

DOUGLAS COUNTY, OREGON

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

Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

December 19, 2013

Board of Commissioners
Douglas County, Oregon
Roseburg, Oregon

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Douglas County, Oregon'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Douglas County, Oregon's compliance.

Opinion on Each Major Federal Program

In our opinion, Douglas County, Oregon 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 June 30, 2013.

Report on Internal Control Over Compliance

Management of Douglas County, Oregon 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 Douglas County, Oregon'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 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. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

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

We have audited the financial statements of Douglas County, Oregon as of and for the year ended June 30, 2013, and have issued our report thereon dated December 19, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2013

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2013</u>
<u>U.S. Department of Agriculture</u>					
Direct Programs:					
Schools and Roads - Grants to States	10.665	\$ -	\$ 1,380	\$ 4,140	\$ 2,760
Collaborative Forest Restoration	10.679	4,140	14,127	9,987	-
Passed through Oregon Department of Education:					
School Breakfast Program	10.553	1,589	17,649	19,368	3,308
National School Lunch Program (Commodity Distribution)	10.555	-	2,088	2,088	-
National School Lunch Program	10.555	2,891	34,212	37,938	6,617
Passed through Oregon Department of Forestry:					
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	-	43,200	43,200	-
Passed through Oregon Executive Department:					
Secure Rural Schools and Community Self-Determination Act:	10.665				
Title I - Secure Payments		-	7,943,657	7,943,657	-
Title II - Special Projects		-	747,552	747,552	-
Title III - County Projects		(3,921,037)	654,184	425,173	(4,150,048)
Passed through Oregon Health Authority:					
Health Division:					
Supplemental Food Program for Women, Infants, & Children	10.557	47,048	525,944	522,436	43,540
WIC Grants to States	10.578	7,653	21,711	14,058	-
Total U.S. Department of Agriculture		(3,857,716)	10,005,704	9,769,597	(4,093,823)
<u>U.S. Department of Commerce-NOAA</u>					
Passed through Oregon Department of Land Conservation and Development:					
Coastal Zone Management Administration Awards	11.419	6,993	11,220	8,727	4,500
Total U.S. Department of Commerce		6,993	11,220	8,727	4,500
<u>U.S. Department of the Interior</u>					
Direct Programs:					
Secure Rural Schools and Community Self-Determination Act:	15.234				
Title I - Secure Payments		-	9,113,862	9,113,862	-
Title II - Special Projects		-	857,776	857,776	-
Title III - County Projects		(4,743,526)	750,554	732,674	(4,761,406)
Invasive and Noxious Plant Management	15.230	58,789	5,914	(52,875)	-
Fish, Wildlife and Plant Conservation Resource Mgmt	15.231	88,770	144,681	83,811	27,900
Secure Rural Schools and Community Self-Determination Act	15.234	10,560	117,871	134,021	26,710
Passed through Oregon State Marine Board:					
Clean Vessel Act-US Fish and Wildlife	15.616	-	1,200	1,200	-
Total U.S. Department of the Interior		(4,585,407)	10,991,858	10,870,469	(4,706,796)
<u>U.S. Department of Justice</u>					
Direct Programs:					
State Criminal Alien Assistance Program	16.606	-	7,617	7,617	-
Criminal, Juvenile and Mental Health Collaboration Program	16.745	23,357	90,712	123,268	55,913
Passed through Office of the Governor:					
Juvenile Accountability Incentive Block Grant	16.523	-	5,318	7,090	1,772

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2013

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2013</u>
Passed through Oregon Commission on Children & Families:					
Juvenile Accountability Incentive Block Grant	16.523	\$ 2,500	\$ 2,500	\$ -	\$ -
Passed through Oregon Department of Justice:					
Crime Victim Assistance-VOCA Grant	16.575	10,004	27,671	31,261	13,594
Edward Byrne Memorial State & Local - Discretionary Grants	16.580	-	52,392	52,392	-
Passed through Oregon Criminal Justice Commission:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3,554	19,002	15,448	-
Total U.S. Department of Justice		39,415	205,212	237,076	71,279
<u>U.S. Department of Transportation</u>					
Passed through Oregon State Sheriff's Association:					
Occupant Protection Incentive Grants	20.600	550	1,980	2,255	825
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	1,210	10,368	11,798	2,640
Passed through Oregon Department of Transportation:					
Highway Planning and Construction Programs	20.205	26,000	32,020	6,020	-
Formula Grants for Other than Urbanized Areas	20.509	76,048	380,982	388,586	83,652
Capital Assist Program for Elderly Persons & Persons with Disabilities	20.513	87,216	391,058	389,644	85,802
New Freedom Program	20.521	-	20,478	27,304	6,826
State and Community Highway Safety	20.600	6,420	13,280	9,060	2,200
Child Safety and Child Booster Seats Incentive Grants	20.613	-	529	529	-
Total U.S. Department of Transportation		197,444	850,695	835,196	181,945
<u>U.S. General Services Administration</u>					
Passed through Oregon Department of Administrative Services:					
Disposal of Federal Surplus Real Property	39.002	-	2,282	2,282	-
Donation of Federal Surplus Property	39.003	-	118,632	118,632	-
Total U.S. General Services Administration		-	120,914	120,914	-
<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	700	14,700	14,000	-
Total U.S. Environmental Protection Agency		700	31,636	30,936	-
<u>U.S. Election Assistance Commission</u>					
Passed through Oregon Secretary of State:					
Help America Vote Act Requirements Payments	90.401	-	1,341	1,341	-
Total U.S. Election Assistance Commission		-	1,341	1,341	-

