



AUDIT OF FEDERAL AWARDS PERFORMED IN
ACCORDANCE WITH UNIFORM GUIDANCE

Federal Grant Programs

FISCAL YEAR ENDED
JUNE 30, 2016



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, 2016

Prepared by:

Washington County Finance Division

This page intentionally left blank.

**WASHINGTON COUNTY, OREGON
FEDERAL GRANT PROGRAMS**

Table of Contents

	Page
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.....	13

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

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, 2016, 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 13, 2016. 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. We did identify a certain



**Talbot, Korpola
& 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

**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)

deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 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 THE FINDING

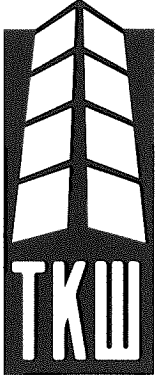
The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Karvola & Warwick, LLP

Lake Oswego, Oregon
December 13, 2016



**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

**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, 2016. 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.

**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)

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, 2016.

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 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, 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 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statement. We issued our report thereon dated December 13, 2016, 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 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 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, Kavelo & Warwick, LLP

Lake Oswego, Oregon
December 13, 2016

This page intentionally left blank.

WASHINGTON COUNTY, OREGON

Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2016	Amount Provided to Subrecipients
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through Oregon Department of Education:				
School Breakfast Program	10.553	3408004	\$ 7,324	—
National School Lunch Program	10.555	3408004	11,950	—
<i>Total Child Nutrition Cluster</i>			19,274	—
Passed through Oregon Health Authority				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	148031	1,940,620	—
PEER Counseling	10.557	148031	137,241	—
<i>Total CFDA 10.557</i>			2,077,861	—
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,097,135	—
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block Grant/Entitlement Grants 13				
Community Development Block Grant/Entitlement Grants 14	14.218	DIRECT	119,888	119,888
Community Development Block Grant/Entitlement Grants 15	14.218	DIRECT	769,008	769,008
<i>Total CDBG-Entitlement Grants Cluster</i>			1,066,697	406,211
			1,955,593	1,295,107
Emergency Shelter Grants Program 14				
Emergency Shelter Grants Program 15	14.231	DIRECT	24,214	24,214
<i>Total CFDA 14.231</i>			165,058	152,679
			189,272	176,893
Shelter Plus Care				
	14.238	DIRECT	66,947	—
Home Investment Partnerships Program 11				
Home Investment Partnerships Program 13	14.239	DIRECT	269,551	269,551
Home Investment Partnerships Program 14	14.239	DIRECT	391,744	391,744
Home Investment Partnerships Program 15	14.239	DIRECT	229,598	229,598
Home Investment Partnerships Program 15	14.239	DIRECT	159,812	159,812
Home Investment Partnerships - FY15-16 Beginning Loan Balances	14.239	DIRECT	26,058,510	—
<i>Total CFDA 14.239</i>			27,109,215	1,050,705
Continuum of Care				
	14.267	DIRECT	2,658,983	687,413
Public and Indian Housing				
	14.850	DIRECT	800,795	—
Section 8 Housing Choice Vouchers				
<i>Total Housing Voucher Cluster</i>	14.871	DIRECT	22,111,549	—
			22,111,549	—
Public Housing Capital Fund				
	14.872	DIRECT	535,418	—
Family Self-Sufficiency Program				
	14.896	DIRECT	68,721	—
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			55,496,493	3,210,118
U.S. DEPARTMENT OF THE INTERIOR:				
Passed through Oregon State Bureau of Land Management				
Title II Aquatic Habitat & Transportation Infrastructure Projects	15.234	L11AC20159	22,438	—
TOTAL U.S. DEPARTMENT OF THE INTERIOR			22,438	—
U. S. DEPARTMENT OF JUSTICE:				
Passed through the Oregon Department of Justice				
Crime Victim Assistance - Basic Grant	16.575	VOCA-NC-2012-WA CO DAVAP-00057	35,525	—
Crime Victim Assistance - Basic Grant	16.575	VOCA-NC-2015-WA CO DAVAP-00056	116,587	—
Crime Victim Assistance - Elder Safe	16.575	VOCA/CFA-2015-WCSO-00022	44,723	—
<i>Total CFDA 16.575</i>			196,835	—
State Criminal Alien Assistance Program (SCAAP) 2015-AP-BX-0567				
	16.606	DIRECT	57,761	—
Edward Byrne Memorial Justice Assistance Grant (2012-DJ-BX-0550)				
Edward Byrne Memorial Justice Assistance Grant (2014-DJ-BX-0353)	16.738	DIRECT	3,254	—
<i>Total CFDA 16.738</i>			16,826	—
			20,080	—
Paul Coverdell Forensic Science Improvement (2014-CD-BX-0066)				
	16.742	DIRECT	32,036	—
TOTAL U. S. DEPARTMENT OF JUSTICE			306,712	—
U. S. DEPARTMENT OF LABOR:				
Passed through Worksystems, Inc				
Workforce Innovation Fund	17.283	12-60603	113,956	—
TOTAL U. S. DEPARTMENT OF LABOR			113,956	—

