

BOULDER COUNTY, COLORADO

**REPORT ON SINGLE AUDIT
December 31, 2018**

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**INDEPENDENT AUDITORS' 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
Boulder County, Colorado

We have audited, in accordance with the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Boulder County, Colorado (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Boulder County, Colorado's basic financial statements, and have issued our report thereon dated September 27, 2019. Our report includes a reference to other auditors who audited the financial statements of Boulder County Housing Authority (the Authority), a major enterprise fund, and Josephine Commons, LLC, Aspinwall, LLC, and Kestrel I, LLC, which are discretely presented component units, as described in our report on Boulder County, Colorado's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boulder County, Colorado'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 Boulder County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Boulder County, Colorado'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boulder County, Colorado'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*.

Boulder County, Colorado's Response to Findings

Boulder County, Colorado's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boulder County, Colorado'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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 27, 2019



**INDEPENDENT AUDITORS' 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**

Board of County Commissioners
Boulder County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Boulder County, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boulder County, Colorado's major federal programs for the year ended December 31, 2018. Boulder County, Colorado's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Boulder County, Colorado's basic financial statements include the operations of the Boulder County Housing Authority, a blended component unit of Boulder County, Colorado, which received \$12,585,794 in federal awards, which is not included in Boulder County, Colorado's schedule of expenditures of federal awards during the year ended December 31, 2018. Our audit, described below, did not include the operations of Boulder County Housing Authority, because Boulder County Housing Authority engaged other auditors to perform an audit in accordance with the Uniform Guidance.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Boulder County, Colorado'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 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 Boulder County, Colorado'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 Boulder County, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, Boulder County, Colorado complied, in all material respects, with the types of 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

Boulder County, Colorado's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boulder County, Colorado's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Boulder County, Colorado 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 Boulder County, Colorado'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 Boulder County, Colorado'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 and therefore, material weaknesses or significant deficiencies 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 did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a significant deficiency.

Boulder County, Colorado's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boulder County, Colorado'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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Boulder County, Colorado as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Boulder County, Colorado's basic financial statements. We issued our report thereon dated September 27, 2019, 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 basic 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 basic 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 basic 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 basic financial statements as a whole.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 27, 2019

