

BOULDER COUNTY, COLORADO

REPORT ON SINGLE AUDIT

December 31, 2010

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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***

The Board of County Commissioners
Boulder County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boulder County, Colorado (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2011. We conducted our audit 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.

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 opinions 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 perform 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 County's financial statements will not be presented, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs and responses to be significant deficiencies in internal control over financial reporting as item 2010-01. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

We noted certain matters that we reported to management of the County in a separate letter dated September 28, 2011.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commissioners, management 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.

Clifton Andersen LLP

Greenwood Village, Colorado
September 28, 2011

**Independent Auditor's Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

The Board of County Commissioners
Boulder County, Colorado

Compliance

We have audited the compliance of Boulder County, Colorado (County) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Boulder County Housing Authority (the Authority), a blended component unit, which expended \$12,510,297 in federal awards which is not included in the County's schedule of federal awards during the year ended December 31, 2010. Our audit, described below, did not include the operations of the Authority because the Authority had a separate audit performed in accordance with OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

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 types of 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 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 2010-02, 2010-03, and 2010-05

Internal Control Over Compliance.

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 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 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 2010-02, 2010-03, 2010-04, and 2010-05. *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.

The 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 the County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2010, and have issued our report thereon dated September 28, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County'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.

This report is intended solely for the information and use of the County Commissioners, management, 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.

Clifton Henderson LLP

Greenwood Village, Colorado
September 28, 2011

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

| | CFDA Number | Pass-through Identifying Number | Amount |
|---|------------------------|--|------------------|
| Consumer Product Safety Commission | | | |
| Pool Inspection | n/a | | \$ 27,300 |
| Consumer Product Safety Commission Total | | | <u>27,300</u> |
| Department of Agriculture | | | |
| Conservation Reserve Program - FSA Marketing Loss Assistance | 10.069 | | 137 |
| Farm and Ranch Lands Protection Program | 10.913 | | 1,786,880 |
| Rural Development, Forestry and Communities | 10.672 | | 16,800 |
| Solid Waste Management | 10.762 | | 10,780 |
| Wildland Fire Management ARRA | 10.688 | | 213,109 |
| Colorado Department of Human Services | | | |
| Emergency Food Assistance Program | 10.568 | | 350,254 |
| Emergency Food Assistance Program Administration | 10.569 | | 7,998 |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | F09WKFARE | <u>1,714,279</u> |
| Emergency Food Assistance Cluster | | | 2,072,531 |
| Colorado Dept. of Public Health & Environment | | | |
| Special Supplemental Nutrition Program for WIC | 10.557 | | 3,470,738 |
| Child and Adult Care Food Program | 10.558 | | 94,079 |
| Colorado State University | | | |
| Wildland Fire Management ARRA | 10.688 | 09-DG-11114419-021, 09-DG-11028281-029 | <u>59,860</u> |
| Department of Agriculture Total | | | <u>7,724,914</u> |
| Department of Housing and Urban Development | | | |
| Department of Local Affairs | | | |
| Community Development Block Grant/State's Program | 14.228 | H0CDB08078G | <u>60,953</u> |
| Department of Housing and Urban Development Total | | | <u>60,953</u> |
| Department of the Interior | | | |
| Payments in Lieu of Taxes (PILT) | 15.226 | | <u>306,359</u> |
| Department of the Interior Total | | | <u>306,359</u> |
| Department of Justice | | | |
| State Criminal Alien Assistance Program | 16.606 | | 301,265 |
| Bulletproof Vest Partnership Program | 16.607 | | 12,554 |
| Colorado Department of Public Safety, Division of Criminal Justice | | | |
| Juvenile Accountability Grant | 16.523 | 28-JB-L-20-17 | 17,834 |
| Enhanced Training and Services to End Violence and Abuse of Women Later in Life | 16.528 | 2008-EW-AX-K003 | 98,875 |
| Missing Children's Assistance | 16.543 | 2009-MC-CX-K011 | 32,773 |
| Crime Victim Assistance | 16.575 | 29-VA-20-79 | 34,686 |
| Crime Victim Compensation | 16.576 | 28-VC-20, 29-VC-20 | 200,117 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 29-DJ-05-41-2, 10-DJ-04-30-1 | <u>147,600</u> |
| Department of Justice Total | | | <u>845,704</u> |
| Department of Labor | | | |
| Colorado Department of Labor and Employment | | | |
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | 1471, 1834, 1523, 1727 | 382,059 |
| Unemployment Insurance | 17.225 | 1526 | 16,281 |
| Trade Adjustment Assistance | 17.245 | 1670 | 61,185 |
| H-1B Job Training Grants | 17.268 | 1445 | 21,350 |
| Disabled Veteran's Outreach Program (DVOP) | 17.801 | 1525/1730 | 7,007 |
| Veterans' Employment Program | 17.802 | 1637 | 7,100 |
| Local Veteran's Employment Representative Program | 17.804 | 1313/1524 | 4,597 |
| Homeless Veterans Reintegration Project | 17.805 | 1818 | <u>5,480</u> |
| Employment Cluster | | | 505,059 |
| WIA Adult Program | 17.258 | 1724, 1309, 1520, 1520, 1396 | 374,078 |
| WIA Adult Program ARRA | 17.258 | 1468 | 155,321 |
| WIA Youth Activities Program | 17.259 | 1681, 1310, 1521, 1681, 1728 | 520,766 |

