



Federal Awards Reports in Accordance with the  
Single Audit Act and OMB Circular A-133  
December 31, 2014

## Jefferson County, Colorado

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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 and  
Members of the Audit Committee  
Jefferson County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Colorado (“Jefferson County”) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Jefferson County’s basic financial statements and have issued our report thereon dated May 26, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jefferson County’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Jefferson County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-A to be a significant deficiency.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Jefferson County's Response to Finding**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Golden, Colorado  
May 26, 2015



**Independent Auditor’s Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance; and Report on the Schedule of Expenditures  
of Federal Awards Required by OMB Circular A-133**

The Board of County Commissioners and  
Members of the Audit Committee  
Jefferson County, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Jefferson County, Colorado’s (“Jefferson County”) compliance 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 Jefferson County’s major federal programs for the year ended December 31, 2014. Jefferson County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings, questioned costs and responses.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for each of Jefferson County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 Jefferson County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jefferson County, Colorado’s compliance.

## **Opinion on Each Major Federal Programs**

In our opinion, Jefferson County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## **Report on Internal Control over Compliance**

Management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Jefferson County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-003 to be a material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 to be significant deficiencies.

Jefferson County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings, questioned costs and responses. Jefferson County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Jefferson County as of and for the year ending December 31, 2014, and have issued our report thereon dated May 26, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming our opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Eide Bailly LLP*

Golden, Colorado  
May 26, 2015

**Jefferson County, Colorado**  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2014

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2014 Federal Expenditures	Clusters	Totals by Agency
<b>DEPARTMENT OF AGRICULTURE</b>						
<b>Passed through Colorado Department of Human Services:</b>						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*		2,001,067		\$ 2,001,067
<b>Passed through Colorado State Forest Service:</b>						
Cooperative Forestry Assistance	10.664	5367490-004		20,000		20,000
<b>Passed through Colorado State Department of Health and Environment:</b>						
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557					
	10.557	Non-Cash Value	4,315,478			
	10.557	WIC-AB4-DOA	1,015,505			
	10.557	WIC-AB5-DOA	336,223			
	10.557	WIC-AL4-DOA	3,826			
	10.557	WIC-AL5-DOA	15,235			
		<b>CFDA 10.557 Subtotal:</b>		<b>5,686,267</b>		<b>5,686,267</b>
Child and Adult Care Food Program	10.558	*		220,734		220,734
Women, Infants, and Children Additional Funding	10.578	WIC-AK4-DOA		21,450		21,450
<b>Passed through Colorado Department of Local Affairs</b>						
Schools and Roads - Grants to States						
National Forest Payments	10.665	*		55,679		55,679
<b>TOTAL: DEPARTMENT OF AGRICULTURE</b>						<b>\$ 8,005,197</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<b>Direct Funding:</b>						
Community Development Block Grants/Entitlement Grants	14.218			1,205,479		1,205,479
HOME Investment Partnerships Program	14.239			161,947		161,947
Veterans Homelessness Prevention Demonstration Program	14.260			13,300		13,300
<b>TOTAL: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						<b>\$ 1,380,726</b>

\* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

**Jefferson County, Colorado**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2014 Federal Expenditures	Clusters	Totals by Agency
<b>DEPARTMENT OF JUSTICE</b>						
<b>Direct Funding:</b>						
State Criminal Alien Assistance Program	16.606			61,842		61,842
Bulletproof Vest Program Partnership	16.607			3,265		3,265
Second Chance Act Reentry Initiative	16.812			148,256		148,256
<b>Passed through Colorado Dept. of Public Safety/Division of Criminal Justice:</b>						
Crime Victim Assistance	16.575					
Sheriff Crime Victim Assistance (VOCA)	16.575	*	69,227			
Elder Abuse Victim's Specialist	16.575	*	37,514			
			<b>CFDA 16.575 Subtotal:</b>	106,741		106,741
Violence Against Women Formula Grants						
District Attorney-VAWA	16.588	*		56,195		56,195
Public Safety Partnership and Community Policing Grants						
COPS Meth Initiative 5	16.710	*		80,473		80,473
Edward Byrne Memorial Justice Assistance Grant	16.738					
Criminal Investigator - CHEEZO	16.738	2014-DJ-14-003173	20,537			
JCSO Critical Incident Team	16.738	2014-DJ-14-003312-04-1	21,355			
Law Enforcement Bomb Dog Replacement	16.738	2013-DJ-14-003155-01-1	5,500			
Internet Social Networking	16.738	*	23,099			
1st Judicial District Juvenile Offenders Pre-Sentence	16.738	*	12,513			
DA Elder Abuse Against Crimes	16.738	*	30,399			
			<b>CFDA 16.738 Subtotal:</b>	113,403		113,403
<b>Passed through City of Lakewood</b>						
Edward Byrne Memorial Justice Assistance Grant	16.738					
Sheriff Formula 5 2012-2014	16.738	*		23,754		23,754
<b>Passed through West Metro Drug Task Force</b>						
Equitable Sharing Program	16.922	*		25,200		25,200
<b>TOTAL: DEPARTMENT OF JUSTICE</b>						<b>\$ 619,129</b>

\* Pass-through Entity Identifying Number NOT AVAILABLE

**Jefferson County, Colorado**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2014 Federal Expenditures	Clusters	Totals by Agency
<b>DEPARTMENT OF LABOR</b>						
<b>Passed through Colorado Department of Labor and Employment:</b>						
Employment Service/Wagner-Peyser Funded Activities	17.207					
Wagner-Peyser Plan Year 2013	17.207	*	422,887			
Wagner-Peyser Plan Year 2014	17.207	*	297,099			
Governor's Summer Job Hunt 13	17.207	*	39,833			
			<u>CFDA 17.207 Subtotal:</u>	759,819	759,819 <sup>1</sup>	
Disabled Veterans' Outreach Program (DVOP)	17.801	*		28,510	28,510 <sup>1</sup>	
Local Veterans' Employment Representative Program	17.804	*		3,268	3,268 <sup>1</sup>	791,597
WIA Adult Program	17.258					
WIA Adult Program-Plan Year 2012	17.258	*	133,862			
WIA Adult Program-Plan Year 2013	17.258	*	824,335			
WIA Adult Program-Plan Year 2014	17.258	*	679,600			
			<u>CFDA 17.258 Subtotal:</u>	1,637,797	1,637,797 <sup>2</sup>	
WIA Youth Activities	17.259	*				
WIA Youth-Plan Year 2012	17.259	*	445,658			
WIA Youth-Plan Year 2013	17.259	*	925,249			
WIA Youth-Plan Year 2014	17.259	*	292,385			
			<u>CFDA 17.259 Subtotal:</u>	1,663,292	1,663,292 <sup>2</sup>	
Unemployment Insurance	17.225	*		3,842		3,842
Veterans' Employment Program	17.802	*		11,819		11,819
Trade Adjustment Assistance	17.245	*		10,173		10,173
WIA National Emergency Grants	17.277	*		93,602		93,602
WIA Dislocated Workers Formula Grants	17.278	*		1,141,406	1,141,406 <sup>2</sup>	4,442,495
Trade Adjustment Assistance	17.282	*		30,757		30,757
<b>TOTAL: DEPARTMENT OF LABOR</b>						<u>\$ 5,384,285</u>
<b>DEPARTMENT OF TRANSPORTATION</b>						
<b>Direct Funding:</b>						
Airport Improvement Program	20.106			11,826,263		11,826,263
<b>Passed through Colorado Department of Transportation</b>						
Highway Planning and Construction	20.205	*		54,163	54,163 <sup>3</sup>	
<b>Passed through Regional Air Quality Control</b>						
Highway Planning and Construction	20.205	*		37,092	37,092 <sup>3</sup>	91,255
State and Community Highway Safety	20.600					
Click It or Ticket	20.600	*	6,419			
CDOT FY14 Speed Mitigation	20.600	*	57,045			
			<u>CFDA 20.600 Subtotal:</u>	102,486		102,486
National Priority Safety Programs	20.616	*		23,487		23,487
<b>TOTAL: DEPARTMENT OF TRANSPORTATION</b>						<u>\$ 12,043,491</u>

\* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

**Jefferson County, Colorado**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2014 Federal Expenditures	Clusters	Totals by Agency
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						
<b>Passed through Colorado Department of Education</b>						
Library Services and Technology Act	45.310	FY14-006		14,700		14,700
<b>TOTAL: INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						<u>\$ 14,700</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>						
<b>Passed through Colorado Department of Health &amp; Environment:</b>						
Capitalization Grants for Clean Water State Revolving Funds	66.458	WQC-XK1-POW		4,630		4,630
Indoor Radon Outreach	66.605	HAZ-AS1-EPA		1,560		1,560
<b>TOTAL: ENVIRONMENTAL PROTECTION AGENCY</b>						<u>\$ 6,190</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>Direct Funding:</b>						
Head Start	93.600			2,975,443		2,975,443
<b>Passed Through Colorado Department of Health and Environment:</b>						
Public Health Emergency Preparedness	93.069					
	93.069	EPI-HW4-HHS	340,841			
	93.069	EPI-HW5-HHS	206,631			
		<b>CFDA 93.069 Subtotal:</b>		547,472		547,472
Family Planning-Services	93.217					
	93.217	FPP-JA4-HHS	217,611			
		<b>CFDA 93.217 Subtotal:</b>		217,611		217,611
Immunization Cooperative Agreements	93.268					
	93.268	IMM-KA4-HHS	74,638			
	93.268	IMM-KT4-HHS	11,400			
		<b>CFDA 93.268 Subtotal:</b>		86,038		86,038
Centers for Disease Control-Investigations and Technical Assistance	93.283					
	93.283	EPI-QH4-HHS	22,000			
	93.283	EPI-QE4-HHS	13,000			
		<b>CFDA 93.283 Subtotal:</b>		35,000		35,000
CDC-Investigations (WNV Surv June 2013)	93.521	EPI-NQ14H-HHS	8,953			8,953
HIV Prevention Activities-Health Department Based	93.940	EPI-KG4-HHS		16,373		16,373
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	Non-Cash Value		17,200		17,200
CO Health Assessment & Planning System (CHAPS)	93.991	PRV-HC3-HHS		20,000		20,000
Maternal and Child Health Services Block Grant to the States	93.994	MCH-MC4-HHS		309,163		309,163

The accompanying Notes are an Integral Part of this Schedule

**Jefferson County, Colorado**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2014 Federal Expenditures	Clusters	Totals by Agency
<b>Passed through Colorado Department of Human Services:</b>						
Promoting Safe and Stable Families	93.556	*		93,457		93,457
Temporary Assistance for Needy Families (TANF) Colorado Works	93.558	*		8,053,154		8,053,154
Child Support Enforcement						
Child Support Enforcement	93.563	*		2,863,865		2,863,865
Child Support Enforcement Research Section 1115	93.564			30,249		30,249
Low-Income Home Energy Assistance	93.568	*		2,245,032		2,245,032
Child Care and Development Block Grant	93.575	*		374,402	374,402 <sup>4</sup>	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*		3,506,239	<u>3,506,239</u> <sup>4</sup>	3,880,641
Stephanie Tubbs Jones Welfare Services Program	93.645	*		336,003		336,003
Foster Care-Title IV-E	93.658	*		3,724,066		3,724,066
Adoption Assistance	93.659	*		1,094,575		1,094,575
Social Services Block Grant	93.667	*		2,034,919		2,034,919
Independent Living	93.674	*		139,689		139,689
Medical Assistance Program	93.778	*	2,528,834	2,528,834	2,528,834 <sup>5</sup>	
<b>Passed through Health Care Policy and Finance:</b>						
Childrens Health Insurance Program (CHIP)	93.767	*	11,429	11,429		11,429
Medical Assistance Program-Long Term Care	93.778	14-55362	910,159	910,159	910,159 <sup>5</sup>	
Medical Assistance Program-ESPD Program	93.778	*	48,002	48,002	<u>48,002</u> <sup>5</sup>	
			<b>CFDA 93.778 Subtotal:</b>			3,486,995
<b>Passed through Colorado Department of Local Affairs:</b>						
Community Services Block Grant	93.569	*		315,691		315,691
Community Services Block Grant-Recovery	93.710			-	-	
<b>TOTAL: DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						<b>\$ 32,543,018</b>

\* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

**Jefferson County, Colorado**  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

Program Description	CFDA #	Pass-through Entity Identifying Number	Sub-totals by Pass- through Entity Identifying Number	2014 Federal Expenditures	Clusters	Totals by Agency
<b>DEPARTMENT OF HOMELAND SECURITY</b>						
<b>Passed through Colorado Department of Public Safety:</b>						
Emergency Management Performance Grants	97.042	*		164,320		164,320
<b>Passed through Colorado Department of Public Safety:</b>						
Disaster Grant-Public Assistance Presidentially Declared Disaster	97.036	FEMA-DR-4145-CO		1,729,202		1,729,202
<b>Homeland Security Grant Program</b>	97.067					
<b>Passed through City and County of Denver</b>						
Urban Areas Security Initiative Grant	97.067	12UAS13DEN	210,729			
Urban Areas Security Initiative Grant	97.067	13UAS14DEN	47,979			
<b>Passed through Arapahoe County</b>						
State Homeland Security Program	97.067	14SHS15NCR	6,685			
		<b>CFDA 97.067 Subtotal:</b>		265,393		265,393
<b>TOTAL: DEPARTMENT OF HOMELAND SECURITY</b>						<b>\$ 2,158,915</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>						
<b>Passed through the Rocky Mountain HIDTA:</b>						
Office of National Drug Control Policy-West Metro Drug Task Force	95.001	*		77,456		77,456
<b>TOTAL: EXECUTIVE OFFICE OF THE PRESIDENT</b>						<b>\$ 77,456</b>
<b>TOTAL: JEFFERSON COUNTY FEDERAL EXPENDITURES</b>				<b>\$ 62,233,107</b>		<b>\$ 62,233,107</b>

\* Pass-through Entity Identifying Number NOT AVAILABLE

The accompanying Notes are an Integral Part of this Schedule

**General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Jefferson County, Colorado primary government (the County). The County's reporting entity is defined in Note 1 to the County's general-purpose 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. 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.

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jefferson County, Colorado, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 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. Jefferson County, Colorado, received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient is treated as an expenditure when it is paid to the sub-recipient.

Governmental fund types account for the County's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The County's summary of significant accounting policies is presented in Note 1 in the County's basic financial statements.

**Note B – CFDA Numbers**

Federal CFDA numbers are from the Catalog of Federal Domestic Assistance published by the Office of Management and Budget and the General Services Administration.

**Note C – Crime Victim Compensation**

The Crime Victim Compensation Board of the First Judicial District Attorney's Office receives federal grant funding from the U.S. Department of Justice Crime Victim Compensation Grant (CFDA 16.576), passed through the Colorado Division of Criminal Justice, to pay for expenses for victims of violent crime. The total grant award during 2014 was \$695,928. This financial assistance is not included in the Schedule of Expenditures of Federal Awards for Jefferson County as the payment is made to the First Judicial District, and the payments never enter into Jefferson County's accounting system. They are noted, however, in order to satisfy State reporting requirements. The federal grant award dollars are considered in the Single Audit to determine testing requirements for Jefferson County, as the First Judicial District Attorney's Office is included in the County's financial reporting entity as part of the General Fund.

**Note D – Sub-recipients of Grant Awards**

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

Department of Housing and Urban Development:

Community Development Block/Entitlement Grants (CFDA No. 14.218)	\$ 1,024,232
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HOME Investment Partnerships Program (CFDA No. 14.239)	\$ 121,009
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Department of Health and Human Services:

Community Services Block Grant (CFDA No. 93.569)	\$ 201,876
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Total:	<u><u>\$ 1,347,117</u></u>
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**Note E – Noncash Programs**

Certain federal financial assistance programs do not involve cash awards to the County. Of the federal expenditures presented in the accompanying schedule of federal awards, noncash award programs include the following:

WIC Food Vouchers (CFDA #10.557)	\$ 4,315,478
Chlamydia Tests (CFDA #93.977)	\$ 17,200

