



Audit of Federal Awards Performed  
in Accordance with U.S. Office of  
Management and Budget Circular A-133

# Federal Grant Programs



Year Ended June 30, 2015

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**WASHINGTON COUNTY, OREGON**

155 N First Avenue  
Hillsboro, Oregon 97124-3072

**FEDERAL GRANT PROGRAMS**

For the fiscal year ended June 30, 2015

Prepared by:

Washington County Finance Division

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**WASHINGTON COUNTY, OREGON  
FEDERAL GRANT PROGRAMS**

**Table of Contents**

	<b>Page</b>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
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 OMB Circular A-133.....	3
Schedule of Expenditures of Federal Awards .....	6
Notes to Schedule of Expenditures of Federal Awards .....	9
Schedule of Findings and Questioned Costs.....	10
Summary Schedule of Prior Audit Findings.....	12

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Washington County, Oregon  
Hillsboro, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington County, Oregon, (the County) as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2015. Our report includes a reference to other auditors who audited the financial statements of Clean Water Services, a discretely presented component unit of the County, as described in our report on the County's financial statements. The financial statements of Clean Water Services were not audited in accordance with *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

*ACHIEVE MORE*

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853

[www.tkw.com](http://www.tkw.com)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS (Continued)**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)**

weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**COUNTY'S RESPONSE TO FINDINGS**

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

**PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Talbot, Karola & Warwick, LLP*

Lake Oswego, Oregon  
December 21, 2015





Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

*ACHIEVE MORE*

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

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F 503.274.2853

[www.tkw.com](http://www.tkw.com)

**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 OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Washington County, Oregon  
Hillsboro, Oregon

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Washington County, Oregon's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of the 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 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 the 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 the County's compliance.

**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 OMB CIRCULAR A-133 (Continued)**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the 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, 2015.

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the 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 the 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 OMB Circular A-133, 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 the 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 a 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**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 OMB CIRCULAR A-133 (Continued)**

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB  
