

DOUGLAS COUNTY, OREGON

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

Year Ended June 30, 2015

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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 21, 2015

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, 2015. 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, 2015.

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, 2015, and have issued our report thereon dated December 21, 2015 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, 2015

| <u>Grantor and Program Title</u> | <u>CFDA Number</u> | <u>Accrued or (Deferred) Revenue at July 1, 2014</u> | <u>Receipts</u> | <u>Disbursements/ Expenditures</u> | <u>Accrued or (Deferred) Revenue at June 30, 2015</u> |
|--|------------------------|--|-------------------|--|---|
| <u>U.S. Department of Agriculture</u> | | | | | |
| Direct Programs: | | | | | |
| Schools and Roads - Grants to States | 10.665 | \$ 5,980 | \$ 22,080 | \$ 16,100 | \$ - |
| Passed through Oregon Department of Education: | | | | | |
| School Breakfast Program | 10.553 | 3,144 | 17,967 | 17,968 | 3,145 |
| National School Lunch Program (Commodity Distribution) | 10.555 | - | 5,125 | 5,125 | - |
| National School Lunch Program | 10.555 | 6,263 | 36,605 | 36,836 | 6,494 |
| Passed through Oregon Executive Department: | | | | | |
| Secure Rural Schools and Community Self-Determination Act: | 10.665 | | | | |
| Title I - Secure Payments | | - | 7,348,443 | 7,348,443 | - |
| Title II - Special Projects | | - | 691,545 | 691,545 | - |
| Title III - County Projects | | (4,273,369) | 605,156 | 479,623 | (4,398,902) |
| Passed through Oregon Health Authority: | | | | | |
| Health Division: | | | | | |
| Supplemental Food Program for Women, Infants, & Children | 10.557 | 45,465 | 540,500 | 555,175 | 60,140 |
| Total U.S. Department of Agriculture | | (4,212,517) | 9,267,421 | 9,150,815 | (4,329,123) |
| <u>U.S. Department of Commerce-NOAA</u> | | | | | |
| Passed through Oregon Department of Land Conservation and Development: | | | | | |
| Coastal Zone Management Administration Awards | 11.419 | 4,500 | 14,000 | 14,000 | 4,500 |
| Total U.S. Department of Commerce | | 4,500 | 14,000 | 14,000 | 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 | | - | 8,911,664 | 8,911,664 | - |
| Title II - Special Projects | | - | 838,744 | 838,744 | - |
| Title III - County Projects | | (5,183,340) | 733,902 | 582,484 | (5,334,758) |
| Secure Rural Schools and Community Self-Determination | 15.234 | 23,152 | 54,403 | 41,778 | 10,527 |
| Environmental Quality and Protection Resource Management | 15.236 | - | 181,695 | 181,695 | - |
| 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 | | (5,160,188) | 10,721,608 | 10,557,565 | (5,324,231) |
| <u>U.S. Department of Justice</u> | | | | | |
| Direct Programs: | | | | | |
| State Criminal Alien Assistance Program | 16.606 | - | 6,511 | 6,511 | - |
| Criminal, Juvenile and Mental Health Collaboration Program | 16.745 | 18,302 | 21,804 | 3,502 | - |
| Passed through Oregon Department of Education: | | | | | |
| Juvenile Accountability Incentive Block Grant | 16.523 | 1,156 | 1,156 | - | - |
| Passed through Oregon Department of Justice: | | | | | |
| Crime Victim Assistance-VOCA Grant | 16.575 | 5,871 | 25,730 | 25,669 | 5,810 |
| Total U.S. Department of Justice | | 25,329 | 55,201 | 35,682 | 5,810 |

