



Federal Awards Reports In Accordance With the Single  
Audit Act and OMB Circular A -133  
December 31, 2014

## Summit County, Colorado

	<u>PAGE(S)</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
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 OMB Circular A-133	3-4
Schedule of Expenditures of Federal Awards	5-6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings, Questioned Costs and Responses	8-9
Summary Schedule of Prior Year Findings	10



CPAs & BUSINESS ADVISORS

**Independent Auditor's 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***

Board of County Commissioners  
Summit County, Colorado

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 Summit County, Colorado (the "County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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 over financial reporting 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 Summit County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Eide Sully LLP".

Golden, Colorado  
June 24, 2015



CPAs & BUSINESS ADVISORS

**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 OMB Circular A-133**

Board of County Commissioners  
Summit County, Colorado

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

We have audited Summit County, Colorado's 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 Summit County's (the "County") major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, questioned costs and responses.

**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 each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Programs**

In our opinion, Summit County, Colorado 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 December 31, 2014.

**Report on Internal Control over Compliance**

Management of Summit County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *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.

*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 compliance requirement 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings, questioned costs and responses as item 2014-001 that we consider to be a significant deficiency.

Summit County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings, questioned costs and responses. The County's response was not subjected to the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Summit County, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financials. We issued our report thereon dated June 24, 2015, which contained unmodified opinions 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 OMB Circular A-133 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.



Golden, Colorado  
June 24, 2015

Summit County, Colorado  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Federal Grant/Program	Federal CFDA Number	Pass-through ID Number	2014 Federal Awards	2014 Grand Total
<b>U.S. Department of Agriculture</b>				
<b>Passed through Colorado Department of Public Health and Environment</b>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	WIC-AB3-DOA	\$ 101,167	
Special Supplemental Nutrition Program for Women, Infants and Children - non-cash assistance	10.557	*	<u>184,964</u>	
Subtotal - Women, Infants and Children				286,131
<b>Passed through Colorado Department of Human Services</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*		114,607
<b>Passed through Colorado Department of Agriculture</b>				
Forest Health Protection	10.680	*		<u>2,000</u>
<b>Total U.S. Department of Agriculture</b>				<u>\$ 402,738</u>
<b>U.S. Department of Justice</b>				
<b>Passed through Colorado Division of Criminal Justice</b>				
State Criminal Alien Assistance Program	16.606	*		\$ 15,524
Bulletproof Vest Partnership Program	16.607	*		<u>742</u>
<b>Total U.S. Department of Justice</b>				<u>\$ 16,266</u>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed through Colorado Division of Housing</b>				
State program for Down Payment Assistance	14.228	*		<u>\$ 17,750</u>
<b>U.S. Department of Transportation:</b>				
<b>Passed through Colorado Dept. of Transportation:</b>				
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	CO-18-4031.SUMM		<u>\$ 468,000</u>
<b>Environmental Protection Agency</b>				
<b>Passed through Colorado Dept. of Public Health and Environment</b>				
Indoor Radon Abatement Program	66.809	HAZ-AS1-EPA		<u>\$ 5,023</u>
<b>U.S. Department of Health and Human Services:</b>				
<b>Direct Payments</b>				
Head Start	93.600		\$ 337,506	
Early Head Start	93.600		<u>313,642</u>	
Total Head Start Cluster				651,148
<b>Passed through Colorado Dept. of Public Health and Environment</b>				
Immunization Grants - VFC	93.268	IMM-KA4-HHS	24,598	
Immunization Grants - VFC	93.268	IMM-KT3-HHS	<u>11,554</u>	
				36,152
Public Health Emergency Preparedness-Bioterrorism	93.069	EPR-HW4-HHS	90,838	
Public Health Emergency Preparedness-Bioterrorism	93.069	EPR-HW5-HHS	<u>51,757</u>	
				142,595
Sexual Violence Prevention	93.136	PSD-PJ3-HHS		37,841
TB Control Services	93.991	PRV-HC3-HHS		5,000
TB Control Services	93.994	MCH-MC4-HHS		8,173

Summit County, Colorado  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

	Federal CFDA Number	Pass-through ID Number	2014 Federal Awards	2014 Grand Total
<b>Passed through Colorado Dept. of Human Services</b>				
Temporary Assistance for Needy Families	93.558	*		181,874
Child Support Enforcement	93.563	*		127,816
Low-Income Home Energy Assistance	93.568	*		25,276
Child Care and Development Block Grant	93.575	*	(17,302)	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	<u>494,470</u>	
Subtotal - Child Care Cluster				477,168
Child Welfare Services State Grants	93.645	*		6,725
Foster Care Title IV-E	93.658	*		147,049
Adoption Assistance	93.659	*		6,795
Social Services Block Grant	93.667	*		64,946
Medical Assistance Program	93.778	*		132,893
Block Grants for Prevention and Treatment of Substance Abuse	93.959	*		114,345
Adjustments to Federal Assistance	93.XXX	*		(155)
Drug Free Communities	93.276	*		126,507
<b>Passed through Colorado Department of Education</b>				
Immunization Grants - Early Childhood Connections	93.268	*		55,167
<b>Passed through Colorado Dept. of Local Affairs</b>				
Community Services Block Grant	93.569	*		<u>37,892</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>\$ 2,385,207</u>
<b>U.S. Department of Homeland Security</b>				
<b>Passed through Colorado Dept. of Local Affairs</b>				
Emergency Management Performance Grants	97.042	*		<u>\$ 64,000</u>
<b>Total Federal Grants/Programs</b>				<u>\$ 3,358,984</u>