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, 2016

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2016	Amount Provided to Subrecipients
U. S. DEPARTMENT OF TRANSPORTATION:				
Passed through Oregon Department of Transportation				
Highway Planning and Construction (Fanno Creek Bridge)	20.205	27288	1,144	—
Highway Planning and Construction (SW Tualatin-Sherwood Rd)	20.205	27542	83,016	—
Highway Planning and Construction (Durham Rd-Upper Boones Ferry Rd)	20.205	30250	17,390	—
Highway Planning and Construction (SO Workzone)	20.205	1517WKZN-421 DDD	6,048	—
Highway Planning and Construction (Safe Routes to School)	20.205	HU-15(16)-10-14	50,000	—
Highway Planning and Construction (Regional Safety Plan)	20.205	RS-16-77-07	86,089	—
Highway Planning and Construction (Right Sizing the Parking Code)	20.205	30599	62,712	—
<i>Total Highway Planning and Construction Cluster</i>			306,399	—
Passed through Metro				
Federal Transit Formula Grant - Regional Travel Options Program	20.507	933348	17,833	—
<i>Total Federal Transit Cluster</i>			17,833	—
Passed through Ride Connection, Inc				
Job Access and Reverse Commute Program - Ride Connection	20.516	931981 WCC	9,336	—
<i>Total Transit Services Programs Cluster</i>			9,336	—
Passed through Oregon Department of Transportation				
State and Community Highway Safety - Speed OT Enforcement	20.600	SC-15-35-11WCS	5,462	—
Passed through Oregon State Sheriff's Association				
National Priority Safety Programs - DUII OT Enforcement 15-16	20.616	OSSA	54,440	—
National Priority Safety Programs - Safety Belt 15-16	20.616	OSSA	38,378	—
<i>Total CFDA 20.616</i>			92,818	—
<i>Total Highway Safety Cluster (20.600 & 20.616)</i>			98,280	—
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			431,848	—
U. S. ENVIRONMENTAL PROTECTION AGENCY:				
Passed through Oregon Health Authority				
Public Water System Supervision Grant - Safe Drinking Water	66.432	148031	13,802	—
Regional Wetland Program Development - Watershed Based Stream Mitigation (CD-00J47801-0)	66.461	DIRECT	31,888	31,888
Passed through Oregon Health Authority				
Capitalization Grants for Drinking Water State Revolving Funds - Recovery	66.468	148031	9,199	—
<i>Total Drinking Water State Revolving Fund Cluster</i>			9,199	—
Passed through City of Sherwood				
Brownfields Assessment and Cleanup Cooperative Agreements - Recovery	66.818	00J93201	7	—
TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY			54,896	31,888
U. S. DEPARTMENT OF EDUCATION:				
Passed through United Way of the Columbia-Willamette				
Race to the Top Discretionary Grants-Focused Child Care Network 15-16	84.412	UWCW 2014	30,250	30,250
Race to the Top Discretionary Grants-Focused Child Care Network 16-17	84.412	UWCW 676820-1616-01	57,829	57,827
<i>Total CFDA 84.412</i>			88,079	88,077
TOTAL U. S. DEPARTMENT OF EDUCATION			88,079	88,077
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through the National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	MRC14-0929	752	—
Passed through Oregon Department of Human Services				
Title VII Chapter 3 Prevention of Elder Abuse, Neglect, and Exploitation	93.041	148990	3,674	—
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	148990	4,144	—
Title III, Part E - National Family Caregiver Support	93.052	148990	175,172	—
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	148990	500,444	—
Title III, Part C-1 - Congregate Meals	93.045	148990	372,303	—
Title III, Part C-2 - Home Delivered Meals	93.045	148990	421,340	—
Nutrition Services Incentive Program	93.053	148990	206,567	—
<i>Total Aging Cluster (93.044, 93.045, 93.053)</i>			1,500,654	—
Passed through Multnomah County				
Alzheimer's Disease Demonstration Grants to States - Dementia Capability Program	93.051	4400000868-3	232	—
Passed through Oregon Health Authority				
Public Health Emergency Preparedness - City Readiness	93.069	148031	319,997	119,216
Public Health Emergency Preparedness - Communicable Disease Response Program	93.069	148031	193,981	—
<i>Total CFDA 93.069</i>			513,978	119,216
Public Health Emergency Preparedness - Ebola Supp 2	93.074	148031	78,344	—
Passed through Work Systems, Inc.				
Health Profession Opportunity Grant	93.093	90FX0044-01-00/15-60606	42,550	—

