

FEDERAL GRANT COMPLIANCE REPORT
YAMHILL COUNTY, OREGON

Year Ended June 30, 2023

Page

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	1 - 3
Schedule of Findings and Questioned Costs	4 - 7
Schedule of Expenditures of Federal Awards	8 - 9
Notes to Schedule of Expenditures of Federal Awards	10

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Yamhill County
McMinnville, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yamhill County's (the "County") compliance with the types of compliance requirements identified as subject to an audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during our audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we consider the deficiency described in the accompanying schedule of findings as item 2023-002 to be material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the County as of and for the year ended June 30, 2023, and have issued our report thereon dated February 29, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 GAAS. 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.

Singer Lewak LLP

February 29, 2024

YAMHILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	Yes
♦ Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
♦ Material weakness(es) identified?	Yes
♦ Significant deficiency(ies) identified?	None reported

Type of auditor’s report issued on compliance for major federal programs:	Qualified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

YAMHILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section II – Financial Statement Findings

2023-001

Criteria: Internal controls should include procedures to ensure that all transactions be reported in the correct period.

Condition: During our audit procedures we identified \$918,266 that should have been reported as accounts receivable and revenue, and \$245,176 that should have reported as accounts payable and expenditures.

Cause: During the year the County implemented a new Enterprise Resource Planning system which required the development of new processes to identify and account for account receivables and account payables.

Effect: Adjustments were required to correct material misstatements.

Recommendation: We recommend that the County review receipts and disbursements subsequent to year end to identify items that would need to be accrued into the previous fiscal year.

Views of
Responsible

Officials: Management agrees with the finding. The auditors located three unrecorded accounts receivable receipts and one unrecorded accounts payable invoice during the audit. Finance will update training to department accounting staff on year-end processing and cut-off procedures for both accounts receivable and accounts payable in the new Enterprise Resource Planning system.

YAMHILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

2023-002
21.027

Coronavirus State and Local Fiscal Recovery Funds

Criteria:

CFR §200.332(d) states: All pass-through entities must...monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particulate subaward.
- (3) Issuing a management decision for applicable audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521.
- (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

Condition:

The County did not perform subrecipient monitoring of a school district that received the subaward.

Cause:

The County was not aware of the requirement to monitor the subrecipient.

Effect:

Unallowed activities could be undertaken or unallowed costs could be claimed under the program.

Questioned Costs: None

YAMHILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Perspective: Amounts passed through to subrecipients for the year totaled \$2,042.606, of which \$1,400,000 was passed through to the Sheridan School District which is subject to its own separate audit under the Uniform Guidance.

Views of Officials: Management agrees with the finding. The auditors located one instance where we did not perform subrecipient monitoring. Finance will provide training on subrecipient monitoring to County staff as appropriate.

YAMHILL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Agriculture				
Food and Nutrition Service				
<i>Passed through Oregon Department of Education</i>				
<u>Child Nutrition Cluster</u>				
School Breakfast Program	10.553		\$ 8,111	
National School Lunch Program	10.555		<u>13,394</u>	
Subtotal Child Nutrition Cluster			\$ 21,505	\$ -
Total Department of Agriculture			<u>21,505</u>	<u>-</u>
Department of the Interior				
Fish and Wildlife Service				
National Wildlife Refuge Fund	15.659		<u>3,459</u>	<u>-</u>
Department of Justice				
OJP Bureau of Justice Assistance				
<i>Passed through Oregon Criminal Justice Commission</i>				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		142,024	
<i>Passed through Oregon Criminal Justice Commission</i>				
State Criminal Alien Assistance Program	16.606		20,787	-
Office for Victims of Crime				
<i>Passed through Oregon State Department of Justice</i>				
Crime Victim Assistance	16.575	VOCA	<u>190,298</u>	<u>-</u>
Total Department of Justice			<u>353,109</u>	<u>-</u>
Department of Transportation				
Federal Transit Administration				
<i>Passed through Oregon Department of Transportation</i>				
COVID - Formula Grants for Rural Areas	20.509	34999	906,166	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	35194	309,209	-
Bus and Bus Facilities Formula Program	20.526	34342	319,982	-
National Highway Traffic Safety Administration				
<u>National Highway Safety Cluster</u>				
National Priority Safety Programs	20.616	164AL-22-14-02	33,658	-
		M5X-23-15-07	103,306	-
		M1HVE-23-46-03	3,123	-
<i>Passed through Oregon Impact</i>				
<u>National Highway Safety Cluster</u>				
National Priority Safety Programs	20.616	DUII HVE 5.22 - 10.22	2,182	
		SPEED 5.22 - 9.22	3,314	
		PED SAFE 5.22 - 6.22	1,605	
		DD HVE SPD-OT 4.23	<u>3,627</u>	
Subtotal Highway Safety Cluster			<u>150,815</u>	<u>-</u>
Total Department of Transportation			<u>1,686,172</u>	<u>-</u>
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>3,552,119</u>	<u>2,042,606</u>
Total Department of the Treasury			<u>3,552,119</u>	<u>2,042,606</u>

Continued on next page

YAMHILL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Pass-Through to Subrecipients
Department of Administrative Services				
<i>Passed through Oregon Department of Administrative Services</i>				
Donation of Federal Surplus Personal Property	39.003		6,269	-
Department of Health and Human Services				
Office of Population Affairs				
<i>Passed through Oregon Health Authority</i>				
Family Planning Services	93.217		25,376	-
Administration for Children and Families				
<i>Passed through Oregon State Department of Justice</i>				
Child Support Enforcement	93.563		368,959	-
Centers for Disease Control and Prevention				
<i>Passed through Oregon Health Authority</i>				
Public Health Emergency Preparedness	93.069		123,742	-
Immunization Cooperative Agreements	93.268		141,032	-
CDC Preventive Health Services STD Control Grants	93.977		112,683	-
Injury Prevention and Control Research and State and Community Based Programs	93.136		11,378	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		254,871	-
Substance Abuse and Mental Health Services Administration				
<i>Passed through Oregon Health Authority</i>				
Substance Abuse and Mental Health Services Administration	93.243		190,000	-
Health Resources and Services Administration				
<i>Passed through Oregon Health Authority</i>				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870		315,567	-
Maternal and Child Health Services Block Grant	93.994		40,968	-
<i>Passed through the Oregon Department of Health and Human Services</i>				
Maternal and Child Health Services Block Grant	93.994	OHSU	44,022	-
Substance Abuse and Mental Health Services Administration				
<i>Passed through Oregon Health Authority</i>				
Opioid STR	93.788		131,538	-
Block Grants for Community Mental Health Services	93.958		112,292	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959		243,987	-
Total Department of Health and Human Services			<u>2,116,415</u>	<u>-</u>
Social Security Administration				
Social Security - Work Incentives - Planning and Assistance Program	96.008		5,000	-
Department of Homeland Security				
<i>Passed through Oregon Military Department, Office of Emergency Management</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		15,780	-
Emergency Management Performance Grants	97.042		88,928	-
Homeland Security Grant Program	97.067		396	-
Total Department of Homeland Security			<u>105,104</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 7,849,152</u>	<u>\$ 2,042,606</u>

See notes to schedule of expenditures of federal awards

YAMHILL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Yamhill County under programs of the federal government for the year ended June 30, 2023. The information in the 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 Yamhill County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Yamhill County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented 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.

3. Indirect costs

The County does not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The County allocates indirect costs as allowed by each grant.