

Photo courtesy of Washington County Visitors Association



Year Ended
June 30, 2019

Audit of Federal Awards Performed in Accordance with Uniform Guidance

Federal Grant Programs

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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, 2019

Prepared by:

Washington County Finance Division

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**WASHINGTON COUNTY, OREGON
FEDERAL GRANT PROGRAMS**

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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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 28, 2020. 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, that we consider to be significant deficiencies.



ACHIEVE MORE

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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 (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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

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, Kowale & Warwick, LLP

Lake Oswego, Oregon
January 28, 2020



**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, 2019. 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, 2019.

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**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)

OTHER MATTERS

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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. *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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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 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

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statement. We issued our report thereon dated January 28, 2020, 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 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, Korvola & Warwick, LLP

Lake Oswego, Oregon
January 28, 2020

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WASHINGTON COUNTY, OREGON
Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2019

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2019	Amount Provided to Subrecipients
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through Oregon Department of Education				
School Breakfast Program	10.553	3408004	\$ 9,779	—
National School Lunch Program	10.555	3408004	15,955	—
<i>Total Child Nutrition Cluster (10.553 & 10.555)</i>			25,734	—
Passed through Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	154132	1,822,183	—
PEER Counseling	10.557	154132	137,241	—
Partnership to Support Breastfeeding Training & Mentoring	10.557	154132	7,426	—
<i>Total CFDA 10.557</i>			1,966,850	—
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,992,584	—
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Mortgage Insurance for Purchase/Refinancing of Existing Multifamily Housing Projects	14.155	DIRECT	1,996,610	—
Community Development Block Grants/Entitlement Grants 14	14.218	DIRECT	64,358	64,358