(1) Immunization grant cluster passed through the Colorado Dept. of Education and the Colorado of Dept. of Public Health and Environment total \$91,319

\* Pass-through identification number not available

**General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Summit County, Colorado. The County received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient is treated as an expenditure when it is paid to the sub-recipient.

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Governmental fund types account for the County’s federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The County’s summary of significant accounting policies is presented in Note 1 in the County’s basic financial statements.

**CFDA Numbers**

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration.

**Sub-recipients of Grant Awards**

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to sub-recipients under the Head Start Cluster as follows:

<u>CFDA #</u>	<u>Amount</u>
93.600 – Head Start	\$ 323,375
93.600 – Early Head Start	296,778
Total	\$ 620,153

<u>Sub-Recipient</u>	<u>Amount</u>
Early Childhood Options	\$ 403,508
Summit School District RE-1	122,897
Family & Intercultural Resource Center	93,748
Total	\$ 620,153

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Circular A-133, Section .510(a)	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Federal Transit Administration - Section 5311, Formula Grants for Other Than Urbanized Areas	20.509
Child Care Cluster	93.575 & 93.596
Head Start and Early Head Start	93.600
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

---

No current year findings.

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

---

**2014-001 Passed-through the Colorado State Department of Human Services  
CFDA # 93.575 & 93.596  
Child Care Cluster**

**Allowable Costs  
Significant Deficiency in Internal Control over Compliance**

**Criteria:** Lead Agencies shall establish a sliding fee scale, based on family size, income, and other appropriate factors, that provides for cost sharing by families that receive CCDF child care services (45 CFR section 98.42). Lead Agencies may exempt families below the poverty line from making copayments and shall establish a payment rate schedule for child care providers caring for subsidized children (45 CFR Section 98.43).

**Condition:** Program staff did not timely authorize the applicable parent fee for the program participant, effectively providing the participant with an additional month of Child Care with no participant parent fees.

**Questioned costs:** None

**Effect:** Lack of timely authorization or errors in authorization of parent fees can lead to additional program costs.

**Cause:** The County experienced turnover in multiple case worker positions during the year. In order for the parent fee to be authorized, the case worker must enter the parent fee amount (calculated in CHATS) into an approval screen and manually authorize it. The case worker entered the parent fee into the approval screen, but unintentionally did not select the authorization button to approve the fee.

**Recommendation:** EB recommends the County perform additional internal reviews of case files, and communicate any findings to employees. Reviews and communications should be documented by the County.

**Management's response:** Summit County has implemented an internal audit plan for the CCCAP program. The County will randomly select two cases per a quarter for audit. Over the course of a year, this equates to eight cases subjected to internal audit, or approximately ten percent of our current caseload. Any findings in the audits will be reviewed with the caseworker and appropriate training and/or corrective action, if necessary, will be conducted based on the findings, so that future errors are avoided.

**2013-001 Passed-through the Colorado State Department of Human Services  
CFDA # 93.575 & 93.596  
Child Care Cluster**

**Allowable Costs**

**Significant Deficiency in Internal Control over Compliance**

Finding – Lead Agencies shall establish a sliding fee scale, based on family size, income, and other appropriate factors, that provides for cost sharing by families that receive CCDF child care services (45 CFR section 98.42). Lead Agencies may exempt families below the poverty line from making copayments and shall establish a payment rate schedule for child care providers caring for subsidized children (45 CFR Section 98.43). During our testing, we noted program staff did not timely authorize the applicable parent fee for the program participant, effectively providing the participant with an additional month of Child Care with no participant parent fees

Status – The County implemented a new review process in 2014 in order to help lower the risk of non-compliance when it comes to program eligibility and allowable cost determination. The County internally reviews 2 Child Care cases per quarter which equates to approximately 10% of the current case load. During this process 2 cases are selected and reviewed by a member of the Child Care program staff other than the case worker assigned to the case. All aspects of compliance including eligibility determination, parent fee authorization, CHATS data entry, etc. are reviewed and results are communicated to the program staff.

Auditor Response – In early 2014, the County experienced turnover in multiple case worker positions during the year. It was noted during testing in 2014 that a case worker entered the parent fee into the approval screen, but unintentionally did not select the authorization button to approve the fee which resulted in the incorrect assessment of the parent fee. See finding 2014-001.