

## **AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS SECTION**

### **AUDIT COMMENTS**

- Report of Independent Certified Public Accountants on the County's Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Oregon Auditing Standards*

### **FEDERAL GRANT PROGRAMS**

- Report of Independent Certified Public Accountants 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*
- Report of Independent Certified Public Accountants on the County's Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs
- Summary Schedule of Prior Year Audit Findings and Questioned Costs



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND  
 ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
 ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Commissioners  
 Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County (“the County”) as of and for the year ended June 30, 2011 and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the County’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2011 and 2012.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. The County experienced a budgetary over-expenditure in the Risk Management Fund which is disclosed in the notes to the financial statements.

**MOSS ADAMS** LLP**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the County Commissioners, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



For Moss Adams LLP  
Eugene, Oregon  
November 22, 2011

**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***

The Board of County Commissioners  
 Multnomah County, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Federal, State Program Fund, and the Library Fund of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 22, 2011. Our report includes a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of Multnomah County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**MOSS ADAMS<sub>LLP</sub>****COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

This report is intended solely for the information and use of the audit committee, management, others within the entity, Board of County Commissioners, the Secretary of State, Divisions of Audits, of the State of Oregon, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams, LLP*

Eugene, Oregon  
November 22, 2011

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of County Commissioners  
Multnomah County, Oregon

**COMPLIANCE**

We have audited the Multnomah County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2011.

**INTERNAL CONTROL OVER COMPLIANCE**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

**MOSS ADAMS** LLP

*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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the entity, Board of County Commissioners, the Secretary of State, Divisions of Audits, of the State of Oregon, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss Adams, LLP*

Eugene, Oregon  
November 22, 2011



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	2613007	\$ 52,812
National School Lunch Program	10.555	2613007	117,369
<i>Total Child and Nutrition Cluster</i>			<u>170,181</u>
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	* 10.557	1936002309	3,113,717
Passed Through State of Oregon Senior & Disabled Services Division:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		8,178
Passed Through State Department of Agriculture:			
Schools and Roads - Grants to States	* 10.665	PI 106-393	717,840
<b>Total U.S. Department of Agriculture</b>			<b><u>4,009,916</u></b>
<b><u>U.S. Department of Defense</u></b>			
Passed Through Oregon Department of Administrative Services:			
Payments to States in Lieu of Real Estate Taxes	12.112	1936002309	1,125
<b>Total Department of Defense</b>			<b><u>1,125</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		373,281
Passed Through City of Portland:			
Community Development Block Grants/Entitlement Grants	14.218	30000598	315,716
<i>Total Community Development Block Grants/Entitlement Grants</i>			<u>688,997</u>
Supportive Housing Program	14.235		2,077,508
Healthy Homes Demonstration Grants	14.901		303,095
Passed Through Housing Authority of Portland:			
Home Investment Partnerships Program	14.239	7multn02	6,068
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	7multn02	27,156
<b>Total Department of Housing and Urban Development</b>			<b><u>3,102,824</u></b>
<b><u>U.S. Department of Interior</u></b>			
Direct Programs:			
Payments in Lieu of Taxes	15.226		26,486
Distribution of Receipts to State and Local Governments	* 15.227		849,849
<b>Total Department of Interior</b>			<b><u>876,335</u></b>

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Justice</u></b>			
Direct Programs:			
Comprehensive Approaches to Sex Offender Management			
Discretionary Grant (CASOM)	16.203		65,357
Services for Trafficking Victims	16.320		100,909
Supervised Visitation, Safe Havens for Children	16.527		50,001
Missing Children's Assistance	16.543		158,550
Edward Byrne Memorial State and Local Law Enforcement			
Assistance Discretionary Grants Program	16.580		8,901
Drug Court Discretionary Grant Program	16.585		52,845
Grants to Encourage Arrest Policies and Enforcement of Protection			
Orders Program	16.590		230,831
State Criminal Alien Assistance Program	* 16.606		443,102
Bulletproof Vest Partnership Program	16.607		38,734
Project Safe Neighborhoods	16.609		148,337
Public Safety Partnership and Community Policing Grants	16.710		183,473
Reduction and Prevention of Children's Exposure to Violence	16.730		145,478
Transitional Housing Assistance for Victims of Domestic			
Violence, Dating Violence, Stalking, or Sexual Assault	16.736		94,891
Anti-Gang Initiative	16.744		605
Congressionally Recommended Awards	16.753		247,096
ARRA - Recovery Act Transitional Housing	16.805		208,217
ARRA - Recovery Act - Edward Byrne Memorial Competitive			
Grant Program	16.808		147,878
Second Chance Act Prisoner Reentry Initiative	16.812		96,655
Passed Through Oregon Commission on Children and Families:			
Juvenile Accountability Block Grants	16.523	2008-6362	143,242
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	FG2008/FG2008-11	97,430
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	08-3205/09-3437	177,609
ARRA - Violence Against Women Formula Grants	16.588	09-ARRA-VAWA-3530	7,518
Violence Against Women Formula Grants	16.588	09-VAWA-3229	78,750
<i>Total Violence Against Women Formula Grants</i>			86,268
Passed Through State Department of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	1936002309	778,433
Passed Through City of Portland:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	2009-0552	326,250
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance			
Grant (JAG) Program/ Grants to States and Territories	* 16.803	1936002309	951,180