Community Development Block Grants/Entitlement Grants 15	14.218	DIRECT	60,083	60,083
Community Development Block Grants/Entitlement Grants 16	14.218	DIRECT	410,106	410,106
Community Development Block Grants/Entitlement Grants 17	14.218	DIRECT	563,913	563,913
Community Development Block Grants/Entitlement Grants 18	14.218	DIRECT	1,218,319	519,349
<i>Total CDBG-Entitlement Grants Cluster (14.218)</i>			2,316,779	1,617,809
Emergency Solutions Grants Program 17	14.231	DIRECT	29,892	29,892
Emergency Solutions Grants Program 18	14.231	DIRECT	169,025	156,349
<i>Total CFDA 14.231</i>			198,917	186,241
Home Investment Partnerships Program 15	14.239	DIRECT	82,562	—
Home Investment Partnerships Program 16	14.239	DIRECT	27,674	—
Home Investment Partnerships Program 18	14.239	DIRECT	42,375	42,375
Home Investment Partnerships - FY 18-19 Beginning Loan Balances	14.239	DIRECT	30,346,148	—
<i>Total CFDA 14.239</i>			30,498,759	42,375
Continuum of Care Program	14.267	DIRECT	3,639,344	880,292
Public and Indian Housing	14.850	DIRECT	882,051	—
Section 8 Housing Choice Vouchers	14.871	DIRECT	27,930,994	—
Mainstream Voucher Program	14.879	DIRECT	283,720	—
<i>Total Housing Voucher Cluster (14.871 & 14.879)</i>			28,214,714	—
Public Housing Capital Fund	14.872	DIRECT	708,586	—
Family Self-Sufficiency Program	14.896	DIRECT	95,583	—
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			68,551,343	2,726,717
U. S. DEPARTMENT OF THE INTERIOR:				
Recreation Resources Management - ADA Improvements - Hagg Lake	15.524	DIRECT	145,620	—
TOTAL U. S. DEPARTMENT OF THE INTERIOR			145,620	—
U. S. DEPARTMENT OF JUSTICE:				
Passed through the Oregon Department of Justice				
Crime Victim Assistance - 17-19	16.575	VOCA/CFA-2017-WA CO DAVAP-00060	300,934	—
Crime Victim Assistance - 17-19 Expansion	16.575	VOCA/CFA-2017-WA CO DAVAP-00060	68,870	—
Crime Victim Assistance - 18-19 Support Services & Training	16.575	VOCA-SST-2018-WACO DAVAP-00069	2,085	—
Crime Victim Assistance - OT	16.575	VOCA-OT-2016-WA CO DAVAP-00113	12,407	—
Crime Victim Assistance - Basic Grant, Elder Safe	16.575	VOCA/CFA-2017-WCSO-00059	34,954	—
<i>Total CFDA 16.575</i>			419,250	—
Drug Court Discretionary Grant Program	16.585	DIRECT	37,472	—
Edward Byrne Memorial Justice Assistance Grant Program - Body Worn Cameras (2015-DJ-BX-0029)	16.738	DIRECT	35,239	—
Edward Byrne Memorial Justice Assistance Grant Program - Forensic Science Accreditation(2016-DJ-BX-0708)	16.738	DIRECT	2,407	—
<i>Total CFDA 16.738</i>			37,646	—
Passed through Multnomah County				
Harold Rogers Prescription Drug Monitoring	16.754	4400003272-01/2016-PM-BX-K003	7,295	—
National Sexual Assault Kit Initiative (2018-AK-BX-0032)	16.833	DIRECT	44,802	—
Equitable Sharing Program	16.922	DIRECT	37,052	—
TOTAL U. S. DEPARTMENT OF JUSTICE			583,517	—
U. S. DEPARTMENT OF LABOR:				
Homeless Veterans' Reintegration Program (SD-32460-18-60-5-41)	17.805	DIRECT	3,344	—
TOTAL U. S. DEPARTMENT OF LABOR			3,344	—