(continued)

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

| | CFDA | Pass-through | |
|---|---------------|--|------------------|
| | Number | Identifying Number | Amount |
| WIA Youth Activities Program ARRA | 17.259 | 1469 | 57,386 |
| WIA Dislocated Workers | 17.260 | 1266, 1396, 1681, 1311, 1522, 1396, 1806, 1594, 1681, 1316 | 260,264 |
| WIA Dislocated Workers ARRA | 17.260 | 1470, 1642 | 235,062 |
| WIA Pilots, Demonstrations and Research Projects | 17.261 | 1445/1607 | 15,000 |
| WIA National Emergency Grants | 17.277 | | 2,846 |
| WIA Dislocated Worker Formula Grant | 17.278 | 1726 | <u>67,272</u> |
| WIA Cluster | | | 1,687,995 |
| Department of Labor Total | | | <u>2,193,054</u> |
| Department of Transportation | | | |
| Colorado Department of Transportation Highway Planning and Construction | 20.205 | 10-HTD-04660, 10-HTD- 07796, C070-034, C070- 030, C070-029, 14920, 10-HA4-04190, 10-HTD- 11459 | 3,755,125 |
| Job Access Reverse Commute | 20.516 | 10-HTD-10522, 10- HTD-10523 | <u>58,671</u> |
| Department of Transportation Total | | | <u>3,813,796</u> |
| Environmental Protection Agency | | | |
| Solid Waste Management Assistance Grants | 66.808 | EPA X1-97877201-0 | 42,500 |
| Colorado Dept. of Public Health & Environment Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities relating to the Clean Air Act | 66.034 | AIR0800122 | 9,249 |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | | 1,480 |
| Performance Partnership Grants | 66.605 | | 24,651 |
| Surveys, Studies, Investigation and Special Purpose Grants | 66.606 | | 9,750 |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | | <u>50,035</u> |
| Environmental Protection Agency Total | | | <u>137,665</u> |
| Department of Education | | | |
| State Fiscal Stabilization Funds (SFSF) - Education State Grants ARRA | 84.397 | | <u>406,800</u> |
| Department of Education Total | | | <u>406,800</u> |
| Department of Energy | | | |
| Colorado Department of Energy Energy Efficiency and Conservation Block Grant ARRA | 81.128 | DE-SC0002726, DE- EE0003554 | <u>1,432,263</u> |
| Department of Energy Total | | | <u>1,432,263</u> |
| Department of Health and Human Services | | | |
| Drug Free Communities Support Program Grants | 93.276 | ADA10000044, 5H79SP013109-10 | 125,124 |
| Head Start | 93.600 | | 1,206,694 |
| Head Start ARRA | 93.708 | 08CH0007 | 52,950 |
| Colorado Department of Human Services/Alcohol and Drug Abuse Division Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | 966,640 |
| Colorado Department of Human Services Special Programs for the Aging - Title VII. Chapter 3 - Programs for the Prevention of Elder Abuse, Neglect and Exploitation | 93.041 | | 3,551 |
| Special Programs for the Aging - Title VII. Chapter 2 - Long Term Care Ombudsman Services for Older Individuals | 93.042 | | 8,976 |
| Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | | 13,742 |
| Special Programs for the Aging - Title III Part B - Grants for Supportive Services and Senior Centers | 93.044 | | 497,261 |
| Special Programs for the Aging Title III Part C Nutrition Services | 93.045 | | 140,573 |
| National Family Caregiver Support, Title III, Part E | 93.052 | | 79,270 |
| Nutrition Services Incentives Program | 93.053 | | 18,474 |
| Aging Home Delivered Nutrition Services for States ARRA | 93.705 | | <u>827</u> |
| Aging Cluster Total | | | 762,674 |
| Child Care and Development Block Grant | 93.575 | | (133,228) |
| Child Care Mandatory and Matching Funds of Child Care and Development Fund | 93.596 | | 2,539,070 |
| Child Care and Development Block Grant ARRA | 93.713 | | <u>697,466</u> |
| Child Care Cluster Total | | | 3,103,308 |
| Promoting Safe and Stable Families | 93.556 | | 92,779 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 1658 | 5,779,017 |
| Child Support Enforcement | 93.563 | | 2,108,003 |
| Low-income Home Energy Assistance Programs - Weatherization | 93.568 | | 1,992,431 |