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Justice (continued)</u></b>			
Passed Through City of Portland:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government	* 16.804	2009-SB-B9-0977	962,299
<i>Total Edward Byrne Memorial Justice Assistance Grant Program Cluster</i>			<u>3,018,162</u>
<b>Total Department of Justice</b>			<b><u>5,944,571</u></b>
<b><u>U.S. Department of Labor</u></b>			
Passed Through Special Mobility Services Inc.:			
Senior Community Service Employment Program	17.235		1,800
<b>Total Department of Labor</b>			<b><u>1,800</u></b>
<b><u>U.S. Department of Transportation</u></b>			
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	1936002309	109,638
Highway Planning and Construction	20.205	1936002309	9,385,172
<i>Total Highway Planning and Construction</i>			<u>9,494,810</u>
<b>Total Department of Transportation</b>			<b><u>9,494,810</u></b>
<b><u>Institute of Museum and Library Services</u></b>			
Direct Programs:			
National Leadership Grants	45.312		7,356
Passed Through National Endowment for the Humanities:			
Promotion of the Humanities_Public Programs	45.164	LS-50107-07	5,000
Passed Through Oregon State Library:			
Grants to States	45.310	09-04-3P	11,377
Grants to States	45.310	10-03-1P	41,713
Grants to States	45.310	10-04-3P/10-04-3Z	43,233
Grants to States	45.310	LNET 01-09	4,650
Grants to States	45.310	LNET 01-10	305,000
<i>Total Grants to States</i>			<u>405,973</u>
Passed Through Oregon Museum Science and Industry:			
National Leadership Grants	45.312	D09-05	1,865
<b>Total Institute of Museum and Library Services</b>			<b><u>420,194</u></b>
<b><u>U.S. Environmental Protection Agency</u></b>			
Direct Programs:			
Environmental Justice Small Grant Program	66.604		5,396

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Environmental Protection Agency</u></b> (continued)			
Passed Through Oregon Department of Environmental Quality:			
ARRA - State Clean Diesel Grant Program	66.040	066-10	54,174
Passed Through State Department of Human Services:			
State Public Water System Supervision	66.432	1936002309	9,084
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1936002309	11,270
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	2,000
<b>Total U.S. Environmental Protection Agency</b>			<b><u>81,924</u></b>
<b><u>U.S. Department of Energy</u></b>			
Direct Program:			
Renewable Energy Research and Development	81.087		15,948
Passed Through Oregon Department of Energy:			
ARRA - State Energy Program	* 81.041	1936002309	1,046,697
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	1936002309	49,910
ARRA Weatherization Assistance for Low-Income Persons	81.042	1936002309	1,616,117
<i>Total Weatherization Assistance for Low-Income Persons</i>			<u>1,666,027</u>
ARRA - Energy Efficient Appliances Rebate Program (EEARP)	81.127	1936002309	159,803
<b>Total Department of Energy</b>			<b><u>2,888,475</u></b>
<b><u>Federal Emergency Management</u></b>			
Direct Program:			
Disaster Assistance - FEMA Flood	83.516		210
<b>Total Federal Emergency Management</b>			<b><u>210</u></b>
<b><u>U.S. Department of Education</u></b>			
Passed Through Portland Community College:			
Adult Education - Basic Grants to States	84.002	045-09	30,723
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	4128	99,839
Passed Through Portland Public Schools:			
Voluntary Public School Choice	84.361	57973	11,433
Title I Grants to Local Educational Agencies, Recovery Act	84.389	SAE 1011095	117,950
<b>Total Department of Education</b>			<b><u>259,945</u></b>

