

LARIMER COUNTY COLORADO

SINGLE AUDIT REPORTS

Year Ended December 31, 2010





A Professional Corporation of
Certified Public Accountants

Independent Auditors' Report on Additional Information

Board of County Commissioners
Larimer County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Larimer County, Colorado, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 17, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Larimer County, Colorado's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Anderson & Whitney P.C.

June 17, 2011

LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

| Federal or Pass-Through Grantor Program Title | Federal CFDA Number | Grant Number | Grant Period | 2010 Expenditures |
|--|---------------------------|-----------------|-----------------|----------------------|
| <u>DEPARTMENT OF AGRICULTURE</u> | | | | |
| State Department of Agriculture | | | | |
| PEST CONTROL: | | | | |
| Early Detection and Rapid Respond | 10.000 | 09BAA00174 | 05/09-03/12 | \$ 14,300 |
| State Department of Natural Resources | | | | |
| OPEN LANDS: | | | | |
| Horsetooth Mountain Fuels Treatment & Forest Stewardship | 10.664 | 536703-06-FC | 01/09-09/10 | 75,000 |
| Horsetooth Mountain Fuels Treatment & Forest Stewardship | 10.664 | 530854-003 | 07/09-09/11 | 2,764 |
| Red Mountain Fuels Treatment & Forest Stewardship | 10.664 | 5308420-05 | 05/10-03/12 | 7,182 |
| | | | | 84,946 |
| PARKS: | | | | |
| Carter Lake Front Range Fuels Treatment Partnership Phase III | 10.664 | 536703-08-FC | 01/09-09/10 | 45,000 |
| Carter Lake Front Range Fuels Treatment Partnership Phase IV | 10.664 | 530851-002 | 07/09-09/10 | 11,041 |
| | | | | 56,041 |
| State Department of Human Services | | | | |
| HUMAN SERVICES: | | | | |
| ** Food Distribution Program | 10.569 | - | 07/09-06/11 | 382,883 |
| ** Food Stamp Administration | 10.561 | - | 07/09-06/11 | 1,848,431 |
| ** Commodity Administration | 10.568 | - | 07/09-06/11 | 42,600 |
| | | | | 2,273,914 |
| State Department of Public Health and Environment | | | | |
| HEALTH AND ENVIRONMENT: | | | | |
| Special Supplemental Food Program for Women, Infants and Children (WIC) | 10.557 | WIC0800453 | 10/09-09/10 | 749,492 |
| Special Supplemental Food Program for Women, Infants and Children (WIC) | 10.557 | WIC0800453 | 10/10-09/11 | 263,782 |
| Women, Infants and Children (WIC) Breastfeeding | 10.557 | WIC1011833 | 03/10-09/10 | 23,219 |
| Women, Infants and Children (WIC) Breastfeeding | 10.557 | WIC1011833 | 10/10-09/11 | 13,962 |
| WIC Food Vouchers | 10.557 | - | 01/10-12/10 | 2,347,456 |
| | | | | 3,397,911 |
| Total Department of Agriculture | | | | 5,827,112 |
| <u>DEPARTMENT OF ENERGY</u> | | | | |
| CAPITAL EXPENDITURES: | | | | |
| * ARRA - Energy Efficiency and Conservation Block Grants | 81.128 | DE-SC0002446 | 09/09-09/12 | 193,851 |
| <u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| State Department of Human Services | | | | |
| HUMAN SERVICES: | | | | |
| Special Programs for the Aging - Title III: | | | | |
| Area Plan Administration Part B | 93.044 | 02A-89 | 07/09-06/11 | 82,820 |
| | 93.044 | 02A-89 | 07/09-06/11 | 230,440 |

