Independent Auditors’ Report on Additional Information

Board of County Commissioners
Larimer County, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Larimer County, Colorado, as of and for the year ended December 31, 2014, and have issued our report thereon dated June 26, 2015. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Larimer County, Colorado’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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 additional 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anderson & Whitney, P.C.

June 26, 2015
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<tr>
<th>Federal or Pass-Through Grantor</th>
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Total Department of Health and Human Services 21,278,851

State Department of Local Affairs
HUMAN SERVICES:
Community Services Block Grants:
Health and Human Services 93.569 L12CSBG27 03/12-02/15 287,534

State Department of Health Care Policy & Financing
HEALTH AND ENVIRONMENT:
Healthy Communities Outreach and Case Management:
Medical Assistance Program - EPSDT 93.778 CMS24571 07/13-06/14 43,034
Medical Assistance Program - EPSDT 93.778 CMS24571 07/14-06/15 40,043

HUMAN SERVICES:
Money Follows the Person (CCT) 93.791 13-49918 12/12-11/14 53,078
Single Entry Point 93.778 15-70210 07/14-06/15 690,556

Total Department of Health and Human Services 743,634

State Department of Public Health and Environment
HEALTH AND ENVIRONMENT:
Bioterrorism Public Health Preparedness 93.069 EPR1454007 07/13-06/14 122,304
Bioterrorism Public Health Preparedness 93.069 EPR1568453 07/14-06/15 115,703
Infertility Prevention Project 93.977 EPI1467931 06/14-12/14 15,183
Family Planning 93.217 PSD1355353 07/13-06/14 121,234
Family Planning 93.217 PSD1567006 07/14-06/15 46,034
Immunization Action Plan (CDC) 93.268 EPI1464378 01/14-12/14 69,612
VFC Site Visits 93.268 FHHA2015-74 04/14-12/14 11,550
Maternal and Child Health Services Block Grant:
Care Coordination 93.994 MCH1459148 10/13-09/14 92,235
Medical Home 93.994 MCH1459148 10/13-09/14 29,224
Children and Adolescents 93.994 MCH1459148 10/13-09/14 26,609
Children and Adolescents 93.994 MCH1571945 10/14-09/15 17,402
Prenatal 93.994 MCH1459148 10/13-09/14 82,532
Prenatal 93.994 MCH1571945 10/14-09/15 26,853
Tuberculosis Control Program 93.116 EPI1567221 07/14-06/15 3,824
Public Health Improvement (CHAPS) 93.991 ADM14000023 10/13-09/14 10,000

Total Department of Health and Human Services 790,299

DEPARTMENT OF HOMELAND SECURITY
State Department of Public Safety
GENERAL:
(1) Emergency Management Performance Grant 97.042 12-EM-13-36 10/11-06/13 18,200
Emergency Management Performance Grant 97.042 13-EM-14-36 07/13-06/14 48,000

Total Department of Homeland Security 66,200

VARIOUS FUNDS:
Disaster Grants - Public Assistance (Presidentially Declared Disasters):
(1) 2013 Flood Disaster 97.036 14-D4145-014 09/13-09/18 16,582,019

Total Department of Homeland Security 16,648,219

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
State Department of Local Affairs
HUMAN SERVICES:
Community Development Block Grants:
Home Investment 14.239 H2CDB12041 01/12-06/14 20,203

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<th>Federal or Pass-Through Grantor</th>
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<td>09/10-09/15</td>
<td>401,345</td>
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<tr>
<td>Bridge Replacement on Shields Street</td>
<td>20.205</td>
<td>12-HA436814</td>
<td>11/11-11/16</td>
<td>182,619</td>
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<tr>
<td>Larimer CR30 and Larimer CR11</td>
<td>20.205</td>
<td>11-HA440432</td>
<td>02/12-02/17</td>
<td>535,000</td>
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<tr>
<td>Bridge Replacement No 50-0.0-17</td>
<td>20.205</td>
<td>13-HA446009</td>
<td>07/12-07/17</td>
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<tr>
<td>Emergency Flood Repairs</td>
<td>20.205</td>
<td>14-HA464552</td>
<td>04/14-04/19</td>
<td>3,595,093</td>
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<td>Total Department of Transportation</td>
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<td></td>
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<td>4,730,358</td>
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Continued on next page
LARIMER COUNTY, COLORADO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2014