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Election Assistance Commission</u></b>			
Passed Through State Department:			
Help America Vote Act Requirements Payments	90.401		174,995
<b>Total Election Assistance Commission</b>			<b>174,995</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		106,896
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	1936002309	29,029
Passed Through State Department of Human Services:			
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	1936002309	252,370
<i>Total Special Programs for the Aging_Title IV_and Title II_Discretionary Projects</i>			<u>281,399</u>
Passed Through State Department:			
Medicare Enrollment Assistance Program	93.071	MIPPA 09-11-12	17,562
Direct Programs:			
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087		656,261
Injury Prevention and Control Research and State and Community Based Programs	93.136		104,160
Passed Through Portland State University:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	CDC sub050139 MCHD	53,231
Passed Through State Division of Public Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136		2,350
<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>			<u>159,741</u>
Direct Programs:			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		338,865
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		6,822,885
State Capacity Building	93.240		44,560
Refugee and Entrant Assistance_Discretionary Grants	93.576		43,056
ARRA – Grants to Health Center Programs	* 93.703		1,791,290
ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	* 93.724		3,064,681

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Direct Programs (continued):			
HIV Emergency Relief Project Grants	93.914		3,705,690
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		891,169
Healthy Start Initiative	93.926		905,402
Passed Through Oregon Health Sciences University:			
Special Projects of National Significance	93.928	GINTR0027EN MULT	343
Passed Through National Association of City and County Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC090141	4,993
Passed Through State Department of Human Services:			
Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1936002309	13,688
Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1936002309	47,408
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	1936002309	919,514
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	1936002309	1,194,992
Nutrition Services Incentive Program	93.053	1936002309	526,982
<i>Total Aging Cluster</i>			2,641,488
Alzheimer's Disease Demonstration Grants to States	93.051	1936002309	94,494
National Family Caregiver Support, Title III, Part E	93.052	1936002309	350,346
Public Health Emergency Preparedness	93.069	1936002309	459,270
Environmental Public Health and Emergency Response	93.070	1936002309	7,184
Passed Through NW Family Services:			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90AE0160	323,747
Passed Through State Department of Human Services:			
Maternal and Child Health Federal Consolidated Programs	93.110	1936002309	34,200
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	77,369
Passed Through University of Washington:			
AIDS Education and Training Centers	93.145	654951	110,500
Passed Through State Department of Human Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1936002309	264,196
Family Planning_Services	93.217	1936002309	364,494
Substance Abuse and Mental Health Services-Access to Recovery	93.275		40,866

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**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Passed Through State Division of Public Health:			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1936002309	22,368
Passed Through State Department of Human Services:			
Immunization Grants	93.268	1936002309	2,781,976
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	1936002309	335,884
Passed Through Washington County Public Health:			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	CA 09-0978	22,246
Passed Through Washington State Department of Health:			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	#N17703	50,000
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	2010-100101	415,889
<i>Total Centers for Disease Control and Prevention_Investigations and Technical Assistance</i>			824,019
Passed Through State Division Public Health:			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	132027	17,820
Passed Through Oregon Commission on Children And Families:			
Promoting Safe and Stable Families	93.556	MUL0911	312,731
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	1936002309	115,832
Passed Through Oregon Department of Justice:			
Child Support Enforcement	93.563	1936002309	1,656,231
ARRA Child Support Enforcement	93.563	1936002309	196,676
<i>Total Child Support Enforcement</i>			1,852,907
Passed Through Oregon Housing and Community Services:			
Low-Income Home Energy Assistance	93.568	0310559	7,270,427
Passed Through Oregon Housing and Community Services:			
Community Services Block Grant	* 93.569	0310559	793,876
ARRA - Community Services Block Grant	* 93.710	0310559	261,883
<i>Total CSBG Cluster</i>			1,055,759

\* Indicates a Major Program

(continued)