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

| Federal or Pass-Through Grantor Program Title | Federal CFDA Number | Grant Number | Grant Period | 2010 Expenditures |
|---|---------------------------|-----------------|-----------------|----------------------|
| Part C-1 | 93.045 | 02A-89 | 07/09-06/11 | \$ 220,389 |
| Part C-2 | 93.045 | 02A-89 | 07/09-06/11 | 155,758 |
| Part D | 93.043 | 02A-89 | 07/09-06/11 | 6,576 |
| Part E | 93.052 | 02A-89 | 07/09-06/11 | 87,576 |
| Ombudsman | 93.042 | 02A-89 | 07/09-06/11 | 14,701 |
| Nutrition Services Incentive Program | 93.053 | 02A-89 | 07/09-06/11 | 64,274 |
| Aging and Disability Resource Centers | 93.048 | 07IHA000249 | 01/10-09/11 | 17,755 |
| Aging and Disability Resource Centers | 93.779 | 07IHA000249 | 01/10-09/11 | 12,621 |
| ** Medicare Enrollment Assistance Program | 93.071 | - | 01/10-09/11 | 27,249 |
| ** Title IV-E FC | 93.658 | - | 07/09-06/11 | 2,539,610 |
| ** Child Support Enforcement: | | | | |
| Federal Income to Counties | 93.563 | - | 01/10-12/10 | 2,556,235 |
| ** Child Abuse and Neglect Discretionary Activities | 93.670 | - | 10/10-09/11 | 99,285 |
| ** ARRA - Child Care | 93.713 | - | 07/09-06/11 | 864,388 |
| ** Child Care | 93.596 | - | 07/09-06/11 | 3,650,139 |
| ** Family Preservation | 93.556 | - | 07/09-06/11 | 112,926 |
| ** Colorado Works | 93.558 | - | 07/09-06/11 | 6,958,013 |
| ** Title IV-E Independent Living | 93.674 | - | 07/09-06/11 | 97,743 |
| ** Community Services Block Grant (Title XX) | 93.667 | - | 07/09-06/11 | 2,041,452 |
| ** Child Welfare Services-Maintenance Assistance: | | | | |
| Title IV-B | 93.645 | - | 07/09-06/11 | 124,789 |
| ** Medicaid Title XIX: Child Services | 93.778 | - | 07/09-06/11 | 1,293,113 |
| ** Low-Income Energy Assistance Program (LEAP) | 93.568 | - | 10/09-09/11 | 3,505,921 |
| ** Adoption | 93.659 | - | 07/09-06/11 | 583,143 |
| ** Child Care and Development Block Grant | 93.575 | - | 07/09-06/11 | (122,111) |
| IV-E Lump Sum | 93.658 | - | 07/09-06/11 | 31,912 |
| | | | | 25,256,717 |
| State Department of Local Affairs | | | | |
| HEALTH AND HUMAN SERVICES: | | | | |
| Community Services Block Grants: | | | | |
| ARRA - CSBG-HHS | 93.710 | L10CSBG27R | 07/09-09/10 | 286,329 |
| CSBG-HHS | 93.569 | L9CSBG27 | 03/09-02/10 | 29,753 |
| CSBG-HHS | 93.569 | L10CSBG27 | 03/10-02/11 | 179,978 |
| | | | | 496,060 |
| State Department of Health Care Policy & Financing | | | | |
| HEALTH AND ENVIRONMENT: | | | | |
| Medicaid Title XIX - EPSDT | 93.778 | UHACCR10000013 | 07/09-06/10 | 50,320 |
| Medicaid Title XIX - EPSDT | 93.778 | UHACCR11000005 | 07/10-12/10 | 38,994 |
| | | | | 89,314 |
| HUMAN SERVICES: | | | | |
| Single Entry Point | 93.778 | - | 07/09-06/11 | 536,863 |
| State Department of Public Health and Environment | | | | |
| HEALTH AND ENVIRONMENT: | | | | |
| Bioterrorism Public Health Preparedness | 93.069 | EPI0900043 | 08/09-08/10 | 173,342 |
| Bioterrorism Public Health Preparedness | 93.069 | EPI0900043 | 08/10-08/11 | 84,048 |
| Bioterrorism Public Health Preparedness supplemental | 93.268 | EPR102732 | 08/10-08/11 | 5,383 |
| H1N1 - Phase II and III | 93.069 | EPR10000056 | 10/09-07/10 | 551,042 |
| Influenza Like Illness | 93.069 | EPI110000060 | 10/09-07/10 | 8,985 |