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

	CFDA Number	Pass-through Identifying Number	Amount
Department of Agriculture			
<i>Direct funding</i>			
USDA Farmers Market SNAP	10.545	SNAP-FSUP-15-CO-01	\$ 28,392
Child and Adult Care Food Program	10.558		129,570
<i>Pass-through funding</i>			
Colorado Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAP-FSUP-15-CO-01	2,409,806
Colorado Department of Public Health & Environment Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	18 FHIA 104002; 18 FHIA 104018	847,292
Colorado Water Conservation Board Emergency Watershed Protection	10.923	Various	3,331,225
Department of Agriculture Total			6,746,285
Department of Health and Human Services			
<i>Direct funding</i>			
Preparedness (PHEP) Aligned Cooperative Agreements	93.074		1,117
Food and Drug Administration - Research	93.103		76,000
Substance Abuse and Mental Health Services - Project of Regional and National Significance	93.243		18,200
Substance Abuse and Mental Health Services - Center for Substance Abuse Prevention	93.276		126,437
Head Start	93.600		1,269,662
<i>Pass-through funding</i>			
Colorado Department of Human Services			
Special Programs for Aging Title VII Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	16 IHEA 77144	811
Special Programs for Aging Title VII Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	16 IHEA 77144	15,034
Special Programs for Aging Title III Part D Disease Prevention and Health Promotion Services	93.043	16 IHEA 77144	13,316
Special Programs for Aging Title III Part E	93.052	16 IHEA 77144	92,334
<i>Aging Cluster</i>			
Special Programs for Aging Title III Part B Grants for Supportive Services and Senior Care	93.044	16 IHEA 77144	518,105
Special Programs for Aging Title III Part C Nutrition Services	93.045	16 IHEA 77144	176,638
Nutrition Services Incentive Program	93.053	16 IHEA 77144	9,834
<i>Aging Cluster Subtotal</i>			<u>704,577</u>
<i>Childcare Cluster</i>			
Child Care and Development Block Grant	93.575	G1801COCCDF/ G1701COCCDF	1,843,894
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1801COCCDF/ G1701COCCDF	2,115,492
<i>Childcare Cluster Subtotal</i>			<u>3,959,386</u>
Low-income Home Energy Assistance Program LEAP	93.568	18B1COLIEA	1,181,007
Medical Assistance Program Title XIX	93.778	1805CO5MAP	2,625,995
Guardianship Assistance	93.090	1801COGARD	37,458
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.104	H79SM063394	190,647
State Health Insurance Assistance Program	93.324	n/a	8,828
Promoting Safe and Stable Families PSSF	93.556	1801COFPSS/ 1711COFPSCV/	150,010
Colorado Works / Temporary Assistance for Needy Families [TANF]	93.558	1801COTANF/ 1701COTANF	4,857,642
Child Support Services	93.563	1804COCSES/ 1804COCSES	2,321,135
Adoption and Legal Guardianship Incentive Payments	93.603	1801COADPT	814
Developmental Disabilities Projects of National Significance	93.631	FTA Section 5310	35,000
Title IV-B Child Welfare State Grants	93.645	1801COCWSS	92,125
Foster Care Title IV-E	93.658	1801COFOST	3,375,085
Adoption Assistance Title IV-E	93.659	1801COADPT	589,797
Social Services Block Grant SSBG Title XX	93.667	1801COSOSR/ 1701COSOSR	1,331,526
Child Abuse and Neglect Discretionary Activities	93.670	90CA183603	91,143
Chafee Foster Care Independence Program Title IV-E	93.674	1801COCILP/ 1701COCILP/	97,249
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2016G994415 CMS67137	199,063
Colorado Department of Local Affairs Community Services Block Grant	93.569	L15CSBG06	369,112

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

	CFDA		
	Number	Pass-through Identifying Number	Amount
Colorado Department of Public Health & Environment			
Public Health Emergency Preparedness	93.069	n/a	300,155
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	18 FHJA 101700	43,325
Injury Prevention and Control Research and State and Community Based Programs	93.136	18 FHJA 105976	65,386
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.230	18 FHHA 102017	13,590
Immunization Cooperative Agreements	93.268	17 FAAA 97062	154,216
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.317	18 FHHA 105542	20,515
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health	93.354	19 FHJA 121644	-
Maternal and Child Health Services Block Grant to the States	93.994	18 FHJA 103430	287,674
Council of State and Territorial Epidemiologists			
Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	5U38OT000143-05	20,000
Department of Health and Human Services Total			24,735,371
Department of Homeland Security			
<i>Pass-through funding</i>			
Colorado Department of Public Safety, Division of Homeland Security and Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	14-L4146-033	377,943
Emergency Management Performance Grants	97.042	EMD-2018-EP-00007	110,000
Pre-Disaster Mitigation	97.047	11PDM14BC	49,660
Department of Homeland Security Total			537,603
Department of Housing and Urban Development			
<i>Pass-through funding</i>			
Colorado Department of Human Services			
Section 245 Graduated Payment Mortgage Program	14.159	FR-6000-N-33	29,540
<i>Pass-through funding</i>			
Colorado Department of Local Affairs			
Community Development Block Grants - Disaster Recovery	14.269	Various	161,238
City of Longmont			
Community Development Block Grants - Disaster Recovery	14.269	Various	2,533,340
Department of Housing and Urban Development Total			2,724,117
Department of the Interior			
<i>Direct funding</i>			
Payments in Lieu of Taxes (PILT)	15.226		431,893
<i>Pass-through funding</i>			
Colorado Department of Natural Resources	15.916		-
Department of the Interior Total			431,893
Department of Justice			
<i>Direct funding</i>			
State Criminal Alien Assistance Program	16.606		86,806
Criminal and Juvenile Justice and Mental Health Collaboration	16.745		200,000
<i>Pass-through funding</i>			
City of Colorado Springs			
Internet Crimes Against Children	16.543		-
<i>Pass-through funding</i>			
Colorado Department of Public Safety			
Crime Victim Assistance	16.575	2015-VA-16-013665	124,706
Edward Byrne Memorial Justice Assistance Program	16.738	n/a	90,747
Comprehensive Opioid Abuse Site-Based Program	16.585	2017-DC-BX-K004	4,336
Department of Justice Total			506,595
Department of Labor			
<i>Pass-through funding</i>			
Colorado Department of Labor and Employment			
Unemployment Insurance	17.225	CMS 82167; CDLE CMS 89944	9,487
Trade Adjustment Assistance	17.245	CDLE CMS 89944	10,581
Apprenticeship USA Expansion and Innovation Grants	17.285	CDLE CMS 89944	15,531
WIA National Emergency Grants	17.277	CDLE CMS 54594	84,119
WIOA Dislocated Worker National Reserve Technical Assistance and Training	17.281		-

