



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2015

Summit County, Colorado

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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*

To the 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, 2015, 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 15, 2016.

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 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 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 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 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 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 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 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.

Eide Bailly LLP

Golden, Colorado
June 15, 2016



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 the Uniform Guidance

To the 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 Compliance Supplement* that could have a direct and material effect on each of Summit County’s (the “County”) major federal programs for the year ended December 31, 2015. 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.

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 the 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 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 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 Program

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 December 31, 2015.

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 major federal program 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 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 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. 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 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 15, 2016, 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 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.



Golden, Colorado
June 15, 2016

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grant/Program	Federal CFDA Number	Direct and Pass-through ID Number	Total Federal Expenditures	Passed Through to Sub-Recipients
U.S. Department of Agriculture				
Passed through Colorado Department of Public Health and Environment				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	AB15L	\$ 96,217	
Special Supplemental Nutrition Program for Women, Infants and Children - non-cash assistance	10.557	*	190,937	
Subtotal - Women, Infants and Children			<u>287,154</u>	
Passed through Colorado Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*	141,646	
Total U.S. Department of Agriculture			<u>\$ 428,800</u>	<u>\$ -</u>
U.S. Department of Interior				
Passed through Colorado Department of Natural Resources				
Wildlife Restoration and Basic Hunter Education	15.611	85857 CTGG1 2016_01347	\$ 177,400	\$ -
U.S. Department of Justice				
Passed through Colorado Division of Criminal Justice				
State Criminal Alien Assistance Program	16.606	*	\$ 10,215	
Bulletproof Vest Partnership Program	16.607	*	9,549	
Total U.S. Department of Justice			<u>\$ 19,764</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Passed through Colorado Division of Housing				
State program for Down Payment Assistance	14.228	H5CDB15035	\$ 40,288	\$ -
U.S. Department of Health and Human Services:				
Direct Payments				
Head Start	93.600		\$ 337,506	\$ 322,987
Early Head Start	93.600		313,642	306,302
Total Head Start Cluster			<u>651,148</u>	<u>629,289</u>
Passed through Colorado Dept. of Public Health and Environment				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	WQC-FEGA2015	1,300	
Immunization Grants - VFC	93.268	KA15H	3,630	
Public Health Emergency Preparedness-Bioterrorism	93.069	*	51,756	
Public Health Emergency Preparedness-Bioterrorism	93.069	*	52,543	
			<u>104,299</u>	
Sexual Violence Prevention	93.136	PSD-PJ3-HHS	30,646	
Preventive Health & Health Services Block Grant	93.758	*	5,000	
TB Control Services	93.994	MCH-MC4-HHS	13,030	

Summit County, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2015

	Federal CFDA Number	Direct and Pass-through ID Number	Total Federal Expenditures	Passed Through to Sub-Recipients
Passed through Colorado Dept. of Human Services				
Guardianship Assistance	93.090	*	1,585	
Temporary Assistance for Needy Families	93.558	*	218,100	
Child Support Enforcement	93.563	*	132,569	
Low-Income Home Energy Assistance	93.568	*	28,028	
Child Care and Development Block Grant	93.575	*	57,807	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	238,083	
Subtotal - Child Care Cluster			<u>295,890</u>	
Child Welfare Services State Grants	93.645	*	5,738	
Foster Care Title IV-E	93.658	*	177,616	
Adoption Assistance	93.659	*	6,151	
Social Services Block Grant	93.667	*	16,147	
Medical Assistance Program	93.778	*	178,696	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	*	56,246	
Adjustments to Federal Assistance	93.XXX	*	950	
Drug Free Communities	93.276	*	104,845	
Passed through Colorado Department of Education				
Immunization Grants - Early Childhood Connections	93.268	*	55,167	
Passed through Colorado Dept. of Local Affairs				
Community Services Block Grant	93.569	*	<u>29,486</u>	
Total U.S. Department of Health and Human Services			<u>\$ 2,116,267</u>	<u>\$ 629,289</u>
U.S. Department of Transportation:				
Passed through Colorado Dept. of Transportation:				
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	15-HTR-75362	<u>\$ 482,040</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Passed through Colorado Dept. of Local Affairs				
Emergency Management Performance Grants	97.042	*	<u>\$ 86,040</u>	<u>\$ -</u>
Total Federal Grants/Programs			<u>\$ 3,350,599</u>	<u>\$ 629,289</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Summit County, Colorado, and is presented on the modified accrual basis of accounting. The information in the accompanying 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). The County received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting; therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in, the preparation of the basic financial statements. Such expenditures are recognized following the Uniform Guidance. At this time, the County does not have a negotiated indirect cost allocation plan, nor does it elect to use the 10-percent de minimis indirect cost rate as allowed by the Uniform Guidance. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

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 program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
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 2 CFR 200.516:	No

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
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No current year findings

Section III – Federal Award Findings and Questioned Costs

No current year findings

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

Initial Fiscal Year Finding Occurred: 2013

Finding Summary: 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 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: Corrective action was taken