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Social Services Block Grant	93.667
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Medical Assistance Program	93.778
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036
Temporary Assistance for Needy Families Cluster	93.558
Airport Improvement Program	20.106

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,866,993
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Auditee qualified as low-risk auditee?	No
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**Section II – Financial Statement Findings**

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**2014-A      Reconciliation Controls Within the Financial Close and Reporting Process  
Significant Deficiency**

Criteria – In order to make the financial reports generated by the accounting system as accurate and meaningful as possible, the County should have a system of internal controls in place that includes year-end reconciliations of account balances and estimates with corresponding supervisor reviews and sign offs to foster recording and processing of financial and non-financial data accurately and in a timely manner. This allows top management more opportunities to make critical financial decisions on a timely basis and ensures financial reports are as accurate as possible.

Condition – Through audit procedures performed, we noted the following instances in which improvements to the design and implementation of controls surrounding year-end reconciliations of account balances and evaluations of estimates related to the financial close and reporting process should be made. Although these items did not result in material audit adjustments, they indicate a lack of controls within the reconciliations of account balances and evaluation of estimates that hindered the financial close and reporting process. The following was noted during the audit:

- The landfill liability account balance is an estimate that continues to roll forward at the same amount each year without evaluation. This estimate should be reviewed, evaluated and updated each year to insure the estimate is as accurate as possible and to insure that the post-closure contractual expenses are reasonable, financially prudent and recorded in accordance with standards.
- Two invoices that should have been recorded in the Accounts Payable balances as accruals were not recorded in the Social Services Fund.
- There was an over accrual of dental and vision insurance expense in the Employee benefits fund.
- There was an overstatement of IBNR estimate related to general liability, auto, and workers compensation, as of December 31, 2014 in the self-insurance and worker's compensation funds.

Cause – During 2014, year-end accrual errors continue to occur due to the decentralization of accounting responsibilities within the various County departments. The IBNR overstatement was due to the fact that the last actuarial estimate was completed in May 2012, and the current estimate is based on this study and should be updated for accuracy. The landfill liability estimate is potentially overstated as management has not taken the necessary steps to ensure that the amount recorded is based on an updated understanding of remaining monitoring work to be completed, which has not been updated since 2005. In summary, the controls surrounding the reconciliations of account balances, basis of accounting and estimates broke down during 2014 due to a lack of documentation and supervisor approvals.

Effect – Timely reconciliations of account balances and financial reporting allows for timely reporting to management and constituents and the ability to make timely business decisions. Additionally, failure to record financial transactions in the proper period could result in a material misstatement to your financial statements.

Recommendation - We recommend the County improve controls surrounding the performance and approvals of reconciliations of account balances, estimate evaluations and account balances and the financial close process (implementation) by documenting the controls surrounding these reconciliations (design) and the understanding of the account balances mentioned above. Additionally, continuing to engage top management in the review, supervision and sign offs on these reconciliations of account balances and transaction classes will help eliminate errors at year-end. Regarding the IBNR accrual, management should obtain new actuarial reports over the estimated workers comp and general liability insurance balances during 2015 to be used to revise the estimate balances going forward. Lastly, in relation to the landfill liability, management should discuss the expected time remaining related to post closure monitoring of the Rooney Road landfill and revise the estimate to reflect the updated information received.

Management's Response and Corrective Action Plan - As a new procedure for the 2014 year-end, the Accounting Division had the Division and Department Directors sign a statement that they had reviewed the revenues and expenditures and that per their knowledge the revenues and expenditures had been accurately reported. This was to emphasize the importance of accurate recording and processing of financial data especially since the County is so decentralized. Next year for the 2015 year-end, we will continue this practice. We will also suggest incorporating a meeting early into 2016 with the Division and Department Directors to go over the strict timeline we will have for submitting all year-end information and reconciliations as well as accuracy of submitting and accruing accounts payable invoices for the year and understanding that they are signing a form saying as much. We will give them all a copy of the finding so they will see if this is not thoroughly done it will result in a significant deficiency as well as ask the areas to train any new or individuals causing findings in the process.