Boulder County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

	CFDA Number	Pass-through Identifying Number	Amount
City and County of Denver			
H-1B Job Training Grants	17.268	OEDEV-201520605-00	254,382
<i>Employment Cluster</i>			
Colorado Department of Labor and Employment			
Employment Service/Wagner-Peyser Funded Activities	17.207	CDLE CMS 89944; CDLE CMS 105074; CDLE CMS 54594	412,819
Disabled Veteran's Outreach Program (DVOP)	17.801	CDLE CMS 89944	11,663
Local Veterans' Employment Representative Program (LVER)	17.804	CDLE CMS 89944	8,594
<i>Employment Cluster Subtotal</i>			<u>433,076</u>
<i>Workforce Integration Opportunity Act Cluster</i>			
WIA Adult Program	17.258	CDLE CMS 89944; CDLE CMS 105074	434,143
WIA Youth Activities	17.259	CDLE CMS 89944; CDLE CMS 105074	442,953
WIA Dislocated Worker Formula Grant	17.278	CDLE CMS 89944; CDLE CMS 54594; CDLE CMS 105074	521,156
<i>Workforce Integration Opportunity Act Cluster Subtotal</i>			<u>1,398,252</u>
Department of Labor Total			2,205,428
Department of Transportation			
<i>Pass-through funding</i>			
Colorado Department of Transportation			
Highway Planning and Construction	20.205	Various	4,338,628
Job Access And Reverse Commute Program	20.516	18-HTR-ZL	69,750
Colorado Regional Air Quality Council			
Charge Ahead Colorado	20.205	PO1074	38,257
Department of Transportation Total			4,446,635
Environmental Protection Agency			
<i>Pass-through funding</i>			
Colorado Dept. of Public Health & Environment			
Activities Relating to the Clean Air Act	66.034	n/a	71,301
Education and Encouragement of Testing to Reduce Indoor Radon	66.605		-
Capitalization Grants for Clean Water State Revolving Funds Recovery	66.458	n/a	5,500
National Environmental Health Association			
Research, Development, Monitoring, Public Education, Training, Demonstrations, & Studies	66.716	EPA-OPP-2015-006	7,500
Environmental Protection Agency			84,301
Grand Total			\$ 42,418,228

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2018

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 its component units, excluding the Boulder County Housing Authority, a blended component unit of the County, which expended \$12,585,794 in federal awards during the year ended December 31, 2018. The County's reporting entity is defined in Note 1 to the County's basic financial statements included in the Comprehensive Annual Financial Report (CAFR). 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 of Expenditures of Federal Awards, 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 transactions is included on the Schedule of Expenditures of Federal Awards.

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Boulder County (the County) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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.