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, 2019

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2019	Amount Provided to Subrecipients
U. S. DEPARTMENT OF TRANSPORTATION:				
Passed through Oregon Department of Transportation				
Highway Planning and Construction (SW Tualatin-Sherwood Rd)	20.205	27542	138,784	—
Highway Planning and Construction (Durham Rd-Upper Boones Ferry Rd)	20.205	30250	85,673	—
Highway Planning and Construction (Basalt Creek Ext: Grahams Ferry Rd/Boones Ferry Rd)	20.205	31033	23,365	—
Highway Planning and Construction (SO Workzone)	20.205	1719WKZN-421 III	5,869	—
Highway Planning and Construction (Beef Bend Culvert)	20.205	31215	68,100	—
Highway Planning and Construction (Urban Arterial Pedestrian Crossing)	20.205	31158	4,613	—
<i>Total Highway Planning and Construction Cluster (20.205)</i>			<u>326,404</u>	—
Passed through Ride Connection, Inc.				
Federal Transit Formula Grant - Regional Travel Options Program	20.507	934637	9,000	—
<i>Total Federal Transit Cluster (20.507)</i>			<u>9,000</u>	—
Passed through Oregon Department of Transportation				
State and Community Highway Safety - 17-18 Speed OT Enforcement	20.600	SC-18-35-11WCS	18,833	—
Passed through Oregon Department of Transportation				
National Priority Safety Programs - 19 Speed OT Enforcement	20.616	M8SE-19-35-11WCS	11,699	—
Passed through Oregon State Sheriff's Association				
National Priority Safety Programs - DU11 OT Enforcement 17-18	20.616	164AL-18-14-21	20,038	—
National Priority Safety Programs - DU11 OT Enforcement 18-19	20.616	164AL-18-14-21/69A375183000016400RA	18,659	—
National Priority Safety Programs - Safety Belt OT 17-18	20.616	M1HVE-18-46-08	25,448	—
National Priority Safety Programs - Distracted Driving Awareness 18-19	20.616	M8DDLE-19-20-04/69A375130000405eORC	1,142	—
National Priority Safety Programs - Click It or Ticket/Safety Belt Blitz 18-19	20.616	M1HVE-18-46-08/69A3751830000405bORH	24,639	—
<i>Total CFDA 20.616</i>			<u>101,625</u>	—
<i>Total Highway Safety Cluster (20.600 & 20.616)</i>			<u>120,458</u>	—
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>455,862</u>	—
U. S. DEPARTMENT OF TREASURY:				
Equitable Sharing Program	21.016	DIRECT	55,998	—
TOTAL U.S. DEPARTMENT OF TREASURY			<u>55,998</u>	—
U. S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES:				
Passed through Oregon State Library				
Grants to States - Fostering Grade Level Reading	45.310	LS-00-17-0038-17	31,423	—
Grants to States - Fostering Grade Level Reading	45.310	LS-00-18-0038-18	72,434	—
<i>Total CFDA 45.310</i>			<u>103,857</u>	—
TOTAL U. S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>103,857</u>	—
U. S. ENVIRONMENTAL PROTECTION AGENCY:				
Passed through Oregon Health Authority				
State Public Water System Supervision - Safe Drinking Water	66.432	154132	13,802	—
Capitalization Grants for Drinking Water State Revolving Funds - Recovery	66.468	154132	12,266	—
<i>Total Drinking Water State Revolving Fund Cluster (66.468)</i>			<u>12,266</u>	—
TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY			<u>26,068</u>	—
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through Oregon Department of Human Services				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploita	93.041	154432	256	—
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	154432	23,944	—
National Family Caregiver Support, Title III, Part E	93.052	154432	155,072	—
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	154432	549,027	—
Special Programs for the Aging, Title III, Part C, Nutrition Services - Congregate Meals	93.045	154432	532,919	—
Special Programs for the Aging, Title III, Part C, Nutrition Services - Home Delivered Meals	93.045	154432	536,647	—
Nutrition Services Incentive Program	93.053	154432	166,242	—
<i>Total Aging Cluster (93.044, 93.045, & 93.053)</i>			<u>1,784,835</u>	—
Passed through Oregon Dept of Consumer and Business Services - SHIBA Program				
Special Programs for the Aging, Title IV, Title II, Discretionary Projects - Senior Medicare Patrol	93.048	40G000141	10,000	—
Passed through Oregon Health Authority				
Public Health Emergency Preparedness - City Readiness	93.069	154132	294,252	154,531
Public Health Emergency Preparedness - Communicable Disease Response Program	93.069	154132	227,729	—
<i>Total CFDA 93.069</i>			<u>521,981</u>	<u>154,531</u>
Passed through Oregon Dept of Consumer and Business Services - SHIBA Program				
Medicare Enrollment Asst Program - MIPPA	93.071	45G000210-02	8,103	—
Passed through the National Council on Aging, Inc.				
Medicare Enrollment Asst Program - National Council on Aging 2018	93.071	NCOA #1237	30,000	—
<i>Total CFDA 93.071</i>			<u>38,103</u>	—

