

# DOUGLAS COUNTY, OREGON

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

Year Ended June 30, 2008

**KENNETH KUHNS & CO.**

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## TABLE OF CONTENTS

	<u>Page</u>
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	1 to 2
Schedule of Expenditures of Federal Awards	3 to 6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8

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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

February 3, 2009

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, 2008. 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, 2008.

## 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, 2008, and have issued our report thereon dated December 19, 2008. 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, 2008

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Revised Accrued or (Deferred) Revenue at July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2008</u>
<b><u>U.S. Department of Agriculture</u></b>					
Passed through Oregon Department of Education:					
Food Donations	10.550	\$ -	\$ 1,880	\$ 1,880	\$ -
School Breakfast Program	10.553	2,715	18,042	16,597	1,270
National School Lunch Program	10.555	4,739	32,490	30,041	2,290
Passed through Oregon Department of Human Services:					
Health Division:					
Supplemental Food Program for Women, Infants, & Children:	10.557	37,741	441,535	443,350	39,556
Passed through Oregon Executive Department:					
Secure Rural Schools and Community Self-Determination Act of 2000: 10.unknown					
Title I - Secure Payments		-	19,222,835	19,222,835	-
Title II - Special Projects		-	1,967,514	1,967,514	-
Title III - County Projects		(1,188,256)	1,424,751	270,657	(2,342,350)
Direct Programs:					
Collaborative Forest Restoration	10.679	-	9,280	12,040	2,760
Community Facilities Loans and Grants	10.766	-	28,966	28,966	-
<b>Total U.S. Department of Agriculture</b>		<b>(1,143,061)</b>	<b>23,147,293</b>	<b>21,993,880</b>	<b>(2,296,474)</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	17,674	419,085	401,411	-
Passed through Oregon Economic & Community Development Dept:					
Community Development Block Grants, State's Program	14.228	-	463,591	463,591	-
<b>Total U.S. Department of Housing and Urban Development</b>		<b>17,674</b>	<b>882,676</b>	<b>865,002</b>	<b>-</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		-	24,799,788	24,799,788	-
Title II - Special Projects		-	2,844,682	2,844,682	-
Title III - County Projects		(1,197,650)	1,531,752	211,137	(2,518,265)
Secure Rural Schools and Community Self-Determination Act of 2000: 15.DDH		-	17,942	20,102	2,160
Passed through Oregon Department of Fish and Wildlife:					
Sport Fish Restoration Program	15.605	-	171,709	171,709	-
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	-	3,883	7,683	3,800
<b>Total U.S. Department of the Interior</b>		<b>(1,197,650)</b>	<b>29,370,206</b>	<b>28,055,551</b>	<b>(2,512,305)</b>

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2008

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Revised Accrued or (Deferred) Revenue at July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2008</u>
<b><u>U.S. Department of Justice</u></b>					
Direct Programs:					
State Criminal Alien Assistance Program	16.606	\$ 5,016	\$ 18,033	\$ 13,017	\$ -
Bullet Proof Vest Partnership Program	16.607	-		3,041	3,041
Public Safety Partnership & Community Policing Grants (COPS)	16.710	-	59,387	96,634	37,247
Passed through Oregon Secretary of State:					
Protection of Voting Rights (HAVA)	16.104	-	46,769	46,769	-
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	5,341	24,713	27,975	8,603
HIDTA Grant	16.595	48,648	128,128	116,795	37,315
Passed through Oregon Commission on Children & Families:					
Juvenile Accountability Incentive Block Grant	16.523	-	7,500	10,000	2,500
JCP Challenge Grant	16.549	-	1,521	1,521	-
<b>Total U.S. Department of Justice</b>		<b>(5,995)</b>	<b>351,051</b>	<b>380,752</b>	<b>23,706</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	2,760	5,593	2,833	-
Safety Incentive Grants to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	2,423	14,123	11,700	-
Passed through Oregon Department of Transportation:					
Formula Grants for Other than Urbanized Areas	20.509	110,817	286,232	621,065	445,650
Capital Assist Program for Elderly Persons & Persons with Disabilities	20.513	-	-	12,162	12,162
<b>Total U.S. Department of Transportation</b>		<b>116,000</b>	<b>305,948</b>	<b>647,760</b>	<b>457,812</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	-	62,166	62,166	-
Donation of Federal Surplus Property	39.003	-	1,576	1,576	-
<b>Total U.S. General Services Administration</b>		<b>-</b>	<b>63,742</b>	<b>63,742</b>	<b>-</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	-	10,483	15,162	4,679
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2,680	7,850	12,660	7,490
<b>Total U.S. Environmental Protection Agency</b>		<b>2,680</b>	<b>18,333</b>	<b>27,822</b>	<b>12,169</b>

DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2008

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Revised Accrued or (Deferred) Revenue at July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2008</u>
<b><u>U.S. Dept. of Health and Human Resources</u></b>					
Passed through Oregon Department Human Services:					
Senior and Disabled Services Division:					
Special Programs for Aging:					
Older American Act - Title VIIB	93.041	\$ 1,327	\$ 26	\$ 794	\$ 2,095
Older American Act - Title IIID	93.043	1,477	3,949	5,000	2,528
Older American Act - Title IIIB	93.044	-	160,711	160,711	-
Older American Act - Title IIIC1	93.045	-	103,946	103,946	-
Older American Act - Title IIIC2	93.045	-	148,685	157,268	8,583
National Family Caregiver Support	93.052	14,784	39,593	53,282	28,473
Nutrition Services Incentive Program	93.053	12,079	109,820	97,741	-
Health Services Division:					
Family Planning Services	93.217	7,086	68,990	67,259	5,355
Abstinence Education	93.235	1,466	30,079	36,734	8,121
Immunization Grants - Childhood Immunization Action Plan	93.268	-	2,716	2,716	-
Medical Assistance Program - Immunization	93.778	1,114	13,676	13,809	1,247
CDCP Investigation & Technical Assistance	93.283	61,693	197,306	149,929	14,316
National Bioterrorism Hospital Preparedness Program	93.889	24,916	149,496	149,496	24,916
HIV Care Formula Grants	93.917	15,373	61,173	53,619	7,819
HIV Prevention Activities	93.940	3,170	22,078	23,710	4,802
MCH Services Block Grant to States	93.994	6,755	78,286	83,927	12,396
Mental and Developmental Disability Services Division:					
Block Grants for Community Mental Health Services	93.958	-	124,578	124,578	-
Passed through Oregon Department of Justice:					
Child Support Enforcement - Title IV D	93.563	69,842	258,521	242,360	53,681
Passed through Oregon Commission on Children and Families:					
Child Care and Development Block Grant	93.575	11,170	49,116	41,304	3,358
Social Services Block Grant-Title XX-Youth Investment	93.667	74,382	188,188	168,149	54,343
Promoting Safe & Stable Families	93.556	17,365	17,365	2,121	2,121
Medical Assistance Program - Healthy Start	93.778	-	22,311	27,311	5,000
Passed through Oregon Health Sciences University-Child Development and Rehabilitation Center:					
MCH Services Block Grant to States	93.994	-	17,447	23,160	5,713
Passed through Pacific Institute for Research and Evaluation:					
Reducing Youth Access to Alcohol: A Randomized Trial	93.273	41	2,959	2,918	-
Passed through Health Care Coalition of Southern Oregon:					
Health Start Eliminating Disparities Grant	93.926	210	172,299	207,616	35,527
<b>Total U.S. Department of Health and Human Services</b>		<b>324,250</b>	<b>2,043,314</b>	<b>1,999,458</b>	<b>280,394</b>
<b><u>Corporation for National Service</u></b>					
Direct programs:					
Retired and Senior Volunteer Program	94.002	-	65,731	65,731	-
Senior Companion Program	94.016	-	125,560	126,753	1,193
Foster Grandparent Program	94.011	2,492	106,681	101,230	(2,959)
<b>Total Corporation for National Service</b>		<b>2,492</b>	<b>297,972</b>	<b>293,714</b>	<b>(1,766)</b>



DOUGLAS COUNTY, OREGON  
Schedule of Expenditures of Federal Awards  
for the year ended June 30, 2008

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Revised Accrued or (Deferred) Revenue at July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2008</u>
<b><u>Department of Homeland Security</u></b>					
Passed through Oregon Military Department:					
Oregon Emergency Management:					
Disaster Grants - Public Assistance	97.036	\$ -	\$ 74,502	\$ 295,176	\$ 220,674
Emergency Management Performance Grants	97.042	40,830	84,851	61,042	17,021
State Homeland Security Program	97.073	87,146	87,146	14,272	14,272
<b>Total U.S. Department of Homeland Security</b>		<b><u>127,976</u></b>	<b><u>246,499</u></b>	<b><u>370,490</u></b>	<b><u>251,967</u></b>
<b>Total Federal Assistance</b>		<b><u>\$ (1,750,634)</u></b>	<b><u>\$ 56,737,034</u></b>	<b><u>\$ 54,708,171</u></b>	<b><u>\$ (3,779,497)</u></b>

DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards  
For the year ended June 30, 2008

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, 2008.

**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.

**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, 2008

**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 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 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	15.unknown

8. The threshold for distinguishing Type A programs from Type B programs was \$1,641,000.
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.