

DOUGLAS COUNTY, OREGON

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

Year Ended June 30, 2005

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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

November 18, 2005

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, 2005. 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, 2005.

Internal Control Over Compliance

The management of Douglas County, Oregon is responsible for establishing and maintaining effective internal control over compliance with 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 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 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 applicable requirements of laws, regulations, contracts and grants 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, 2005, and have issued our report thereon dated November 18, 2005. 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, 2005

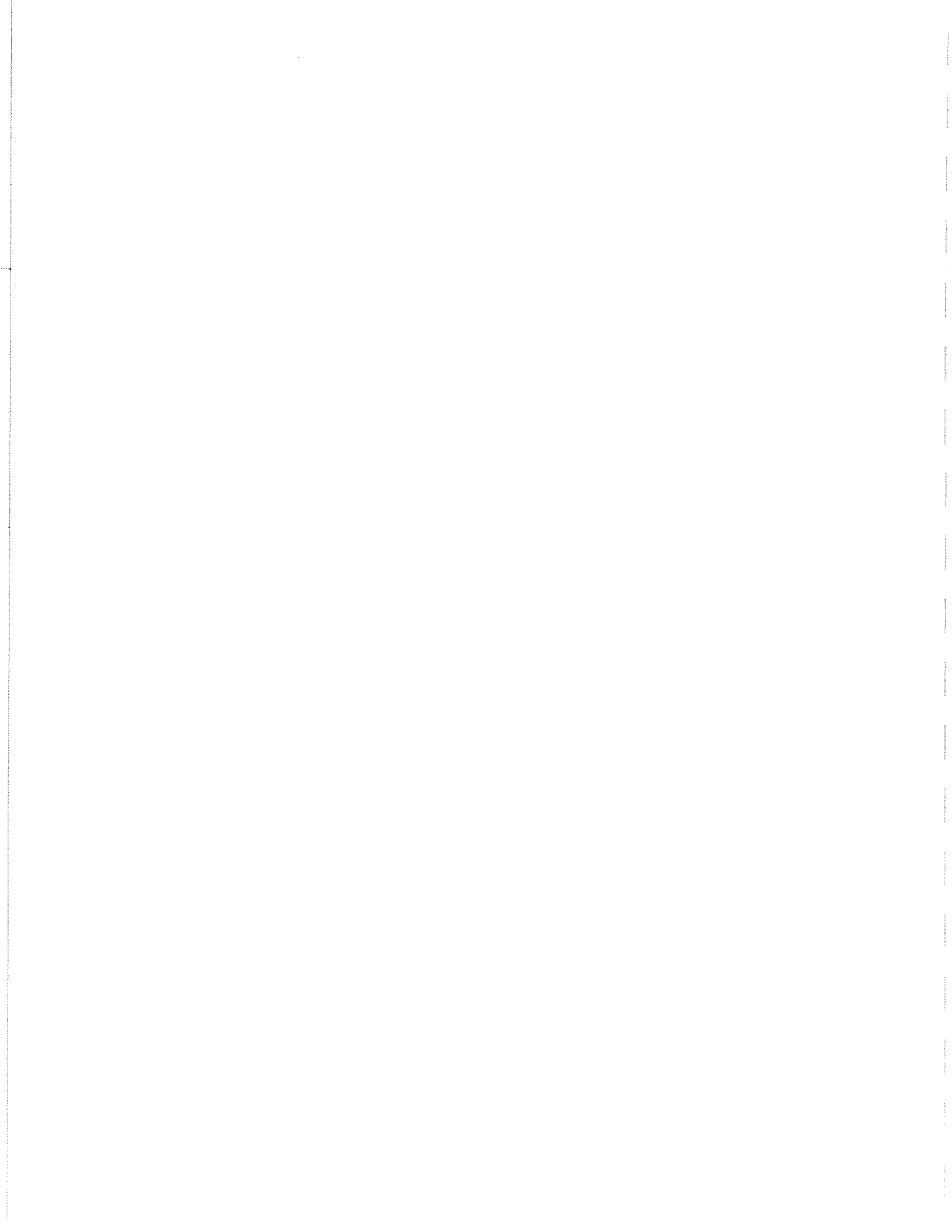
<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2004</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2005</u>
<u>U.S. Department of Agriculture</u>					
Passed through Oregon Department of Education:					
School Breakfast Program	10.553	\$ 689	\$ 9,136	\$ 9,473	\$ 1,026
National School Lunch Program	10.555	1,226	16,165	16,764	1,825
Passed through Oregon Department of Human Services:					
Senior and Disabled Services Division:					
Nutrition Services Incentive - Commodities	10.570	10,092	19,153	9,061	-
Health Division:					
Supplemental Food Program for Women, Infants, & Children	10.557	69,420	439,602	426,995	56,813
Passed through Oregon Executive Department:					
Secure Rural Schools and Community Self-Determination Act of 2000:					
Title I - Secure Payments	10.unknown	-	18,642,864	18,642,864	-
Title II - Special Projects		-	2,237,143	2,237,143	-
Title III - County Projects		(704,070)	1,052,773	1,025,194	(731,649)
Total U.S. Department of Agriculture		(622,643)	22,416,836	22,367,494	(671,985)
<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 Housing and Urban Development</u>					
Passed through Oregon Housing and Community Services:					
Community Development Block Grants, State's Program	14.228		220,429	220,429	-
Total U.S. Department of Housing and Urban Development		-	220,429	220,429	-
<u>U.S. Department of the Interior</u>					
Direct programs:					
Secure Rural Schools and Community Self-Determination Act of 2000:					
Title I - Secure Payments	15.unknown		24,051,555	24,051,555	-
Title II - Special Projects			3,166,415	3,166,415	-
Title III - County Projects		(709,637)	1,061,098	1,033,302	(737,433)
Passed through Oregon Department of Administrative Services:					
Distribution of Receipts to State and Local Governments	15.227		7,012	7,012	-
Passed through Oregon Department of Fish and Wildlife:					
Sport Fish Restoration	15.616		114,535	114,535	-
Passed through Oregon Parks and Recreation Department:					
Historic Preservation Fund Grants-in-Aid	15.904		1,500	3,000	1,500
Total U.S. Department of the Interior		(709,637)	28,402,115	28,375,819	(735,933)