Governmental funds are used to account for the County's federal grant activity. Amounts reported in the Schedule of Expenditures of Federal Awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met. For the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program, CFDA No. 97.036, this program is reported in the Schedule of Expenditures of Federal Awards based on expenditures incurred plus approvals of project worksheets by the grantor. Also, note that the following programs are reported in the Schedule of Expenditures of Federal Awards on the cash basis:

<u>Program Title</u>	<u>CFDA</u>
State Administrative Matching Grants for the SNAP Program	10.561
Promoting Safe and Stable Families	93.556
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Child Welfare Services-State Grants	93.645
Foster Care-Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
Chafee Foster Care Independence Program	93.674
Medicaid Cluster	93.778

BOULDER COUNTY, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2018

Child Abuse and Neglect Discretionary Activities	93.670
Guardianship Assistance	93.090
Adoption and Legal Guardianship Incentive Payments	93.603
Developmental Disabilities Projects of National Significance	93.631

Noncash Programs

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

<u>Program Title</u>	<u>CFDA</u>
Women, Infant, Children (WIC)	10.557
Low-Income Home Energy Assistance Program (LIHEAP)	93.568
Temporary Assistance for Needy Families (TANF)	93.558
County Administration	93.667
Child Welfare (including CHRP, RTC, Res MH, SB-80 and SB-94)	93.645, 93.658 93.659, 93.667
Core Services	93.658
Child Care Assistance Program (CCAP)	93.596, 93.575
Supplemental Nutrition Assistance Program (SNAP) Benefits	10.551

Total electronic disbursements authorized by the State for 2018 were \$40,954,304.

The County has declined to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.923	Emergency Watershed Protection Program
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.778	Medical Assistance Program
17.258, 17.259, 17.278	Workforce Integration Opportunity Act Cluster (WIA Adult Program, WIA Youth Activities, WIA Dislocated Worker Formula Grant)
20.205	Highway Planning and Construction

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

\$ 1,272,547

Auditee qualified as low-risk auditee?

_____ yes x no

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section II – Financial Statement Findings

2018 – 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The County has entered into grant agreements on a reimbursement basis and properly records a receivable on the modified accrual basis when eligible expenditures are incurred. The County properly records a deferred inflow of resource for receivables that do not meet the availability criteria defined by the County. However, the County did not properly reconcile accounts receivables and the related revenues and deferred inflows of resources for unavailable revenues. Adjustments were required to be posted during the audit process to correct the accounts receivable, revenue, and deferred inflows of resources balances in the General Fund, Disaster Recovery Fund, Road and Bridge Fund, and Social Services Fund. In addition, it was noted that a receivable balance was recorded twice in the Risk Management Fund. The County's internal control processes did not previously identify these errors.

Criteria: Based on the guidance in Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, this grant revenue should be recognized when eligibility requirements are met and the resources are available.

Context: The error was noted during testing of accounts receivable and deferred inflows of resources for unavailable revenue through reconciliation of the accounts and testing of significant individual balances.

Effect: A net adjustment of \$500,676 was required to reduce accounts receivable and the related deferred inflow of resources for unavailable revenue in the General Fund. An adjustment of \$176,542 was required to reduce accounts receivable and the related deferred inflow of resources for unavailable revenue in the Disaster Recovery Fund. An adjustment of \$74,394 was required to increase revenue and decrease unearned revenue in the Road and Bridge Fund. An adjustment of \$60,341 was required to decrease revenue and increase deferred inflows of resources for unavailable revenue in the Social Services Fund. An adjustment of \$265,000 was required to reduce accounts receivable and reduce revenue by \$134,016 and increase expenditures by \$130,984 in the Risk Management Fund.

Cause: The County's reconciliation process did not detect errors in the balances of accounts receivable and deferred inflows of resources for unavailable revenue as of December 31, 2018.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the County improve the reconciliation process over accounts receivable to ensure that all receivables are properly recorded at the end of the fiscal year along with the related revenue or deferred inflow of resources.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has adjusted revenue, deferred inflows of resources for unavailable revenue, and receivables accordingly. The County will improve the process for reconciling, reviewing, and approving the reconciliations over accounts receivable and deferred inflows of resources for unavailable revenue to ensure that this error does not occur again.