(continued)

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

| | CFDA | Pass-through | |
|--|---------------|------------------------------------|----------------------|
| | Number | Identifying Number | Amount |
| Child Welfare Services_State Grants | 93.645 | | 128,423 |
| Foster Care Title IV-E | 93.658 | | 2,470,775 |
| Adoption Assistance | 93.659 | | 902,352 |
| Social Services Block Grant | 93.667 | | 4,039,843 |
| Chafee Foster Care Independent Living | 93.674 | | 111,124 |
| Medical Assistance Program | 93.778 | | 1,501,529 |
| Colorado Department of Local Affairs | | | |
| Community Services Block Grant | 93.569 | 366084 | 366,084 |
| Community Services Block Grant ARRA | 93.710 | L9CSBG09, L10CSBG06 | 463,627 |
| Colorado Dept. of Public Health & Environment | | | |
| Immunization Grants | 93.268 | | 54,988 |
| Immunization ARRA | 93.712 | | <u>35,917</u> |
| Immunization Cluster Total | | | 90,905 |
| Public Health Emergency Preparedness | 93.069 | | 1,009,043 |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | | 16,333 |
| CDC Prevention Investigations and Technical Assistance | 93.283 | | 36,546 |
| HIV Prevention Activities Health Department Based | 93.940 | | 10,000 |
| Preventive Services Block Grant | 93.991 | | 5,000 |
| Maternal and Child Health Services Block Grant to States | 93.994 | | 271,338 |
| FDA Natl Registry Rept/Publ | n/a | | <u>2,500</u> |
| Department of Health and Human Services Total | | | <u>27,615,042</u> |
| Department of Homeland Security | | | |
| Emergency Management Performance Grants | 97.042 | 9EM08L07, 9EM09L07, 10EM0L07 | 132,041 |
| Fire Management Assistance Grant | 97.046 | | <u>304,969</u> |
| Department of Homeland Security Total | | | <u>437,010</u> |
| Grand Total | | | <u>\$ 45,000,860</u> |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of Boulder County, Colorado and the County's component units (the County), excluding the Boulder County Housing Authority, a blended component unit of the County, which expended \$12,510,297 in federal awards during the year ended December 31, 2010. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule. In addition, federal financial assistance awarded directly to eligible County Social Services recipients via Electronic Benefits Transfer (EBT) is also included in the schedule, with the exception of Food Stamps. The State of Colorado issues EBT to the eligible County recipients. Only the federal amount of such pass-through awards and EBT is included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements. 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. Federal financial assistance provided to sub-recipients is treated as an expenditure when it is paid to the sub-recipient.