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2005

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2004</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2005</u>
<u>U.S. Department of Justice</u>					
Direct Programs:					
State Criminal Alien Assistance Program	16.606	\$ 3,389	\$ 3,389	\$ -	\$ -
Bullet Proof Vest Partnership Program	16.607	-	1,226	1,226	-
Public Safety Partnership & Community Policing Grants (COPS)	16.710	22,507	55,806	33,299	-
Passed through Oregon Secretary of State:					
Protection of Voting Rights (HAVA)	16.104	-	2,606	2,606	-
Passed through Oregon Department of Justice:					
Edward Byrne Memorial State & Local - Discretionary Grants	16.580	-	61,000	61,000	-
Crime Victim Assistance-VOCA Grant	16.575	5,913	45,973	47,860	7,800
Passed through Oregon Office of Homeland Security:					
Juvenile Accountability Incentive Block Grant	16.523	15,046	45,035	43,260	13,271
Local Law Enforcement Block Grants Program	16.592	-	14,009	14,009	-
Passed through Josephine County, Oregon:					
Byrne Formula Grant Program	16.579	70,213	120,737	100,000	49,476
Total U.S. Department of Justice		117,068	349,781	303,260	70,547
<u>U.S. Department of Transportation</u>					
Passed through Oregon State Sheriff's Association:					
Safety Incentive Grants for Use of Seat Belts	20.604	3,005	6,968	8,990	5,027
Safety Incentive Grants to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	4,415	8,597	7,897	3,715
Total U.S. Department of Transportation		7,420	15,565	16,887	8,742
<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	14,550	2,950
Capitalization Grants for Drinking Water State Revolving Funds	66.468	-	3,940	16,518	12,578
Total U.S. Environmental Protection Agency		-	15,540	31,068	15,528
<u>U.S. Dept. of Health and Human Resources</u>					
Direct Assistance:					
Immunization Grants (Noncash assistance-vaccine)	93.268	-	247,180	247,180	-
Passed through Oregon Department Human Services - Senior and Disabled Services Division:					
Special Programs for Aging:					
Older American Act - Title VIII	93.041	313	612	299	-
Older American Act - Title IIIB	93.044	-	121,688	121,688	-
Older American Act - Title IIIC1	93.045	-	151,996	151,996	-
Older American Act - Title IIIC2	93.045	11,476	160,563	149,087	-
Older American Act - Title IIID	93.043	2,739	8,656	9,857	3,940
National Family Caregiver Support	93.052	18,013	82,688	82,115	17,440
Nutrition Services Incentive Program	93.053	-	57,345	69,111	11,766