Responsible Official: Ramona Farineau, Chief Financial Officer

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

2018 – 002

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The County understated capital assets in prior years by excluding certain expenditures from capitalization. An adjustment was required to be posted during the audit process to correct the capital asset balance. The County's internal control processes did not previously identify this error.

Criteria: Based on the guidance in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, capital assets should be reported in the governmental activities column in the government-wide statement of net position.

Context: The error was noted during testing of capital additions through testing of significant capital additions.

Effect: An adjustment of \$4,152,256 was required to be posted to increase capital additions and decrease expenses for governmental activities.

Cause: The County's process for identifying and recording capital assets improperly excluded certain expenditures from capitalization. The County's internal control process for review over capital assets did not identify the error.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the County improve the process for identifying expenditures to be capitalized and improve the review process to ensure that all capital additions are properly identified.

Views of responsible officials and planned corrective actions: The County agrees with the finding and has adjusted capital assets and expenses accordingly. The County will improve the process for identifying capitalizable expenditures and improve the review process to ensure that this error does not occur again.

Responsible Official: Ramona Farineau, Chief Financial Officer

BOULDER COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section III – Findings and Questioned Costs – Major Federal Programs

2018-003

Federal Agency: U.S. Department of Transportation

State Department/Agency: Colorado Department of Transportation (CDOT)

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Award Periods: July 1, 2017 through July 5, 2022

Compliance Requirement: Matching

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per the 2018 OMB Compliance Supplement for CFDA No. 20.205, States are generally required to pay a portion of the project costs. Portions vary according to the type of funds authorized and the type of project and are stated in the project agreements. Per the project agreement, the state is required to match 10% of the project costs.

Condition: During testing of eleven of seventy-three requests for reimbursement submitted by Boulder County to CDOT, one selection was submitted during 2018 for \$17,357, which did not include a deduction for the 10% state match.

Questioned costs: \$1,736

Context: One selection out of eleven submitted for reimbursement that were selected for testing did not have the proper matching amount recorded.

Cause: Lack of internal controls over the review and tracking of matching requirements for each request could have contributed to this finding.

Effect: The potential for incorrect amounts being reported to the grantor and being out of compliance with matching requirements per the project agreement is the effect of this finding.

Repeat Finding: No.

Recommendation: We recommend that the County implement a stronger tracking system to evidence compliance with matching requirements for each request for reimbursement submitted and tighten the review controls surrounding the requests for reimbursement to better track and monitor compliance with this requirement.

Views of responsible officials: There is no disagreement with the audit finding.



Office of Financial Management

Board of County Commissioners

2020 13th Street • Boulder, Colorado 80302 • finance@bouldercounty.org • 303-441-3500

Mailing Address: P.O. Box 471 • Boulder, CO 80306 • www.BoulderCounty.org

BOULDER COUNTY, COLORADO CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 2018

Boulder County respectfully submits the following corrective action plan for the year ended **December 31, 2018**.

Audit period: **2018**

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018 – 001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Recommendation: We recommend that the County improve the reconciliation process over accounts receivable to ensure that all receivables are properly recorded at the end of the fiscal year along with the related revenue or deferred inflow of resources.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County agrees with the finding and has adjusted revenue, deferred inflows of resources for unavailable revenue, and receivables accordingly. The County will improve the process for reconciling, reviewing, and approving the reconciliations over accounts receivable and deferred inflows of resources for unavailable revenue to ensure that this error does not occur again.

Responsible Official: Ramona Farineau, Chief Financial Officer

2018 – 002

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Recommendation: We recommend that the County improve the process for identifying expenditures to be capitalized and improve the review process to ensure that all capital additions are properly identified.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The County agrees with the finding and has adjusted capital assets and expenses accordingly. The County will improve the process for identifying capitalizable expenditures and improve the review process to ensure that this error does not occur again.