Noncash Programs

Certain federal financial assistance programs do not involve cash awards to the County. These programs include the following:

Women, Infant and Children #10.557

TEFAP Food Commodities CFDA #10.569

Temporary Assistance for Needy Families CFDA #93.558 (Major Program)

Total electronic transfer disbursements authorized by the State for 2010 were \$19,209,364.

CFDA and Contract Numbers

Certain programs do not contain State or Federal contract numbers because they have not been assigned these numbers or the numbers were not obtainable.

**BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010**

Sub-recipients

Of the federal expenditures presented in the accompanying schedule of expenditures, the County provided federal awards to sub-recipients as follows:

| | | |
|--|-------------------------------|------------|
| Child Care Cluster | CFDA 93.575/ 93.596/93.713 | \$ 374,679 |
| Temporary Assistance for Needy Families | CFDA 93.558 | 111,179 |
| Energy Efficiency Conservation Block Grant | CFDA 81.128 | 49,408 |

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | | |
|---|---|--|
| Type of auditor's report issued: | Unqualified | |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ <input checked="" type="checkbox"/> yes | _____ none reported |
| Noncompliance material to financial statements noted? | _____ yes | _____ <input checked="" type="checkbox"/> no |

Federal Awards

| | | |
|---|---|--|
| Internal control over major program: | | |
| Material weakness(es) identified? | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ <input checked="" type="checkbox"/> yes | _____ none reported |

| | |
|--|-------------|
| Type of auditor's report issued on compliance for major program: | Unqualified |
|--|-------------|

| | | |
|--|---|----------|
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | _____ <input checked="" type="checkbox"/> yes | _____ no |
|--|---|----------|

**BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

PART I - SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Identification of major program:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-----------------------|--|
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| 10.688 | Wildland Fire Management ARRA |
| 10.913 | Farm and Ranch Lands Protection Program |
| 17.258* | WIA Adult Program |
| 17.258* | WIA Adult Program - ARRA |
| 17.259* | WIA Youth Activities |
| 17.259* | WIA Youth Activities - ARRA |
| 17.260* | WIA Dislocated Workers |
| 17.260* | WIA Dislocated Workers - ARRA |
| 17.277* | WIA National Emergency Grants |
| 17.278* | WIA Dislocated Worker Formula Grant |
| 93.558 | Temporary Assistance for Needy Families |
| 93.569* | Community Services Block Grant |
| 93.710* | Community Services Block Grant - ARRA |
| 93.563 | Child Support Enforcement |
| 93.575* | Child Care and Development Block Grant |
| 93.596* | Child Care Mandatory and Matching Funds |
| 93.713* | Child Care and Development Block Grant - ARRA |
| 93.667 | Social Services Block Grant |
| 81.128* | Energy Efficiency and Conservation Block Grant – ARRA |

* Cluster

Dollar threshold used to distinguish between
Type A and Type B programs:

\$1,350,026

Auditee qualified as low-risk auditee?

___ yes √ no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2010-1

Significant Deficiency

- Criteria: Boulder County is responsible for the fair presentation of its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).
- Condition: During our testing of compensated absences, we noted the full liability was recorded to the general ledger for Social Services instead of the amount that would mature within a short period after year-end. This resulted in an adjustment to reduce the compensated absence liability and expense in the fund statements by \$784,065.
- Cause: The County did not review and reconcile the entry to record the year-end liability to the supporting schedules.
- Effect: Without a review and reconciliation of such entries, a material misstatement could occur without being prevented or detected on a timely basis.
- Recommendation: We recommend that the County review and reconcile all its significant year-end balances during the process of compiling its financial statements.
- Management response: Going forward, two accountants from County Finance will separately compare the entry on the trial balance and statements prepared by Social Services to the appropriate schedules as prepared by Finance to ensure they're being reported properly. As of the 2012 fiscal year, Social Services will begin using the County's IFAS financial system. This should help minimize any future issues, as County Finance will review and post the compensated absences entry directly.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2010 - 02

