Federal Awards Reports In Accordance With the Single Audit Act and OMB Circular A -133
December 31, 2013

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*

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, 2013, 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 25, 2014.

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 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 yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Summit County's financial statements are free of 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, 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.

Eide Bailly LLP

Golden, Colorado
June 25, 2014

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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, 2013. 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, 2013.

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 certain deficiency in internal control over compliance, as described in the accompanying schedule of findings, questioned costs and responses as item 2013-001 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. Summit 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 Summit County, Colorado as of and for the year ended December 31, 2013, and have issued our report thereon dated June 25, 2014, 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 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.

Eide Bailly LLP

Golden, Colorado
June 25, 2014

Federal Grant/Program	Federal CFDA Number	Pass-through ID Number	2013 Federal Awards	2013 Grand Total
U.S. Department of Agriculture				
Passed through Colorado Department of Public Health and Environment				
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	WIC-AB3-DOA	$ 109,806	
Special Supplemental Nutrition Program for Women, Infant and Children - non-cash assistance	10.557	*	186,184	
Subtotal - Women, Infant and Children				295,990
Passed through Colorado Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*		99,572
Passed through Colorado Department of Agriculture				
Forest Health Protection	10.680	*		2,500
Total U.S. Department of Agriculture				$ 398,062
U.S Department of Justice				
Passed through Colorado Division of Criminal Justice				
Bulletproof Vest Partnership Program	16.607	*		$ 2,618
Equitable Sharing Program	16.922	*		1,826
Total U.S. Department of Justice				$ 4,444
U.S. Department of Housing and Urban Development				
Passed through Colorado Division of Housing				
State program for Down Payment Assistance	14.228	*		$ 23,343
U.S. Department of Transportation:				
Passed through Colorado Dept. of Transportation:				
Transportation Enhancement Funds	20.205	STE C610-015		$ 500,000
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	CO-18-4031.SUMM		450,000
Total U.S. Department of Transportation				$ 950,000
U.S. Department of Health and Human Services:				
Direct Payments				
Head Start	93.600		$ 315,438	
Early Head Start	93.600		294,587	
Total Head Start Cluster				610,025
Passed through Colorado Dept. of Public Health and Environment				
Immunization Grants - VFC	93.268	IMM-KA3-HHS	5,783	
Immunization Grants - VFC	93.268	IMM-KT3-HHS	7,468	
				13,251 (1)
Public Health Emergency Preparedness-Bioterrorism	93.069	EPR-HW3-HHS	54,055	
Public Health Emergency Preparedness-Bioterrorism	93.069	EPR-HW4-HHS	51,177	
				105,232
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure & Performance	93.539	IMM-KL2-HHS		2,500
Sexual Violence Prevention	93.136	PSD-PJ2-HHS		5,900
TB Control Services	93.991	PRV-HC2-HHS	2,000	
TB Control Services	93.991	PRV-HC3-HHS	5,000	
				7,000

	Federal CFDA Number	Pass-through ID Number	2013 Federal Awards	2013 Grand Total
Passed through Colorado Dept. of Human Services				
Temporary Assistance for Needy Families	93.558	*		141,586
Child Support Enforcement	93.563	*		132,275
Low-Income Home Energy Assistance	93.568	*		25,413
Child Care and Development Block Grant	93.575	*	112,492	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	241,264	
Subtotal - Child Care Cluster				353,756
Child Welfare Services State Grants	93.645	*		7,733
Foster Care Title IV-E	93.658	*		135,261
Adoption Assistance	93.659	*		7,227
Social Services Block Grant	93.667	*		82,264
Medical Assistance Program	93.778	*		62,835
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ADA12B1COSAP		65,338
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ADA13B1COSAP		96,227
Adjustments to Federal Assistance	93.XXX	*		(297)
Drug Free Communities	93.276	*		155,507
Passed through Colorado Department of Education				
Immunization Grants - Early Childhood Connections	93.268	*		55,167 (1)
Passed through Colorado Dept. of Local Affairs				
Community Services Block Grant	93.569	*		9,223
Passed through National Assn of City & County Health Officials				
Food & Drug Administration Research	93.103			10,000
Total U.S. Department of Health and Human Services				$ 2,083,423
U.S. Department of Homeland Security				
Passed through Colorado Dept. of Local Affairs				
Emergency Management Performance Grants	97.042	*	$ 64,160	
Pre-Disaster Mitigation	97.042	*	38,267	
National Earthquake Hazard Reduction Program	97.082	*	3,500	
Total U.S. Department of Homeland Security				$ 105,927
Total Federal Grants/Programs				$ 3,565,199

(1) Immunization grant cluster passed through the Colorado Dept. of Education and the Colorado of Dept. of Public Health and Environment total $68,418

* 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 and Contract 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:

CFDA #		Amount
93.600 – Head Start	$	292,194
93.600 – Early Head Start		262,432
Total	$	554,626

Sub-Recipient		Amount
Early Childhood Options	$	367,164
Summit School District RE-1		109,462
Family & Intercultural Resource Center		78,000
Total	$	554,626

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	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 program:	

Name of Federal Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Transportation Enhancement Funds	20.205
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?	No

Section II – Financial Statement Findings

No current year findings.

Section III – Federal Award Findings and Questioned Costs

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

Eligibility
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.

2012-001 Passed-through the Colorado State Department of Health and Environment
CFDA # 10.557
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Special Tests (misuse reports)
Significant Deficiency in Internal Control over Compliance

Finding – An agency must account for all Food Instruments (FIs) issued within 120 days of the FI's first valid date for participant use (7 CFR section 246.12(q)). Additionally, the agency must follow up on FIs containing errors and other questionable FIs detected through this process within 120 days following detection; regulations at 7 CFR sections 246.12(k)(2) through (k)(5) describe appropriate follow-up actions. To assist with this monitoring, the Colorado Department of Public Health and Environment has a WIC manual available to all counties. The WIC Manual, section *Identifying Participants Misuse of WIC checks*, identifies the specific procedures and follow-up actions the county should take on all misuse instances. During our testing, we noted the program staff did not run the appropriate misuse reports within COMPASS and therefore, did not monitor misuses that occurred during 2012.

Status – The WIC Director implemented a system to run the reports from Compass. The director runs a monthly "Voided FIs That Have Been Redeemed or Rejected Report" and follows the Colorado WIC Program Manual Procedures for determining if a violation has occurred.

Auditor Response – Fully implemented.