CIRCULAR A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 21, 2015, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Clean Water Services, a discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Clean Water Services, is based solely on the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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.

*Talbot, Kowale & Warwick, LLP*

Lake Oswego, Oregon  
December 21, 2015

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WASHINGTON COUNTY, OREGON

Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2015

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2015	Amount Provided to Subrecipients
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553	3408004	\$ 7,518	—
National School Lunch Program	10.555	3408004	11,759	—
<i>Total Child Nutrition Cluster</i>			19,277	—
Passed through Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	142031	1,984,125	—
PEER Counseling	10.557	142031	137,241	—
<i>Total CFDA 10.557</i>			2,121,366	—
Passed through Pacific Northwest Research Station				
Building Regional Capacity to Implement Multi-Credit Eco-System Services Markets	10.652	10-CA-11261976-016	64,503	64,503
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<b>2,205,146</b>	<b>64,503</b>
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Community Development Block Grant/Entitlement Grants 13	14.218	DIRECT	1,854,306	1,203,587
Emergency Shelter Grants Program 13	14.231	DIRECT	34,831	34,831
Emergency Shelter Grants Program 14	14.231	DIRECT	128,103	116,680
<i>Total CFDA 14.231</i>			162,934	151,511
Shelter Plus Care	14.238	DIRECT	110,091	—
Home Investment Partnerships Program 11	14.239	DIRECT	1,021,634	990,906
Home Investment Partnerships Program 12	14.239	DIRECT	1,118,807	1,118,807
Home Investment Partnerships Program 13	14.239	DIRECT	706,043	680,601
<i>Total CFDA 14.239</i>			2,846,484	2,790,314
Continuum of Care	14.267	DIRECT	2,310,890	644,932
Public and Indian Housing	14.850	DIRECT	899,163	—
Section 8 Housing Choice Vouchers	14.871	DIRECT	22,325,858	—
<i>Total Housing Voucher Cluster</i>			22,325,858	—
Public Housing Capital Fund	14.872	DIRECT	470,678	—
<b>TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>30,980,404</b>	<b>4,790,344</b>
<b>U.S. DEPARTMENT OF THE INTERIOR:</b>				
Passed through Oregon State Bureau of Land Management				
Title II Aquatic Habitat & Transportation Infrastructure Projects	15.234	L11AC20159	143,205	—
Tualatin Watershed, Fish Habitat & Water Quality Assessment	15.234	L12AC20592	9,270	—
<b>TOTAL U. S. DEPARTMENT OF THE INTERIOR</b>			<b>152,475</b>	<b>—</b>
<b>U. S. DEPARTMENT OF JUSTICE:</b>				
Passed through the Oregon Youth Development Division & Council				
Juvenile Accountability Block Grant	16.523	2013-6370	12,848	—
Passed through the Oregon Department of Justice				
Crime Victim Assistance	16.575	VOCA-NC-2012-00057	106,186	—
Crime Victim Assistance - Elder Safe	16.575	VOCA-NC-2012-WCSO-00037	39,890	—
<i>Total CFDA 16.575</i>			146,076	—
State Criminal Alien Assistance Program (2014-AP-BX-0678)	16.606	DIRECT	61,147	—
Edward Byrne Memorial Justice Assistance Grant (2013-DJ-BX-0327)	16.738	DIRECT	13,081	—
Edward Byrne Memorial Justice Assistance Grant (2014-DJ-BX-0353)	16.738	DIRECT	7,389	—
<i>Total CFDA 16.738</i>			20,470	—
Paul Coverdell Forensic Science Improvement (2013-CD-BX-0060)	16.742	2013-CD-BX-0060	16,327	—
Paul Coverdell Forensic Science Improvement (2014-CD-BX-0066)	16.742	2013-CD-BX-0060	25,435	—
<i>Total CFDA 16.742</i>			41,762	—
<b>TOTAL U. S. DEPARTMENT OF JUSTICE</b>			<b>282,303</b>	<b>—</b>
<b>U. S. DEPARTMENT OF LABOR:</b>				
Passed through Worksystems, Inc				
Workforce Innovation Fund	17.283	12-60603	163,377	—
<b>TOTAL U. S. DEPARTMENT OF LABOR</b>			<b>163,377</b>	<b>—</b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON

Schedule of Expenditures of Federal Awards (continued)

Fiscal Year Ended June 30, 2015

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2015	Amount Provided to Subrecipients
<b>U. S. DEPARTMENT OF TRANSPORTATION:</b>				
Passed through Oregon Department of Transportation				
Highway Planning and Construction	20.205	27288	600,202	—
Highway Planning and Construction	20.205	27542	132,628	—
Highway Planning and Construction	20.205	1315WKZN-421 JJJ	1,415	—
Highway Planning and Construction	20.205	HU-14(15)-10-14	76,489	—
<i>Total Highway Planning and Construction Cluster</i>			<u>810,734</u>	<u>—</u>
Passed through Oregon Department of Transportation				
National Motor Carrier Safety	20.218	29817	32,296	—
Passed through Ride Connection, Inc				
Job Access and Reverse Commute	20.516	931981 WCC	10,185	—
<i>Total Transit Services Programs Cluster</i>			<u>10,185</u>	<u>—</u>
Passed through Oregon State Sheriff's Association				
National Priority Safety Programs-DUII OT Enforcement 14-15	20.616	OSSA	57,199	—
National Priority Safety Programs-Safety Belt 14-15	20.616	OSSA	28,856	—
<i>Total Highway Safety Cluster</i>			<u>86,055</u>	<u>—</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u><b>939,270</b></u>	<u><b>—</b></u>
<b>U. S. ENVIRONMENTAL PROTECTION AGENCY:</b>				
Passed through Oregon Health Authority				
Public Water System Supervision Grant	66.432	142031	12,948	—
Drinking Water State Revolving Funds Capitalization Grant	66.468	142031	9,585	—
<i>Total Drinking Water State Revolving Fund Cluster</i>			<u>9,585</u>	<u>—</u>
Regional Wetland Program Development- Watershed Based Stream Mitigation(CD-00J47801)	66.461	DIRECT	26,938	26,938
Regional Wetland Program Development - OR Stream Assessment(CD-00J63901-0)	66.461	DIRECT	14,656	14,656
<i>Total CFDA 66.461</i>			<u>41,594</u>	<u>41,594</u>
<b>TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u><b>64,127</b></u>	<u><b>41,594</b></u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Passed through the National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	MRC14-0929	2,354	—
Passed through Oregon Department of Human Services				
Title VII Chapter 3 Prevention of Elder Abuse, Neglect, and Exploitation	93.041	142999	5,200	—
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	142999	39,494	—
Title II & IV, Discretionary Projects - Senior Medicare Patrol Funds	93.048	138902	10,000	—
Title III, Part E - National Family Caregiver Support	93.052	142999	174,750	—
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	142999	538,536	—
Title III, Part C-1 - Congregate Meals	93.045	142999	216,969	—
Title III, Part C-2 - Home Delivered Meals	93.045	142999	405,725	—
Nutrition Services Incentive Program	93.053	142999	172,987	—
<i>Total Aging Cluster</i>			<u>1,334,217</u>	<u>—</u>
Passed through Oregon Health Authority				
Public Health Emergency Preparedness - City Readiness	93.069	142031	318,439	107,255
Public Health Emergency Preparedness - Communicable Disease Response Program	93.069	142031	207,911	—
Public Health Emergency Preparedness - Ebola Supp 2	93.069	142031	17,086	—
<i>Total CFDA 93.069</i>			<u>543,436</u>	<u>107,255</u>
Environmental Public Health and Emergency Response - Health Impact Assessment	93.070	142031	3,493	—
Tuberculosis Control Programs	93.116	142031	18,051	—
Health Program for Toxic Substances and Disease Registry	93.161	142031	11,257	—
Family Planning Services - Title X	93.217	142031	124,944	—
Passed through Oregon Health Authority				
Substance Abuse & Mental Health Services-Strategic Planning Framework SIG	93.243	141429	140,000	2,659
Substance Abuse & Mental Health Services-Suicide Prevention	93.243	147335	4,635	—
Passed through Luke Dorf				
Substance Abuse and Mental Health Services Administration	93.243	HT10880355	32,723	—
<i>Total CFDA 93.243</i>			<u>177,358</u>	<u>2,659</u>
Passed through National Council on Aging, Inc.				
ACA Medicare Improvements - Benefits Enrollment Centers for Senior & Disabled Individuals	93.518	IGA w/ NCOA	31,724	—
ACA Medicare Improvements - Benefits Enrollment Centers for Senior & Disabled Individuals	93.518	IGA w/ NCOA	1,616	—
<i>Total CFDA 93.518</i>			<u>33,340</u>	<u>—</u>
Passed through National Assoc of County and City Health Officials				
Building Capacity of Public Health System to Improve Population Health	93.524	2013-121218	1,224	—

See accompanying notes to Schedule of Expenditures of Federal Awards.

WASHINGTON COUNTY, OREGON

Schedule of Expenditures of Federal Awards (continued)