CFDA 93.575/ 93.596/ 93.713 Child Care Cluster

Eligibility

Significant Deficiency, Noncompliance

| | |
|-------------------|---|
| Criteria: | Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, state that in order for a household to be deemed eligible under this program, "Children must be under age 13, who reside with a family whose income does not exceed 85 percent of State/territorial/tribal median income for a family of the same size, and reside with a parent who is working or attending a job-training or educational program; or are in need of, or are receiving protective services." |
| Condition: | The amount of income used in the calculation of eligibility did not agree to the pay stubs in the file that were obtained to support the income. In 3 of the case files, we noted that net income instead of gross income was used to determine eligibility and calculate the parental fee. |
| Effect: | The parental fee may be calculated incorrectly resulting in the federal grant funding more of the child care fees than required. Also, a family could be deemed eligible that is in fact not eligible based on the lower income (net income) used in the calculation. |
| Questioned Costs: | Known questioned costs of \$180 - calculated as all exceptions noted during our testing over participant eligibility. Total amount of beneficiary payments tested in our sample of 40 was \$1,544. |
| Context: | The County contracts with a third party who determines eligibility for the child care program. We noted in our sample of 40 case files that in 3 of the cases, the third party calculated eligibility using inaccurate income. As part of its subrecipient monitoring procedures, the County reviews a sample of case files per quarter and verifies that income was calculated correctly to determine eligibility. |
| Cause: | Increased case loads and the implementation of the new State System, CHATS B, may have led to this finding. |
| Recommendation: | The County and third party provider should strengthen its review process that includes the recalculation of the income used to determine eligibility and calculate the parental fee. |

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Management
Response:

The new CHATS computer system became Boulder County's official data and eligibility determination software for the Child Care Assistance Program on August 30, 2010. The Aspen Family Service's caseworker enters all family and income data into CHATS and then the CHATS system performs the income calculations and eligibility determination including the assessment of the parental fee. This will decrease mathematical errors intrinsic to human calculation. Eligibility caseworkers still need to ensure the correct data is entered into CHATS. During the fourth quarter of 2011, a refresher training will be provided to all Aspen Family Services caseworkers regarding Income: how to read a pay stub, how to determine appropriate pay periods, gross income vs. net income, etc.

Aspen Family Services performs case reviews every month, focusing on verifications, eligibility determination, authorization, documentation, and recovery if indicated. Currently 5 cases per caseworker are reviewed monthly and any areas of concern found are addressed with the individual caseworker by their supervisor. As of July 1, 2011, CDHS, Division of Child Care has enacted new rules regarding case and provider reviews. Aspen Family Services Child Care Assistance Program staff will be adhering to this new risk-based process which requires review of a case from eligibility determination through provider payment. This new method should ensure that case processing is accurate, consistent, and complies with policies and regulations.

Contact person: Christina Ostrom

Finding 2010 - 03

CFDA 93.558 TANF

Eligibility
Significant Deficiency, Noncompliance

Criteria: Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, require a grantee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. Effective controls ensure persons determining eligibility are adequately trained and supervised, that eligibility determinations are made in accordance with regulations, and the information entered into CBMS is accurate and supported.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Condition: The County did not obtain the immunization information prior to the first redetermination date.

Effect: Individuals who are not eligible may receive TANF benefits.

Questioned Costs: Known questioned costs of \$128 - calculated as all exceptions noted during our testing over participant eligibility. Total amount of beneficiary payments tested in our sample of 40 was \$8,756.

Context: We noted one instance where there was required immunization information missing from the case file. Immunization records are required to be obtained prior to the first redetermination date. For the exception noted the first redetermination date was in 2010, which is prior to the regulation change of immunizations no longer being required.

Cause: An increase in case loads may have lead to this finding.

Recommendation: The County should ensure all required documentation is in the file.

