

**CLACKAMAS COUNTY, OREGON**

**Audit of Federal Awards Performed in Accordance with  
Government Auditing Standards and Uniform Guidance  
and Supplementary Information**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



Photos courtesy of Mt. Hood Territory

**CLACKAMAS COUNTY, OREGON  
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## **Report of Independent Auditors 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 County Commissioners of  
Clackamas County, Oregon  
Oregon City, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Clackamas 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 January 17, 2018. Our report includes a reference to other auditors who audited the financial statements of the Workforce Investment Council of Clackamas County, Inc. (WICCO), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss Adams, LLP*

Eugene, Oregon  
January 17, 2018



## **Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of County Commissioners  
Clackamas County, Oregon

### **Report on Compliance for Each Major Federal Program**

We have audited Clackamas County, Oregon's 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.

The County's basic financial statements include the operations of the Housing Authority of Clackamas County ("the Authority") and Workforce Investment Council of Clackamas County, Inc. ("WICCO"), which received \$17,716,101 and \$3,214,771 in federal awards which are not included in the schedule during the year ended June 30, 2017. Our audit, described below, did not include the operations of the Authority because the Authority elects to perform a separate audit in accordance with the Uniform Guidance. Our audit also did not include the operations of WICCO because WICCO elects to perform a separate audit in accordance with the Uniform Guidance.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 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, 2017, and have issued our report thereon dated January 17, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted 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 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.

*Moss Adams, LLP*

Eugene, Oregon  
January 31, 2018

CLACKAMAS COUNTY, OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Agriculture:</b>				
Direct Programs:				
The Rural Development (RD) Multi-Family Housing Revitalization Demonstration Program (MPR) Loans Receivable as of 6/30/16	10.447		50,000	
Cooperative Forestry Assistance	10.664		42,734	
Passed Through Oregon Department of Agriculture:				
Specialty Crop Block Grant Program - Farm Bill	10.170	ODAA3504GR	822	
Passed Through Oregon Health Authority:				
Special Supplemental Nutrition Program for Women, Infants, and Children - Texting Support	10.578	148002	3,995	
Passed Through Oregon Health Authority:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	148002	945,169	
Passed Through Oregon State Department of Administrative Services:				
School and Roads - Grants to States	10.665	PL 106-343	466,503	114,516
<b>Total Forest Service Schools &amp; Roads Cluster</b>			<b>466,503</b>	<b>114,516</b>
<b>Total U.S. Department of Agriculture:</b>			<b>1,509,223</b>	<b>114,516</b>
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Programs:				
Emergency Solutions Grant Program	14.231		180,073	116,752
HOME Investment Partnerships Program	14.239		829,870	114,014
HOME - Loans Receivable as of 6/30/16	14.239		16,505,900	
<b>Total CFDA 14.239</b>			<b>17,335,770</b>	<b>114,014</b>
Continium of Care Program	14.267		790,465	
Passed Through Central City Concern:				
Supportive Housing Program	14.235	BH - 16/17	111,470	
Passed Through Oregon Housing & Community Services:				
Community Development Block Grants/Entitlement Grants Loans Receivable as of 6/30/16	14.256	1123	713,656	
Direct Programs:				
Community Development Block Grants/Entitlement Grants - Program	14.218		1,900,380	62,316
CDBG - Loans Receivable as of 6/30/16	14.218		5,315,280	
Passed Through Oregon Housing & Community Services:				
Community Development Block Grants/Entitlement Grants Loans Receivable as of 6/30/16	14.218	1088	1,362,079	
<b>Total CDBG Entitlement Grants Cluster</b>			<b>8,577,739</b>	<b>62,316</b>
<b>Total U.S. Department of Housing and Urban Development:</b>			<b>27,709,173</b>	<b>293,082</b>
<b>U.S. Department of the Interior:</b>				
Direct Programs:				
Non-Sale Disposals of Mineral Material	15.214		54,469	
Distribution of Receipts to State & Local Governments	15.227		7,536	7,536
Wildlife and Plant Conservation Resource Management	15.231		39,972	
Secure Rural Schools and Community Self-Determination	15.234		32	
Passed Through Oregon State Marine Board:				
County Parks Maintenance Assistance Program/Clean Vessel Act	15.616	MAPS 16/17	1,350	
<b>Total U.S. Department of the Interior:</b>			<b>103,359</b>	<b>7,536</b>
<b>U.S. Department of Justice:</b>				
Direct Programs:				
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		271,636	106,654
State Criminal Alien Assistance Program	16.606		63,311	
Equitable Sharing Program	16.922		75,761	
Passed Through Multnomah County:				
Harold Rogers Prescription Drug Monitoring Program	16.754	4400003112	2,000	
Passed Through Oregon Department of Justice:				
Crime Victim Assistance - VOCA Basic	16.575	DAVAP-00025	195,587	
Crime Victim Assistance - VOCA OT	16.575	DAVAP-00116	38,582	
Crime Victim Assistance - VOCA	16.575	DAVAP-00069	9,409	
<b>Total CFDA 16.575</b>			<b>243,578</b>	-
Direct Programs:				
Drug Court Discretionary Grant Program	16.585		13,191	
Drug Court Discretionary Grant Program - Program Income	16.585		7,566	
<b>Total CFDA 16.585</b>			<b>20,757</b>	-



