



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, 2017



WASHINGTON COUNTY  
OREGON

*This page intentionally left blank.*

**WASHINGTON COUNTY, OREGON**

155 N First Avenue  
Hillsboro, Oregon 97124-3072

**FEDERAL GRANT PROGRAMS**

For the fiscal year ended June 30, 2017

Prepared by:

Washington County Finance Division

*This page intentionally left blank.*

**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 the Uniform Guidance .....	3
Schedule of Expenditures of Federal Awards .....	6
Notes to Schedule of Expenditures of Federal Awards .....	9
Schedule of Findings and Questioned Costs .....	11
Summary Schedule of Prior Audit Findings.....	14

*This page intentionally left blank.*

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



ACHIEVE MORE

Talbot, Korvola  
& Warwick, LLP

Certified Public Accountants  
& Consultants

4800 Meadows Road  
Suite 200  
Lake Oswego, OR 97035

P 503.274.2849  
F 503.274.2853

www.tkw.com

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 18, 2017. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2017-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as finding 2017-002 to be a significant deficiency.



**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)**

**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 THE FINDING**

The County's response to the findings 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, Korvola & Warwick, LLP*

Lake Oswego, Oregon  
December 18, 2017





Talbot, Korvola & Warwick, LLP

Certified Public Accountants & Consultants

4800 Meadows Road Suite 200 Lake Oswego, OR 97035

P 503.274.2849 F 503.274.2853

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 THE UNIFORM GUIDANCE

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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.

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, 2017.



**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 THE UNIFORM GUIDANCE (Continued)**

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

**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 the Uniform Guidance, 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 a 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statement. We issued our report thereon dated December 18, 2017, 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, as described in our report on the County's financial statements. 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 the Uniform Guidance and is not a required part of the basic 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

**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 THE UNIFORM GUIDANCE (Continued)**

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

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM  
GUIDANCE (Continued)**

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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, Knowlton & Warwick, LLP*

