



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

January 10, 2019

To the Board of Commissioners of Coos County:

Report on Compliance for Each Major Federal Program

We have audited Coos County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2018. Coos County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Coos 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 Coos 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 on Coos County's compliance.

Opinion on Each Major Federal Program

In our opinion, Coos County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

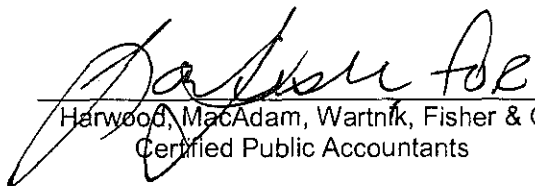
Management of Coos County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Coos County's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance 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.

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.



Harwood, MacAdam, Wartrick, Fisher & Gorman, LLC
Certified Public Accountants

COOS COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	_____	Qualified	_____	<u>X</u>	Unqualified
Internal control of financial reporting:					
Material weakness(es) identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____	Yes	_____	<u>X</u>	No
Noncompliance material to financial statements noted?	_____	Yes	_____	<u>X</u>	No

Federal Awards:

Internal control over major programs:					
Any material weaknesses identified?	_____	Yes	_____	<u>X</u>	No
Any significant deficiencies identified not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	None reported
Type of auditor's report issued on compliance for major programs	_____	Qualified	_____	<u>X</u>	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance.	_____	Yes	_____	<u>X</u>	No

Identification of Major Programs:

Recreational Trails Program	CFDA#	20.219
Highway Planning and Construction Program	CFDA#	20.205
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u>	Yes
	_____	No

SECTION II FINDINGS - FINANCIAL STATEMENT FINDINGS

None

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

COOS COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
<i>Passed through Oregon Health Authority:</i>		
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	297,401
<i>Passed through State of Oregon Department of Administrative Services:</i>		
Forest Service - Schools and Roads-Grants to States	10.665	226,391
Subtotal U.S. Department of Agriculture		<u>523,792</u>
U.S. Department of Housing and Urban Development		
<i>Passed through State of Oregon Infrastructure Finance Authority:</i>		
Community Development Block Grants	14.228	5,862
U.S. Department of Interior		
Payments in Lieu of Taxes	15.226	649,640
Distribution of Receipts to State and Local Governments	15.227	1,689,736
Secure Rural Schools and Community Self-Determination	15.234	4,500
National Wildlife Refuge Fund	15.659	20,268
<i>Passed through State of Oregon Marine Board</i>		
Clean Vessel Act	15.616	14,000
Subtotal U.S. Department of Interior		<u>2,378,144</u>
U.S. Department of Justice		
<i>Passed through State of Oregon Department of Justice:</i>		
Crime Victim Assistance	16.575	103,237
Subtotal U.S. Department of Justice		<u>103,237</u>
U.S. Department of Transportation		
<i>Passed through State of Oregon Parks & Recreation Department:</i>		
Recreational Trails Program	20.219	* 205,009
<i>Passed through State of Oregon Department of Transportation:</i>		
Highway Planning and Construction	20.205	* 1,305,476
Total Highway Planning and Construction Cluster		<u>1,510,485</u>
Formula Grants for Rural Areas	20.509	201,372
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	343,405
Subtotal U.S. Department of Transportation		<u>2,055,262</u>
General Services Administration		
<i>Passed through State of Oregon Department of Administrative Services:</i>		
Disposal of Federal Surplus Real Property	39.002	1,021
Subtotal General Services Administration		<u>1,021</u>
Environmental Protection Agency		
<i>Passed through Oregon Health Authority:</i>		
State Public Water System Supervision	66.432	8,413
Capitalization Grants for Drinking Water State Revolving Funds	66.468	5,604
Subtotal Environmental Protection Agency		<u>14,017</u>

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Expenditures
U.S. Department of Health and Human Services		
<i>Passed through Oregon Health Authority:</i>		
Public Health Emergency Preparedness	93.069	79,947
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	120
Family Planning Services	93.217	20,060
National State-Based Tobacco Control Programs	93.305	208
Block Grants for Community Mental Health Services	93.958	71,950
Block Grants for Prevention and Treatment of Substance Abuse	93.959	135,969
Maternal and Child Health Services Block Grant to the States	93.994	39,020
<i>Passed through Oregon Health & Science University:</i>		
Medical Assistance Program	93.778	12,466
Maternal and Child Health Services Block Grant to the States	93.994	15,770
<i>Passed through State of Oregon Department of Justice:</i>		
Child Support Enforcement	93.563	138,332
Subtotal U.S. Department of Health and Human Services		513,842
U.S. Department of Homeland Security		
<i>Passed through Oregon Military Department:</i>		
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	100,494
Emergency Management Performance Grants	97.042	83,637
Homeland Security Grant Program	97.067	63,717
<i>Passed through Oregon Department of Land Conservation and Development:</i>		
Cooperating Technical Partners	97.045	4,218
Subtotal U.S. Department of Homeland Security		252,066
Total Federal Assistance		5,847,243

* Indicates a major program

**SCHEDULE OF AMOUNTS PROVIDED TO SUBRECIPIENTS
For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
<i>Passed through to Local School Districts:</i>		
Forest Service - Schools and Roads--Grants to States	10.665	56,597
U.S. Department of Transportation		
<i>Passed through to Coos County Area Transit Service District:</i>		
Formula Grants for Rural Areas	20.509	201,372
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	343,405
U.S. Department of Health and Human Services		
<i>Passed through to Adapt:</i>		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	68,357
<i>Passed through to Bay Area First Step:</i>		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12,552

COOS COUNTY, OREGON
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Note 1. Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Coos County, Oregon, under programs of the federal government for the year ended June 30, 2018. 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 assets, or cash flows of the County.

Note 2. Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the County's basic financial statements. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3. De Minimis Cost Rate

The County did not elect to use the 10% de minimis indirect cost rate, as allowed under Uniform Guidance, during the 2017-18 fiscal year.

Note 4. Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal governments for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Note 5. Major Programs

Uniform Guidance established criteria to be used in defining major federal financial assistance programs. Major programs for the County are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

COOS COUNTY, OREGON
SUMMARY OF PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Questioned Costs:

There were no questioned costs for the year ended June 30, 2017.

Findings:

There were no findings for the year ended June 30, 2017.