DOUGLAS COUNTY, OREGON
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2005

<u>Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Accrued or (Deferred) Revenue at July 1, 2004</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2005</u>
Health Services Division:					
MCH Special Projects	93.110	\$ -	\$ 6,108	\$ 11,222	\$ 5,114
Acquired Immune Deficiency Syndrome (AIDS) Activity	93.118	6,385	6,385	-	-
HIV Prevention Activities	93.940	-	37,006	41,618	4,612
MCH Services Block Grant to States	93.994	5,739	80,808	79,927	4,858
Family Planning Services	93.217	9,700	46,550	40,200	3,350
Immunization Grants-Childhood Immunization Action Plan	93.268	-	4,338	4,338	-
Medical Assistance Program - Immunization	93.778	1,239	12,179	12,033	1,093
CDCP Investigation & Technical Assistance	93.283	50,376	269,692	244,220	24,904
HIV Care Formula Grants	93.917	12,658	79,508	73,549	6,699
Abstinence Education	93.235	97	11,767	12,732	1,062
Mental and Developmental Disability Services Division:					
Block Grants for Community Mental Health Services:	93.958	14,576	161,116	146,540	-
CMS Research, Demonstrations and Evaluations	93.779	-	2,850	2,850	-
Children, Adults, and Families Division:					
Community Based Family Resources and Support Grant (C.A.P.T.A)	93.590	-	789	789	-
Temporary Assistance for Needy Families - JOBS Program	93.558	-	10,572	10,572	-
Passed through Oregon Department of Justice:					
Child Support Enforcement - Title IV D	93.563	73,005	336,026	324,692	61,671
Passed through Oregon Commission on Children and Families:					
Child Care and Development Block Grant	93.575	-	38,882	82,946	44,064
Social Services Block Grant-Title XX-Youth Investment	93.667	47,433	119,493	109,571	37,511
Promoting Safe & Stable Families	93.556	9,662	31,678	36,374	14,358
Medical Assistance Program - Healthy Start	93.778	544	9,768	22,865	13,641
Passed through Oregon Health Sciences University-Child Development and Rehabilitation Center:					
MCH Services Block Grant to States	93.994	-	22,184	22,184	-
Total U.S. Department of Health and Human Services		263,955	2,118,427	2,110,555	256,083
<u>Corporation for National Service</u>					
Direct programs:					
Retired and Senior Volunteer Program	94.002	-	64,321	64,321	-
Senior Companion Program	94.016	7,678	138,101	130,423	-
Foster Grandparent Program	94.011	-	120,366	121,904	1,538
Total Corporation for National Service		7,678	322,788	316,648	1,538
<u>Department of Homeland Security</u>					
Passed through Oregon Office of Homeland Security:					
Oregon Emergency Management:					
Emergency Management Performance Grants	97.042	12,941	31,654	37,175	18,462
State Homeland Security Program	97.073	-	-	1,900	1,900
Criminal Justice Services Division:					
State Domestic Preparedness Equipment Support Program	97.004	358,594	928,540	572,885	2,939
State Homeland Security Program	97.073	-	572,661	595,903	23,242
Passed through Oregon Department of Forestry:					
Fire Management Assistance Grant	97.046	-	57,550	57,550	-
Total U.S. Department of Homeland Security		371,535	1,590,405	1,265,413	46,543
Total Federal Assistance		\$ (559,624)	\$ 55,461,886	\$ 55,017,573	\$ (1,003,937)



DOUGLAS COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2005

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, 2005.

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. Using this criteria, the County has two Type A programs, all of which were selected for testing as major programs, 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, 2005

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
State Domestic Preparedness Equipment Support Program	97.004
State Homeland Security Program	97.073

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.