Lake Oswego, Oregon  
December 18, 2017

*This page intentionally left blank.*

WASHINGTON COUNTY, OREGON

Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2017

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2017	Amount Provided to Subrecipients
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553	3408004	\$ 8,188	—
National School Lunch Program	10.555	3408004	13,360	—
<i>Total Child Nutrition Cluster</i>			<u>21,548</u>	<u>—</u>
Passed through Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	148031	1,883,802	—
PEER Counseling	10.557	148031	137,241	—
<i>Total CFDA 10.557</i>			<u>2,021,043</u>	<u>—</u>
WIC Texting Breastfeeding Support	10.578	148031	3,995	—
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<b><u>2,046,586</u></b>	<b><u>—</u></b>
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Community Development Block Grants/Entitlement Grants 14				
Community Development Block Grants/Entitlement Grants 15	14.218	DIRECT	1,207,369	1,207,369
Community Development Block Grants/Entitlement Grants 16	14.218	DIRECT	851,901	851,901
<i>Total CDBG-Entitlement Grants Cluster</i>			<u>1,077,506</u>	<u>1,077,506</u>
			3,136,776	3,136,776
Emergency Solutions Grants Program 14				
Emergency Solutions Grants Program 16	14.231	DIRECT	2,600	2,600
<i>Total CFDA 14.231</i>	14.231	DIRECT	<u>160,607</u>	<u>160,607</u>
			163,207	163,207
Shelter Plus Care				
	14.238	DIRECT	40,948	—
Home Investment Partnerships Program 14				
Home Investment Partnerships Program 15	14.239	DIRECT	327,278	327,278
Home Investment Partnerships Program 16	14.239	DIRECT	290,598	290,598
Home Investment Partnerships - FY 16-17 Beginning Loan Balances	14.239	DIRECT	39,426	39,426
<i>Total CFDA 14.239</i>	14.239	DIRECT	<u>27,514,202</u>	<u>—</u>
			28,171,504	657,302
Continuum of Care Program				
	14.267	DIRECT	2,843,787	633,566
Public and Indian Housing				
	14.850	DIRECT	808,368	—
Section 8 Housing Choice Vouchers				
<i>Total Housing Voucher Cluster</i>	14.871	DIRECT	<u>25,453,084</u>	<u>—</u>
			25,453,084	—
Public Housing Capital Fund				
	14.872	DIRECT	429,860	—
Family Self-Sufficiency Program				
	14.896	DIRECT	135,563	—
<b>TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b><u>61,183,097</u></b>	<b><u>4,590,851</u></b>
<b>U. S. DEPARTMENT OF JUSTICE:</b>				
Passed through the Oregon Department of Justice				
Crime Victim Assistance - Basic Grant	16.575	VOCA-NC-2015-WA CO DAVAP-00056	190,817	—
Crime Victim Assistance - OT Grant	16.575	VOCA-OT-2016-WA CO DAVAP-00113	2,410	—
Crime Victim Assistance - Elder Safe	16.575	VOCA-CFA-2015-WCSO-00022	46,280	—
Crime Victim Assistance - OT Elder Safe Activities	16.575	VOCA-OT-2016-WCSO-00003	<u>10,233</u>	<u>—</u>
<i>Total CFDA 16.575</i>			249,740	—
State Criminal Alien Assistance Program - SCAAP (2016-AP-BX-0727)				
	16.606	DIRECT	79,412	—
Edward Byrne Memorial Justice Assistance Grant Program (2014-DJ-BX-0353)				
	16.738	DIRECT	2,821	—
Passed through Multnomah County				
Harold Rogers Prescription Drug Monitoring	16.754	2016-PM-BX-K003	12,464	—
Equitable Sharing Program				
	16.922	DIRECT	33,704	—
<b>TOTAL U. S. DEPARTMENT OF JUSTICE</b>			<b><u>378,141</u></b>	<b><u>—</u></b>
<b>U. S. DEPARTMENT OF TRANSPORTATION:</b>				
Passed through Oregon Department of Transportation				
Highway Planning and Construction (SW Tualatin-Sherwood Rd)	20.205	27542	3,456	—
Highway Planning and Construction (Durham Rd-Upper Boones Ferry Rd)	20.205	30250	52,958	—
Highway Planning and Construction (SO Workzone)	20.205	1517WKZN-421 DDD	5,923	—
Highway Planning and Construction (Regional Safety Plan)	20.205	RS-16-77-07	8,911	—
Highway Planning and Construction (Beef Bend Culvert)	20.205	31215	23,294	—
Highway Planning and Construction (Urban Arterial Pedestrian Crossing)	20.205	31158	25,583	—
Highway Planning and Construction (Basalt Creek Ext: Grahams Ferry Rd/Boones Ferry Rd)	20.205	31033	<u>17,332</u>	<u>—</u>
<i>Total Highway Planning and Construction Cluster</i>			137,457	—
Passed through Metro				
Federal Transit Formula Grant - Regional Travel Options Program	20.507	933348	<u>32,167</u>	<u>—</u>
<i>Total Federal Transit Cluster</i>			32,167	—

