



REPORTS OF INDEPENDENT AUDITORS AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CITY OF ASHLAND, OREGON
FEDERAL GRANT PROGRAMS**

June 30, 2021

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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*

To the Mayor and City Council
City of Ashland, 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, each major fund, and the aggregate remaining fund information of the City of Ashland, Oregon (the City) as of and for the year ended June 30, 2021, 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 15, 2021.

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) as a basis for designing 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. 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 financial statements. 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.

Mass Adams LLP

Medford, Oregon
December 15, 2021

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

To the Mayor and City Council
City of Ashland, Oregon

Report on Compliance for the Major Federal Program

We have audited the City of Ashland, 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, 2021. 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 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 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* 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 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 the 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 the major federal program for the year ended June 30, 2021.

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 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 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 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 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 City as of and for the year ended June 30, 2021, and have issued our report thereon dated December 15, 2021, 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.

Mass Adams LLP

Medford, Oregon
February 7, 2022

City of Ashland, Oregon
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Program Title	Federal Assistance Listing Number	Pass-Through Organization	Identifying Number	Year to Date Disbursements / Expenditures	Passed Through to Subrecipients
<u>DEPARTMENT OF AGRICULTURE</u>					
Cooperative Forestry Assistance	10.664	The Nature Conservancy	COA_S&PF_2018123	\$ 8,366	-
TNC State & Private Grant					
State & Private Forestry Cooperative Fire Assistance	10.698	Watershed Research and Training Center	18 CA 111325-039	17,927	-
Total Department of Agriculture				26,293	-
<u>DEPARTMENT OF HOMELAND SECURITY</u>					
Homeland Security Grant Program					
SHSP Evacuation Planning Grant	97.067	Oregon Office of Emergency Management	19-202	39,690	-
FEMA Non-Congregate Sheltering	97.067	Oregon Office of Emergency Management	4499-DR-OR	83,939	-
Total ALN 97.067				123,629	-
FEMA Disaster Grant	97.036	Oregon Office of Emergency Management	DR-4562-OR	4,266	-
Building Resilient Infrastructure and Communities					
Wildfire Mitigation Project	97.047	Oregon Office of Emergency Management	EMS-2020-PC-0005	1,878	-
Total Department of Homeland Security				129,773	-
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Community Development Block Grants/Entitlement Grants	14.218	Direct	B20MC410008	83,135	-
COVID-19 Cares Act CDBG-CV	14.218	Direct	B20MW410008	126,229	-
CDBG - Entitlement Grants Cluster				209,364	-
Total Department of Housing and Urban Development				209,364	-

See notes to schedule of expenditures of federal awards.

City of Ashland, Oregon
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Program Title	Federal Assistance Listing Number	Pass-Through Organization	Identifying Number	Year to Date Disbursements / Expenditures	Passed Through to Subrecipients
<u>DEPARTMENT OF INTERIOR</u>					
BLM Fuels Management and Community Fire Assistance Program Activities					
SOFEE BLM Grant	15.228	Oregon Bureau of Land Management	L21AC10045-00	2,790	-
Total Department of Interior				2,790	-
<u>DEPARTMENT OF JUSTICE</u>					
Bulletproof Vest Partnership Program	16.607	Direct	ASHLAND CITY	3,231	-
Total Department of Justice				3,231	-
<u>DEPARTMENT OF TREASURY</u>					
COVID-19 Coronavirus Relief Fund	21.019	Oregon Dept of Administrative Services	SLT0038	299,392	-
COVID-19 Coronavirus Pandemic	21.019	Oregon Dept of Administrative Services	SLT0038	62,258	-
COVID-19 Economic Recovery				361,650	-
Total ALN 21.019				2,323,979	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Direct	TREAS-DO-2021-0008	2,323,979	-
Total Department of Treasury				2,685,629	-
<u>DEPARTMENT OF TRANSPORTATION</u>					
Highway Safety Cluster					
Speed Grant	20.600	ODOT Transportation Safety Division	SE-21-35-05 BBB	680	-
Safety Belt OT Enforcement Grant	20.600	ODOT Transportation Safety Division	OP-20-45-03 222	491	-
Distracted Driving Grant	20.600	Oregon Impact	69A375130000405eORC	732	-
Seatbelt Grant	20.600	ODOT Transportation Safety Division	OP-21-45-03 BBB	1,236	-
Total Highway Safety Cluster				3,139	-
National Highway Traffic Safety Administration					
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Oregon Impact	69A37518300001640R1	3,083	-
Total of Department of Transportation				6,222	-
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 3,063,302	-

6 See notes to schedule of expenditures of federal awards.

City of Ashland, Oregon
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity in programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected promotion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance when allowed.

City of Ashland, Oregon
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor 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 the major federal program and type of auditor’s report issued on compliance for major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster	Type of Auditor’s Report Issued on Compliance for Major Federal Programs
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