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, 2016

Federal Grantor Pass-Through Grantor Program Title/Cluster	CFDA Number	Pass-Through Number	Expenditures Year Ended June 30, 2016	Amount Provided to Subrecipients
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: (continued)				
Passed through Oregon Health Authority Tuberculosis Control Programs	93.116	148031	7,995	—
Title X Family Planning Services	93.217	148031	284,661	191,168
Substance Abuse & Mental Health Services-Suicide Prevention	93.243	147335	134,094	—
Passed through Oregon Department of Consumer and Business Services State Health Insurance Assistance Program - SHIBA	93.324	SHIBA1516-16	21,004	—
Passed through National Council on Aging, Inc. ACA Medicare Improvements - Benefits Enrollment Centers for Senior & Disabled Individuals	93.518	NCOA	33,532	—
Passed through United Way of the Columbia-Willamette Promoting Safe and Stable Families - Family Support Services	93.556	UWCW 2014	83,330	83,086
Promoting Safe and Stable Families - Family Support Services Title IV-B2	93.556	UWCW 2014	84,300	84,300
Promoting Safe and Stable Families - Family Support Services Title IV-B2	93.556	UWCW 676820-1617-01	62,499	62,499
<i>Total CFDA 93.556</i>			<u>230,129</u>	<u>229,885</u>
Passed through Oregon Department of Human Services Child Support Enforcement	93.563	04ORCSES	1,045,956	—
Foster Care Title IV-E Recovery - Juvenile Dependency Litigation Program	93.658	148555	55,939	—
Foster Care Title IV-E Recovery - Foster Care Program	93.658	145711	146,139	—
<i>Total CFDA 93.658</i>			<u>202,078</u>	<u>—</u>
Passed through Multnomah County HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	4H89HA00040-21-02	10,914	—
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	4400002544	7,001	—
<i>Total CFDA 93.914</i>			<u>17,915</u>	<u>—</u>
Passed through Oregon Health Authority HIV Prevention Activities - Health Department Based	93.940	148031	114,126	89,924
Block Grants for Community Mental Health Services MH 37 Special Projects	93.958	147806	321,951	321,951
Block Grant for Prevention and Treatment of Substance Abuse MH37	93.959	147806	120,083	120,083
Block Grant for Prevention and Treatment of Substance Abuse AD60	93.959	147806	22,660	22,660
Block Grant for Prevention and Treatment of Substance Abuse AD61	93.959	147806	593,896	566,547
Block Grant for Prevention and Treatment of Substance Abuse AD61	93.959	147806	126,217	126,217
Block Grant for Prevention and Treatment of Substance Abuse AD67	93.959	147806	282,148	88,811
<i>Total CFDA 93.959</i>			<u>1,145,004</u>	<u>924,318</u>
Maternal & Child Health Services - Title V Child & Adolescent Health	93.994	148031	48,424	—
Maternal & Child Health Services - Title V Flex Funds	93.994	148031	112,989	—
Maternal & Child Health Services - Title V Family Planning	93.994	148031	50,182	33,700
Passed through Oregon Health & Science University Maternal and Child Health Services - CaCoon	93.994	1004395/143021	59,803	—
<i>Total CFDA 93.994</i>			<u>271,398</u>	<u>33,700</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>6,149,343</u>	<u>1,910,162</u>
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	G15OR0002A	17,046	—
High Intensity Drug Trafficking Areas	95.001	G16OR0002A	49,241	—
<i>Total CFDA 95.001</i>			<u>66,287</u>	<u>—</u>
TOTAL U.S. EXECUTIVE OFFICE OF THE PRESIDENT			<u>66,287</u>	<u>—</u>
U. S. DEPARTMENT OF HOMELAND SECURITY:				
Passed through City of Portland Non-Profit Security Program - UASI Regionalization Project (Public Health)	97.008	14-170	31,550	—
Passed through Oregon State Marine Board Boating Safety Program - Hagg Lake	97.012	3312FAS120141	77,172	—
Passed through Oregon Military Department of Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4258-DR-OR	166,721	—
Emergency Management Performance Grant 15-16	97.042	15-534	269,020	—
Homeland Security Grant - State Homeland Security Program - Planning	97.067	15-257	24,999	—
State Homeland Security Program (SHSP)	97.073	14-252	44,998	—
State Homeland Security Program (SHSP)	97.073	14-254	8,334	—
<i>Total CFDA 97.073</i>			<u>53,332</u>	<u>—</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>622,794</u>	<u>—</u>
TOTAL FEDERAL AWARDS			<u>\$ 65,449,981</u>	<u>5,240,245</u>