CLACKAMAS COUNTY, OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
Direct Programs:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Programs	16.590		89,743	34,785
Passed Through Clackamas Women's Services:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Programs	16.590	OVW-FED-DOJ-CJR-4340-01	19,301	
<b>Total CFDA 16.590</b>			<b>109,044</b>	<b>34,785</b>
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		23,311	
Passed Through Criminal Justice Commission:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	GF-15-023	59,014	
<b>Total CFDA 16.738</b>			<b>82,325</b>	-
<b>Total U.S. Department of Justice:</b>			<b>868,412</b>	<b>141,439</b>
<b>U. S. Department of Labor:</b>				
Passed Through Clackamas Education Service District				
WIA Youth Activities	17.259	IGA 16/17	42,978	
<b>Total WIA/WIOA Cluster</b>			<b>42,978</b>	-
<b>Total U. S. Department of Labor:</b>			<b>42,978</b>	-
<b>U.S. Department of Transportation:</b>				
Passed Through Oregon State Department of Transportation:				
Formula Grants for Rural Areas	20.509	30464	140,204	
Direct Programs:				
Highway Planning and Construction	20.205		133,850	
Passed Through Oregon State Department of Transportation:				
Highway Planning and Construction	20.205	24214	208,676	
Highway Planning and Construction	20.205	27472	4,239,146	
Highway Planning and Construction	20.205	27884	878,608	
Highway Planning and Construction	20.205	28216	317,218	
Highway Planning and Construction	20.205	29634	250,659	
Highway Planning and Construction	20.205	29996	10,415	
Highway Planning and Construction	20.205	30447	6,715	
Highway Planning and Construction	20.205	30687	3,206	
Passed Through Oregon State Dept. of Transportation - Transportation Safety Division:				
Highway Planning and Construction	20.205	1517WKZN-421III	70	
<b>Total Highway Planning and Construction Cluster</b>			<b>6,048,563</b>	-
Passed Through Metro:				
Federal Transit-Formula Grants	20.507	931973	86,675	
<b>Total Federal Transit Cluster</b>			<b>86,675</b>	-
Passed Through Ride Connection:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	RC#30732-cc	7,767	
Job Access and Reverse Commute Program	20.516	JO140191JO	6,538	
Passed Through Oregon State Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities - Special Trans	20.513	30730	54,687	20,163
Passed Through Tri-Met:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	148991	32,896	12,055
<b>Total Transit Services Programs Cluster</b>			<b>101,888</b>	<b>32,218</b>
Passed Through Oregon State Sheriff's Association:				
National Priority Safety Programs	20.616	M1HVE-16-46-08	11,355	
National Priority Safety Programs	20.616	M1HVE-17-46-08	14,471	
National Priority Safety Programs	20.616	M5HVE-16-12-21	12,909	
National Priority Safety Programs	20.616	M6X-17-12-21	17,842	
Passed Through Oregon State Dept. of Transportation - Transportation Safety Division:				
State and Community Highway Safety	20.600	SA-16-25-08	4,254	
State and Community Highway Safety	20.600	SA-17-25-08	5,898	
<b>Total Highway Safety Cluster</b>			<b>66,729</b>	-
<b>Total U.S. Department of Transportation:</b>			<b>6,444,059</b>	<b>32,218</b>
<b>General Services Administration:</b>				
Passed Through Dept. of Administrative Services:				
Donation of Federal Surplus Personal Property	39.003	ORS 272.085	(165)	
<b>Total General Services Administration:</b>			<b>(165)</b>	-
<b>Environmental Protection Agency:</b>				
Passed Through Oregon Health Authority:				
State Public Water System Supervision	66.432	148002	51,134	

