

FEDERAL GRANT COMPLIANCE REPORT
MORROW COUNTY

Year Ended June 30, 2025

MORROW COUNTY

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**INDEPENDENT AUDITOR’S REPORT 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 Commissioners
Morrow County
Heppner, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morrow County’s (the “County”) compliance with the types of compliance requirements identified as subject to an audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2025. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Board of Commissioners

Morrow County

Independent Auditor's Report 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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

Board of Commissioners

Morrow County

Independent Auditor's Report 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

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. We consider the deficiency as described in the accompanying schedule of findings as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Morrow County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Morrow County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Board of Commissioners

Morrow County

Independent Auditor's Report 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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrow County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon, dated December 28, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required 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.

Singer Lewak LLP

December 28, 2025

MORROW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Type of auditor’s report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.202	Congressionally Mandated Projects

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

Section II – Financial Statement Findings

None reported

MORROW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

Section III - Federal Award Findings and Questioned Costs

2025-001

66.202 - Congressionally Mandated Projects

Criteria: The recipient or subrecipient must submit financial reports as required by the Federal award. Reports submitted annually by the recipient or subrecipient must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period.

Condition: The County did not submit the required financial reports timely.

Cause: The County was unaware of the requirement to submit a financial report for this award.

Effect or potential effect: Agency monitoring over the award is unable to be performed.

Questioned Costs: None

Recommendation: We recommend the County establish internal controls that would ensure compliance with the criteria noted above.

Views of Officials: Management agrees with the finding. The County has reviewed its existing controls and procedures to identify the point of failure and has implemented changes to ensure proper review of grant requirements and timely filing of reports occur.

MORROW COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through To Subrecipients
Department of Agriculture				
Forest Service Schools and Roads Cluster <i>Passed through Department of Administrative Services</i> Schools and Roads-Grants to States	10.665	unknown	\$ 31,287	\$ -
Total Department of Agriculture			<u>31,287</u>	<u>-</u>
Department of Defence				
<i>Passed through US Army Corps of Engineers</i> Management of Undesirable Plants on Federal Lands	12.012	W9127N2420007	35,089	-
Total Department of Defence			<u>35,089</u>	<u>-</u>
Department of Justice				
Office of Victims of Crime <i>Passed through Oregon State Criminal Justice Commission</i> Crime Victim Assistance	16.575	VOCA/CFA-2023- MorrowCo.DAVAP-00019	59,074	-
<i>Passed through Oregon State Police CJIS Division</i> National Criminal History Improvement Program	16.554	unknown	33,671	-
Direct Justice Reinvestment Initiative	16.827	N/A	100,800	9,567
Total Department of Justice			<u>193,545</u>	<u>9,567</u>
Department of Transportation				
National Highway Traffic Safety Administration Transit Services Programs Cluster <i>Passed through Oregon Department of Transportation</i> Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	35480	34,429	-
Total Transit Services Programs Cluster			<u>34,429</u>	<u>-</u>
Federal Transit Administration <i>Passed through Oregon Department of Transportation</i> Formula Grants for Rural Areas and Tribal Transit Program	20.509	35429	\$ 192,394	-
Formula Grants for Rural Areas and Tribal Transit Program - COVID	20.509	35390	<u>18,644</u>	<u>-</u>
Total Department of Transportation			<u>245,467</u>	<u>-</u>
Department of the Treasury				
Direct Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	988,278	-
Local Assistance and Tribal Consistency Fund	21.032	N/A	<u>258,555</u>	<u>-</u>
Total Department of the Treasury			<u>1,246,833</u>	<u>-</u>
Department of the Veterans Affairs				
Direct Veterans Transportation Program	64.035	N/A	37,371	-
Total Department of the Veterans Affairs			<u>37,371</u>	<u>-</u>
Environmental Protection Agency				
Direct Congressionally Mandated Projects	66.202	N/A	685,982	-
Total Environmental Protection Agency			<u>685,982</u>	<u>-</u>

See accompanying notes

MORROW COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed Through To Subrecipients</u>
Department of Health and Human Services				
Medicaid Cluster				
<i>Passed through Oregon State Health Authority</i>				
Medical Assistance Program	93.778	180024_PE42-03	5,431	-
Total Medicaid Cluster			5,431	-
Health Resources and Services Administration				
<i>Passed through Oregon Health & Science University</i>				
Maternal and Child Health Services Block Grant to the States	93.994	1029202_MORROW	2,492	-
<i>Passed through Oregon State Health Authority</i>				
Maternal and Child Health Services Block Grant to the States	93.994	180024_PE42-11, 42-12	15,332	-
Sexually Transmitted Diseases (STD) Prevention and Treatment Block Grant	93.977	180024_PE10-02	14,502	-
Centers for Disease Control and Prevention				
<i>Passed through Oregon State Health Authority</i>				
Public Health Emergency Preparedness	93.069	180024_PE12-01	67,090	-
Immunization Cooperative Agreements	93.268	180024_PE43-01	54,759	-
Office of the Assistant Secretary for Health				
<i>Passed through Oregon State Health Authority</i>				
Family Planning Services	93.217	180024_PE46-05	14,077	-
Administration for Children & Families				
<i>Passed through Oregon Department of Justice</i>				
Child Support Services	93.563	23504	110,119	-
Substance Abuse and Mental Health Services Administration				
<i>Passed through Oregon State Health Authority</i>				
Block Grants for Community Mental Health Services	93.958	026020_MHS20	22,803	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	026020_A&D66 and 154978	101,775	-
Total Department of Health and Human Services			408,380	-
Department of Homeland Security				
<i>Passed through Oregon Department of Emergency Management</i>				
Homeland Security Grant Program	97.067	EMW-2023-SS-00004	27,131	-
Total Department of Homeland Security			27,131	-
Total Expenditures of Federal Awards			\$ 2,911,085	\$ 9,567

See accompanying notes

MORROW COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Morrow County under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) Because the Schedule presents only a selected portion of the operations of Morrow County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Morrow County.

2. Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect cost rate

The County has elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

MORROW COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended June 30, 2025

Finding 2023-003

Status: This is in progress. The County has engaged with a consultant to assist with the development of a Business Continuity and Disaster Recovery Strategy Plan. The draft project work plan, which includes risk and resource management, is pending approval from the Board of Commissioners. The final approval and adoption are expected in the next 90 days. A forced password reset was performed for all users and rules were implemented for password requirements, e.g., increased number of characters, and this has been an annual requirement since implementation. System access continues to be reviewed quarterly and updated to reflect what is needed day to day and relevant to position duties.