



Federal Awards Reports In Accordance With the Single  
Audit Act and OMB Circular A -133  
December 31, 2012

## Summit County, Colorado

Summit County, Colorado

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Year Ended December 31, 2012

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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, 2012, 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 18, 2013.

**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, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Golden, Colorado  
June 18, 2013



**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, 2012. 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, 2012.

## **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 2012-01 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, 2012, and have issued our report thereon dated June 18, 2013, 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.



Golden, Colorado  
June 18, 2013

Summit County, Colorado  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2012

Federal Grant/Program	Federal CFDA Number	Pass-through ID Number	2012 Federal Awards	2012 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, Infant and Children	10.557	WIC-AB2-DOA	\$ 119,938	
Special Supplemental Nutrition Program for Women, Infant and Children - non-cash assistance	10.557	*	<u>238,428</u>	
Subtotal - Women, Infant and Children				358,366
<b>Passed through Colorado Department of Human Services</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*		98,793
<b>Passed through Colorado Department of Agriculture</b>				
Forest Health Protection	10.680	*		<u>2,450</u>
<b>Total U.S. Department of Agriculture</b>				<u>\$ 459,609</u>
<b>U.S. Department of Justice</b>				
<b>Passed through Colorado Division of Criminal Justice</b>				
State Criminal Alien Assistance Program	16.606	*	\$ 37,831	
Bulletproof Vest Partnership Program	16.607	*		<u>5,473</u>
<b>Total U.S. Department of Justice</b>				<u>\$ 43,304</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Colorado Division of Housing State program for Down Payment Assistance	14.228	H9CDG08062G	\$	16,852
<b>U.S. Department of Transportation:</b>				
<b>Passed through Colorado Dept. of Transportation:</b>				
Transportation Enhancement Funds	20.205	STE C610-014		256,040
FTA - Transportation Planning Grants - Section 5304	20.515	12-HTR-41292		35,000
FTA - Formula Grants for Other Than Urbanized Areas-Section 5309	20.500	12-HTR-31791		144,000
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	CO-184028.SUMM		<u>430,000</u>
<b>Total U.S. Department of Transportation</b>				<u>\$ 865,040</u>
<b>U.S. Department of Health and Human Services:</b>				
<b>Direct Payments</b>				
Head Start	93.600		\$ 333,295	
Early Head Start	93.600		<u>300,584</u>	
Total Head Start Cluster				633,879
<b>Passed through Colorado Dept. of Public Health and Environment</b>				
Improve Access to Health	93.994	MCH-MC2-HHS		645
Immunization Grants - VFC	93.268	IMM-KA2-HHS		10,769 (1)
Public Health Emergency Preparedness-Bioterrorism	93.069	EPR-HW2-HHS	48,363	
Public Health Emergency Preparedness-Bioterrorism	93.069	EPR-HW3-HHS	<u>43,728</u>	
				92,091
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure & Performance	93.539	IMM-KL2-HHS		9,788
Community Health Assessment	93.507	ADM-FA2-HHS		7,500
Indoor Radon	66.605	HAZ-AS1-EPA		3,914

The accompanying notes are an integral part of this statement.

(continued)

Summit County, Colorado  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2012

	Federal CFDA Number	Pass-through ID Number	2012 Federal Awards	2012 Grand Total
<b>Passed through Colorado Dept. of Human Services</b>				
Temporary Assistance for Needy Families	93.558	*	\$ 223,759	
Temporary Assistance for Needy Families - ARRA	93.714	*	<u>1,320</u>	
Subtotal - Temporary Assistance for Needy Families Cluster				225,079
Child Support Enforcement	93.563	*		142,298
Low-Income Home Energy Assistance	93.568	*		48,267
Child Care and Development Block Grant	93.575	*	(7,984)	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	<u>245,900</u>	
Subtotal - Child Care Cluster				237,916
TEFAP Commodities	10.569	*		12,771
PSSF	93.556	*		30,225
Child Welfare Services State Grants	93.645	*		7,715
Foster Care Title IV-E	93.658	*		121,650
Adoption Assistance	93.659	*		7,911
Social Services Block Grant	93.667	*		106,509
Chafee Foster Care Independence Program	93.674	*		2,500
Medical Assistance Program	93.778	*		60,913
Block Grants for Prevention and Treatment of Substance Abuse	93.959	ADA11B1COSAP		59,601
Adjustments to Federal Assistance	93.XXX	*		(560)
Drug Free Communities	93.276	*	64,264	
Drug Free Communities - SAMHSA taken over from SPA	93.276	*	49,816	114,080
<b>Passed through Colorado Department of Education</b>				
Immunization Grants - Early Childhood Connections	93.268	*		54,408 (1)
<b>Passed through Colorado Dept. of Local Affairs</b>				
Community Services Block Grant	93.569	*		<u>28,960</u>
<b>Total U.S. Department of Health and Human Services</b>				<u><u>\$ 2,018,829</u></u>
<b>U.S. Department of Homeland Security</b>				
<b>Passed through Colorado Dept. of Local Affairs</b>				
Emergency Management Performance Grants	97.042	*	\$ 63,695	
Pre-Disaster Mitigation	97.047	*	<u>58,575</u>	
<b>Total U.S. Department of Homeland Security</b>				<u><u>\$ 122,270</u></u>
<b>Total Federal Grants/Programs</b>				<u><u>\$ 3,525,904</u></u>

(1) Immunization grant cluster passed through the Colorado Dept. of Education and the Colorado of Dept. of Public Health and Environment total \$65,177

\* Pass-through number not available

The accompanying notes are an integral part of this statement.

**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:

<u>CFDA #</u>	<u>Amount</u>
93.600 – Head Start	\$ 323,755
93.600 – Early Head Start	261,807
Total	\$ 585,562

  

<u>Sub-Recipient</u>	<u>Amount</u>
Early Childhood Options	\$ 412,400
Summit School District RE-1	113,931
Family & Intercultural Resource Center	59,231
Total	\$ 585,562

**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)	No

Identification of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Federal Transit Administration - Section 5311, Formula Grants for Other Than Urbanized Areas	20.509
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

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**Section II – Financial Statement Findings**

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No current year findings.

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

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**2012-01 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**

**Criteria:** 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.

**Condition:** Program staff did not run the appropriate misuse reports within COMPASS and therefore, did not monitor misuses that occurred during 2012.

**Questioned costs:** None

**Effect:** Lack of monitoring the participant misuse reports could result in disallowed costs.

**Cause:** The State switched to the COMPASS program during 2012 for entering and tracking WIC data. With the implementation of COMPASS, counties were able, and required, to run their own misuse reports on a monthly basis. However, in the past, the State sent misuse reports to the counties for follow up.

**Recommendation:** We recommend the County run the misuse reports monthly and follow up on all results. Follow up actions should be documented and retained by the County.

**Management's response:** WIC staff was transitioning to the new Compass system and previously were receiving Misuse Reports from the State WIC Office. It was realized during the audit that we were to be running these reports from the new Compass system instead of relying on receiving these from the State. The WIC Director implemented a system to run the reports from Compass. We run a monthly Voided FIs That Have Been Redeemed or Rejected Report and follow the Colorado WIC Program Manual Procedures for determining if a violation has occurred.

No prior year findings.