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, 2019

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2019	Amount Provided to Subrecipients
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)				
Passed through Work Systems, Inc. Affordable Care Act Health Profession Opportunity Grant	93.093	17-60606/90FX0044-01-00	179,837	—
Passed through Oregon Health Authority Food and Drug Administration Research - FDA Training for VPS Standard 2 Compliance	93.103	154132/G-T-1709-05729	1,617	—
Family Planning Services - Reproductive Health Program	93.217	154132	80,747	—
Passed through Oregon Department of Consumer and Business Services State Health Insurance Assistance Program - SHIBA 18-20	93.324	45G000218-02	29,676	—
Passed through Oregon Department of Justice Child Support Enforcement	93.563	15442/04ORCSES	1,609,222	—
Passed through Oregon Department of Human Services Foster Care Title IV-E - Juvenile Dependency Litigation Program	93.658	148555	62,931	—
Foster Care Title IV-E - Foster Care Program	93.658	145711	189,948	—
<i>Total CFDA 93.658</i>			252,879	—
Passed through Oregon Department of Education - Youth Development Council Social Services Block Grant - Youth and Community Tier 1, Good Behavior Game	93.667	11653/1801ORSOSR	100,000	1,728
Passed through Oregon Health Authority/Multnomah County Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.733	154132	25,000	—
Opioid STR	93.788	4400004031/156301/TI080258	35,009	—
Passed through Oregon Health Authority HIV Prevention Activities - Health Department Based	93.940	154132	129,078	50,000
Block Grants for Community MH Svc - MH20 Block Grant	93.958	153140/SM010043-17	99,465	99,465
Block Grants for Community MH Svc - MH 26 Non-Residential Youth Designated	93.958	153140/SM010043-17	99,465	99,465
<i>Total CFDA 93.958</i>			198,930	198,930
Block Grants for Prevention and Treatment of Substance Abuse AD60	93.959	153140/T1010043-17	191,273	—
Block Grants for Prevention and Treatment of Substance Abuse AD61	93.959	153140/T1010043-17	52,160	—
Block Grants for Prevention and Treatment of Substance Abuse AD63	93.959	153140/T1010043-17	158,554	—
Block Grants for Prevention and Treatment of Substance Abuse AD66	93.959	153140/T1010043-17	652,149	—
Block Grants for Prevention and Treatment of Substance Abuse AD67	93.959	153140/T1010043-17	143,388	—
Block Grants for Prevention and Treatment of Substance Abuse SAPT	93.959	153140/T1010043-17	312,514	21,917
<i>Total CFDA 93.959</i>			1,510,038	21,917
Passed through Oregon Health Authority Maternal & Child Health Services Block Grant to the States - Title V Child & Adolescent Health	93.994	154132	59,081	—
Maternal & Child Health Services Block Grant to the States - Title V Flex Funds	93.994	154132	137,856	—
Passed through Oregon Health & Science University Maternal and Child Health Services Block Grant to the States - CaCoon	93.994	1010448/143021/B04MC29358	37,600	—
Maternal and Child Health Services Block Grant to the States - CaCoon	93.994	1015198/B04MC31511	47,196	—
<i>Total CFDA 93.994</i>			281,733	—
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			6,967,957	427,106
U.S. EXECUTIVE OFFICE OF THE PRESIDENT:				
Passed through the Oregon Office of High Intensity Drug Trafficking Program High Intensity Drug Trafficking Areas	95.001	WIN-2018 (CR-2)/G18OR0003A	45,260	—
High Intensity Drug Trafficking Areas	95.001	WIN-2019/G19OR0003A	73,529	—
<i>Total CFDA 95.001</i>			118,789	—
TOTAL U.S. EXECUTIVE OFFICE OF THE PRESIDENT			118,789	—
U. S. DEPARTMENT OF HOMELAND SECURITY:				
Passed through Oregon Military Department of Emergency Management Emergency Management Performance Grant 18-19	97.042	EMS-2018-EP-00005-S01	224,640	—
Passed through Oregon Military Department of Emergency Management Homeland Security Grant Program - Law Enforcement Terrorism Prevention Forensic Lab	97.067	EMW-2018-SS-00072-S01	66,122	—
Homeland Security Grant Program - Law Enforcement Tactical Science Training	97.067	EMW-2018-SS-00072-S01	38,000	—
Homeland Security Grant Program - Mass Casualty - Active Threat	97.067	EMW-2018-SS-00072-S01	5,000	—
Passed through City of Portland, Bureau of Emergency Management (PBEM) Homeland Security Grant Program - UASI	97.067	EMW-2016-SS-00089-S01	10,973	—
Homeland Security Grant Program - UASI	97.067	EMW-2017-SS-00031-S01	16,667	—
<i>Total CFDA 97.067</i>			136,762	—
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			361,402	—
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 79,366,341	3,153,823

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, 2019

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, 2019. 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 as 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, 2019</u>	<u>Loans Outstanding June 30, 2019</u>
HOME	14.239	\$	152,611	30,243,259

**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	\$	9,779
Food Donation	10.555		15,955

WASHINGTON COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2019

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.

