

# DOUGLAS COUNTY, OREGON

## FEDERAL SINGLE AUDIT ACT AUDIT IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Year Ended June 30, 2016

**KENNETH KUHNS & CO.**

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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 THE UNIFORM GUIDANCE

March 2, 2017

Board of Commissioners  
Douglas County, Oregon  
Roseburg, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Douglas County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Douglas County's major federal programs for the year ended June 30, 2016. Douglas County'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 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 Douglas County'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* (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 Douglas County'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's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Douglas County 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, 2016.

## **Report on Internal Control Over Compliance**

Management of Douglas County 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'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 Douglas 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Douglas County, Oregon as of and for the year ended June 30, 2016, and have issued our report thereon dated December 28, 2016 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 the Uniform Guidance 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, 2016

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through Oregon Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	1004002	\$ 26,998
National School Lunch Program (Commodity Distribution)	10.555	1004003	5,865
National School Lunch Program	10.555	1004004	52,225
			<hr/> 85,088
Passed through Oregon Executive Department:			
Secure Rural Schools and Community Self-Determination Act:	10.665		
Title I - Secure Payments		AGR665	6,913,891
Title II - Special Projects		AGR665	650,626
Title III - County Projects		AGR665	406,623
			<hr/> 7,971,140
Passed through Oregon Health Authority - Health Division:			
Supplemental Food Program for Women, Infants, & Children	10.557	148009	561,352
			<hr/> 561,352
<b>Total U.S. Department of Agriculture</b>			<hr/> <b>8,617,580</b>
<b><u>U.S. Department of Commerce-NOAA</u></b>			
Passed through Oregon Department of Land Conservation and Development:			
Coastal Zone Management Administration Awards	11.419	TA-OL-15-001	12,000
			<hr/> 12,000
<b>Total U.S. Department of Commerce</b>			<hr/> <b>12,000</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Business Oregon:			
Community Development Block Grants, State's Program	14.228	1936002293/P13020	60,934
			<hr/> 60,934
<b>Total U.S. Department of Housing and Urban Development</b>			<hr/> <b>60,934</b>
<b><u>U.S. Department of the Interior</u></b>			
Direct Programs:			
Secure Rural Schools and Community Self-Determination Act:	15.234		
Title I - Secure Payments			8,383,991
Title II - Special Projects			789,082
Title III - County Projects			493,608
Secure Rural Schools and Community Self-Determination	15.234		98,761
			<hr/> 9,765,442
Environmental Quality and Protection Resource Management	15.236		129,957
Passed through Oregon State Marine Board:			
Clean Vessel Act-US Fish and Wildlife	15.616	1422	1,200
			<hr/> 1,200
<b>Total U.S. Department of the Interior</b>			<hr/> <b>9,896,599</b>

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2016

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Expenditures</u>
<b><u>U.S. Department of Justice</u></b>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	28047	\$ 5,000
Passed through Oregon Department of Justice:			
Crime Victim Assistance-VOCA Grant	16.575	VOCA-NC-FR	51,598
<b>Total U.S. Department of Justice</b>			<b>56,598</b>
<b><u>U.S. Department of Transportation</u></b>			
Passed through Oregon State Sheriff's Association:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	M5HVE-15-12-21	18,662
Passed through Oregon Department of Transportation:			
State and Community Highway Safety	20.600	SC-15-35-13AAA	5,000
Child Safety and Child Booster Seats Incentive Grants	20.600	OP-15-45-13CCC	836
			24,498
Formula Grants for Other than Urbanized Areas	20.509	30470	423,777
Transit Services Programs Cluster:			
Capital Assist Program for Elderly Persons & Persons with Disabilities	20.513	30758	439,804
<b>Total U.S. Department of Transportation</b>			<b>888,079</b>
<b><u>U.S. General Services Administration</u></b>			
Passed through Oregon Department of Administrative Services:			
Disposal of Federal Surplus Real Property	39.002	F39002	10,929
Donation of Federal Surplus Property	39.003		41,316
<b>Total U.S. General Services Administration</b>			<b>52,245</b>
<b><u>U.S. Environmental Protection Agency</u></b>			
Passed through Oregon Health Authority - Health Services Division:			
State Public Water System Supervision	66.432	148009	15,002
Drinking Water State Revolving Fund Cluster:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	148009	6,921
<b>Total U.S. Environmental Protection Agency</b>			<b>21,923</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through Oregon Department Human Services:			
Senior and Disabled Services Division:			
Aging Cluster:			
Older American Act - Title IIIB	93.044	148996-P1	176,951
Older American Act - Title IIIC1	93.045	200002	219,616
Older American Act - Title IIIC2	93.045	208000	111,091
Nutrition Services Incentive Program	93.053	148996-P1	75,798
			583,456

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2016

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Total Expenditures</u>
Older American Act - Title VIIB	93.041	143103-P2	\$ 2,044
Alzheimer's Disease Demonstration	93.051	146745	10,131
National Family Caregiver Support	93.052	148996-P1	57,157
Affordable Care Act (ACA) Aging and Disability Resource Center	93.517	141212	4,514
Passed through Oregon Health Authority:			
Health Services Division:			
Bioterrorism Preparedness & Response Program	93.069	148009	89,608
Hospital Preparedness Program	93.074	148009	21,987
Sodium Reduction in Communities	93.082	148009	31,714
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	148009	620
Family Planning Services	93.217	148009	51,450
Actions to Prevent Obesity, Diabetes, Heart Disease & Stroke	93.757	148009	2,012
Assistance Programs for Chronic Disease Prevention and Control	93.945	148009	27,070
MCH Services Block Grant to States	93.994	148009	36,487
Passed through Health Care Coalition of Southern Oregon:			
Healthy Start Eliminating Disparities Grant	93.926	H49MC00136-DOCO	10,800
 <b>Total U.S. Department of Health and Human Services</b>			 <b>929,050</b>
 <b><u>U.S. Department of Homeland Security</u></b>			
Passed through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	124259483/124393575	101,628
Passed through Oregon Office of Homeland Security:			
Oregon Emergency Management:			
Presidentially Declared Disaster Grants	97.036	DR4258	84,387
Emergency Management Performance Grants	97.042	15-510	102,818
Pre-Disaster Mitigation	97.047	2405TOA	19,460
State Homeland Security Program	97.067	15-213/15-214	65,308
State Homeland Security Program	97.073	14-220/14-221	31,412
 <b>Total U.S. Department of Homeland Security</b>			 <b>405,013</b>
 <b>Total Federal Assistance</b>			 <b>\$ 20,940,021</b>

DOUGLAS COUNTY, OREGON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2016

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Douglas County, Oregon under programs of the federal government for the year ended June 30, 2016. The information in this 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* (Uniform Guidance). 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, changes in net position or cash flows of the County.

2. SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. SUBRECIPIENTS:

During the year ended June 30, 2016, the County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Expenditures</u>
10.665	\$ 85,227
10.557	385,116
15.234	103,327
20.509	423,777
20.513	296,983
93.069	40,040
93.074	10,002
93.082	6,159
93.116	300
93.217	25,966
93.757	1,810
93.945	25,321
93.994	<u>20,499</u>
Total	<u>\$ 1,424,527</u>



DOUGLAS COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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 the Interior, Secure Rural Schools and Community Self-Determination Act	15.234

8. The threshold for distinguishing Type A programs from Type B programs was \$750,000.
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.