<table>
<thead>
<tr>
<th>Federal or Federal</th>
<th>Pass-Through Grantor</th>
<th>CFDA</th>
<th>Grant Number</th>
<th>Grant Period</th>
<th>2014 Expenditures</th>
</tr>
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</table>

**ENVIRONMENTAL PROTECTION AGENCY**

State Department of Public Health and Environment  
HEALTH AND ENVIRONMENT:  
Air Pollution PM2.5  
Federal or Pass-Through Grantor:  
Program Title:  
CFDA Number:  
Grant Number: AIR1568606  
Period: 07/14-06/15  
$228

Colorado Water Resources & Power Development Authority  
IMPROVEMENT DISTRICT CONSTRUCTION:  
River Glen Estates  
Berthoud Estates  
Fish Creek  
Federal or Pass-Through Grantor:  
Program Title:  
CFDA Number:  
Grant Number: W13F313, W14F332, D14F331  
Period: 01/14-12/14  
554,875  
20,491  
12,528  
587,894

Total Environmental Protection Agency  
588,122

Total Expenditures of Federal Awards  
$57,629,050

Explanatory Notes:

* Direct Federal Assistance Programs.  
** Federal Share Computed Using Percentages Provided by the State Department of Human Services.  
ARRA identifies American Recovery and Reinvestment Act funding.  
(1) The expenditures for these grants include expenditures from prior years.  
The County has no significant subrecipients.

The accompanying schedule of expenditures of federal awards is a summary of the activity of the County's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Board of County Commissioners
Larimer County, Colorado

We have audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Larimer County and the related notes to the financial statements as of and for the year ended December 31, 2014, and have issued our report thereon dated June 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of 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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Larimer 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 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.

Anderson & Whitney, P.C.

June 26, 2015
Report on Compliance for Major Federal Programs and
Report on Internal Control Over Compliance Required by OMB Circular A-133

Board of County Commissioners
Larimer County, Colorado

Report on Compliance for Major Federal Programs

We have audited the compliance of Larimer County, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. Larimer County’s major federal programs are identified in the summary of auditors’ 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; 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 of Larimer County’s compliance.
Opinion on Major Federal Programs

In our opinion, Larimer County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2014.

Internal Control Over Compliance

The management of Larimer 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 of compliance, we considered Larimer County’s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance for each major federal program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-1 through 2014-2.

Larimer County’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Larimer County’s responses and, accordingly, we express no opinion on the responses.
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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anderson & Whitney, P.C.

September 25, 2015
LARIMER COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2014

SUMMARY OF AUDITORS’ RESULTS

➢ Type of report issued on financial statements Unmodified
➢ Internal control over financial reporting:
  Material weaknesses identified No
  Significant deficiencies identified None reported
➢ Noncompliance material to the financial statements noted No
➢ Internal control over federal awards:
  Material weaknesses identified No
  Significant deficiencies identified Yes
➢ Type of report issued on major programs Unmodified
➢ Audit findings disclosed None under .510(a). See others below.
  10.561 Food Assistance Administration
  93.596 Child Care Cluster
  93.575
  93.568 LEAP
  20.205 Highway Construction
  97.036 Disaster Grants
➢ Dollar threshold between Type A and Type B programs $1,728,872
➢ Low-risk auditee Yes

FINDINGS RELATED TO FINANCIAL STATEMENTS

➢ None Reported
FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

➢ Finding 2014-1:

CFDA 93.568  Low-Income Home Energy Assistance

Pass-Through Agency:  Colorado Department of Human Services

Criteria:  Eligibility  – In determining eligibility of households for energy assistance, income must be accurately entered into the LEAP system.