Management Response: We concur with the finding of not obtaining the immunization information prior to the first redetermination date. As of January 1, 2011, it is no longer a requirement to obtain or to have immunization records in the case file.

Contact person: Angela Lanci-Macris

Finding 2010 - 04

CFDA 93.563 Child Support Enforcement

**Special Tests and Provisions
Significant Deficiency**

Criteria: Circular A-133 Audits of States, Local Governments and Non-Profit Organizations requires a grantee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Condition: Lack of internal controls in place to ensure compliance with regulations.

Effect: Case files may not contain information as required by regulations or the pursuit of support payments may not be in compliance with regulations.

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Questioned Costs: None.

Context: During the months of January 2010 through September 2010 case file reviews were not conducted. Beginning October 2010, two case files per month were reviewed by Child Support Enforcement managers. As such for 10 out of the 12 months in 2010 no case file reviews were performed.

Cause: Internal changes in management and unit restructuring with the department may have lead to this finding.

Recommendation: The County should continue to review case files each month to to ensure state regulations are adhered to and to strengthen the County's overall control environment.

Management Response: The child support program has been doing case reviews at 2 per month per tech consistently since October 2010.

Contact person: James Hayden

Finding 2010 - 05

CFDA 81.128 EECBG

**Procurement, Suspension and Debarment
Significant Deficiency and Noncompliance**

Criteria: Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, states that an entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Condition: There is no evidence of the County's determination, regarding suspension and debarment, of vendors it contracted with.

Effect: County cannot support that the vendors it contracts with are not suspended or debarred.

Questioned Costs: None

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Context: During our testing of general disbursements we tested six contracts. Of the six we noted no evidence that the contractors were reviewed for suspension and debarment. County personnel noted the EPLS was reviewed for all vendors; however, the screenshots were not retained.

Cause: Lack of understanding of this compliance requirement.

Recommendation: We recommend the County either maintain a screenshot of the EPLS, obtain a certification from the entity, or add a clause to their contracts.

Management Response: The County has consistently verified that vendors under contract with the County for grant programs are not listed in the EPLS, however, evidence of this verification was not maintained. In the future, screenshots of the EPLS system will be retained as evidence of verification.

Contact person: Catrina Gonzales

BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2010

Finding 2009-01 **Timeliness of the Schedule of Expenditures of Federal Awards**

Significant Deficiency

Summary: Boulder County completed the schedule of expenditures of federal awards five months after the audit commenced. The audit commenced March 15, 2010 and the draft schedule of expenditures of federal awards was received August 10, 2010.

Status: Implemented.

Finding 2009-02 **Financial statement preparation**

Significant Deficiency

Summary: Clifton Gunderson was engaged to prepare a portion of the County's financial statements and the underlying financial information was not reconciled and made available in a timely manner.

Status: Implemented.

Finding 2009-03 **CFDA 10.551/10.561 Food Stamps and CFDA 93.558 TANF**

Eligibility
Significant Deficiency, Noncompliance

Summary: The County maintains spreadsheets to monitor compliance with the requirement to review 6 case files per month per technician. Per review of the monitoring spreadsheets the required case file reviews were not performed. Further per review of these spreadsheets, we were unable to determine if any TANF case files were review.

In addition, we noted five instances for Food Stamps where the benefit paid did not equal the benefit we recalculated based on the information input into CBMS. We also noted one instances each for Food Stamps and TANF where there was required information missing from the case files.

Status: A finding over eligibility for the TANF program is repeated for the current year, see 2010-03. Note that the current year finding does not relate to the prior year finding over case file reviews, but rather regarding missing information from a case file.

**BOULDER COUNTY, COLORADO
SUMMARY OF SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2010**

Finding 2009-04

CFDA 93.563 Child Support Enforcement

**Special Tests and Provisions
Significant Deficiency**

Summary: The County performed reviews of four to five case files per month. These reviews only occurred for the months of April 2009 through September 2009. Further, the documentation of the reviews was inconsistent and difficult to follow.

Status: The finding is repeated for the current year as corrective actions were not put into place until October 2010. See finding 2010-04.