

***MARION COUNTY, OREGON
FEDERAL GRANT COMPLIANCE REPORT
For the Year Ended June 30, 2017***

MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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INDEPENDENT AUDITOR'S 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

Board of Commissioners
Marion County
Salem, Oregon

We have audited, in accordance with the 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 Marion 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 November 30, 2017.

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 County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 results 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.


CERTIFIED PUBLIC ACCOUNTANTS
November 30, 2017



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S 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

Board of Commissioners
Marion County
Salem, Oregon

Report on Compliance for Each Major Federal Program

We have audited Marion 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, Marion County, Oregon 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 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. 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.

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 statements. We issued our report thereon dated November 30, 2017, which contained unmodified opinions on those financial statements. 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 basic financial statements as a whole.

Purpose of this Report

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.


CERTIFIED PUBLIC ACCOUNTANTS
March 21, 2018

MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Organization	Pass-Through Identifying Number	Total Federal Expenditures	Passed Through To Subrecipients
<u>DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	Oregon Department of Education	IN2413001	\$ 30,321	\$ -
National School Lunch Program	10.555	Oregon Department of Education	IN2413001	49,121	-
National School Lunch Program (non-cash assistance)	10.555	Oregon Department of Education	IN2413001	6,699	-
				<u>86,141</u>	<u>-</u>
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Oregon Health Authority	148022	1,217,298	-
WIC Grants to States (WGS)	10.578	Oregon Health Authority	148022	5,690	-
Forest Service Schools and Roads Cluster:					
Schools and Roads - Grants to States	10.665	Direct	n/a	70,895	-
Schools and Roads - Grants to States	10.665	Oregon Department of Administrative Services	AGR665	223,923	-
				<u>294,818</u>	<u>-</u>
Total Department of Agriculture				<u>1,603,947</u>	<u>-</u>
<u>DEPARTMENT OF THE INTERIOR</u>					
Distribution of Receipts to State and Local Governments	15.227	Direct	n/a	11,167	-
Distribution of Receipts to State and Local Governments	15.227	Oregon Department of Administrative Services	BLM227	46	-
				<u>11,213</u>	<u>-</u>
Total Department of the Interior				<u>11,213</u>	<u>-</u>
<u>DEPARTMENT OF JUSTICE</u>					
Crime Victim Assistance	16.575	Oregon Department of Justice	VOCA-CFA-2015 VOCA-C/CFA/OT-2016	347,841	-
Drug Court Discretionary Grant Program	16.585	Direct	n/a	46,188	-
Violence Against Women Formula Grants	16.588	Oregon Department of Justice	VAWA-C-2015	90,954	-
State Criminal Alien Assistance Program	16.606	Direct	n/a	102,032	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct	n/a	295	-
Body Worn Camera Policy and Implementation	16.835	Direct	n/a	8,901	-
Total Department of Justice				<u>596,211</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Organization</u>	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through To Subrecipients</u>
<u>DEPARTMENT OF TRANSPORTATION</u>					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	Direct	n/a	\$ 126,177	\$ -
Highway Planning and Construction	20.205	Oregon Department of Transportation	various	1,650,707	-
				<u>1,776,884</u>	<u>-</u>
Highway Safety Cluster:					
State and Community Highway Safety	20.600	Oregon Department of Transportation	SC173512ccc FFY1617	11,796	-
National Priority Safety Programs	20.616	Oregon State Sheriffs' Association	M1HVE-16/17-46-08 M5HVE-16/17-12-21	36,445	-
				<u>48,241</u>	<u>-</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Oregon State Police	384-2015 2016-HMEP	23,642	-
Total Department of Transportation				<u>1,848,767</u>	<u>-</u>
<u>GENERAL SERVICES ADMINISTRATION</u>					
Donation of Federal Surplus Personal Property	39.003	Oregon Department of Administrative Services	unknown	20,223	-
Total General Services Administration				<u>20,223</u>	<u>-</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
State Public Water System Supervision	66.432	Oregon Health Authority	148022	42,795	-
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water	66.468	Oregon Health Authority	148022	50,726	-
Total Environmental Protection Agency				<u>93,521</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Organization	Pass-Through Identifying Number	Total Federal Expenditures	Passed Through To Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Public Health Emergency Preparedness	93.069	Oregon Health Authority	148022	\$ 143,827	-
Environmental Public Health and Emergency Response	93.070	Oregon Health Authority	148022	1,500	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	Oregon Health Authority	148022	23,485	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Oregon Health Authority	148022	5,807	-
Family Planning Services	93.217	Oregon Health Authority	148022	245,944	-
Child Support Enforcement	93.563	Oregon Department of Justice	15433	1,127,990	-
Low-Income Home Energy Assistance	93.568	Mid-Willamette Valley Community Action Agency	unknown	4,200	-
CCDF Cluster - Child Care and Development Block Grant	93.575	Oregon Department of Education	9835	21,561	-
Foster Care Title IV-E	93.658	Oregon Department of Human Services	145834	479,238	-
National Bioterrorism Hospital Preparedness Program	93.889	Oregon Health Authority	152397	21,367	-
HIV Prevention Activities Health Department Based	93.940	Oregon Health Authority	148022	55,537	-
Block Grants for Community Mental Health Services	93.958	Oregon Health Authority	147798	571,011	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Oregon Health Authority	147798	1,042,877	300,479
Maternal and Child Health Services Block Grant to the States	93.994	Oregon Health Authority	148022	119,136	-
Maternal and Child Health Services Block Grant to the States	93.994	Oregon Health & Science University	143021	119,933	-
				<u>239,069</u>	<u>-</u>
Total Department of Health and Human Services				<u>3,983,413</u>	<u>300,479</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>					
Emergency Management Performance Grants	97.042	Oregon Military Department	16-524	156,879	-
Homeland Security Grant Program	97.067	Oregon Military Department	15-230/231 16-239	73,750	-
Total Department of Homeland Security				<u>230,629</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 8,387,924</u>	<u>\$ 300,479</u>

See notes to schedule of expenditures of federal awards.

MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Marion County, Oregon (County) under programs of the federal government for the year ended June 30, 2017. The information in this SEFA 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). The SEFA is a supplementary schedule to the County's basic financial statements presented for the purposes of additional analysis. Because the SEFA presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County, or the revenues, expenditures or changes in fund balances of its operating funds. The reporting entity is fully described in the notes to the County's basic financial statements for the year ended June 30, 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA 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. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Instead, the County prepares an annual Federal Cost Allocation Plan and Indirect Cost Rate Proposal to allocate indirect costs to federal awards.

MARION COUNTY, OREGON, FEDERAL GRANT COMPLIANCE REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control reporting:	
· Material weakness(es) identified?	No
· Significant deficiency(ies) identified?	None reported
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 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualifies as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.