CLACKAMAS COUNTY, OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
Passed Through Oregon Health Authority:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	148002	94,380	
<b>Total Drinking Water State Revolving Fund Cluster</b>			<b>94,380</b>	-
<b>Total Environmental Protection Agency:</b>			<b>145,514</b>	-
<b>Institute of Museum and Library Services:</b>				
Passed Through Oregon State Library				
Grants to States - LSTA	45.310	LS-00-16-0038-16	3,881	
<b>Total Institute of Museum and Library Services:</b>			<b>3,881</b>	-
<b>U.S. Department of Energy:</b>				
Passed Through Oregon State Housing and Community Services:				
Weatherization Assistance for Low-Income Persons	81.042	MGA 4224	214,267	
<b>Total U.S. Department of Energy:</b>			<b>214,267</b>	-
<b>U.S. Department of Health and Human Services:</b>				
Passed Through Oregon State Senior & Disabled Services				
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	148991.2	8,992	
Special Programs for the Aging Title III, Part D_Disease Prevention & Health Promotion Services	93.043	148991.2	11,283	10,805
National Family Caregiver Support, Title III, Part E	93.052	148991.2	184,914	12,312
Passed Through Oregon State Department of Consumer and Business Services; SHIBA				
Medicare Enrollment Assistance Program (MIPPA)	93.071	IGA 45G000205	9,750	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.324	45G000212	16,000	
Senior Medical Patrol	94.048	IGA 40G000140	9,928	
Passed Through Association of Food and Drug Officials				
Retail Program Standards	93.103	G-T-1510-03227	2,753	
Passed Through Oregon Health Authority				
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	148002	4,320	
Family Planning Services	93.217	148002	27,264	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	148002	255,888	125,729
HIV Prevention Activities Health Department Based	93.940	148002	65,171	54,756
Block Grants for Community Mental Health Services	93.958	147783	421,354	189,357
Block Grants for Prevention and Treatment of Substance Abuse	93.959	147783	739,442	696,296
Block Grants for Prevention and Treatment of Substance Abuse	93.959	145395	21,637	9,159
<b>Total CFDA 93.959</b>			<b>761,079</b>	<b>705,455</b>
Passed Through Oregon Department of Justice				
Child Support Enforcement	93.563	15421	1,020,559	
Passed Through Oregon State Housing & Community Services Division:				
Temporary Assistance for Needy Families	93.558	MGA 4224	44,620	
<b>Total TANF Cluster</b>			<b>44,620</b>	-
Low Income Home Energy Assistance	93.568	MGA 4224	1,597,670	
Community Services Block Grant	93.569	MGA 4224	206,447	
Passed Through Oregon State Department of Human Services				
Foster Care Title IV-E	93.658	145855	398,306	
Passed Through Oregon Office of Children and Families				
Social Services Block Grant	93.667	SG39639	190,119	164,500
Social Services Block Grant	93.667	SG39640	51,872	47,750
Social Services Block Grant	93.667	SG39642	25,813	23,500
Social Services Block Grant	94.667	SG39638	65,304	57,000
Social Services Block Grant	93.667	SG39643	26,039	23,500
<b>Total CFDA 93.667</b>			<b>359,147</b>	<b>316,250</b>
Passed Through Oregon Health Sciences University				
Maternal & Child Health Services Block Grant to the States	93.994	4B04MC06604-01-044	57,866	
Passed Through Oregon Health Authority:				
Maternal & Child Health Services Block Grant to the States	93.994	148002	132,276	
<b>Total CFDA 93.994:</b>			<b>190,142</b>	-
Passed Through Oregon State Senior & Disabled Services				
Special Programs for the Aging Title III, Part Grants for Supportive Services & Senior Centers	93.044	148991.2	642,845	183,824
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	148991.2	605,035	198,798
Nutrition Services Incentive Program	93.053	148991.2	166,504	64,554
<b>Total Aging Cluster</b>			<b>1,414,384</b>	<b>447,176</b>
Passed Through Oregon Health Authority:				
Public Health Emergency Preparedness	93.069	148002	159,181	
Passed Through Washington County:				
Public Health Emergency Preparedness	93.069	CA11-1265	52,753	
<b>Total CFDA 93.069</b>			<b>211,934</b>	-