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2013

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2013</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	\$ 42	\$ 863	\$ 4,427	\$ 3,606
Older American Act - Title IIID	93.043	-	1,125	6,125	5,000
Older American Act - Title IIIB	93.044	22,298	140,515	164,041	45,824
Older American Act - Title III Part C Nutrition	93.045	1,070	8,212	7,142	-
Older American Act - Title IIIC1	93.045	62,670	206,621	168,894	24,943
Older American Act - Title IIIC2	93.045	15,158	139,984	124,826	-
National Family Caregiver Support	93.052	27,132	70,233	51,612	8,511
Health Services Division:					
Social Services Block Grant-Title XX-Youth Investment	93.667	-	47,108	47,108	-
Passed through Office of the Governor:					
Promoting Safe & Stable Families	93.556	-	33,739	33,739	-
Social Services Block Grant- Title XX- Youth Investment	93.667	-	239,023	239,023	-
Medical Assistance Program - Healthy Start	93.778	-	13,457	21,499	8,042
Passed through Oregon Commission on Children and Families:					
Promoting Safe & Stable Families	93.556	13,682	13,682	-	-
Social Services Block Grant-Title XX-Youth Investment	93.667	58,797	58,797	-	-
Medical Assistance Program - Healthy Start	93.778	15,526	11,358	(4,168)	-
Passed through Oregon Health Authority:					
Health Services Division:					
Public Health Emergency Preparedness	93.069	6,783	106,680	110,290	10,393
Project Grants & Cooperative Agreements for Tuberculosis					
Control Programs	93.116	168	1,780	1,757	145
Family Planning Services	93.217	4,547	42,101	41,090	3,536
Immunization Grants - Childhood Immunization Action Plan	93.268	-	168	768	600
Centers for Disease Control and Prevention	93.283	-	42,137	60,544	18,407
Prevention and Public Health Fund (ACA)- Capacity Building					
Assistance to Strengthen Public Health Immunization	93.539	-	43,842	54,499	10,657
Patient Protection and Affordable Care (ACA)- Coordinated					
Chronic Disease Prevention	93.544	-	5,723	5,723	-
HIV Prevention Activities	93.940	6,556	6,621	65	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	-	5,253	5,253	-
Medical Assistance Program - Immunization	93.778	1,140	13,255	13,242	1,127
MCH Services Block Grant to States	93.994	6,377	69,981	70,722	7,118
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	21,756	22,000	5,500
Passed through Health Care Coalition of Southern Oregon:					
Healthy Start Eliminating Disparities Grant	93.926	-	99,725	99,725	-
Total U.S. Department of Health and Human Services		247,202	1,567,172	1,473,379	153,409
<u>U.S. Executive Office of the President</u>					
Passed through Oregon Department of Justice:					
HIDTA Grant	95.001	14,203	84,753	70,550	-
Total U.S Executive Office of the President		14,203	84,753	70,550	-

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2013

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2013</u>
<u>U.S. Department of Homeland Security</u>					
Passed through Oregon State Marine Board:					
Boating Safety Financial Assistance	97.012	\$ 116,406	\$ 200,326	\$ 83,920	\$ -
Passed through Oregon Office of Homeland Security:					
Oregon Emergency Management:					
Interoperable Emergency Communications Grant Program	97.001	-	120,866	120,866	-
Presidentially Declared Disaster Grants	97.036	63,097	69,717	6,620	-
Emergency Management Performance Grants	97.042	40,341	134,303	130,413	36,451
Citizen Corps Program	97.053	2,726	2,726	-	-
Interoperable Emergency Communications	97.055	-	462,634	462,634	-
State Homeland Security Program	97.073	26,566	116,905	120,762	30,423
Total U.S. Department of Homeland Security		249,136	1,107,477	925,215	66,874
Total Federal Assistance		\$ (7,688,030)	\$ 24,977,982	\$ 24,343,400	\$ (8,322,612)

DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards For the year ended June 30, 2013

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 financial position 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, 2013.

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 Programs: OMB Circular A-133 establishes a dollar limit and risk base criteria for selecting major federal programs.

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.

Cluster Programs: A cluster of programs means Federal programs with different CFDA numbers that are defined as a cluster of programs because they are closely related programs that share common compliance requirements. The following clusters of programs are included in the County's Schedule of Expenditures of Federal Awards.

DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

Cluster Programs :	<u>CFDA Number</u>	<u>Disbursements/ Expenditures</u>
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 19,368
National School Lunch Program	10.555	<u>40,026</u>
Total Child Nutrition Cluster		<u><u>\$ 59,394</u></u>
Transit Services Programs Cluster:		
Capital Assistance Program for Elderly Persons with Disabilities	20.513	\$ 389,644
New Freedom Program	20.521	<u>27,304</u>
Total Transit Services Programs Cluster		<u><u>\$ 416,948</u></u>
Highway Safety Cluster:		
State and Community Highway Safety Alcohol Impaired Driving Countermeasures Incentive Grants	20.600	\$ 11,315
Child Safety and Child Booster Seat Incentive Grants	20.601	11,798
	20.613	<u>529</u>
Total Highway Safety Cluster		<u><u>\$ 23,642</u></u>
Aging Cluster:		
Older American Act - Title III, Part B	93.044	\$ 164,041
Older American Act - Title III, Part C	93.045	<u>300,862</u>
Total Aging Cluster		<u><u>\$ 464,903</u></u>

DOUGLAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unmodified 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 unmodified 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 Agriculture, Secure Rural Schools and Community Self-Determination Act	10.665

8. The threshold for distinguishing Type A programs from Type B programs was \$730,000.
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.