

**DOUGLAS COUNTY, OREGON**

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

**Year Ended June 30, 2006**

**KENNETH KUHNS & CO.**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON THE INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

December 6, 2006

Board of Commissioners  
Douglas County, Oregon  
Roseburg, Oregon

Compliance

We have audited the compliance of Douglas County, Oregon with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. 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 on Douglas County, Oregon's compliance with those requirements.

In our opinion, Douglas County, Oregon complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

## Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

## 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, 2006, and have issued our report thereon dated December 6, 2006. 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.

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2006

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2005</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2006</u>
<b><u>U.S. Department of Agriculture</u></b>					
Passed through Oregon Department of Education:					
School Breakfast Program	10.553	\$ 1,026	\$ 10,069	\$ 10,946	\$ 1,903
National School Lunch Program	10.555	1,825	18,134	19,692	3,383
Passed through Oregon Department of Human Services:					
Health Division:					
Supplemental Food Program for Women, Infants, & Children:	10.557	56,813	437,918	427,018	45,913
Passed through Oregon Executive Department:					
Secure Rural Schools and Community Self-Determination Act of 2000:	10.unknown				
Title I - Secure Payments		-	19,071,651	19,071,651	-
Title II - Special Projects		-	2,288,598	2,288,598	-
Title III - County Projects		(731,649)	1,076,987	1,042,490	(766,146)
<b>Total U.S. Department of Agriculture</b>		<b>(671,985)</b>	<b>22,903,357</b>	<b>22,860,395</b>	<b>(714,947)</b>
<b><u>U.S. Department of Commerce</u></b>					
Passed through Oregon Department of Land Conservation and Development:					
Coastal Zone Management Administration Awards	11.419	5,000	10,000	10,000	5,000
<b>Total U.S. Department of Commerce</b>		<b>5,000</b>	<b>10,000</b>	<b>10,000</b>	<b>5,000</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed through Oregon Housing and Community Services:					
Community Development Block Grants, State's Program	14.228	-	208,692	237,498	28,806
<b>Total U.S. Department of Housing and Urban Development</b>		<b>-</b>	<b>208,692</b>	<b>237,498</b>	<b>28,806</b>
<b><u>U.S. Department of the Interior</u></b>					
Direct programs:					
Secure Rural Schools and Community Self-Determination Act of 2000: 15.unknown					
Title I - Secure Payments		-	24,604,741	24,604,741	-
Title II - Special Projects		-	3,239,243	3,239,243	-
Title III - County Projects		(737,433)	1,091,259	1,056,488	(772,204)
Passed through Oregon State Marine Board:					
Clean Vessel Act-Us Fish and Wildlife	15.616	-	450	450	-
Passed through Oregon Parks and Recreation Department					
Historic Preservation Fund Grants-in-Aid	15.904	1,500	6,900	8,800	3,400
<b>Total U.S. Department of the Interior</b>		<b>(735,933)</b>	<b>28,942,593</b>	<b>28,909,722</b>	<b>(768,804)</b>
<b><u>U.S. Department of Justice</u></b>					
Direct Programs:					
State Criminal Alien Assistance Program	16.606	-	12,827	12,827	-
Bullet Proof Vest Partnership Program	16.607	-	-	2,767	2,767

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2006

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2005</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2006</u>
Passed through Oregon Department of Justice:					
Edward Byrne Memorial State & Local - Discretionary Grants	16.580	\$ -	\$ 130,000	\$ 65,000	\$ (65,000)
Crime Victim Assistance-VOCA Grant	16.575	7,800	25,404	25,009	7,405
JJDP Challenge Grant	16.459	-	1,708	1,708	-
Passed through Oregon Office of Homeland Security:					
Juvenile Accountability Incentive Block Grant	16.523	13,271	27,705	14,434	-
Violent Offender Incarceration & Truth in Sentencing Incentive Grants	16.586	-	24,126	25,076	950
Local Law Enforcement Block Grants Program	16.592	-	6,736	6,736	-
Passed through Josephine County, Oregon:					
Byrne Formula Grant Program	16.579	49,476	105,281	116,435	60,630
<b>Total U.S. Department of Justice</b>		<b>70,547</b>	<b>333,787</b>	<b>269,992</b>	<b>6,752</b>
<b><u>U.S. Department of Transportation</u></b>					
Passed through Oregon State Sheriff's Association:					
Safety Incentive Grants for Use of Seat Belts	20.604	5,027	13,324	8,728	431
Safety Incentive Grants to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	3,715	13,344	13,416	3,787
<b>Total U.S. Department of Transportation</b>		<b>8,742</b>	<b>26,668</b>	<b>22,144</b>	<b>4,218</b>
<b><u>U.S. Environmental Protection Agency</u></b>					
Passed through Oregon Department of Human Services:					
Health Services Division:					
State Public Water System Supervision	66.432	2,950	14,550	11,600	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	12,578	20,558	21,755	13,775
<b>Total U.S. Environmental Protection Agency</b>		<b>15,528</b>	<b>35,108</b>	<b>33,355</b>	<b>13,775</b>
<b><u>U.S. Dept. of Health and Human Resources</u></b>					
Direct Assistance:					
Immunization Grants (Noncash assistance-vaccine)	93.268	-	295,732	295,732	-
Passed through Oregon Department Human Services:					
Senior and Disabled Services Division:					
Special Programs for Aging:					
Older American Act - Title VIIB	93.041	-	2,009	2,009	-
Older American Act - Title IIIB	93.044	-	168,984	168,984	-
Older American Act - Title IIIC1	93.045	-	99,885	99,885	-
Older American Act - Title IIIC2	93.045	-	144,528	144,528	-
Older American Act - Title IIID	93.043	3,940	10,248	8,876	2,568
National Family Caregiver Support	93.052	17,440	79,972	81,053	18,521
Nutrition Services Incentive Program	93.053	11,766	73,849	67,710	5,627
Health Services Division:					
MCH Special Projects	93.110	5,114	5,842	1,278	550
HIV Prevention Activities	93.940	4,612	16,797	13,109	924
MCH Services Block Grant to States	93.994	4,858	55,875	54,779	3,762
Family Planning Services	93.217	3,350	50,279	51,257	4,328

