



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2019

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

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 3

Schedule of Expenditures of Federal Awards 6

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs 9



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, 2019, and the related notes to the financial statements, which collectively comprise Summit County, Colorado’s (“County”) basic statements, and have issued our report thereon dated July 29, 2020.

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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

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*.

Summit County's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
July 29, 2020



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 (“County”) 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 programs for the year ended December 31, 2019. 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, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 over compliance 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. 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, described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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, 2019, 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 29, 2020, which contained unmodified opinions on those financial statements. Our audit was

conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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

Denver, Colorado
July 29, 2020

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grant/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
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	*	\$ 110,913	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children - non-cash assistance	10.557	*	153,690	-
Subtotal - Women, Infants and Children			<u>264,603</u>	<u>-</u>
Passed through Colorado Department of Human Services				
State Administrative Matching Grants for the Supplemental Supplemental Nutrition Assistance Program	10.561	*	186,817	-
Subtotal - SNAP Cluster			<u>186,817</u>	<u>-</u>
Passed through Colorado State Treasurer				
Schools and Roads - Grants to States	10.665	*	891,108	445,554
Total U.S. Department of Agriculture			<u>1,342,528</u>	<u>445,554</u>
U.S. Environmental Protection Agency				
Passed through Colorado Dept. of Public Health and Environment				
Performance Partnership Grants	66.605	*	11,415	-
Total U.S. Environmental Protection Agency			<u>11,415</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	*	75,500	75,500
Total U.S. Department of Housing and Urban Development			<u>75,500</u>	<u>75,500</u>
U.S. Department of Health and Human Services:				
Direct Program				
Head Start Program	93.600		434,730	425,381
Head Start Program (Early Head Start)	93.600		336,166	330,266
Subtotal Head Start Program			<u>770,896</u>	<u>755,647</u>
Passed through Colorado Dept. of Public Health and Environment				
Public Health Emergency Preparedness	93.069	*	125,097	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	*	6,385	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	*	52,656	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	*	4,471	-
Preventive Health and Health Services Block Grant	93.991	*	5,000	-
Maternal and Child Health Services Block Grant to the States	93.994	*	19,429	-
Passed through Colorado Dept. of Human Services				
Guardianship Assistance	93.090	*	1,520	-
Temporary Assistance for Needy Families (TANF Cluster)	93.558	*	179,965	-
Child Support Enforcement	93.563	*	179,740	-
Low-Income Home Energy Assistance	93.568	*	31	-
Promoting Safe and Stable Families	93.556	*	116,767	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	*	8,607	-

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grant/Program	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Sub-Recipients
Child Care and Development Block Grant	93.575	*	156,262	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	186,550	-
Subtotal - Child Care Cluster			<u>342,812</u>	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	*	3,065	-
Foster Care Title IV-E	93.658	*	157,761	-
Adoption Assistance	93.659	*	9,302	-
Social Services Block Grant	93.667	*	53,725	-
Passed through Colorado Department of Health Care Policy & Financing				
Medical Assistance Program (Medicaid Cluster)	93.778	*	144,053	-
Passed through Colorado Department of Education				
Immunization Cooperative Agreements	93.268	*	142,497	-
Passed through Colorado Dept. of Local Affairs				
Community Services Block Grant	93.569	*	44,037	-
Total U.S. Department of Health and Human Services			<u>2,367,816</u>	<u>755,647</u>
U.S. Department of Transportation:				
Passed through Colorado Dept. of Transportation:				
Formula Grants for Rural Areas	20.509	19-HTR-ZL-00098	574,360	-
Total U.S. Department of Transportation			<u>574,360</u>	-
U.S. Department of Homeland Security				
Passed through Colorado Dept. of Local Affairs				
Hazard Mitigation Grant	97.039	*	24,957	-
Emergency Management Performance Grants	97.042	*	60,000	-
Total U.S. Department of Homeland Security			<u>84,957</u>	-
Total Federal Grants/Programs			<u>\$ 4,456,576</u>	<u>\$ 1,276,701</u>

* Pass-through identification number not available

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Summit County, Colorado (the County) under programs of the federal government for the year ended December 31, 2019. The information 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B - Significant Accounting Policies