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2015

| <u>Grantor and Program Title</u> | <u>CFDA Number</u> | <u>Accrued or (Deferred) Revenue at July 1, 2014</u> | <u>Receipts</u> | <u>Disbursements/ Expenditures</u> | <u>Accrued or (Deferred) Revenue at June 30, 2015</u> |
|---|------------------------|--|-----------------|--|---|
| <u>U.S. Department of Transportation</u> | | | | | |
| Passed through Oregon State Sheriff's Association: | | | | | |
| Occupant Protection Incentive Grants | 20.600 | \$ 880 | \$ 880 | \$ - | \$ - |
| National Priority Safety Programs | 20.616 | 1,210 | 13,008 | 16,418 | 4,620 |
| Passed through Oregon Department of Transportation: | | | | | |
| Highway Planning and Construction Programs | 20.205 | - | 4,735 | 4,735 | - |
| Formula Grants for Other than Urbanized Areas | 20.509 | 88,629 | 204,693 | 397,769 | 281,705 |
| Capital Assist Program for Elderly Persons & Persons with Disabilities | 20.513 | 104,299 | 204,294 | 409,796 | 309,801 |
| State and Community Highway Safety | 20.600 | - | 3,120 | 3,120 | - |
| Child Safety and Child Booster Seats Incentive Grants | 20.600 | - | 913 | 913 | - |
| Total U.S. Department of Transportation | | 195,018 | 431,643 | 832,751 | 596,126 |
| <u>U.S. General Services Administration</u> | | | | | |
| Passed through Oregon Department of Administrative Services: | | | | | |
| Disposal of Federal Surplus Real Property | 39.002 | - | 4,731 | 4,731 | - |
| Donation of Federal Surplus Property | 39.003 | - | 6,519 | 6,519 | - |
| Total U.S. General Services Administration | | - | 11,250 | 11,250 | - |
| <u>U.S. Environmental Protection Agency</u> | | | | | |
| Passed through Oregon Health Authority: | | | | | |
| Health Services Division: | | | | | |
| State Public Water System Supervision | 66.432 | - | 14,793 | 14,441 | (352) |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | 2,399 | 11,170 | 9,947 | 1,176 |
| Total U.S. Environmental Protection Agency | | 2,399 | 25,963 | 24,388 | 824 |
| <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 | - | 851 | 5,007 | 4,156 |
| Older American Act - Title IIID | 93.043 | - | 13,404 | 22,052 | 8,648 |
| Older American Act - Title IIIB | 93.044 | 45,913 | 162,653 | 161,554 | 44,814 |
| Older American Act - Title IIIC1 | 93.045 | 54,874 | 248,350 | 221,096 | 27,620 |
| Older American Act - Title IIIC2 | 93.045 | 22,702 | 124,982 | 126,013 | 23,733 |
| National Family Caregiver Support | 93.052 | 20,234 | 74,861 | 65,586 | 10,959 |
| Nutrition Services Incentive Program | 93.053 | 884 | 66,716 | 65,832 | - |
| Affordable Care Act (ACA) Aging and Disability Resource Center | 93.517 | 40,635 | 67,839 | 37,090 | 9,886 |
| Health Services Division: | | | | | |
| Actions to Prevent Obesity, Diabetes, Heart Disease & Stroke | 93.757 | - | 5,442 | 15,340 | 9,898 |
| Passed through Oregon Department of Education: | | | | | |
| Social Services Block Grant- Title XX- Youth Investment | 93.667 | - | 12,500 | 12,500 | - |
| Medical Assistance Program - Healthy Start | 93.778 | 8,707 | 8,707 | - | - |
| Passed through Oregon Health Authority: | | | | | |
| Health Services Division: | | | | | |
| Bioterrorism Preparedness & Response Program | 93.069 | 18,640 | 82,672 | 96,063 | 32,031 |
| Environmental Public Health & Emergency Response | 93.070 | - | 20,257 | 20,257 | - |
| Project Grants & Cooperative Agreements for Tuberculosis Control Programs | 93.116 | 134 | 1,522 | 1,388 | - |
| Family Planning Services | 93.217 | 2,607 | 44,930 | 45,210 | 2,887 |
| Centers for Disease Control and Prevention | 93.283 | 11,987 | 16,450 | 4,463 | - |

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2015

| <u>Grantor and Program Title</u> | <u>CFDA Number</u> | <u>Accrued or (Deferred) Revenue at July 1, 2014</u> | <u>Receipts</u> | <u>Disbursements/ Expenditures</u> | <u>Accrued or (Deferred) Revenue at June 30, 2015</u> |
|---|------------------------|--|----------------------|--|---|
| PPHF National Public Health Improvement Initiative | 93.507 | \$ (4,481) | \$ (4,425) | \$ 1,739 | \$ 1,683 |
| Assistance Programs for Chronic Disease Prevention and Control | 93.945 | - | 3,404 | 15,502 | 12,098 |
| MCH Services Block Grant to States | 93.994 | 5,502 | 33,463 | 34,295 | 6,334 |
| Passed through Health Care Coalition of Southern Oregon: Healthy Start Eliminating Disparities Grant | 93.926 | 7,477 | 48,831 | 41,354 | - |
| Total U.S. Department of Health and Human Services | | 235,815 | 1,033,409 | 992,341 | 194,747 |
| <u>U.S. Executive Office of the President</u> | | | | | |
| Passed through Oregon Department of Justice: HIDTA Grant | 95.001 | 10,307 | 86,523 | 76,216 | - |
| Total U.S. Executive Office of the President | | 10,307 | 86,523 | 76,216 | - |
| <u>U.S. Department of Homeland Security</u> | | | | | |
| Passed through Oregon Office of Homeland Security: Oregon Emergency Management: Emergency Management Performance Grants | 97.042 | 35,487 | 68,567 | 83,250 | 50,170 |
| State Homeland Security Program | 97.073 | 31,656 | 61,980 | 87,032 | 56,708 |
| Total U.S. Department of Homeland Security | | 67,143 | 130,547 | 170,282 | 106,878 |
| Total Federal Assistance | | \$ (8,832,194) | \$ 21,777,565 | \$ 21,865,290 | \$ (8,744,469) |

DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

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, 2015.

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, 2015

| Cluster Programs: | <u>CFDA Number</u> | <u>Disbursements/ Expenditures</u> |
|---|-------------------------------|---|
| Child Nutrition Cluster: | | |
| School Breakfast Program | 10.553 | \$ 17,968 |
| National School Lunch Program | 10.555 | 41,961 |
| Total Child Nutrition Cluster | | <u>\$ 59,929</u> |
| Transit Services Programs Cluster: | | |
| Capital Assistance Program for Elderly Persons with Disabilities | 20.513 | <u>\$ 409,796</u> |
| Highway Safety Cluster: | | |
| State and Community Highway Safety | 20.600 | \$ 4,033 |
| National Priority Safety Programs | 20.616 | 16,418 |
| Total Highway Safety Cluster | | <u>\$ 20,451</u> |
| Aging Cluster: | | |
| Older American Act - Title III, Part B | 93.044 | \$ 161,554 |
| Older American Act - Title III, Part C | 93.045 | 347,109 |
| Nutrition Services Incentive Program | 93.053 | 65,832 |
| Total Aging Cluster | | <u>\$ 574,495</u> |

DOUGLAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

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 \$656,000.
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.