Responsible Official: Ramona Farineau, Chief Financial Officer

BOULDER COUNTY, COLORADO
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2018

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2018-003

Federal Agency: U.S. Department of Transportation

State Department/Agency: Colorado Department of Transportation (CDOT)

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Award Periods: July 1, 2017 through July 5, 2022

Compliance Requirement: Matching

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation: We recommend that the County implement a stronger tracking system to evidence compliance with matching requirements for each request for reimbursement submitted and tighten the review controls surrounding the requests for reimbursement to better track and monitor compliance with this requirement.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: In response to this finding, Boulder County will revise the amounts booked to federal and state revenue for the US 287 CDOT project for FY 2018. Boulder County recently implemented a new financial system in 2019, Oracle, which has a dedicated projects and awards module specifically for managing grants and grant revenue. This system will provide a stronger tracking system to ensure compliance with our matching requirements for reimbursement requests. The projects and awards module provides direct billing with funders and will automatically assign federal revenue and state revenue via billing, with an automatic transfer to our accounts receivable module and automatic recognition of revenue. This automated feature will assist our financial staff with better tracking of federal revenue and non-federal revenue.

Name(s) of the contact person(s) responsible for corrective action: Ramona Farineau, Chief Financial Officer.

Planned completion date for corrective action plan: 12/31/2019

If there are questions regarding this plan, please call Ramona Farineau, Chief Financial Officer, 303-441-3499. **I**



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BOULDER COUNTY, COLORADO SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2018

Boulder County, Colorado respectfully submits the following summary schedule of prior audit findings for the year ended **December 31, 2018**.

Audit period: **2018**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

Finding 2017-001

Capital Asset Completeness

Material Weakness

Condition: In 2017, it was determined that capital assets related to the Parks and Open Space Division were not captured on the government-wide statements in the year of acquisition.

Status: Corrective action was taken.

Finding 2017-002

Cash Reconciliation

Material Weakness

Condition: During testing over cash, it was noted items were improperly recorded as deposits in transit as of December 31, 2017 when they had already cleared the bank on December 29, 2017.

Status: Corrective action was taken.

Finding 2017-003

Fair Market Value of Investments

Significant Deficiency

Condition: During testing over investments, it was noted the County recorded an investment at cost instead of fair value.

Status: Corrective action was taken.

Finding 2017-004

Schedule of Expenditures of Federal Awards Reconciliation

Material Weakness

Condition: During review of the County's reconciliation spreadsheet for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program), CFDA No. 10.557, as compared to the Schedule of Expenditures of Federal Awards (SEFA), it was found that the amount reported per the SEFA was \$221,946 higher than the program's federal expenditures amount per the supporting documentation. It was also noted during testing that the amount reported on the SEFA for the Emergency Watershed Protection Program, CFDA No. 10.923, was \$445,347 lower than the amount per supporting documentation. The amount reported on the SEFA for the Community Development Block Grant – Disaster Recovery Grants (CDBG-DR), CFDA No. 14.269, was \$9,526,550 more than the amount of supporting

BOULDER COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

documentation. This was due to data entry errors during compilation of the amounts to be reported for the SEFA. These amounts were corrected after being discussed with the County.

Additionally, the County brought to our attention that in fiscal year 2016, the amount reported as federal expenditures under Highway Planning and Construction program, CFDA No. 20.205, was overstated by \$1,424,321 due to the incorrect inclusion of the County's local and state match portions for the grant. Total project expenditures were correct; however total federal expenditures were overstated as that amount was not reimbursable from a federal grant.

Status: Corrective action was taken.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2017-005

Federal Agency: U.S. Department of Housing and Urban Development

State Department/Agency: Colorado Department of Local Affairs

Federal Program: Community Development Block Grants – Disaster Recovery

CFDA Number: 14.269

Award Period: January 1, 2017 through December 31, 2017

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Condition: During testing of five of fifteen quarterly programmatic reports submitted to the Colorado Department of Local Affairs (DOLA) during the year, it was noted that one report did not have evidence it was reviewed and certified by someone at the County and there was not evidence that the report had been submitted to DOLA as required.

Status: Corrective action was taken.

If there are questions regarding this schedule, please call Ramona Farineau, Chief Financial Officer, 303.441.3499.