



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2016

Summit County, Colorado

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* 1-2

Independent Auditor’s Report 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 3-5

Schedule of Expenditures of Federal Awards 6-7

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs 9-11



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 as of December 31, 2016, and the related notes to the financial statements, which collectively comprise Summit County, Colorado's basic statements, and have issued our report thereon dated July 28, 2017.

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 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 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

Fort Collins, Colorado
July 28, 2017



Independent Auditor’s Report 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 Board of County Commissioners
Summit County, Colorado

Report on Compliance for the 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 the County’s major federal program for the year ended December 31, 2016. The County’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 the compliance for the County’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 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 the major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on the Major Federal Program

In our opinion, the County’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the County 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 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 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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. 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 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, 2016, and the related notes to the financial statements, which collectively comprise Summit County, Colorado's basic financial statements. We issued our report thereon dated July 28, 2017, 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.

Eide Bailly LLP

Fort Collins, Colorado
July 28, 2017

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Federal Grant/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts 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	AB16L	\$ 95,579	
Special Supplemental Nutrition Program for Women, Infants and Children - non-cash assistance	10.557	*	<u>171,963</u>	
Subtotal - Women, Infants and Children			<u>267,542</u>	
Passed through Colorado Department of Human Services				
State Administrative Matching Grants for the Supplemental Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	*	<u>122,104</u>	
Total U.S. Department of Agriculture			<u>\$ 389,646</u>	<u>\$ -</u>
U.S Department of Interior				
Passed through Colorado Department of Natural Resources				
Sport Fish Restoration Program (Fish and Wildlife Cluster)	15.605	17-FIF-96152	<u>\$ 135,000</u>	<u>\$ -</u>
U.S Department of Justice				
Passed through Colorado Division of Criminal Justice				
Bulletproof Vest Partnership Program	16.607	*	<u>\$ 6,075</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Passed through Colorado Division of Housing				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	*	<u>\$ 46,609</u>	<u>\$ 46,609</u>
Environmental Protection Agency				
Passed through Colorado Dept. of Public Health and Environment				
Capitalization Grants for Drinking Water State Revolving Funds (Clean Water State Revolving Fund Cluster)	66.468	WQC-FEGA2016	<u>\$ 1,155</u>	
U.S. Department of Health and Human Services:				
Direct Payments				
Head Start Program	93.600		\$ 343,409	\$ 328,928
Head Start Program (Early Head Start)	93.600		<u>319,152</u>	<u>312,769</u>
Total Head Start Program			662,561	641,697
Passed through Colorado Dept. of Public Health and Environment				
Immunization Cooperative Agreements	93.268	KA16H	9,353	(1)
Public Health Emergency Preparedness	93.069	HN16J, HW16J	71,960	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	HW17J	52,682	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	HF15J	<u>31,556</u>	
Total HPP and PHEP Aligned Cooperative Agreements			84,238	
Injury Prevention and Control Research and State and Community Based Programs	93.136	PJ15L, PJ16L	48,597	
Preventive Health and Health Services Block Grant Funded Solely With Prevention and Public Health Funds (PPHF)	93.758	HC15A, HC16A	8,750	
Maternal & Child Health Services Block Grant	93.994	ND16L	19,429	

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Federal Grant/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Sub-Recipients
Passed through Colorado Dept. of Human Services				
Guardianship Assistance	93.090	*	886	
Temporary Assistance for Needy Families (TANF Cluster)	93.558	*	112,294	
Child Support Enforcement	93.563	*	113,995	
Low-Income Home Energy Assistance	93.568	*	716	
Promoting Safe and Stable Families	93.556	*	3,352	
Child Care and Development Block Grant	93.575	*	104,364	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	131,919	
Subtotal - CCDF Cluster			<u>236,283</u>	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	*	5,999	
Foster Care Title IV-E	93.658	*	117,549	
Adoption Assistance	93.659	*	5,707	
Social Services Block Grant	93.667	*	69,273	
Medical Assistance Program (Medicaid Cluster)	93.778	*	124,404	
Adjustments to Federal Assistance	93.XXX	*	55,224	
Passed through Colorado Department of Education				
Immunization Cooperative Agreements - Early Childhood Connections	93.268	*	53,063	(1)
Passed through Colorado Dept. of Local Affairs				
Community Services Block Grant	93.569	*	<u>38,748</u>	
Total U.S. Department of Health and Human Services			<u>\$ 1,842,381</u>	<u>\$ 641,697</u>
U.S. Department of Transportation:				
Passed through Colorado Dept. of Transportation:				
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	16-HTR-ZL-00122	482,040	\$ -
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	15-HTR-73143	794,777	\$ -
Total FTA Section 5311 Program			<u>1,276,817</u>	
Total U.S. Department of Transportation			<u>\$ 1,276,817</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Passed through Colorado Dept. of Local Affairs				
Emergency Management Performance Grants	97.042	*	<u>\$ 83,923</u>	<u>\$ -</u>
Total Federal Grants/Programs			<u>\$ 3,781,606</u>	<u>\$ 688,306</u>

(1) Immunization grant cluster passed through the Colorado Dept. of Education and the Colorado of Dept. of Public Health and Environment totaling \$62,416

* Pass-through identification number not available

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Summit County, Colorado, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the 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

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.

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.

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 Uniform Guidance 2 CFR 200.516:	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
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

**2016-001 U.S. Department of Transportation Passed-through Colorado Department of Transportation
CFDA # 20.509, 2015 and 2016
FTA - Formula Grants for Other Than Urbanized Areas-Section 5311**

**Reporting
Significant Deficiency in Internal Controls over Compliance**

Criteria: The Uniform Guidance, Section 200.303 Internal Controls, requires the non-Federal entity must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

As described in the 2016 compliance supplement, Part 3 includes the requirements of 2 CFR part 200, subpart F. We consider factors such as the County's internal controls and the internal controls over compliance requirements and tests as prescribed in 2 CFR part 200, subpart F.

Condition: We reviewed 6 of 11 reimbursement requests/reports. We noted the following in our testing:

- 2 of the 6 reports indicated submission prior to proper approval.
- 1 of 6 indicated no approval of the report had occurred.

Cause: Due to insufficient controls over the reporting approval process (documentation), the controls are not operating as designed to prevent, detect and correct errors timely.

Effect: Failure to document the review and approval of expenditures charged to the grant may result in disallowed costs.

Questioned Costs: None reported

Context/Sampling: A nonstatistical sample of 6 out of 11 reports submitted for reimbursement which accounted for \$641,849 of \$1,276,817 of federal program expenditures.

Repeat Finding from Prior Years: No

Recommendation: We recommend the County review the approval process for submitting reimbursement requests and related reports. The County needs to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements. With that, we also recommend that cross-training within the department occur so that when key staff over the grant reporting process are gone, others will be able to perform their responsibilities.

Views of Responsible Officials: Management agrees with the finding.