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Passed Through Oregon Department of Justice:			
Grants to States for Access and Visitation Programs	93.597	Multnomah	44,142
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	0210115-6	62,084
Passed Through Oregon Secretary of State:			
Voting Access for Individuals with Disabilities_Grants to States	93.617	110087	12,541
Passed Through Oregon Commission on Children And Families:			
Social Services Block Grant	93.667	MUL0911	766,716
Passed Through Oregon Health Sciences University:			
ARRA _ Trans-NIH Recovery Act Research Support	93.701	APHPM0167ST-MC	295,110
Passed Through State Department of Human Services:			
ARRA_Health Information Technology Regional Extension Centers Program	93.718	LPHA 132027	48,655
Passed Through Washington State Department of Health:			
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	#N17703	1,250
Passed Through State Dept of Consumer Business Svc./Dep. Human Services:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	SHIBA 1011-15 / 130183	46,364
Passed Through Kaiser Foundation Research Institute:			
Cardiovascular Diseases Research	93.837	#R18HL095481-01A1	46,124
Passed Through State Department of Human Services:			
National Bioterrorism Hospital Preparedness Program	93.889	1936002309	361,160
Passed Through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	GPBHD0014A MULT	12,116
Passed Through State Department of Human Services:			
HIV Prevention Activites_Health Department Based	93.940	1936002309	858,822
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1936002309	317,032
Passed Through National Association of Chronic Disease Directors:			
Assistance Programs for Chronic Disease Prevention and Control	93.945	4CA128-01 1 MCHD#0809147	25,740

(continued)



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2011**

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Health &amp; Human Services</u></b> (continued)			
Passed Through State Department of Human Services:			
Block Grants for Community Mental Health Services	93.958	1936002309	516,329
Block Grants for Prevention and Treatment of Substance Abuse	* 93.959	1936002309	3,836,132
Preventative Health and Health Services Block Grant	93.991	1936002309	3,700
Passed Through Oregon Health Sciences University:			
Maternal and Child Health Services Block Grant to the States	93.994	4 B04MC06604-01-04	125,991
Passed Through State Department of Human Services:			
Maternal and Child Health Services Block Grant to the States	93.994	1936002309	407,408
<i>Total Maternal and Child Health Services Block Grant to the States</i>			<u>533,399</u>
<b>Total Department of Health and Human Services</b>			<b><u>45,705,298</u></b>
<b><u>Corporation for National and Community Service</u></b>			
Foster Grandparent Program	94.011		137,045
<b>Total Corporation for National and Community Services</b>			<b><u>137,045</u></b>
<b><u>US Department of Homeland Security</u></b>			
Passed Through City of Portland-Department of Emergency Communications:			
Non-Profit Security Program	97.008	UASI08	303,907
Passed Through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	1936002309	714,423
Passed Through Oregon Emergency Management:			
Flood Mitigation Assistance	97.029	EMS-200X-FM-E00X	12,782
Emergency Management Performance Grants	97.042	EMPG09	317,720
Citizen Corps	97.053	07-111	11,687
State Homeland Security Program (SHSP)	97.073	07-225	277,420
State Homeland Security Program (SHSP)	97.073	08-243	67,364
State Homeland Security Program (SHSP)	97.073	09	115,009
<i>Total State Homeland Security Program (SHSP)</i>			<u>459,793</u>
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	07-169	57,536
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	LETPP 05	37,923
<i>Total Law Enforcement Terrorism Prevention Program</i>			<u>95,459</u>
<b>Total Department of Homeland Security</b>			<b><u>1,915,771</u></b>
<b>Total Federal Expenditure</b>			<b><u>\$ 75,015,238</u></b>

\* Indicates a Major Program

**MULTNOMAH COUNTY, OREGON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

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**Note A – General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2011. The County's reporting entity is defined in Note 1 to the County's June 30, 2011 basic financial statements.

**Note B – Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. The Highway Planning and Construction grant, CFDA 20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed passed through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration.

**Note C – Relationship to Basic Financial Statements**

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

**Note D – Non-cash Awards**

The accompanying Schedule of Expenditures of Federal Awards includes three non-cash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$10,544. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$117,369.

An award from the U.S. General Election Assistance Commission provided a ballot sorter (CFDA #90.401 – Help America Vote Act Requirements Payments). The value of the ballot sorter was determined by the granting agency; \$174,995.

An additional award from the Department of Health and Human Services is in the form of immunization vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2011 is calculated on a proportionate basis; \$2,726,476. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$2,781,976.