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2006

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2005</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2006</u>
Immunization Grants-Childhood Immunization Action Plan	93.268	\$ -	\$ 15,526	\$ 15,526	\$ -
Medical Assistance Program - Immunization	93.778	1,093	11,408	12,382	2,067
CDCP Investigation & Technical Assistance	93.283	24,904	171,642	164,400	17,662
HIV Care Formula Grants	93.917	6,699	72,924	69,841	3,616
Abstinence Education	93.235	1,062	13,404	13,471	1,129
Mental and Developmental Disability Services Division:					
Block Grants for Community Mental Health Services	93.958	-	127,130	127,130	-
Children, Adults, and Families Division					
Community Based Family Resources and Support Grant (CAPTA)	93.590	-	7,788	7,788	-
Passed through Oregon Department of Justice:					
Child Support Enforcement - Title IV D	93.563	61,671	265,841	272,538	68,368
Passed through Oregon Commission on Children and Families:					
Child Care and Development Block Grant	93.575	44,064	78,492	37,236	2,808
Social Services Block Grant-Title XX-Youth Investment	93.667	37,511	143,772	193,220	86,959
Promoting Safe & Stable Families	93.556	14,358	23,729	18,742	9,371
Medical Assistance Program - Healthy Start	93.778	13,641	25,897	27,090	14,834
Passed through Oregon Health Sciences University-Child Development and Rehabilitation Center:					
MCH Services Block Grant to States	93.994	-	22,184	22,184	-
<b>Total U.S. Department of Health and Human Services</b>		<b>256,083</b>	<b>1,983,737</b>	<b>1,970,748</b>	<b>243,094</b>
<b><u>Corporation for National Service</u></b>					
Direct programs:					
Retired and Senior Volunteer Program	94.002	-	64,855	64,855	-
Senior Companion Program	94.016	-	130,423	130,423	-
Foster Grandparent Program	94.011	1,538	113,111	114,078	2,505
<b>Total Corporation for National Service</b>		<b>1,538</b>	<b>308,389</b>	<b>309,356</b>	<b>2,505</b>
<b><u>Department of Homeland Security</u></b>					
Passed through Oregon Office of Homeland Security:					
Oregon Emergency Management:					
Emergency Management Performance Grants	97.042	18,462	39,074	43,348	22,736
Disaster Grants - Public Assistance	97.036	-	-	96,962	96,962
State Homeland Security Program	97.073	1,900	22,442	20,542	-
Criminal Justice Services Division					
State Domestic Preparedness Equipment Support Program	97.004	2,939	2,939	-	-
State Homeland Security Program	97.073	23,242	230,583	209,581	2,240
<b>Total U.S. Department of Homeland Security</b>		<b>46,543</b>	<b>295,038</b>	<b>370,433</b>	<b>121,938</b>
<b>Total Federal Assistance</b>		<b>\$ (1,003,937)</b>	<b>\$ 55,047,369</b>	<b>\$ 54,993,643</b>	<b>\$ (1,057,663)</b>



DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2006

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, 2006.

**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 two Type A programs, of which one of the programs was selected for testing as a major program, the remainder being Type B programs, none of which were 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, 2006

**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 reportable conditions in internal control over financial reporting disclosed 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 reportable conditions in internal control over compliance disclosed 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 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 Interior, Secure Rural Schools and Community Self-Determination Act of 2000	15.unknown

8. The threshold for distinguishing Type A programs from Type B programs was \$1,650,000.
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.