CLACKAMAS COUNTY, OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor and Program Title	Federal CFDA Number	Identifying Pass Through Entity Number	Federal Expenditures	Amount Provided to Subrecipients
Direct Programs:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		305,738	
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - Program Income	93.224		4,197,479	
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527		2,171,982	
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program - Program Income	93.527		21,254,771	
<b>Total Health Centers Cluster</b>			<b>27,929,970</b>	<b>-</b>
Direct Programs:				
Substance Abuse & Mental Health Services_Projects of Regional and National Significance	93.243		486,962	
Passed Through Oregon Health Authority:				
Substance Abuse & Mental Health Services Projects of Regional and National Significance	93.243	147783	146,276	
<b>Total CFDA 93.243</b>			<b>633,238</b>	<b>-</b>
<b>Total U.S. Department of Health and Human Services:</b>			<b>35,785,113</b>	<b>1,861,840</b>
<b>Corporation for National and Community Service:</b>				
Direct Programs:				
Retired and Senior Volunteer Program	94.002		95,251	
Senior Companion Program	94.016		129,594	
<b>Total Foster Grandparent/Senior Companion Cluster</b>			<b>129,594</b>	<b>-</b>
<b>Total Corporation for National and Community Service:</b>			<b>224,845</b>	<b>-</b>
<b>Dept of Homeland Security:</b>				
Passed Through Oregon State Marine Department:				
Boating Safety Financial Assistance	97.012	FY16/17 IGA	179,537	
Passed Through United Way:				
Emergency Food and Shelter National Board Program	97.024	LRO 708000-005	61,979	61,979
Passed Through Oregon Military Office of Emergency Management				
FEMA HMGP Sandy Flood Warning System (Hazard Mitigation Grant)	97.039	DR-1956.005	4,766	
Emergency Management Performance Grants	97.042	16-503	183,436	
Passed Through Oregon Military Office of Emergency Management				
State Homeland Security Program	97.067	15-206	4,014	
Passed Through Portland Bureau of Emergency Management				
UASI	97.067	15-107	126,020	126,020
<b>Total CFDA 97.067</b>			<b>130,034</b>	<b>126,020</b>
<b>Total Dept. of Homeland Security:</b>			<b>559,752</b>	<b>187,999</b>
<b>Total Expenditures of Federal Awards:</b>			<b>73,610,411</b>	<b>2,638,630</b>

**CLACKAMAS COUNTY, OREGON**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federally funded programs of Clackamas County, Oregon (the County), except for the Housing Authority of Clackamas County and the Workforce Investment Council of Clackamas County, Inc. (WICCO), which issue separate reports. The reporting entity is defined in Note 1 to the County's basic financial statements. 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 the County, it is not intended to and does not present the financial position, changes in financial position, or the cash flows of the County.

2. The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable.

3. Election of De Minimis Indirect Rate

During the current year end, June 30, 2017, the County did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Revolving Loan Programs

The County 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 Rural Development Multi-Family Housing Revitalization Demonstration Program (CFDA #10.447), Community Development Block Grants/Entitlement Grants (CFDA #14.218), HOME Investment Partnerships Program (CFDA #14.239), Neighborhood Stabilization Program (Recovery Act Funded, CFDA #14.256; and Home and Economic Recovery Act Funded, CFDA #14.218). The County's responsibility over these loans is to ensure that a specified percentage of the total rental units are rented to low-income individuals, and the ongoing compliance requirements relate to the accumulated loan balances.

The outstanding loan balances as of June 30, 2017 consists of:

<u>CFDA</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2017</u>
10.447	U.S. Department of Agriculture The Rural Development Multi-Family Housing Revitalization Demonstration Program	\$ 50,000
14.218	U.S. Department of Housing and Urban Development Community Development Block Grants/Entitlement Grants	5,294,478
14.239	HOME Investment Partnerships Program	17,106,179
14.256	Community Development Block Grants (NSP-2 ARRA)	616,074
14.218	Community Development Block Grants (NSP-1 HERA)	1,362,079

**CLACKAMAS COUNTY, OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Section I - Summary of Auditor's Results**

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***Financial Statements***

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

**Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs:**

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
93.224, 93.527	Health Center Program Cluster	<i>Unmodified</i>
93.568	Low-Income Home Energy Assistance Program (LIHEAP)	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 2,208,312

Auditee qualified as low-risk auditee?  Yes  No

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**Section II - Financial Statement Findings**

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None reported.

**CLACKAMAS COUNTY, OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Section III - Federal Award Findings and Questioned Costs**

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None reported.

**CLACKAMAS COUNTY, OREGON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Follow up on findings reported June 30, 2016**

**Federal Award Findings and Questioned Costs**

**FINDING 2016-001 – Material Misstatement in Schedule of Expenditures of Federal Awards  
(Material Weakness in Internal Controls)**

**Condition:** Certain County Departments/Divisions are not utilizing the centralized services of Grants Office within the Department of Finance. For those Departments/Divisions, the County did not have procedures in place, to ensure program income received or used was reported as an expenditure in the schedule of expenditures of federal awards.

**Recommendation:** We recommend the implementation of internal controls designed to ensure the County's Health Clinics Division prepares and reconciles a report of the amount of program income received and used on a monthly basis. The County's Health Clinics Division should then provide the County Department of Finance Grants Office with the amount of program income received and used monthly for their records to assist in the annual preparation of the schedule of expenditures of federal awards.

**Status of Finding:** Fully resolved.