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

| Federal or Pass-Through Grantor Program Title | Federal CFDA Number | Grant Number | Grant Period | 2010 Expenditures | |
|---|---|-----------------|-----------------|----------------------|---------|
| Infertility Prevention Project | 93.977 | EPI10000085 | 01/10-12/10 | \$ 4,076 | |
| Family Planning | 93.217 | FHS0800067 | 07/09-06/10 | 9,260 | |
| Family Planning | 93.217 | FPP1016399 | 07/10-06/11 | 151,939 | |
| Handicapped Children's Program | 93.994 | HCP102924 | 10/09-09/10 | 99,080 | |
| Handicapped Children's Program | 93.994 | PSD1121554 | 10/10-09/11 | 4,366 | |
| Immunization Action Plan (CDC) | 93.268 | IMM0800225 | 01/10-12/10 | 68,139 | |
| ARRA - Tdap Cocooning Project | 93.712 | IMM1000070 | 10/09-09/10 | 40,180 | |
| ARRA - Tdap Cocooning Project | 93.712 | IMM1100073 | 11/10-09/11 | 6,628 | |
| ARRA - Chronic Disease Self Management Project | 93.725 | PPG1123745 | 11/10-03/12 | 3,231 | |
| Maternal and Child Health Services Block Grant: | 93.994 | | | | |
| Child Health | | PSD0800480 | 10/09-09/10 | 26,814 | |
| Child Health | | PSD1121554 | 10/10-09/11 | 9,701 | |
| Maternity Assistance Program | | PSD0800480 | 10/09-09/10 | 69,353 | |
| Maternity Assistance Program | | PSD1121554 | 10/10-09/11 | 23,393 | |
| West Nile Virus Prevention | 93.283 | EPI11014078 | 06/10-12/10 | 15,150 | |
| Vaccine Transfer Kit and Infrastructure Building | 93.268 | AV110000500 | 2010 | 10,453 | |
| | | | | 1,364,563 | |
| Total Department of Health and Human Services | | | | 27,743,517 | |
| <u>DEPARTMENT OF HOMELAND SECURITY</u> | | | | | |
| State Department of Local Affairs | | | | | |
| GENERAL: | | | | | |
| | Emergency Management Performance Grant | 97.042 | 10EMOL36 | 10/09-06/11 | 50,000 |
| (1) | Pre-disaster Mitigation (PDM) | 97.017 | 10EM78C36 | 11/09-09/12 | 144,665 |
| | Pre-disaster Mitigation (PDM) | 97.017 | 10EM78C36 | 11/09-09/12 | 313,909 |
| | Buffer Zone Protection Program | 97.078 | 98HS78436 | 08/09-06/11 | 43,269 |
| | | | | | 551,843 |
| REPLACEMENT AND TECHNOLOGY PROJECTS: | | | | | |
| | Buffer Zone Protection Program | 97.078 | 98HS78436 | 08/09-06/11 | 170,088 |
| Total Department of Homeland Security | | | | 721,931 | |
| <u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | | |
| State Department of Local Affairs | | | | | |
| HEALTH AND HUMAN SERVICES: | | | | | |
| Community Development Block Grants: | | | | | |
| | Emergency Shelter Grant | 14.231 | H0ESG09929 | 07/09-06/10 | 15,717 |
| | Home Investment | 14.239 | H9CDB08053G | 01/09-12/10 | 138,744 |
| Total Department of Housing and Urban Development | | | | 154,461 | |
| <u>DEPARTMENT OF INTERIOR</u> | | | | | |
| GENERAL: | | | | | |
| * | Law Enforcement | 15.000 | 02FC601667 | 08/09-09/10 | 256,399 |
| PARKS: | | | | | |
| * | Resource Management Plan | 15.916 | 05FC601972 | 04/05-09/11 | 958,759 |
| * | Integrated Pest Management Plan for Noxious Weeds | 15.BBX | 05FG601992 | 04/05-09/11 | 26,852 |
| State Department of Natural Resources | | | | | |
| PARKS: | | | | | |
| | Fishing is Fun | 15.605 | F-537-D | 12/08-12/11 | 12,661 |