Fiscal Year Ended June 30, 2015

Federal Grantor/Cluster Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2015	Amount Provided to Subrecipients
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)</b>				
Passed through Oregon Department of Education, Early Learning Division Promoting Safe and Stable Families - Family Support Services	93.556	9771-A	37,853	37,853
Passed through Providence Health and Services - Oregon Health Care Innovation - Redesign Service Delivery through TriCounty Health Commons	93.610	CMMI-1C1CMS330985-01-00	57,446	57,446
Passed through Oregon Department of Human Services Child Support Enforcement	93.563	07-GOV-DA-27	872,154	—
Foster Care Title IV - Enhanced DA Participation in Juvenile Dependency Proceedings	93.658	143685	86,442	—
Foster Care Title IV - Foster Care Program	93.658	145711	198,344	—
<i>Total CFDA 93.658</i>			284,786	—
Empowering Older Adults & Adults with Disabilities - Living Well Grant	93.734	141013	14	—
Passed through Oregon Department of Education, Youth Development Division Social Services Block Grant - Youth Investment	93.667	9099	87,104	87,104
Passed through City of Beaverton Community Transformation Grants - Small Communities - Beaverton	93.737	2771-13	72,131	—
Community Transformation Grants - Small Communities - Beaverton Health Partnership	93.737	2770-13	19,491	—
<i>Total CFDA 93.737</i>			91,622	—
Passed through Oregon Department of Consumer and Business Services Centers for Medicare & Medicaid Services Research - SHIBA	93.779	SHIBA 1314-16	19,186	—
Passed through Multnomah County HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	4400001458	5,317	—
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	4400001694	2,859	—
<i>Total CFDA 93.914</i>			8,176	—
Passed through Oregon Health Authority HIV Prevention Activities - Health Department Based	93.940	142031	145,212	119,074
Block Grants for Community Mental Health Services MH 37	93.958	141429	445,741	319,566
Block Grant for Prevention and Treatment of Substance Abuse MH37	93.959	141429	1,338,112	1,154,068
Block Grant for Prevention and Treatment of Substance Abuse AD60	93.959	141429	49,204	49,204
Block Grant for Prevention and Treatment of Substance Abuse AD61	93.959	141429	156,794	156,794
Block Grant for Prevention and Treatment of Substance Abuse AD67	93.959	141429	65,140	13,460
<i>Total CFDA 93.959</i>			1,609,250	1,373,526
Maternal & Child Health Services - Child & Adolescent Health Title V	93.994	142031	29,411	—
Maternal & Child Health Services - Flex Funds Title V	93.994	142031	26,314	—
Maternal & Child Health Services - Family Planning Title V	93.994	142031	325,733	—
Passed through Oregon Health & Science University Maternal and Child Health Services - CaCoon 13/14	93.994	9004076	1,625	—
Maternal and Child Health Services - CaCoon 14/15	93.994	143021	65,200	—
<i>Total CFDA 93.994</i>			448,283	—
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>6,585,945</b>	<b>2,104,483</b>
<b>U.S. EXECUTIVE OFFICE OF THE PRESIDENT</b>				
Passed through the Oregon Office of High Intensity Drug Trafficking Program High Intensity Drug Trafficking Areas	95.001	G14OR002A	35,087	—
High Intensity Drug Trafficking Areas	95.001	G15OR002A	67,117	—
<b>TOTAL U.S. EXECUTIVE OFFICE OF THE PRESIDENT</b>			<b>102,204</b>	<b>—</b>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Passed through City of Portland Non-Profit Security Program - UASI 12	97.008	12-170	22,711	—
Passed through Oregon State Marine Board Boating Safety Program - Hagg Lake and Columbia River Patrol	97.012	3312FAS120141	79,672	—
Passed through Oregon Office of Emergency Management: Emergency Management Performance Grant 13/14	97.042	14-534	275,818	—
State Homeland Security Program (SHSP)	97.073	13-244	24,532	—
State Homeland Security Program (SHSP)	97.073	13-245	26,864	—
State Homeland Security Program (SHSP)	97.073	13-246	15,000	—
State Homeland Security Program (SHSP)	97.073	13-247	4,020	—
State Homeland Security Program (SHSP)	97.073	13-248	99,587	—
State Homeland Security Program (SHSP)	97.073	14-253	13,150	—
State Homeland Security Program (SHSP)	97.073	14-254	16,666	—
<i>Total CFDA 97.073</i>			199,819	—
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>578,020</b>	<b>—</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 42,053,271</b>	<b>7,000,924</b>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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**WASHINGTON COUNTY, OREGON**

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2015

**General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal assistance programs of Washington County, Oregon (County) and its component units. The County’s reporting entity is defined in Note 1 to the County’s basic financial statements. Financial assistance received directly from Federal agencies as well as financial assistance passed through others is included on the schedule.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County’s basic financial statements.

**HOME Program**

The County’s Office of Community Development makes loans to developers for the construction of low-income housing units. The seed money for these loans used to establish the program initially was provided through Federal funds under the HOME Program. The program’s responsibility over these loans is to ensure that a specified percentage of the total rental units are rented to low-income individuals.

<u>Program</u>	<u>Federal CFDA* Number</u>		<u>Expenditures Year Ended June 30, 2015</u>	<u>Loans Outstanding June 30, 2015</u>
HOME	14.239	\$	2,846,484	26,058,510

*\*Catalog of Federal Domestic Assistance*

**Non-cash Federal Financial Assistance**

Non-cash Federal Assistance includes food donations provided by the United States Department of Agriculture for the National School Lunch Program.