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, 2016

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 Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2016. 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 and changes in net assets 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, 2016</u>	<u>Loans Outstanding June 30, 2016</u>
HOME	14.239	\$	1,050,705	27,514,202

**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, 2016</u>
Food Donation	10.553	\$	7,324
Food Donation	10.555		11,950

WASHINGTON COUNTY, OREGON

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2016

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, 2016

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?	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. 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA No. 14.871	Housing Voucher Cluster
CFDA No. 16.575	Crime Victim Assistance
CFDA No. 93.069	Public Health Emergency Preparedness

Dollar threshold used to distinguish between type A and type B programs	\$1,963,499
Auditee qualified as low-risk auditee?	No

WASHINGTON COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2016-001

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 their investment in partnership.

Condition: When the County presented the original trial balance and financial statement reporting for the audit of the Housing Authority of Washington County, the County 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 County did record the investment in the limited partnership in the amount of \$428,305 under the equity method.

Context: Current management of the Housing Authority was unaware of this accounting treatment for investment in partnerships due to fairly new personnel in finance at the Housing 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 County 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 County’s investment in partnerships in prior years has maintained a deficit investment balance; therefore, the County appropriately did not record their investment below zero in prior years.

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

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, 2016

Finding 2015-001

Audit Finding: 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.

Corrective Action
Taken:

The department has diligently worked to address the infrastructure capitalization finding through the refinement of existing procedures to ensure a complete infrastructure reporting submission. Recognizing the seriousness of correctly reporting capital assets and the complexity of the submission, the department has enhanced procedures in order to identify anomalies and develop strategies for appropriate representation. As project implementation crosses jurisdictional boundaries, additional emphasis has been placed on reviewing individual agreements to verify and document asset responsibility. The department has recruited an additional staff position and adjusted work assignments in an effort to assist, in part, with this process. A capital asset review committee has been convened to discuss, develop and implement processes for addressing these exceptions and refine current practices. Updated procedures have been developed and implemented during the FY 15-16 reporting period.

Previously the annual submission was checked for balancing within and between spreadsheets, formula calculation, and component verification, asset number and value verification, asset classification, change type, and order entry. The additional oversight now includes verification of jurisdictional responsibility to prevent errors of over- or under-statement of infrastructure assets. This secondary component check has been included prior to departmental management review and signature.

This page intentionally left blank.

This page intentionally left blank.



155 N. First Ave., Hillsboro, OR 97124-3072
503-846-8811
www.co.washington.or.us