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, 2017

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2017	Amount Provided to Subrecipients
<b>U. S. DEPARTMENT OF TRANSPORTATION: (continued)</b>				
Passed through Ride Connection, Inc Job Access and Reverse Commute Program - Ride Connection <i>Total Transit Services Programs Cluster</i>	20.516	931981 WCC	10,466 <hr/> 10,466	— <hr/> —
Passed through Oregon Department of Transportation State and Community Highway Safety	20.600	SC-17-35-11WCS	3,342	—
Passed through Oregon State Sheriff's Association National Priority Safety Programs - DUII OT Enforcement 15-16 National Priority Safety Programs - DUII OT Enforcement 16-17 National Priority Safety Programs - Safety Belt 16-17 <i>Total CFDA 20.616</i>	20.616 20.616 20.616	OSSA M6X-17-12-21 M1HVE-17-46-08	19,582 60,555 61,934 <hr/> 142,071	— — — <hr/> —
<i>Total Highway Safety Cluster (20.600 &amp; 20.616)</i>			<hr/> 145,413	<hr/> —
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<hr/> <b>325,503</b>	<hr/> <b>—</b>
<b>U. S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</b>				
Passed through United Way of the Columbia-Willamette LSTA Grant: Bridging Cultures - Growing Early Readers	45.310	LSTA 16-03-5M	40,000	39,433
<b>TOTAL U. S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			<hr/> <b>40,000</b>	<hr/> <b>39,433</b>
<b>U. S. ENVIRONMENTAL PROTECTION AGENCY:</b>				
Passed through Oregon Health Authority Public Water System Supervision Grant - Safe Drinking Water	66.432	148031	13,799	—
Capitalization Grants for Drinking Water State Revolving Funds - Recovery <i>Total Drinking Water State Revolving Fund Cluster</i>	66.468	148031	16,350 <hr/> 16,350	— <hr/> —
Passed through City of Sherwood Brownfields Assessment and Cleanup Cooperative Agreements - Recovery	66.818	00J93201	3,035	—
<b>TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY</b>			<hr/> <b>33,184</b>	<hr/> <b>—</b>
<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	984	—
Passed through Oregon Department of Human Services Title VII Chapter 3 Prevention of Elder Abuse, Neglect, and Exploitation-Elder Rights	93.041	148990	6,885	—
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	148990	13,731	—
Title III, Part E - National Family Caregiver Support	93.052	148990	189,272	—
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	148990	590,128	—
Title III, Part C-1 - Nutrition Services - Congregate Meals	93.045	148990	306,000	—
Title III, Part C-2 - Nutrition Services - Home Delivered Meals	93.045	148990	332,394	—
Nutrition Services Incentive Program <i>Total Aging Cluster (93.044, 93.045, 93.053)</i>	93.053	148990	201,288 <hr/> 1,429,810	— <hr/> —
Passed through Multnomah County Alzheimer's Disease Demonstration Grants to States - Dementia Capability Program	93.051	4400000868-3	17,884	—
Passed through Oregon Health Authority Medical Reserve Corps Public Health Emergency Preparedness - City Readiness	93.069	153477/5NU90TP000544-05-00 148031	3,375 304,223	— 118,094
Public Health Emergency Preparedness - Communicable Disease Response Program <i>Total CFDA 93.069</i>	93.069	148031	199,575 <hr/> 507,173	— <hr/> 118,094
Public Health Impact Assessment	93.070	148031	800	—
Passed through Oregon Dept of Consumer and Business Services - SHIBA Program Medicare Enrollment Asst Program - MIPPA Grant	93.071	45G000210	10,970	—
Passed through Oregon Health Authority Public Health Emergency Preparedness - Ebola Supp 2	93.074	148031	11,403	—
Passed through Work Systems, Inc. Health Profession Opportunity Grant (Year 1) Health Profession Opportunity Grant (Year 2) <i>Total CFDA 93.093</i>	93.093 93.093	90FX0044-01-00/15-60606 90FX0044-01-00/15-60606	32,752 89,666 <hr/> 122,418	— — <hr/> —
Passed through Oregon Health Authority Tuberculosis Control Programs	93.116	148031	10,017	—
Family Planning Services	93.217	148031	244,327	244,327
Family Planning Services - Youth Initiative Grant <i>Total CFDA 93.217</i>	93.217	148031	3,293 <hr/> 247,620	— <hr/> 244,327