**MULTNOMAH COUNTY, OREGON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

**Note E - Subrecipients**

Of the Federal expenditures presented in the schedule, Multnomah County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	596,311
Supportive Housing Program	14.235	1,688,604
Missing Children's Assistance	16.543	44,078
Drug Court Discretionary Grant Program	16.585	48,710
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	79,466
Project Safe Neighborhoods	16.609	25,340
Reduction and Prevention of Children's Exposure to Violence	16.730	43,932
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	37,635
Edward Byrne Memorial Justice Assistance Grant Program	16.738	616,069
Congressionally Recommended Awards	16.753	90,582
<i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</i>	16.803	359,214
<i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to Units of Local Government</i>	16.804	227,346
<i>ARRA - Recovery Act Transitional Housing</i>	16.805	82,491
Second Chance Act Prisoner Reentry Initiative	16.812	89,091
Highway Planning and Construction	20.205	3,150
Twenty-First Century Community Learning Centers	84.287	99,839
Voluntary Public School Choice	84.361	10,922
Title I Grants to Local Educational Agencies, Recovery Act	84.389	112,677
Community-Based Abstinence Education (CBAE)	93.010	11,663
Special Programs for the Aging_ Title III, Part D_ Disease Prevention and Health Promotion Services	93.043	38,474
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	289,063
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	1,194,992
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	10,686
National Family Caregiver Support, Title III, Part E	93.052	143,521
Nutrition Services Incentive Program	93.053	526,982
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	435,123
Injury Prevention and Control Research and State and Community Based Programs	93.136	54,039
Projects for Assistance in Transition from Homelessness (PATH)	93.150	235,196
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	277,635
Promoting Safe and Stable Families	93.556	103,844
Low-Income Home Energy Assistance	93.568	535,304
Community Services Block Grant	93.569	625,333
Social Services Block Grant	93.667	652,361
<i>ARRA - Grants to Health Center Programs</i>	93.703	296,269
<i>ARRA - Community Services Block Grant</i>	93.710	247,638
<i>ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)</i>	93.724	1,415,942
HIV Emergency Relief Project Grants	93.914	2,388,738
HIV Prevention Activities_Health Department Based	93.940	326,470
Block Grants for Community Mental Health Services	93.958	265,502
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,463,720
Non-Profit Security Program	97.008	33,958
Citizen Corps	97.053	3,100
<b>Total Subrecipient pass-through</b>		<b>17,831,009</b>

**MULTNOMAH COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

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*Financial Statements*

Type of auditor's report issued: Unqualified  
 Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes     X  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes     X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes     X  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes     X  no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes     X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ yes     X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.665	Schools and Roads, Grants to States
15.227	Distribution of Receipts to State and Local Governments
16.606	State Criminal Alien Assistance Program
81.041	State Energy Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.703	ARRA – Grants to Health Center Programs
93.724	ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement
	<u>JAG Cluster</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grants (JAG) Program / Grants to States and Territories
16.804	Recovery Act – Edward Byrne memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government
	<u>Community Services Block Grant Cluster</u>
93.569	Community Service Block Grant
93.710	ARRA – Community Services Block Grant

**MULTNOMAH COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Section I - Summary of Auditor's Results (Continued)**

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Dollar threshold used to distinguish  
between type A and type B programs:       \$       2,250,457

Auditee qualified as low-risk auditee?          X   yes           no

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**Section II - Financial Statement Findings**

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None reported

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

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None reported



**MULTNOMAH COUNTY OREGON**

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**Summary Schedule of Prior Year Audit Findings and Questioned Costs  
For the Fiscal Year Ending June 30, 2010**

**FINDING 2010-01 – Depreciation of Right-of-Ways – Significant Deficiency in Internal Control**

**Condition:** The County did not have procedures in place to ensure the non-depreciable treatment of right-of-ways.

**Recommendation:** Prior to audit fieldwork we noted that management corrected this misapplication of GAAP, and implemented procedures treating right-of-ways as non-depreciable assets.

**Status of Finding:** Management made the appropriate corrections in the fiscal year 2010 financial statements and provided the auditors with accurate year-end reports and supporting schedules. In addition, management revised the County’s capital asset policy to state that right-of-ways are non-depreciable assets. The County is no longer depreciating right-of-ways and has implemented controls in place to ensure proper capital asset accounting and reporting.

**FINDING 2010-02 - Allowable Costs (Payroll) - Significant Deficiency in Internal Controls and Instance of Non-Compliance**

**Federal Programs:** Social Services Block Grant, CFDA 93.667

Weatherization Assistance for Low-Income Persons, CFDA 81.042

**Condition:** During our testing of payroll for the awards listed above, it was noted that these programs did not perform the annual reconciliation of budgeted payroll expenditures charged to federal awards compared to actual personnel costs expended, nor were those differences adjusted accordingly.

**Recommendation:** Moss Adams recommends that the County delegate responsibility for the annual reconciliation to grant accountant, with an oversight and review process by County management. If differences are noted, adjustments should be made in the accounting system to reflect true costs to the program.

**Status of Finding:** Management has implemented procedures to ensure an annual payroll reconciliation is performed comparing budgeted personnel expenditures charged to federal awards to actual personnel costs incurred.

