

CITY OF BEAVERTON
Beaverton, Oregon

**Schedule of Expenditures of Federal Awards
And Related Reports**

Year Ended June 30, 2019



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CITY OF BEAVERTON
Beaverton, Oregon

Schedule of Expenditures of Federal Awards
And Related Reports

Year Ended June 30, 2019

CITY OF BEAVERTON
Beaverton, Oregon

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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Beaverton
Beaverton, Oregon

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beaverton, Oregon (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. 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 City'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*.



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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Talbot, Kowda & Warwick LLP

Lake Oswego, Oregon
December 12, 2019



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**REPORT ON COMPLIANCE FOR
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Beaverton
Beaverton, Oregon

REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM

We have audited the City of Beaverton, Oregon's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for the City's major federal program 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 City'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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

OPINION ON MAJOR FEDERAL PROGRAM

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City 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 City's internal control



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**REPORT ON COMPLIANCE FOR
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE (Continued)

over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 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 City as of and for the year ended June 30, 2019, and have issued our report thereon dated December 12, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions 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 Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Talbot, Kowola & Warwick LLP

Lake Oswego, Oregon
December 12, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

<u>Program Title/Description</u>	<u>CFDA Number</u>	<u>Pass-through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>	<u>Note</u>
U.S. Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement	14.218	Direct	\$683,368	\$784,183	(1)
Total CDBG - Entitlement Grants Cluster			683,368	784,183	
Total U.S. Department of Housing and Urban Development			<u>683,368</u>	<u>784,183</u>	
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	Direct	-	7,875	
Community Oriented Policing Services (COPS)	16.710	Direct	-	18,333	
Total U.S. Department of Justice			<u>-</u>	<u>26,208</u>	
U.S. Department of Transportation:					
Highway Safety Cluster:					
Passed Through Oregon Department of Transportation:					
DUII No Refusal	20.616	M6X-18, 19	-	8,262	
Safety Belt (January - June 2019)	20.600	OP-19-45	-	14,635	
Safety Belt (July - September 2018)	20.616	M1HVE-18-46	-	15,180	
Passed through Oregon Impact:					
Pedestrian Safety Enforcement	20.600	N/A	-	5,330	
Distracted Driving	20.600	N/A	-	3,653	
Total Highway Safety Cluster			<u>-</u>	<u>47,060</u>	
Passed through Oregon Impact					
ODOT DUII HVE	20.608	164AL-16-14-36	-	54,678	
Passed through Oregon Department of Transportation					
Speed Enforcement	20.608	M8SE-19-35-11	-	6,608	
			<u>-</u>	<u>61,286</u>	
Total U.S. Department of Transportation			<u>-</u>	<u>108,346</u>	
U.S. Department of Health and Human Service					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
	93.243	Direct	-	330	
Total U.S. Department of Health and Human Service			<u>-</u>	<u>330</u>	
U.S. Department of Homeland Security					
Passed through Oregon Dept of State Police:					
Emergency Management Performance Grants	97.042	N/A	-	104,282	
Passed through Oregon Office of Homeland Security:					
Homeland Security Grant Program					
Urban Area Security Initiative (UASI) FY16	97.067	16-170	-	2,000	
Urban Area Security Initiative (UASI) FY17	97.067	17-170	-	6,000	
Regional Citizen Preparedness, CERT	97.067	17-200	-	2,100	
			<u>-</u>	<u>10,100</u>	
Total U.S. Department of Homeland Security			<u>-</u>	<u>114,382</u>	
Total Expenditures of Federal Awards			<u>683,368</u>	<u>1,033,449</u>	

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES:

The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

NOTE B - INDIRECT COST RATES:

The City has elected to not use the 10 percent de minimis indirect cost rate.

(1) Program income \$77,687 applied toward expenditures (addition method)

CITY OF BEAVERTON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weakness(es) No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance No

Identification of major programs:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER
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14.218	CDBG - Entitlement Cluster
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Dollar threshold used to distinguish between type A and B programs \$750,000

Auditee qualified as low-risk auditee? No

CITY OF BEAVERTON, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings reported.

SECTION III – FEDERAL AWARD FINDINGS

No findings reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No findings to report.