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, 2017

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2017	Amount Provided to Subrecipients
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)</b>				
Passed through Oregon Department of Consumer and Business Services Senior Health Insurance Assistance Program - SHIBA	93.324	40G000218	11,000	—
Passed through National Council on Aging, Inc. ACA Medicare Improvements - Benefits Enrollment Centers for Senior & Disabled Individuals	93.518	NCOA	7,723	—
ACA Medicare Improvements - Benefits Enrollment Centers for Senior & Disabled Individuals <i>Total CFDA 93.518</i>	93.518	NCOA	<u>38,384</u>	<u>—</u>
			46,107	—
Passed through Oregon Department of Justice Child Support Enforcement	93.563	15442/04ORCSSES	1,501,269	—
Passed through Oregon Department of Human Services Foster Care Title IV-E - Juvenile Dependency Litigation Program	93.658	148555	55,567	—
Foster Care Title IV-E - Foster Care Program	93.658	145711	200,571	—
Passed through Oregon Commission on Children Foster Care Title IV-E - Casey Foundation Child Welfare	93.658	WASH1113	517	—
<i>Total CFDA 93.658</i>			<u>256,655</u>	<u>—</u>
Passed through Multnomah County HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	4400002544	12,999	—
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	4400003167	6,290	—
<i>Total CFDA 93.914</i>			<u>19,289</u>	<u>—</u>
Passed through Oregon Health Authority HIV Prevention Activities - Health Department Based	93.940	148031	96,217	71,718
Block Grants for Community Mental Health Services	93.958	147806	412,203	342,230
Block Grants for Prevention and Treatment of Substance Abuse AD60	93.959	147806	165,792	—
Block Grants for Prevention and Treatment of Substance Abuse AD61	93.959	147806	57,120	—
Block Grants for Prevention and Treatment of Substance Abuse AD66	93.959	147806	702,648	—
Block Grants for Prevention and Treatment of Substance Abuse AD67	93.959	147806	160,951	—
Block Grants for Prevention and Treatment of Substance Abuse AD70	93.959	147806	282,148	20,248
<i>Total CFDA 93.959</i>			<u>1,368,659</u>	<u>20,248</u>
Maternal & Child Health Services Block Grant - Title V Child & Adolescent Health	93.994	148031	58,205	—
Maternal & Child Health Services Block Grant - Title V Flex Funds	93.994	148031	135,810	—
Passed through Oregon Health & Science University Maternal and Child Health Services Block Grant - CaCoon	93.994	1004395/143021/B04MC25366	22,997	—
Maternal and Child Health Services Block Grant - CaCoon	93.994	1004395/143021/B04MC29358	41,403	—
<i>Total CFDA 93.994</i>			<u>258,415</u>	<u>—</u>
			<b>6,538,781</b>	<b>796,617</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	G16OR002A	54,631	—
High Intensity Drug Trafficking Areas	95.001	G17OR003A	57,172	—
<i>Total CFDA 95.001</i>			<u>111,803</u>	<u>—</u>
			<b>111,803</b>	<b>—</b>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY:</b>				
Passed through City of Portland (PBEM) Non-Profit Security Program - UASI Regionalization Project (Public Health)	97.008	30004542/14-170	9,501	—
Passed through Oregon State Marine Board Boating Safety Program - Hagg Lake	97.012	250-1617WASHINGTON-002	80,666	—
Passed through Oregon Military Department of Emergency Management: Emergency Management Performance Grant 15-16	97.042	EMS-2016-EP-00003-S01/16-534	221,818	—
Homeland Security Grant Program - State Homeland Security Program - Planning	97.067	EMW-2015-SS-00044-S01/15-258	5,000	—
Homeland Security Grant Program - State Homeland Security Program - Planning	97.067	EMW-2015-SS-00044-S01/15-257	22,724	—
Homeland Security Grant Program - State Homeland Security Program - Active Shooter	97.067	EMW-2016-SS-00089-S01/16-259	4,781	—
Passed through City of Portland (PBEM) Homeland Security Grant Program - UASI	97.067	EMW-2015-SS-00044-S01/15-170	3,057	—
<i>Total CFDA 97.067</i>			<u>35,562</u>	<u>—</u>
			<b>347,547</b>	<b>—</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 71,004,642</b>	<b>5,426,901</b>

See accompanying notes to Schedule of Expenditures of Federal Awards.



*This page intentionally left blank.*

**WASHINGTON COUNTY, OREGON**

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2017

**General**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) 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 Presentation**

The Schedule includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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, 2017</u>	<u>Loans Outstanding June 30, 2017</u>
HOME	14.239	\$	657,302	28,592,088

*\*Catalog of Federal Domestic Assistance*

**Non-cash Federal Financial Assistance**

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

<u>Description</u>	<u>Federal CFDA Number</u>		<u>Expenditures Year Ended June 30, 2017</u>
Food Donation	10.553	\$	8,188
Food Donation	10.555		13,360

**WASHINGTON COUNTY, OREGON**

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2017

**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 for Major Programs**

While the Housing Voucher Cluster encompasses CFDA Nos. 14.871 and 14.879, the County only expended funds under the 14.871 program.