Condition:  Of the 25 files tested, one had incorrect income information input into the LEAP system.

Questioned Costs:  None

Context:  At the time this household applied for assistance, support for two weeks’ pay, which was a final paycheck, was submitted with the application, amounting to $558.62. LEAP technicians must manually enter the amounts from supporting documentation into the LEAP system, and entered as $960.00, based on a calculation of what the final paycheck would be at $12 per hour multiplied by 80 hours. The final paycheck was not confirmed by the technician. This error in data input resulted in no change in what benefits should have been paid out.

Effect:  If the household income is not properly calculated, energy assistance benefits may not be appropriately paid to clients.

Cause:  Manual data entry in the state LEAP system allows for potential entry errors. This appeared to be an oversight in entry.

Recommendation:  We recommend controls be better designed to ensure income data is more accurately calculated and entered into the LEAP system.

Management’s Response:  Agree

An employer letter may be used for verification of income (ongoing, terminated, or new) when the applicant is unable to provide the verification. In this specific case, the final pay check showing gross pay of $558.62 was contained in the file and should have been used. The purpose of the employer letter was to verify the last day of employment.

Corrective Action:

Contact Person:  Peggy Koskie

Corrective Action Planned:  Additional training on how to treat terminated income will be provided to all LEAP technicians.
Finding 2014-2:

CFDA 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Pass-Through Agency:  Colorado Department of Public Safety

Criteria:  Procurement  – Federal standards at 44 CFR 13.36 require the County to perform procurement transactions in a manner providing full and open competition, including affirmative steps to assure the use of minority firms and women’s business enterprises when possible, except under certain circumstances. One allowable circumstance is when a public exigency or emergency exists that will not permit a delay for competitive solicitation.

Condition:  Out of 25 disbursements tested, one disbursement was noted for $18,121.30 for contract services on November 23, 2014 which was based on a contract dated in 2011 and had not been subject to the necessary affirmative steps.

Questioned Costs:  $18,121.30

Context:  Pre-existing contracts are allowable in the exigent period, but later must be subject to full and open competition.

Effect:  The County has no assurance that disadvantaged firms received sufficient opportunities to bid on federally-funded work.

Cause:  Emergency conditions existed originally and the County used existing contracts through renewals.

Recommendation:  We recommend new contracts that promote open and full competition and affirmative steps be solicited.

Management’s Response:  Agree

While the contract in question was bid out using full and open competition, the County did not incorporate affirmative steps to ensure the use of minority businesses and women’s business enterprises.

Corrective Action:

Contact Person:  Heather MacMillan

Corrective Action Planned:  The County is now taking affirmative steps to ensure minority businesses and women’s business enterprises have an opportunity to bid on FEMA projects.
LARIMER COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2014

Finding 2013-1:

CFDA 93.778 Medicaid Title XIX: Child Services

Pass-Through Agency: Colorado Department of Human Services

Criteria: Eligibility – The Code of Colorado Regulations specific to the Department of Health Care Policy and Financing indicates the County is required to secure information concerning health insurance or other medical coverage of an individual at the time that individual applies or is predetermined eligible for public assistance. This information should be entered onto the Client Health Resource Information Form (MS-10.)

Condition: Out of 25 files tested, five children were missing client health insurance forms (MS-10) that comprised eight instances in the sample.

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

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

Effect: Claims could be improperly paid or denied.

Cause: This appears to have been an oversight.

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

Management’s Response: Agree

Corrective Action:

Contact Person: Catherine Weaver, Social Casework Manager

Status: Implemented
Finding 2013-2:

CFDA 10.557 Special Supplemental Foods Programs for Women, Infants and Children

Pass-Through Agency: Department of Public Health and Environment

Criteria: Eligibility – To be certified eligible for the WIC program there are eligibility criteria that must be met. One criteria is based on nutritional risk and includes a hematological test for anemia. The WIC Manual addresses the timing of this criterion in Section III: Anemia and Blood Collection. It is required at the certification visit.