<u>Description</u>	<u>Federal CFDA Number</u>		<u>Expenditures Year Ended June 30, 2015</u>
Food Donation	10.553	\$	7,518
Food Donation	10.555		11,759

**Section 8 Housing Choice Vouchers Program (CFDA 14.871)**

The County interprets guidance such that for the Section 8 Housing Choice Vouchers Program, recognition on the Schedule of Expenditures of Federal Awards should reflect current year program revenue, specifically Section 8 Voucher dollars received, net of year-end adjustments.

**Reporting Under Clusters**

While the CDBG – Entitlement Grants Cluster includes CFDA Nos. 14.218, 14.253, and 14.254, the County only expended funds under the 14.218 programs. Similarly, the Public Housing Capital Fund Cluster encompasses CFDA Nos. 14.872, 14.884, and 14.885, yet the County only expended funds under the 14.872 programs.

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WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of <i>Circular A-133</i>	No

Identification of major programs:

CFDA No. 14.218	Community Development Block Grants/Entitlement Grants
CFDA No. 14.239	Home Investment Partnerships Program
CFDA No. 14.267	Continuum of Care
CFDA No. 14.871	Housing Voucher Cluster
CFDA No. 93.052	Title III, Part E – National Family Caregiver Support
CFDA No. 93.563	Child Support Enforcement
CFDA No. 93.940	HIV Prevention Activities_Health Department Based

Dollar threshold used to distinguish between type A and B programs	\$1,261,598
Auditee qualified as low-risk auditee?	No

**WASHINGTON COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2015**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2015-001**

Criteria: The County should have in place a system of internal controls over financial reporting to ensure complete and accurate reporting of amounts reported in the financial statements, including those related to capital assets.

Condition: The County recorded \$4,371 million of capital assets in the current fiscal year related to a construction in progress (CIP) that was related to a prior fiscal year.

In addition, the County failed to capitalize \$1,568 million for land acquisitions in the current fiscal year.

Context: The CIP additions related to a prior year were not timely detected due to transition and vacant positions within the department. A reconciliation of projects was performed in the current year, which detected the error.

The land additions were not initially capitalized, as the project was part of an intergovernmental agreement with another jurisdiction who was to primarily take title of the land. However, at the completion of the project it was determined a portion of the land resided outside of the other jurisdiction and within County limits and therefore owned by the County.

Effect: Capital assets as presented on the Statement of Net Position were appropriately corrected to record the CIP additions that should have been capitalized in a prior fiscal year. However, capital assets are underreported for the current year land acquisition by \$1,568 million.

As a result of these items, the current year change in net position is overstated by \$2,803 million.

Cause: The capital additions were not timely detected by department staff or management during the review process.

Recommendation: We recommend that the County have a system in place to ensure effective review related to the complete and accurate assessment of capital additions.

Views of Responsible

Officials: The County understands and concurs with the finding.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**WASHINGTON COUNTY, OREGON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2015**

**Finding 2014-001**

Audit Finding: The County initially overstated capital assets of the governmental activities in the entity-wide financial statements. A calculation error caused approximately \$235,000 of capital additions in a department to be capitalized as \$23.5M. Manager review of the calculation within the department failed to detect the error or the resulting misstatement. The error was corrected so as to properly report capital assets in the financial statements as of June 30, 2014.

Corrective Action  
Taken:

The Department has developed additional procedures to ensure full review of the proposed infrastructure reporting submission. Recognizing the seriousness of correctly reporting capital assets and the complexity of the submission, the department has added additional staff to assist with this task.

A checklist is in the process of being developed to identify items to be reviewed and will be implemented with the FY 2015-16 reporting period. Previously, the annual submission was double checked for balancing within and between spreadsheets, formula calculations, asset number and value verification, asset classification and change type, and asset order entry. The additional oversight now includes formula component verification and should prevent errors of over- or under-statement of infrastructure assets. This secondary component check will be included prior to departmental management review and signature.

**Finding 2014-002**

Federal Program: Section 8 Housing Choice Voucher Program Cluster (CFDA 14.871)

Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Award Year: 2013-2014

Audit Finding: Initial inspections of three housing units and one re-inspection were not performed within the time frames outlined in the Authority's Housing Choice Voucher Program Administrative Plan. From a population of 3,132 participants, 25 participants were selected for testing. Of the 25 participants selected for testing, three participants did not have an initial inspection of their unit performed within the time frame outlined in the Authority's Housing Choice Voucher Program Administrative Plan. In addition, from a population of 492 failed inspections, 40 failed inspections were selected for testing. Of the 40 failed inspections selected for testing, one of the failed inspections did not have a re-inspection performed within the time frame outlined in the Authority's Housing Choice Voucher Program Administrative Plan.

