

DOUGLAS COUNTY, OREGON

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

Year Ended June 30, 2007

KENNETH KUHNS & CO.

Certified Public Accountants
570 Liberty Street S.E.
Salem, Oregon 97301-3594

Telephone: (503) 585-2550

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KENNETH KUHNS & CO.
CERTIFIED PUBLIC ACCOUNTANTS
570 LIBERTY STREET S.E., SUITE 210
SALEM OREGON 97301-3594
TELEPHONE (503) 585-2550

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 17, 2007

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, 2007. 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, 2007.

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 the 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, 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 control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, 2007, and have issued our report thereon dated December 17, 2007. 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, 2007

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2007</u>
<u>U.S. Department of Agriculture</u>					
Passed through Oregon Department of Education:					
School Breakfast Program	10.553	\$ 1,903	\$ 13,164	\$ 13,976	\$ 2,715
National School Lunch Program	10.555	3,383	23,976	25,332	4,739
Summer Food Service Program for Children	10.559	-	1,320	1,320	-
Passed through Oregon Department of Human Services:					
Health Division:					
Supplemental Food Program for Women, Infants, & Children:	10.557	45,913	440,073	431,901	37,741
Passed through Oregon Executive Department:					
Secure Rural Schools and Community Self-Determination Act of 2000:	10.unknown				
Title I - Secure Payments		-	19,262,367	19,262,367	-
Title II - Special Projects		-	2,311,484	2,311,484	-
Title III - County Projects		(766,146)	1,087,757	665,647	(1,188,256)
Total U.S. Department of Agriculture		(714,947)	23,140,141	22,712,027	(1,143,061)
<u>U.S. Department of Commerce</u>					
Passed through Oregon Department of Land Conservation and Development:					
Coastal Zone Management Administration Awards	11.419	5,000	10,000	10,000	5,000
Total U.S. Department of Commerce		5,000	10,000	10,000	5,000
<u>U.S. Department of Education</u>					
Passed through Oregon Department of Education					
Reading First	84.357	-	3,135	3,135	-
Total U.S. Department of Education		-	3,135	3,135	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed through Oregon Housing and Community Services:					
Community Development Block Grants, State's Program	14.228	28,806	416,411	405,279	17,674
Total U.S. Department of Housing and Urban Development		28,806	416,411	405,279	17,674
<u>U.S. Department of the Interior</u>					
Direct programs:					
Secure Rural Schools and Community Self-Determination Act of 2000:	15.unknown				
Title I - Secure Payments		-	24,850,788	24,850,788	-
Title II - Special Projects		-	3,271,635	3,271,635	-
Title III - County Projects		(772,204)	1,096,358	670,912	(1,197,650)
Passed through Oregon Department of Administrative Services					
Distribution of Receipts to State and Local Governments	15.227	-	26,810	26,810	-
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	3,400	6,927	3,527	-
Total U.S. Department of the Interior		(768,804)	29,252,968	28,824,122	(1,197,650)

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2007

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2007</u>
<u>U.S. Department of Justice</u>					
Direct Programs:					
State Criminal Alien Assistance Program	16.606	\$ -	\$ -	\$ 5,016	\$ 5,016
Bullet Proof Vest Partnership Program	16.607	2,767	9,328	6,561	-
Passed through Oregon Department of Justice:					
Edward Byrne Memorial State & Local - Discretionary Grants	16.580	(65,000)	65,000	65,000	(65,000)
Crime Victim Assistance-VOCA Grant	16.575	7,405	22,855	20,791	5,341
Passed through Oregon Office of Homeland Security:					
Juvenile Accountability Incentive Block Grant	16.523	-	10,000	10,000	-
Violent Offender Incarceration & Truth in Sentencing Incentive Grants	16.586	950	22,681	21,731	-
Passed through Josephine County, Oregon:					
Byrne Formula Grant Program	16.579	60,630	60,630	-	-
Total U.S. Department of Justice		6,752	190,494	129,099	(54,643)
<u>U.S. Department of Transportation</u>					
Passed through Oregon State Sheriff's Association:					
Safety Incentive Grants for Use of Seat Belts	20.604	431	2,759	5,088	2,760
Safety Incentive Grants to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	3,787	10,364	9,000	2,423
Total U.S. Department of Transportation		4,218	13,123	14,088	5,183
<u>U.S. General Services Administration</u>					
Passed through Oregon Department of Administrative Services					
Donation of Federal Surplus Property	39.003	-	7,366	7,366	-
Total U.S. General Services Administration		-	7,366	7,366	-
<u>U.S. Environmental Protection Agency</u>					
Passed through Oregon Department of Human Services:					
Health Services Division:					
State Public Water System Supervision	66.432	-	11,600	11,600	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	13,775	16,305	5,210	2,680
Water Protection Grants	66.474	-	3,180	3,180	-
Total U.S. Environmental Protection Agency		13,775	31,085	19,990	2,680
<u>U.S. Dept. of Health and Human Resources</u>					
Direct Assistance:					
Immunization Grants (Noncash assistance-vaccine)	93.268	-	496,877	496,877	-
Passed through Oregon Department Human Services:					
Senior and Disabled Services Division:					
Special Programs for Aging:					
Older American Act - Title VIIB	93.041	-	1,940	3,267	1,327
Older American Act - Title IIIB	93.044	-	162,701	162,701	-
Older American Act - Title IIIC1	93.045	-	98,139	98,139	-
Older American Act - Title IIIC2	93.045	-	154,639	154,639	-
Older American Act - Title IIID	93.043	2,568	8,088	6,997	1,477
National Family Caregiver Support	93.052	18,521	52,680	48,943	14,784
Nutrition Services Incentive Program	93.053	5,627	80,206	86,658	12,079