The Accounting Division will work with Purchasing to evaluate that the Landfill contractual expenditures are reasonable and will appraise the liability estimate with the experts necessary.

Importance will be placed on taking a closer look at the insurance accounts and receiving a new actuarial estimate for the IBNR to more accurately state the accruals.

The Accounting Division takes pride in their effort and thoroughness and will work within and with the other areas to tighten internal controls in the processing of financial and non-financial data for the financial close and reporting to close out this finding.

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**Section III – Federal Award Findings and Questioned Costs**

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**2014-001      Passed-through Colorado Department of Human Services  
CFDA # 93.778  
Medical Assistance Program  
Eligibility**

**Significant Deficiency in Internal Control over Compliance**

Criteria – According to the Colorado Department of Health Care Policy and Financing (HCPF), processing standards 8.100.3.D, an initial application shall be processed no later than 45 days following receipt of application.

Condition – We reviewed sixty case files related to eligibility. We noted the following in our testing:

- One instance of non-compliance in which the County did not send notice of action within 45 days. The case was pending income verification and this was not completed within the allotted timeframe.

Cause – One case was not timely processed due to the County’s ineffective monitoring of the 45 day deadline.

Effect – Failure to process applications timely results in participants that are delayed approval for Medicaid services.

Questioned Cost – None.

Recommendation – We recommend that the County always utilize available COGNOS reports to determine which cases are nearing or exceeding processing guidelines.

Management’s Response and Corrective Action Plan – Case supervisors will continue to monitor COGNOS and other reports which are nearing processing guidelines of 45 days. Staff will receive additional training and reminders to close cases without verification within 45 days. Additionally, case supervisors will create an excel spreadsheet to track the date cases that are sent for disability determination with reminders at 30 days and 45 days to check the progress.

**2014-002      Passed-through the Colorado Department of Human Services  
CFDA # 93.558  
Temporary Assistance for Needy Families (TANF)  
Allowable Costs, Eligibility**

**Significant Deficiency in Internal Control over Compliance**

Criteria - There are four purposes of the TANF program (42 USC 601 and 45 CFR section 260.20(a)-(d)). The first purpose of TANF states only the financially “needy” are eligible for services, benefits, or “assistance” and the second purpose of TANF is to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage. The State’s TANF program is referred to as ‘Colorado Works’. Colorado Department of Human Services (CDHS) Staff Manual 3.600 *Colorado Works Program Eligibility* describes the specific requirements and procedures for documenting and determining eligibility of the TANF program, to ensure compliance with 45 CFR 260.20.

Condition - The County improperly paid benefits due to information not being updated timely within the CBMS system. We noted the following 2 errors in 2 of 60 files selected for testing:

- 1 instance in which a case should have been closed one month earlier due to the client being over the income limit. This resulted in the client receiving an additional month of benefits that should not have been given to them.
- 1 instance in which a redetermination was not signed by the participant.

Questioned Cost - \$364 of \$25,135 tested.

Effect - Due to the failure to appropriately enforce the requirements of TANF legislation, the County inappropriately distributed benefits.

Cause - Due to a failure of appropriate controls, caseworkers did not obtain all appropriate documentation to verify eligibility prior to benefit issuance.

Recommendation - We recommend the County review policies and procedures designed to ensure that clients provide appropriate documentation prior to issuing benefits. As part of this, staff should receive continuous training to aid in accomplishing this.

Management’s Response and Corrective Action Plan - We have experienced an extremely high turnover rate which has caused us to be behind in processing change report forms. With increased focus on hiring and training new staff moving forward, we feel we will improve our timeliness with a larger workforce. In addition, we have been promoting overtime as a way to try to get caught up.

We have also trained employees in recent meetings to make sure that all redeterminations and applications are signed by the customer when they are determining eligibility.