**WASHINGTON COUNTY, OREGON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)**

**YEAR ENDED JUNE 30, 2015**

**Finding 2014-002 (Continued)**

Corrective Action

Taken: To comply with the Housing Choice Voucher Program Administrative Plan, the Authority has since completed all annual inspections and re-inspections that were due.

Additionally, the Authority has worked closely with its software vendor, Yardi Systems, to mitigate all issues relating to the software upgrade. Personnel have participated in training from Yardi Systems regarding the changes to the automated inspection scheduling process in the database to ensure that proper scheduling processes are followed from this point forward.

The Authority has implemented a monthly review of reports from the HUD Multifamily Tenant Characteristics System (MTCS), including reports of inspections that are due, to ensure that no future inspections are missed during scheduling.

The Authority has also implemented a monthly review of reports from its housing management database, Yardi Voyager, as a second check of inspections with pending due dates. The Authority believes that using this two-point check system will eliminate the possibility of missed inspections.

Lastly, 75 FR 35940, published June 25, 2014, allows Public Housing Authorities to comply with the requirement to inspect assisted dwelling units during the term of a HAP contract by inspecting such units not less than biennially instead of annually, effective July 1, 2014. The Authority implemented a biennial inspection schedule for its Housing Choice Voucher program effective July 1, 2014.

**Finding 2014-003**

Federal Program: Continuum of Care Program (CoCC) CFDA 14.267

Federal Agency: U. S. Department of Housing and Urban Development (HUD)

Award Year: 2013-2014

Audit Finding: Inspection of one housing unit was not performed within the time frame outlined in the County's CoCC Program Administrative Plan. From a population of 287 participants, 60 participants were selected for testing. Of the 60 participants selected for testing, one participant did not have an inspection of their unit performed within the time frame outlined in the County's CoCC Program Administrative Plan.

**WASHINGTON COUNTY, OREGON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)**

**YEAR ENDED JUNE 30, 2015**

**Finding 2014-003 (Continued)**

Corrective Action

Taken: To comply with the CoCC Program Administrative Plan, the County has since completed all annual inspections and re-inspections that were due.

Additionally, the County has worked closely with its software vendor, Yardi Systems, to mitigate all issues relating to the software upgrade. Personnel have participated in training from Yardi Systems regarding the changes to the automated inspection scheduling process in the database to ensure that proper scheduling processes are followed from this point forward.

The County has implemented a monthly review of reports from the HUD Multifamily Tenant Characteristics System (MTCS), including reports of inspections that are due, to ensure that no future inspections are missed during scheduling.

The County has also implemented a monthly review of reports from its housing management database, Yardi Voyager, as a second check of inspections with pending due dates. The County believes that using this two-point check system will eliminate the possibility of missed inspections.

The County will continue to inspect dwelling units assisted under the CoCC Programs on an annual basis.

**Finding 2014-004**

Federal Program: State Criminal Alien Assistance Program CFDA 16.606

Federal Agency: U.S. Department of Justice (DOJ)

Award Year: 2013-2014

Audit Finding: The County was providing grant information to the DOJ based on charges filed, rather than for felony or misdemeanor convictions as required under the program. The total population of inmates was 439. All information submitted was based on charges and not convictions. 100 percent of the population is subject to potential ineligibility.

Corrective Action

Taken: The Sheriff's Office (SO) worked diligently to address the audit finding for the State Criminal Alien Assistance Program. Several meetings were conducted with the SO Executive Staff, Information Technology, as well as the County Administrator to discuss the resolution for this matter. The SO has partnered with the District Attorney to access their Prosecutor by Karpal data system to be able to pull conviction data, and has reprogrammed the query system to correct the information on the affected records. The SO management reviews the revised system report before submittal to ensure it includes only eligible inmate data in its application for funding.

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155 N. First Ave., Hillsboro, OR 97124-3072

503-846-8811

[www.co.washington.or.us](http://www.co.washington.or.us)