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2007

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2007</u>
Health Services Division:					
MCH Special Projects	93.110	\$ 550	\$ 550	\$ -	\$ -
HIV Prevention Activities	93.940	924	35,882	38,128	3,170
MCH Services Block Grant to States	93.994	3,762	79,832	82,825	6,755
Family Planning Services	93.217	4,328	61,016	63,774	7,086
Medical Assistance Program - Immunization	93.778	2,067	14,321	13,368	1,114
CDCP Investigation & Technical Assistance	93.283	17,662	155,390	199,421	61,693
National Bioterrorism Hospital Preparedness Program	93.889	-	62,291	87,207	24,916
HIV Care Formula Grants	93.917	3,616	51,972	63,729	15,373
Abstinence Education	93.235	1,129	17,244	17,581	1,466
Mental and Developmental Disability Services Division:					
Block Grants for Community Mental Health Services	93.958	-	124,879	124,879	-
Passed through Oregon Department of Justice:					
Child Support Enforcement - Title IV D	93.563	68,368	270,642	272,116	69,842
Passed through Oregon Commission on Children and Families:					
Child Care and Development Block Grant	93.575	2,808	37,187	45,549	11,170
Social Services Block Grant-Title XX-Youth Investment	93.667	86,959	205,477	192,900	74,382
Promoting Safe & Stable Families	93.556	9,371	43,749	51,743	17,365
Medical Assistance Program - Healthy Start	93.778	14,834	34,992	20,158	-
Passes through Area Health Education Center					
National Bioterrorism Hospital Preparedness Program	93.889	-	30,000	30,000	-
Passed through Oregon Health Sciences University-Child Development and Rehabilitation Center:					
MCH Services Block Grant to States	93.994	-	28,396	28,396	-
Passed through Pacific Institute for Research and Evaluation					
Reducing Youth Access to Alcohol: A Randomized Trial	93.273	-	11,874	11,915	41
Passed through Health Care Coalition of Southern Oregon					
Health Start Eliminating Disparities Grant	93.926	-	184,186	184,396	210
Total U.S. Department of Health and Human Services		243,094	2,505,150	2,586,306	324,250
<u>Corporation for National Service</u>					
Direct programs:					
Retired and Senior Volunteer Program	94.002	-	65,731	65,731	-
Senior Companion Program	94.016	-	132,458	132,458	-
Foster Grandparent Program	94.011	2,505	113,306	113,293	2,492
Total Corporation for National Service		2,505	311,495	311,482	2,492
<u>Department of Homeland Security</u>					
Passed through Oregon Office of Homeland Security:					
Oregon Emergency Management:					
Emergency Management Performance Grants	97.042	22,736	32,973	51,067	40,830
Disaster Grants - Public Assistance	97.036	96,962	315,851	218,889	-
Pre Disaster Mitigation	97.017	-	731,513	731,513	-
Criminal Justice Services Division					
State Homeland Security Program	97.073	2,240	88,691	173,597	87,146
Total U.S. Department of Homeland Security		121,938	1,169,028	1,175,066	127,976
Total Federal Assistance		\$ (1,057,663)	\$ 57,050,396	\$ 56,197,960	\$ (1,910,099)

DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2007

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, 2007.

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, one of which was also 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, 2007

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 Agriculture, Secure Rural Schools and Community Self-Determination Act of 2000	10.unknown

8. The threshold for distinguishing Type A programs from Type B programs was \$1,686,000.
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.