**2014-003      CFDA # 20.106**  
**Airport Improvement Program (“AIP”) Grant**  
**Davis Bacon**

**Material Weakness in Internal Control Over Compliance**

Criteria - The Davis-Bacon wage determination establishes minimum prevailing wages that must be paid to workers based on their job classifications in accordance with OMB Circular A-133. The OMB A-133 Compliance Supplement indicates, “nonfederal entities shall include in their construction contract subject to the Davis-Bacon Act, a requirement that the contractor or subcontractor comply with the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contract Governing Federally Financed and Assisted Construction”). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll, and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

Condition - For one of the AIP grants tested, weekly payroll certifications submitted by contractors and subcontractors are being submitted to and reviewed by a contracted independent third party engineer. The County is relying on this third party engineer to monitor compliance with Davis Bacon requirements regarding the weekly payrolls and statements of compliance and did not adequately monitor work performed by the third party to ensure compliance with the noted requirements.

Questioned Costs – None.

Effect - Missed weekly payroll and compliance statement submittals as well as incorrect pay rates within the payroll submittals would go undetected by the County if missed by the third party performing the work. The County has the final responsibility for compliance with the noted requirements, and without adequate monitoring of the work performed, the County is faced with an increased risk of non-compliance.

Cause - The County does not have sufficient controls or documentation in place to insure continual monitoring of Davis-Bacon compliance, as the County relies on the independent third party engineering firm to verify compliance.

Recommendation - County management should strengthen its own internal controls and documentation surrounding monitoring of weekly payroll certifications for compliance with Davis-Bacon Act Provisions. Discontinued reliance on the contracted third party or improved documentation surrounding this reliance and monitoring are options for compliance with Davis Bacon requirements.

Management’s Response and Corrective Action Plan - Management agrees. The Airport and County recognize responsibility for compliance of Davis Bacon requirements ultimately belongs to the County. We shall implement procedures to have qualified County personnel obtain and review certified payrolls as well as provide oversight and controls for Davis Bacon compliance matters. We will continue to utilize our third-party engineer to assist the County with communications to contractor and subcontractors on non-compliance issues, however the County will monitor and cross-check all work performed and all communications sent.

**2013-001      Passed-through the Colorado Department of Human Services  
CFDA # 93.558  
Temporary Assistance for Needy Families (TANF)**

**Allowable Costs, Eligibility and Special Tests (IEVS)  
Material Non-Compliance  
Material Weakness in Internal Control over Compliance**

Finding – The County improperly paid benefits in instances where information was not received from clients as required or all appropriate eligibility information was not received prior to payment of benefits. We noted the following 28 errors in 24 of 60 files selected for testing:

- 18 instances in which there was at least one open IEVS hit with due dates prior to the benefit month selected for testing.
- 3 instances in which case closure was not performed timely due to non-compliance with IRC, improperly resulting in month(s) of additional benefits.
- 3 instances in which monthly status reports (MSR) could not be located for the benefit month selected for testing.
- 1 instance in which a redetermination was not signed by the participant.
- 1 instance in which a redetermination (or substitute MSR) could not be located for benefit month selected for testing.
- 1 instance in which a client received benefits, although he/she should not have due to being above the income threshold; case was not processed timely.
- 1 instance in which additional months of benefits were distributed to the client.

Status - In order to ensure timeliness, payment accuracy, regulatory and customer services expectations are met, the County is implementing a number of strategies. The intent is to plan for any significant changes in order to effectively operate the program, as recommended above.

Auditor Response - *Partially* implemented. See finding 2014-002.

**2013-002      Passed-through the Colorado State Department of Health and Environment  
CFDA # 10.557  
Special Supplemental Nutrition Program for Women, Infants, and Children**

**Allowable Cost/Eligibility  
Significant Deficiency in Internal Control over Compliance**

Criteria – 7 CFR Part 246 describes the requirements and procedures for determining eligibility and the types of documentation required for the Special Supplemental Nutrition Program for Women, Infants, and Children. As outlined in Part 246.7(d), applicants are required to provide certain documentation to verify they are income eligible. More specifically, WIC protocol states that income is to be verified pending Medicaid.

Finding – The County did not properly document items surrounding determination of eligibility. We noted the following error in 1 of 60 files selected for testing:

- Educator did not complete the income determination on the pending Medicaid verification.

Status – Jefferson county WIC program reviewed these findings and the appropriate procedures with all WIC educators and supervisors at the staff meeting in June 2014 and a corrective action plan was implemented.

Auditor Response – Implemented.