**WASHINGTON COUNTY, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2017**

**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?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA No. 14.871	Housing Voucher Cluster
CFDA No. 93.044, 93.045, 93.053	Aging Cluster

Dollar threshold used to distinguish between type A and type B programs	\$2,130,139
Auditee qualified as low-risk auditee?	Yes

**WASHINGTON COUNTY, OREGON**

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

**YEAR ENDED JUNE 30, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2017-001 (Repeat of Finding 2016-001)**

Criteria: The Housing Authority of the County (the Authority) 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.

Condition: Several errors were noted in the financial statements and the note disclosures regarding classification, accuracy, and articulation within the report. Additionally, the change in the investment in the limited partnership was not recorded (prior year finding) and foreclosed property received from the County was not recorded in the trial balance as presented for audit. As a result of the audit, both adjusting journal entries were posted and the presentation of the balances in the financial statements and note disclosures were corrected.

Context: The finance manager position experienced turnover at the Authority and new management was unfamiliar with financial reporting.

Effect: The Authority did record the change in the investment in the limited partnership in the amount of \$370,921 and the contributed property in the amount of \$283,800. Additionally, disclosures regarding restricted net position, contracts receivable, cash flows, related party transactions, conduit debt, restricted cash, investment in equity partnership, capital assets, and net investment in capital assets were corrected.

Cause: Turnover in the finance manager position contributed to these errors.

Recommendation: We recommend that the Authority have a system in place to ensure effective review over financial reporting.

Views of Responsible Officials: The Authority understands and concurs with the finding.

**WASHINGTON COUNTY, OREGON**

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

**YEAR ENDED JUNE 30, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2017-002**

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 double recorded capital asset additions in the amount of \$2.8 million in the current fiscal year related to land and buildings.

Context: The additions were recorded during the fiscal year and then again during the year end process to record additions to capital assets.

Effect: The County trial balance and schedules of capital asset additions as presented for audit were overstated. The County promptly proposed an adjusting journal entry, revised their capital asset schedules, and ensured that the footnote and balances as presented in the Comprehensive Annual Financial Report were correct.

Cause: The double recorded capital asset 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 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No matters were reported.

**WASHINGTON COUNTY, OREGON**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2017**

**Finding 2016-001 (Repeated as Finding 2017-001)**

**Criteria:** The Housing Authority of the County (the Authority) 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 their investment in partnership.

**Condition:** When the Authority presented the original trial balance and financial statement reporting for the audit of the Authority, the Authority did not originally record the 50% investment in a limited partnership as of and for the year ended June 30, 2016. As a result of the audit, the Authority did record the investment in the limited partnership in the amount of \$428,305 under the equity method.

**Context:** Current management of the Authority was unaware of this accounting treatment for investment in partnerships due to fairly new personnel in finance at the Authority and based on existing treatment for accounting of the investment in partnerships, no amount was properly recorded in prior years.

**Effect:** As a result of the audit, the Authority did record the investment in the limited partnership in the amount of \$428,305 under the equity method, and add appropriate footnote disclosures.

**Cause:** The Authority's investment in partnerships in prior years has maintained a deficit investment balance; therefore, the Authority appropriately did not record their investment below zero in prior years.

**Recommendation:** We recommend that the Authority have a system in place to ensure effective review over financial reporting to ensure all unrecorded items are recorded.

**Corrective Action Taken:** The Authority has added a schedule of Tax Credit Partnership Audited Financial Statements to the Authority's year-end closing checklist to ensure all investment in partnership equity values will be recorded properly. However, the Authority did not follow this checklist during fiscal year 2017; therefore, the finding is repeated.



*This page intentionally left blank.*



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

503-846-8811

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