth Investment	93.667	-	47,108	47,108	-
Medical Assistance Program - Immunization	93.778	1,201	1,110	(91)	-
National Bioterrorism Hospital Preparedness Program	93.889	-	3,393	3,393	-
HIV Care Formula Grants	93.917	5,028	5,456	428	-
HIV Prevention Activities	93.940	2,654	2,717	63	-
MCH Services Block Grant to States	93.994	14,006	9,947	(4,059)	-
Passed through Oregon Commission on Children and Families:					
Promoting Safe & Stable Families	93.556	8,120	8,120	13,682	13,682
Social Services Block Grant-Title XX-Youth Investment	93.667	111,808	135,414	82,403	58,797
Medical Assistance Program - Healthy Start	93.778	1,333	1,334	15,527	15,526
Passed through Oregon Health Authority					
Health Services Division:					
Public Health Emergency Preparedness	93.069	-	90,207	96,990	6,783
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	-	1,848	2,016	168
Family Planning Services	93.217	-	38,212	42,759	4,547
Immunization Grants - Childhood Immunization Action Plan	93.268	-	11,960	11,960	-
Medical Assistance Program - Immunization	93.778	-	6,516	7,656	1,140
HIV Care Formula Grants	93.917	-	26,148	26,148	-
HIV Prevention Activities	93.940	-	15,710	22,266	6,556
MCH Services Block Grant to States	93.994	-	39,914	46,291	6,377
Mental and Developmental Disability Services Division:					
Block Grants for Community Mental Health Services	93.958	-	123,433	123,433	-
Passed through Oregon Health Sciences University-Child Development and Rehabilitation Center:					
MCH Services Block Grant to States	93.994	5,256	21,022	21,022	5,256
Passed through Health Care Coalition of Southern Oregon					
Healthy Start Eliminating Disparities Grant	93.926	-	99,260	99,260	-
Total U.S. Department of Health and Human Services		307,048	1,337,918	1,278,072	247,202
<u>U.S. Executive Office of the President</u>					
Passed through Oregon Department of Justice:					
HIDTA Grant	95.001	29,961	99,044	83,286	14,203
Total U.S Executive Office of the President		29,961	99,044	83,286	14,203

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2012

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2012</u>
<u>U.S. Department of Homeland Security</u>					
Passed through Oregon State Marine Board Boating Safety Financial Assistance	97.012	\$ -	\$ -	\$ 116,406	\$ 116,406
Passed through Oregon Office of Homeland Security: Oregon Emergency Management:					
Presidentially Declared Disaster Grants	97.036	-	-	63,097	63,097
Emergency Management Performance Grants	97.042	46,151	154,562	148,752	40,341
Citizen Corps Program	97.053	6,000	39,367	36,093	2,726
State Homeland Security Program	97.073	129,467	225,955	123,054	26,566
State Homeland Security Program	97.074	8,961	8,961	-	-
Total U.S. Department of Homeland Security		190,579	428,845	487,402	249,136
Total Federal Assistance		<u>\$ (7,455,827)</u>	<u>\$ 25,765,233</u>	<u>\$ 25,533,030</u>	<u>\$ (7,688,030)</u>

DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards For the year ended June 30, 2012

1. **Purpose of the Schedule:**

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Douglas County, Oregon's (the County) financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the County, it is not intended to and does not present either the financial position or changes in net assets of the County.

2. **Significant Accounting Policies:**

Reporting Entity: The reporting entity is fully described in Note 1 to the County's financial statements. The Schedule includes all federal financial assistance programs administered by the County for the year ended June 30, 2012.

Basis of Presentation: The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance: Pursuant to OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Program: OMB Circular A-133 establishes a dollar limit and risk base criteria for selecting major federal programs. Using this criteria, the County has three Type A programs, of which two of the programs were selected for testing as a major program, the remainder being Type B programs, none of which was selected for testing as a major program.

Basis of Accounting: The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Matching Costs: The Schedule does not include matching expenditures.

DOUGLAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unqualified opinion on the financial statements of Douglas County, Oregon.
2. There were no significant deficiencies in internal control over financial reporting reported during the audit of the financial statements of Douglas County, Oregon.
3. No instances of noncompliance material to the financial statements of Douglas County, Oregon were disclosed during the audit.
4. There were no significant deficiencies in internal control over compliance reported during the audit of the major federal award programs of Douglas County, Oregon.
5. The independent auditor's report on compliance for the major federal award programs of Douglas County, Oregon expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs of Douglas County, Oregon are reported in this schedule.
7. The programs tested as major programs included the following programs:

<u>Program Name</u>	<u>CFDA Number</u>
U.S. Department of the Interior, Secure Rural Schools and Community Self-Determination Act of 2000	15.unknown
Highway Planning and Construction Programs	20.205

8. The threshold for distinguishing Type A programs from Type B programs was \$766,000.
9. Douglas County, Oregon was determined to be a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

None.

C - FINDINGS AND QUESTIONED COSTS, MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None.