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

| | Federal or Pass-Through Grantor Program Title | Federal CFDA Number | Grant Number | Grant Period | 2010 Expenditures |
|---|---|---------------------------|-----------------|-----------------|----------------------|
| (1) | Motorboat Access Restrooms | 15.605 | MBA-1543-08 | 2007 | \$ 51,050 |
| | | | | | 1,049,322 |
| Total Department of Interior | | | | | 1,305,721 |
| DEPARTMENT OF JUSTICE | | | | | |
| HEALTH AND HUMAN SERVICES: | | | | | |
| * | Edward Byrne Memorial Justice Assistance Grant | 16.580 | 2007-DD-BX-0712 | 10/07-12/10 | 43,507 |
| State Department of Human Services | | | | | |
| HUMAN SERVICES: | | | | | |
| | Justice Assistance Grant | 16.803 | 29-JR-04-37-1 | 10/10-09/11 | 48,148 |
| State Department of Public Safety: | | | | | |
| GENERAL: | | | | | |
| | Victim of Crime Act | 16.801 | 29-VA-8-32 | 01/10-12/10 | 53,492 |
| | Victim of Crime Act | 16.801 | 29-VA-8-34 | 01/10-12/10 | 24,082 |
| (1) | Violence Against Women Act | 16.588 | 28-VW-8-50 | 04/09-03/10 | 6,885 |
| | Violence Against Women Act | 16.588 | 28-VW-8-78 | 01/10-12/10 | 27,539 |
| | ARRA - Violence Against Women Act | 16.588 | 29-RW-8-20 | 09/09-02/11 | 65,198 |
| | | | | | 177,196 |
| CRIMINAL JUSTICE SERVICES: | | | | | |
| | Residential Substance Abuse Treatment | 16.593 | 2008-RT-BX-0033 | 01/10-12/10 | 15,587 |
| HUMAN SERVICES: | | | | | |
| | Juvenile Accountability Block Grant | 16.523 | 2009-JB-FX-0040 | 10/10-09/11 | 6,113 |
| HEALTH AND HUMAN SERVICES: | | | | | |
| | Juvenile Accountability Block Grant | 16.523 | 28-JB-L-8-19 | 10/09-09/10 | 14,875 |
| | Juvenile Accountability Block Grant - Short Term | 16.523 | 26-JB-I-08-427 | 2010 | 4,500 |
| | | | | | 19,375 |
| Total Department of Justice | | | | | 309,926 |
| DEPARTMENT OF LABOR | | | | | |
| GENERAL: | | | | | |
| * | ARRA - Employee Benefits Security Administration | 17.151 | - | 03/09-02/10 | 639 |
| DENTAL: | | | | | |
| * | ARRA - Employee Benefits Security Administration | 17.151 | - | 03/09-02/10 | 4,784 |
| MEDICAL: | | | | | |
| * | ARRA - Employee Benefits Security Administration | 17.151 | - | 03/09-02/10 | 102,645 |
| State Department of Labor and Employment | | | | | |
| WORKFORCE CENTER: | | | | | |
| Workforce Investment Act: | | | | | |
| | ARRA - Wagner-Peyser | 17.207 | PY08 | 03/09-09/10 | 186,573 |
| | Wagner-Peyser Base | 17.207 | PY2009/2011 | 07/09-06/11 | 616,509 |
| | Wagner-Peyser Employment Support Fund | 17.207 | PY2009/2011 | 07/09-06/11 | 358,252 |
| | Wagner-Peyser Governor's Summer Job Hunt | 17.207 | PY2009/2011 | 07/09-06/11 | 19,493 |
| | Unemployment Insurance | 17.225 | PY2009/2011 | 07/09-06/11 | 28,396 |
| | Trade Adjustment Act (TAA) | 17.253 | PY2009/2011 | 07/09-06/11 | 129,705 |
| | ARRA - Adult | 17.258 | PY08 | 03/09-09/10 | 121,006 |
| | Adult | 17.258 | PY2009/2011 | 07/09-06/11 | 302,019 |
| | ARRA - Youth | 17.259 | PY08 | 03/09-09/10 | 157,940 |
| | Youth | 17.259 | PY2009/2011 | 07/09-06/11 | 384,184 |
| | CRC Softskills 10% | 17.260 | PY2009/2011 | 07/09-06/11 | 219 |