Governmental fund types account for the County's federal grant activity. Therefore, expenditures reported in the schedule are reported on the modified accrual basis – when they become a demand on current available financial resources, except for subrecipient expenditures, which are reported on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

Note C - Indirect Cost Rate

The County does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
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:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Schools and Roads - Grants to States	10.665
Child Care Cluster	93.575 / 93.596
Head Start Program	93.600
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2019-001 Material Audit Adjustment / Accounts Payable
Material Weakness**

Criteria: An organization’s internal control structure should provide for the proper recording of all transactions. The County is required to provide accurate financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: Based on audit procedures performed, we identified a portion of an invoice representing project retainage that was not recorded in the December 31, 2019 financial information. The County did not record the material accrual entry for a capital project. An adjustment was posted for \$243,517 to accrue the invoice for construction in process in the Solid Waste Fund.

Cause: The County did not have strong enough control activities in place to ensure that the year-end accrual process was performed completely and accurately.

Effect: Management has posted the correcting journal entry. However, failure to review future retainage payable activity to ensure that significant transactions have been properly recorded and presented in the financial statements may result in a material misstatement to the County’s financial statements.

Recommendation: We recommend the County establish additional procedures to identify significant accounting transactions that have taken place after the fiscal year-end to ensure all material transactions have been recorded in the financial statements.

Views of Responsible Officials: Agree

Section III – Federal Award Findings and Questioned Costs

2019-002 **Passed-through Colorado Department of Human Services
CFDA 93.575 and 93.596 – All Grants
Child Care and Development Block Grant and Child Care Mandatory and Matching Funds of the
Child Care and Development Fund (CCDF Cluster)**

Allowable Costs and Allowable Activities

Eligibility

Significant Deficiency in Internal Control over Compliance

Criteria: The CCDF Cluster includes programs in which States design their own programs, within very broad Federal guidelines. The objective of the CCDF Cluster is to provide funds to increase the availability, affordability, and quality of child care services. Funds are used to subsidize child care for low-income families where the parents are working or attending training or educational programs, as well as for activities to promote overall child care quality for all children, regardless of subsidy receipt. There are various eligibility requirements for the Colorado Child Care Assistance Program (CCCAP) detailed in the Code of Colorado Regulations Department of Human Services Income Maintenance (Volume 3) 9 CCR 2503-9, section 3.905.1- CCCAP Low-Income Child-Care Eligibility. Specifically, the County shall determine income for the household. The County should apply consistent income calculation methods to determine whether income meets the guidelines based on household size. The County shall obtain supporting documentation for all elements of the application process and ensure completeness of all documentation received from the participant. The County then shall input household size and annual income into the State CHATs system to determine the parent fee of which a parent will pay every month a child is provided care. Additionally, the Uniform Guidance, Section 200.303 Internal Controls, requires that the non-Federal entity must establish and maintain documentation of 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.

Condition: We tested twelve participants for eligibility and allowable costs and activities. We noted the following in our testing:

- One instance in which the parent fee was incorrectly determined based on information maintained in case file.
- No quality control reviews were performed

Cause: Due to the County's ineffective monitoring, the error was a result of lack of review as the caseworker did not attach the parent fee to the participant's case. Failure to properly review completed files resulted in the County maintaining incomplete applications.

Section III – Federal Award Findings and Questioned Costs, continued

Effect: In conjunction, the error ultimately lead to an incorrect parent fee. The incorrect parent fee assessed results in an incorrect allocation of federal dollars.

Questioned Costs: \$112

Context/Sampling: A nonstatistical sample of 12 participants out of approximately 75 were selected for eligibility and allowable cost testing. We tested the monthly parent fee for each participant to verify accuracy of the parent fee which reduces the federal portion of the monthly care costs. We tested a total of approximately \$888 monthly parent fees charged to the 12 participants we selected.

Repeat Finding from Prior Year(s): No

Recommendation: We recommend the County implement trainings and require caseworkers to utilize the income calculation template to calculate income every time there is an adjustment to income. We also suggest they implement a checklist that a caseworker must complete prior to finalizing a case.

Views of Responsible Officials: Agree.