WASHINGTON COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

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?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
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)?	Yes

Identification of major programs:

CFDA No. 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA No 14.155	Mortgage Insurance for Purchase/Refinancing of Existing Multifamily Housing Projects
CFDA No. 14.871, 14.879	Housing Voucher Cluster

Dollar threshold used to distinguish between type A and type B programs	\$2,380,990
Auditee qualified as low-risk auditee?	No

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDING

Finding 2019-001 Refer to Section III.

Finding 2019-002 (repeat of 2018-001)

Criteria: The County has a system of internal controls over financial reporting; however, it is not consistently followed.

Condition: Lack of following existing internal controls were noted.

Context: During our test of controls over the revenue cycle, it was noted that there was no evidence of a review of daily cash reconciliations and cash receipts by someone other than the preparer prior to submission to the Finance Department being consistently performed.

Effect: Lack of following existing internal controls and delayed and ineffective review has the potential to cause significant misstatements in the financial statements.

Cause: Personnel turnover due to retirements; new roles and assignments; resource constraints; need for improved training; and lack of emphasis on internal controls.

Recommendation: We recommend that the County provide training to employees to enable effective review and emphasize the importance of a strong control environment to help ensure an effective review over financial reporting.

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

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2019-001

Federal Program: CFDA 14.155 Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects (Section 223f/207)

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

Award Year: 2018-2019

Criteria: 2 CFR part 200, appendix XI, and per HUD Handbook 2000.04, Chapter 3: I. Cash Disbursements and H. Cash Receipts requires the County and Authority to have a system of internal controls over financial reporting to ensure support, evidence of review, and proper recognition of expense and revenue items.

Condition: Internal controls over compliance requirements A. Activities Allowed or Unallowed, B. Allowable Costs/Cost Principles, and J. Program Income of the 2019 Office of Management and Budget *Compliance Supplement* were found not to be implemented as designed. Procedures to retain appropriate documentation, maintain evidence of review, make timely deposits, monitor collectability of accounts receivable, and properly cutoff accounts payable were not properly followed by property management personnel.

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2019

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding 2019-001 (Continued)

Questioned Costs: There was \$6,814 of unsupported administrative and repair and maintenance expense items out of a total tested amount of \$25,258. There was also rental income net of vacancy loss unsupported amounts of \$(1,071) out of a total tested net rental revenue amount of \$10,067.

Context: During our testing, the property management company was unable to provide support for ten administrative and repair and maintenance expense items out of a sample of 35 items and five rental revenue items out of a sample of 38 items. In addition, \$1,075 of accounts payable was not recorded at year end, and \$6,694 of accounts receivable appears to be uncollectible and an allowance for doubtful accounts was not recorded.

Effect: Financial reporting may include improperly recognized expenses, revenue, accounts payable and accounts receivable.

Cause: The cause appears to be attributable to lack of training and knowledge by property management personnel.

Recommendation: Relevant property management company personnel should be properly trained and adhere to established financial reporting procedures.

View of Responsible Officials: Management of the County and Authority understands and concurs with the finding and recommendation.

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WASHINGTON COUNTY, OREGON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2019

Finding 2018-001

Condition: Various misclassifications and lack of following existing internal controls were noted.

Corrective Action
Taken:

The County believes strongly in training and the importance of a strong internal control environment. During the FY 2018-19 budget process, a position in Finance was requested and approved to help improve county-wide finance training for various fiscal policies and procedures including cash handling, revenue and expenditure classifications, capital assets classifications, and approving journal entries and various reconciliations. This recruitment was completed in April of 2019. This position will be working with departments to assure compliance with internal controls and training new County staff or those new to their position to avoid these matters in the future. Management takes these findings very seriously and are working to ensure that staff not only have thorough understanding on how these policies and internal controls work, but that they are also are committed to the importance of these controls to the operations at the County.

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