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

| Federal or Pass-Through Grantor Program Title | Federal CFDA Number | Grant Number | Grant Period | 2010 Expenditures |
|--|---------------------------|-----------------|-----------------|----------------------|
| Continuing Improvements Management | 17.260 | PY2009/2011 | 07/09-06/11 | \$ 53,889 |
| FRCC WIA 10% | 17.260 | PY2009/2011 | 07/09-06/11 | 2,000 |
| ARRA - Dislocated Worker | 17.260 | PY08 | 03/09-09/10 | 281,081 |
| Dislocated Worker | 17.260 | PY2009/2011 | 07/09-06/11 | 223,223 |
| Marketing | 17.260 | PY2009/2011 | 07/09-06/11 | 25,000 |
| Rapid Response | 17.260 | PY2009/2011 | 07/09-06/11 | 97,915 |
| Online Education Training | 17.261 | PY2009/2011 | 07/09-06/11 | 6,221 |
| Disability Program Navigators | 17.266 | PY2009/2011 | 07/09-06/11 | 12,042 |
| Research Animal Technology Wired Incentive | 17.268 | PY2009/2011 | 07/09-06/11 | 240,990 |
| Vets DVOP | 17.801 | PY2009/2011 | 07/09-06/11 | 14,380 |
| Vets Workforce Investment Program | 17.802 | PY2009/2011 | 07/09-06/11 | 25,808 |
| Vets LVER | 17.804 | PY2009/2011 | 07/09-06/11 | 12,856 |
| | | | | 3,299,701 |
| Total Department of Labor | | | | 3,407,769 |
| <u>DEPARTMENT OF TRANSPORTATION</u> | | | | |
| State Department of Transportation | | | | |
| HEALTH AND HUMAN SERVICES: | | | | |
| Rural Transit Coordinating | 20.509 | 10-HTD-08944 | 01/10-12/10 | 166,582 |
| OPENS LANDS: | | | | |
| ARRA - Poudre Trail Underpass | 20.205 | ES4-CO60-049 | 03/09-03/12 | 10,173 |
| Total Department of Transportation | | | | 176,755 |
| <u>ENVIRONMENTAL PROTECTION AGENCY</u> | | | | |
| State Department of Public Health and Environment | | | | |
| HEALTH AND ENVIRONMENT: | | | | |
| Air Pollution PM2.5 | 66.034 | AIR0800134 | 07/09-06/10 | 115 |
| Air Pollution PM2.5 | 66.034 | AIR0800134 | 07/10-06/11 | 231 |
| Total Environmental Protection Agency | | | | 346 |
| Total Expenditures of Federal Awards | | | | \$ 39,841,389 |

Explanatory Notes:

* Direct Federal Assistance Programs

** Federal Share Computed Using Percentages Provided by the State Department of Human Services

ARRA identifies American Recovery and Reinvestment Act funding

(1) The expenditures for these grants were expended in prior years.

The County has no significant subrecipients.

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.



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
Larimer County, Colorado

We have audited the financial statements of Larimer County as of and for the year ended December 31, 2010, and have issued our report thereon dated June 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, that results in 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Larimer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

We noted other matters involving internal control over financial reporting that we have reported to the County in a separate letter dated June 17, 2011.

This report is intended solely for the information and use of the Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson + Whitney P. C.

June 17, 2011



Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of County Commissioners
Larimer County, Colorado

Compliance

We have audited the compliance of Larimer County, Colorado with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. Larimer County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Larimer County's management. Our responsibility is to express an opinion on Larimer County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States, 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*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Larimer 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. Our audit does not provide a legal determination on Larimer County's compliance with those requirements.

In our opinion, Larimer County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, and 2010-3.

Internal Control Over Compliance

The management of Larimer County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Larimer County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-2 and 2010-3. *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.

Larimer County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Larimer County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Commissioners, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson + Whitney P.C.

June 17, 2011

LARIMER COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2010

SUMMARY OF AUDITORS' RESULTS

- Type of report issued on financial statements Unqualified
- Internal control over financial reporting:
 - Material weaknesses identified No
 - Significant deficiencies identified None reported
- Noncompliance material to the financial statements noted No
- Internal control over federal awards:
 - Material weaknesses identified No
 - Significant deficiencies identified Yes
- Type of report issued on major programs Unqualified
- Audit findings disclosed None under .510(a). See others below.
- Major programs
 - 10.557 Special Supplemental Food Programs for Women, Infants and Children
 - 81.128 Energy Efficiency and Conservation Block Grant
 - 93.558 Colorado Works
 - 93.569 Community Service Block Grant Cluster
 - 93.710
 - 93.658 Title IV-E (Foster Care)
 - 93.667 Title XX Social Services Block Grant
 - 93.778 Medicaid Title XIX: Child Services
 - 93.268 Immunization Cluster
 - 93.712
- Dollar threshold between Type A and Type B programs \$1,195,242
- Low-risk auditee Yes

FINDINGS RELATED TO FINANCIAL STATEMENTS

- None Reported

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

➤ FINDING 2010-1:

CFDA 93.658 Title IV-E (Foster Care)

Pass-Through Agency: Colorado Department of Human Services

Criteria: *Suspension and Debarment* – Nonfederal entities are prohibited from contracting with parties who are suspended or debarred from federal awards. For certain covered transactions over \$25,000, the Foster Care program must verify that an entity is not suspended or debarred through the Excluded Parties List System (EPLS), alternative certification, or contract language.