## **FINDING 2010-03 - Allowable Costs - Internal Service Charges Instance of Non-Compliance**

**Federal Programs:** Consolidated Health Centers, CFDA 93.224

**Condition:** Multnomah County's Cost Allocation Plan did not include all the required disclosures for internal service funds: description of service, balance sheet, revenue / expense statement, transfers, etc. The working capital reserve for the IT Department was not monitored to ensure this balance did not exceed 60 days of working capital. There was no annual reconciliation of IT Department revenue generated to the actual costs incurred for fiscal year 2010.

**Recommendation:** Moss Adams recommends that the County perform the 2010 reconciliation between IT Department internal service costs charged to the Consolidated Health Centers program and the actual cost of the service provided to determine the amount overcharged to the federal award. The amount overcharged should be returned to the awarding agency. In addition, Moss Adams recommends that policies and procedures be designed and implemented to ensure compliance with OMB A-87 requirements for IT Department internal service costs charged to federal awards. We further recommend that the vacant accountant position within the IT Department be filled and this individual be assigned responsibility for compliance requirements, with periodic review by County management.

**Status of Finding:** During the preparation of the County's 2011 Indirect Cost Allocation Plan (CAP), General Ledger noted the 2010 plan did not include the proper disclosures for internal service funds. Our procedures to prepare the County's CAP now include information on disclosing relevant internal service fund financial statements and other information. Management did prepare the 2011 and 2012 CAPs with the required internal service fund disclosures.

In fiscal year 2011, General Ledger coordinated with the Information Technology division (IT) and the County's cognizant agency, Department of Health and Human Services (HHS), to repay HHS the \$120,000 of questioned internal IT charges on the Health Department's grant, Consolidated Health Centers, CFDA 93.224. This payment was made in fiscal year 2011 and the County received a confirmation letter from HHS. Management has further evaluated the requirements of OMB A-87 and has developed controls to review internal service charges recorded to our Federal programs to ensure grants are not overcharged by any one internal service provider.

IT has also taken a number of steps during the fiscal year 2012 planning and budget process in order to address the accumulation of working capital in its internal service fund. One significant step in fiscal year 2012 has been the change in allocating the monthly IT charges from budgeted amounts to allocating the actual monthly expenses to each department. IT management believes this change in the billing process will prevent the accumulation of working capital in the internal service data processing fund. In addition, IT has developed a process to review year-end revenue charges/billings and make any necessary adjustments prior to year-end close.

## **FINDING 2010-04 - Eligibility - Significant Deficiency in Internal Control and Instance of Noncompliance**

**Federal Programs:** ARRA Grants to Health Center Programs, CFDA 93.703

**Condition:** During our testing of eligibility requirements, the County was unable to provide documentation that supported the annual income level of clients for use in determining the Federal Poverty Level (FPL) % and applicable sliding fee for health services rendered. Typically this documentation would take the form of a filed tax return or payroll remittance. We were able to review income levels within the EPIC system to ensure compliance with eligibility requirements; however the supporting documentation was not available to review.

**Recommendation:** We recommend that the County revise their document destruction policy to meet federal requirements of retaining documents for at least three years.

**Status of Finding:** Management recognizes the importance of adhering to Federal OMB requirements regarding retention and access requirements for records. The Health Department performs eligibility screenings to determine the income level of clients/patients in order to establish a Federal Poverty Level (FPL) for client/patients seeking personal health services. The department screening requires clients/patients to provide a copy of pay check stubs (3 months), employee letter verification, and previous year tax return. Department procedures also require the retention of the financial documentation related to the FPL level determination. In fiscal year 2010, the Eligibility unit of the Health Department took on all eligibility screening responsibilities after the Patient Account Service Office (PASO) was eliminated in the prior year. At the time of transition the policy by the Eligibility unit was to retain screening documentation up to one full fiscal year in order to limit paper storage space at the clinics.

A management review found no indication that the Eligibility unit did not perform the required financial screenings. Management confirmed proper procedural controls are in place to ensure patient income levels are adequately supported. The unit follows well established policies for insurance eligibility verification and has procedures in place to collect and retain financial documentation provided to them, including the clients financial data used to calculate FPL level. In fiscal year 2011, the Eligibility unit changed its retention record requirement from one fiscal year to three fiscal years to comply with Federal OMB requirements. During the October 2010 Eligibility staff meeting clinical leadership confirmed the process change. The retention procedural change along with periodic reviews from the Health Department Business Services ensures the retention of FPL documentation complies with Federal grant requirements.