



STATUTORY REPORT SECTION

Single Audit Reports and Schedules



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Independent Auditor's Report

To the Board of County Commissioners
Garfield County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garfield County, Colorado (the "County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 05, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be 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. 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.

Member: American Institute of Certified Public Accountants

D. JERRY MCMAHAN, C.P.A.
PAUL J. BACKES, C.P.A.

DANIEL R. CUDAHY, C.P.A.
MICHAEL N. JENKINS, C.A., C.P.A.

AVON
(970) 845-8800

ASPEN
(970) 544-3996

FRISCO
(970) 668-3481

**To the Board of County Commissioners
Garfield County, Colorado**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.

June 5, 2013



McMAHAN AND ASSOCIATES, L.L.C.

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To the Board of County Commissioners
Garfield County, Colorado

Report on Compliance for Each Major Program

We have audited the Garfield County, Colorado's (the "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 the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the County 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, 2012.

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To the Board of County Commissioners
Garfield County, Colorado

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our 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 the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
June 5, 2013

Garfield County, Colorado, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major programs:	
Food Assistance Administration	CFDA #10.561
Temporary Assistance for Needy Families	CFDA #93.558
Child Support Enforcement (Title IV-D)	CFDA #93.563
Social Services Block Grant	CFDA #93.667
ARRA – Emer. Cont Fund for TANF	CFDA #93.714
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Garfield County, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012
(Continued)

Note: There were no findings for the fiscal year ended December 31, 2011.

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 2012

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Agriculture:			
Passed through Colorado Department of Human Services:			
Temporary Emergency Food Assistance Program (TEFAP) Admin	10.568	No	990
Temporary Emergency Food Assistance Program (TEFAP) Comm	10.569	No	48,708
Food Assistance Administration	10.561	Yes	556,912
Passed through Colorado Department of Public Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	No	1,119,213
Total Department of Agriculture			<u>1,725,823</u>
Department of Health and Human Services:			
Passed through Colorado Department of Health Care Policy and Financing:			
State Medicaid Fraud and Control Units	93.775	No	35,436
Children's Health Insurance Program	93.767	No	2,946
Medical Assistance Program	93.778	No	319,162
Passed through Colorado Department of Human Services:			
Transition Living Homeless Youth	93.550	No	16,971
Family Preservation and Support	93.556	No	26,162
Temporary Assistance for Needy Families	93.558	Yes	1,085,686
Child Support Enforcement (Title IV-D - Administration)	93.563	Yes	673,123
Low-Income Home Energy Assistance	93.568	No	249,036
Child Care and Development Block Grant	93.575	No	(61,763)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	No	391,066
Child Welfare Services - State Grants	93.645	No	27,645
Foster Care - Title IV-E	93.658	No	628,236
Adoption Assistance	93.659	No	73,358
Social Services Block Grant	93.667	Yes	376,345
Child Abuse and Neglect State Grants	93.669	No	136
Child Abuse and Neglect Discretionary Activities	93.670	No	11,546
Independent Living	93.674	No	16,898
ARRA - Emergency Cont. Fund for Temp Assist for Needy Families (TANF)	93.714	Yes	8,544
Medical Assistance Program	93.778	No	317,012
Adjustment to Federal Assistance	93.XXX	No	13,638
Passed through Colorado Department of Public Health and Environment:			
Public Health Emergency Preparedness	93.069	No	33,818
Immunization Grants	93.268	No	19,670
Center for Disease Control and Prevention - Investigations and Technical Assistance (West Nile)	93.283	No	3,228
PPHF 2012 National Public Health Improvement Initiative	93.507	No	5,000
Capacity Bldg Assistance to Strengthen PH Immunization and Performance	93.539	No	12,900
Maternal and Child Health Block Grant	93.994	No	18,159
Passed through Colorado Department of Local Affairs:			
Child Care and Development Block Grant - ARRA	93.713	No	7,678
Total Department of Health and Human Services			<u>4,311,636</u>

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 2012
(Continued)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Justice:			
Passed through Colorado Department of Public Safety:			
State Criminal Alien Assistance Program (SCAAP)	16.606	No	253,280
Passed through City of Glenwood Springs, Colorado:			
Victims of Crime Act (VOCA)	16.575	No	50,853
High Intensity Drug Trafficking Assistance (HIDTA)	16.729	No	9,395
Total Department of Justice			<u>313,528</u>
Department of Transportation:			
Airport Improvement Program (FAA)	20.106	No	631,896
Total Department of Transportation			<u>631,896</u>
Department of Veterans Affairs:			
Veterans Information and Assistance	64.115	No	1,800
Total Department of Veterans Affairs			<u>1,800</u>
Department of Environmental Protection Agency:			
Performance Partnership Grant for Indoor Radon Testing	66.605	No	6,597
Total of Department of Environmental Protection Agency			<u>6,597</u>
Department of Energy:			
EECBG-A - Residential and Commercial Energy Efficient Buildings	81.128	No	33,969
EECBG-C - Energy Efficiency Community Block Competitive Grant	81.128	No	220,906
Total Department of Energy			<u>254,875</u>
Total Federal Financial Assistance			<u>\$ 7,246,155</u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 2012.

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield County 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 general purpose financial statements.

Note 2. Determining the Name of Non-cash Awards Expended:

Fair market value of assistance at the time of disbursement to the recipient, or the assessed value provided by the state or federal agency.

Note 3. Pass Through Sub recipients:

The County had no sub recipients as of December 2012.