Condition: Out of 25 files tested, one instance was noted in which verification was not performed.

Questioned Costs: There are no questioned costs as there may be no debarred vendors.

Context: A Therapeutic Residential Child Care Facility (TRCCF) that receives payments for the substitute care for children who are under the jurisdiction of the administering IV-E agency is paid enough federal funds to require the program to verify that the provider is not suspended or debarred.

Effect: Amounts may be paid to parties not eligible to receive federal funding.

Cause: This appears to have been an oversight.

Recommendation: We recommend the Foster Care program check the EPLS for Therapeutic Residential Child Care Facilities.

Management's Response: Larimer County checks the EPLS system annually for all TRCCF and CPA agencies utilized during the fiscal year. The Department Specialist that completes the SS23A is assigned to also complete the EPLS system.

Corrective Action:

Contact Person: Catherine Weaver, Social Casework Manager

Corrective Action Planned: In response to the audit, Larimer County has revised our process for EPLS check; more specifically revised our documentation process for the EPLS check. After each TRCCF and CPA agency is checked through the EPLS system the confirmation regarding the results will be printed out and scanned into the County's paperless filing system, FileNet. The EPLS document will be scanned in with the SS23A and stored under the Trails provider number within FileNet.

➤ FINDING 2010-2:

CFDA 93.778 Medicaid Title XIX: Child Services

Pass-Through Agency: Colorado Department of Human Services

Criteria: *Eligibility* – The Code of Colorado Regulations specific to the Department of Health Care Policy and Financing indicates the County is required to secure information concerning health insurance or other medical coverage of an individual at the time that

individual applies or is predetermined eligible for public assistance. This information should be entered into the Client Health Resource Information Form (MS-10.)

Condition: Out of 25 files tested, three instances of missing client health insurance forms (MS-10) were noted.

Questioned Costs: None, as the individuals in the cases noted may be eligible for the program.

Context: Information on the MS-10 is entered into a computerized file and serves as the basis for claims payment or denial. File documentation at the County does not support the eligibility determination in three instances.

Effect: Claims could be improperly paid or denied.

Cause: This appears to have been an oversight.

Recommendation: We recommend including a client health insurance form (MS-10) for every client.

Management's Response: The three cases that were missing an MS-10 form have now been completed.

Corrective Action:

Contact Person: Catherine Weaver, Social Casework Manager

Corrective Action Planned: In the future, Larimer County will be more diligent in making sure we obtain a MS-10 form for every client that is the legal custody of the Department.

➤ **FINDING 2010-3:**

CFDA 10.557 Special Supplement Food Programs and Food Vouchers for Women, Infants & Children

Pass-Through Agency: Colorado Department of Public Health and Environment

Criteria: *Eligibility* – The Colorado Department of Public Health and Environment procedure manual for the program indicates acceptable income documentation required for participants. In the event documentation cannot be provided, a *No Proof Form* is required to be completed.

Condition: Out of 25 files tested, six participant files did not contain acceptable income documentation. In these instances the Special Supplemental Nutrition Program for Women, Infants, and Children Procedure Manual of the Colorado Department of Public Health and Environment requires the completion of a *No Proof Form*.

Questioned Costs: None, as the individuals in the cases noted are eligible for the program.

Context: Participants that are receiving Medicaid are automatically eligible for this program. Proof of income is still required to be documented in the participant file. When there is no income, a *No Proof Form* is required to be completed.

Effect: WIC funds may be being utilized when the applicant isn't eligible.

Cause: This appears to have been an oversight.

Recommendation: We recommend ensuring the appropriate documentation for proof of income is included in every client file.