Condition: Out of 25 files tested, one instance was noted in which certification was completed on March 28, 2013 and the hemoglobin screening was not completed until September 5, 2013.

Questioned Costs: None, as the woman may be eligible.

Context: The WIC Manual Section III documents that adequate iron is critical during pregnancy. The only way a woman can know if her iron is adequate is by testing.

Effect: WIC services were provided to an individual for nearly six months that did not meet all the eligibility criteria.

Cause: This appears to be an oversight during this certification visit.

Recommendation: We recommend developing procedures to ensure pregnant women have required hematological tests for anemia at their certification visit.

Management’s Response: Agree

Corrective Action:

Contact Person: Ingrid Rosoff, Nutrition Supervisor

Status: Implemented
Finding 2013-3:

CFDA 93.658 Title IV-E (Foster Care)

Pass-Through Agency: Colorado Department of Human Services

Criteria: Activities Allowed/Allowable Costs – The rate paid for a child in County Kinship or Foster Home is based on the child’s age.

Condition: Out of 25 files tested, we noted one instance in which a provider was paid the four year old rate for a child that turned five the previous month.

Questioned Costs: The four year old rate is $16.34 and the five year old rate is $14.72. An extra $1.62 per day was paid for seven days totaling an excess payment of $11.34.

Context: The allowed cost was $14.72 for five year old children per the Larimer County Rates sheet. Unallowed costs of $11.34 was paid.

Effect: Federal funds were expended that should not have been.

Cause: This is believed to be an oversight by the staff member while entering the rates and not recognizing the child would have a birthday during the authorization period resulting in a different rate.

Recommendation: We recommend more care be exercised over determining the age of the child.

Management’s Response: Agree

Corrective Action:

Contact Person: Catherine Weaver, Social Casework Manager

Status: Implemented
Finding 2013-4:

CFDA 93.658 Title IV-E (Foster Care)

Pass-Through Agency: Colorado Department of Human Services

Criteria: Activities Allowed/Allowable Costs – Agreements to Purchase Out-Of-Home Placement Services are put in place for children in Foster Family Home Care. The administrative maintenance approved to be paid per day is part of this agreement.

Condition: Of the 25 files tested, we noted one instance in which the Agreement to Purchase Out-Of-Home Placement Services indicated the approved daily rate administrative maintenance was $8.09 and the TRAILS system indicated the rate being paid was $11.34.

Questioned Costs: For 21 days, a total of $68.25 was overpaid.

Context: The allowed cost was $8.09 daily per the Agreement to Purchase Out-Of-Home Placement Services. Unallowed costs of $3.25 were paid for 21 days totaling $68.25.

Effect: Federal funds were used to pay for unallowed costs.

Cause: It appears to be a data entry error into TRAILS.

Recommendation: We recommend additional controls be considered over determining appropriate placement rates.

Management’s Response: Agree

Corrective Action:

Contact Person: Catherine Weaver, Social Casework Manager

Status: Implemented
Finding 2013-5:

CFDA 10.923 Emergency Watershed Protection and Technical Assistance

Pass-Through Agency: Colorado Department of Agriculture

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

Condition: One contractor was not checked against EPLS and three others did not have screen prints from EPLS to document the contractors were timely checked.

Questioned Costs: None.

Context: Attachment B, General Terms and Conditions, of the grant document, section b. states the recipient, and any recipients of any sub awards under this award, assures and certifies that it will comply with specific regulations. Line item 1 identifies 7 CFR Part 3017, "Government wide Debarment and Suspension."

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

Cause: The contractor not checked was inadvertently missed. The other three have worked with the County on other projects and were checked when they were awarded the bid, but a copy of the EPLS check was not maintained.

Recommendation: We recommend controls be better designed to ensure all contractors are checked against the EPLS database.

Management’s Response: Agree

Corrective Action:

Contact Person: Linda Sanders, Business Operations Manager

Status: Implemented