Management's Response: Please note that all six participants cited in the findings were all WIC-eligible, as they were on Medicaid. Medicaid participation confers adjunctive eligibility. It is possible that some of the newer WIC Educators were not consistently applying the policy to obtain the "No Proof" form for the clients that were on Medicaid but didn't report an income. This was an oversight of the program supervisors.

Corrective Action:

Contact Person: Ingrid Rosoff, Nutrition Supervisor

Corrective Action Planned: The "No Proof" policy has already been reviewed at the weekly clinic meetings and monthly staff meetings. The new computer system "Compass" has a field that can be checked for no income documentation. The WIC staff then print out the "Colo. WIC Program – Signed Statement" for the client to completed and sign. This form then gets scanned into the family's record. Staff need to also add an "alert" notice so that staff will know that this family needs to show their income at their next appointment in one month.

WIC supervisors will perform spot checks for compliance with this policy and provide follow up training as needed.

LARIMER COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2009

➤ **FINDING 2009-1:**

CFDA 93.596 Child Care Cluster
CFDA 93.575
CFDA 93.713

Pass-Through Agency: Colorado Department of Human Services

Criteria: *Eligibility* – In determining the eligibility of families for child care benefits, family income and other factors must be properly considered to calculate the appropriate parental fee. After the parental fee is paid, the grant pays the child care provider the remaining cost.

Condition: Out of 38 files tested, five did not demonstrate adequate procedures to properly calculate or apply the parental fee.

Questioned Costs: \$482

Context: One monthly parental fee was properly calculated as \$210 but was entered in the Child Care Automated Tracking System (CHATS) as \$245, which led to the parent being over-charged. Another parental fee was improperly entered as a one-month adjustment instead of an ongoing adjustment. Thus, no parental fee was paid after the first month. One parent's wages were inadvertently entered as \$50 more than the pay stub indicated. In another case, an amount on the calculation worksheet was inaccurately transferred to a subsequent page, leading to a parental fee which was \$59 too high. We also noted an instance where SSI benefits were inappropriately considered as income and were not verified, leading to the parental fee being too high.

Effect: If the parental fee is not properly calculated, the grant funds may pay too much of the total child care cost.

Cause: Caseloads are heavy presently and only a few cases per worker are reviewed for accuracy.

Recommendation: We recommend controls be better designed to ensure parental fees and income data are more accurately calculated and applied.

Management's Response: In response to the audit findings, five cases per technician per month are conducted. This is more than the 1% of our total caseload that the state verbally recommended be checked. Since the audit at the end of 2009, we have developed a new case checking database that allows us to track case errors in a more detailed fashion. It breaks down the scoring and helps us to be more detailed in examining cases.

Corrective Action:

Contact Person: Tamara Schmidt, CCAP Manager

Corrective Action Planned: Another major change that is coming to Larimer County is the new Child Care Automated Tracking System (CHATS). Larimer County is a pilot county for the new computer system which will roll out on June 14, 2010. CCAP

providers will now have point of service machines and CCAP families will now have CAP cards that will be swiped when they check their children in and out for the day. The new system can calculate income and parent fees. Manual billing will virtually be eliminated and it will be done through the computer system. We predict that the new system will help to eliminate many of the manual errors that happen today, but not all.

Status: Implemented

➤ **FINDING 2009-2:**

CFDA 93.568 Low-Income Home Energy Assistance (LEAP)

Pass-Through Agency: Colorado Department of Human Services

Criteria: *Eligibility* – State regulations (Volume III, 3.755.13) require each case file to include Form IML-3T (“turnaround form”) in order to document case approvals, denials, and changes. A key County control is a technician’s signature on each turnaround form.

Condition: Out of 25 files tested, two did not have technician signatures on Form IML-3T.

Questioned Costs: None, as the individuals in the cases noted may be eligible for the program.

Context: Although the individual may be eligible, the County’s internal control to document approval has not been followed.

Effect: The County does not have evidence that the applicant’s eligibility determination has been reviewed and approved.

Cause: This appears to have been an oversight.

Recommendation: We recommend the State policy and County internal control be followed and that signed turnaround forms be included in each case file.

Management’s Response: The two cases which were missing the technician’s signature on the IML-3T are now signed appropriately and contained in the case files.

Corrective Action:

Contact Person: Peggy Koskie, LEAP Manager

Corrective Action Planned: In the future, LEAP staff will be more diligent in making sure all IML-3T worksheets are signed when the case is completed.

Status: Implemented