



A Professional Corporation of
Certified Public Accountants

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, 2006, and have issued our report thereon dated June 4, 2007. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Anderson & Whitney P.C.

June 4, 2007

LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2006

	Federal or Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	2006 Expenditures
<u>DEPARTMENT OF AGRICULTURE</u>					
PEST CONTROL:					
*	Poudre River Watershed Weed Control	10	2006-0105-011	05/06-09/07	\$ 12,866
	State Department of Agriculture				
	Closing the Funding Gap	10.664	06BAA00259	06/06-12/06	5,000
					17,866
State Department of Human Services					
HUMAN SERVICES:					
**	Food Distribution Program	10.569	-	01/06-12/06	174,368
**	Food Stamp Program	10.551	-	01/06-12/06	15,254,274
**	Food Stamp Administration	10.561	-	01/06-12/06	1,055,922
**	Commodity Administration	10.568	-	01/06-12/06	28,106
					16,512,670
State Department of Public Health and Environment					
HEALTH AND ENVIRONMENT:					
	Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	WIC0200583	10/05-09/06	525,324
	Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	WIC0700266	10/06-09/07	191,664
	WIC Food Vouchers	10.557	-	01/06-12/06	1,915,619
					2,632,607
Total Department of Agriculture					19,163,143
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
State Department of State:					
GENERAL:					
	Help America Vote Act	93.617	-	06/05-09/05	20,534
State Department of Human Services					
HUMAN SERVICES:					
	Special Programs for the Aging - Title III:		02A-89(FY 2006)	01/06-12/06	
	Area Plan Administration	93.044			28,579
	Part B	93.044			171,398
	Part C-1	93.045			68,916
	Part C-2	93.045			32,674
	Part D	93.043			7,083
	Part E	93.052			62,595
	Ombudsman	93.042			16,080
	Aging and Disability Resource Centers	93.048	07IHA000249	05/06-09/08	19,348
	Aging and Disability Resource Centers	93.779	07IHA000249	05/06-09/08	13,753
	Cash in lieu of commodities	93.053	-	01/06-12/06	43,534
**	Title IV-E FC	93.658	-	01/06-12/06	2,393,626
**	Child Support Enforcement:				
	Federal Income to Counties	93.563	-	01/06-12/06	1,683,686
**	Child Care	93.596	-	01/06-12/06	1,578,138
**	Family Preservation	93.556	-	01/06-12/06	91,651
**	Colorado Works	93.558	-	01/06-12/06	4,455,021

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2006

	Federal or Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	2006 Expenditures
**	Title IV-E Independent Living	93.674	-	01/06-12/06	\$ 107,034
**	Community Services Block Grant (Title XX)	93.667	-	01/06-12/06	1,345,809
**	Child Welfare Services-Maintenance Assistance: Title IV-B	93.645	-	01/06-12/06	116,456
**	Medicaid Title XIX: Child Services	93.778	-	01/06-12/06	1,705,994
**	Low-Income Energy Assistance Program (LEAP)	93.568	-	01/06-12/06	2,316,858
**	Adoption	93.659	-	01/06-12/06	637,032
**	Child Care and Development Block Grant	93.575	-	01/06-12/06	2,553,939
	IV-E Lump Sum	93.658	-	01/06-12/06	20,216
					19,469,420
State Department of Local Affairs					
HEALTH AND HUMAN SERVICES:					
	Community Services Block Grants:	93.569			
	CSBG-HHS		L5CSBG27	03/05-02/06	74,401
	CSBG-HHS		L6CSBG27	03/06-02/07	197,717
	Community Food and Nutrition (CFN) Program	93.571	L6CFN05208	07/05-06/06	4,939
					277,057
State Department of Health Care Policy & Financing					
HEALTH AND ENVIRONMENT:					
	Medicaid Title XIX - EPSDT	93.778	UHA2106-0105	07/05-06/06	30,841
	Medicaid Title XIX - EPSDT	93.778	UHA2107-9006	07/06-06/07	32,924
					63,765
HUMAN SERVICES:					
	Single Entry Point	93.778	-	01/06-12/06	371,019
State Department of Public Health and Environment					
HEALTH AND ENVIRONMENT:					
	Bioterrorism Public Health Preparedness	93.283	EPI0600090	09/05-08/06	137,553
	Bioterrorism Public Health Preparedness	93.283	EPI0700045	09/06-08/07	75,182
	Bioterrorism/Focus HAN	93.283	EPI0600090	09/05-08/06	19,150
	Bioterrorism/Focus HAN	93.283	EPI0700045	09/06-08/07	4,040
	Bioterrorism Pandemic Flu Preparedness	93.283	EPI0600288	05/06-06/07	34,771
	Chlamydia Testing	93.977	EPI0600039	01/06-12/06	2,840
	Family Planning and Expansion Services	93.217	FPP0700065	07/06-06/07	280,091
	Fetal Alcohol Syndrome	93.283	EPI0500145	10/05-09/06	27,837
	Fetal Alcohol Syndrome	93.283	EPI0500145	10/06-09/07	9,712
	Handicapped Children's Program	93.994	MCH0600522	10/05-09/06	47,424
	Handicapped Children's Program	93.994	MCH0700385	10/06-09/07	16,088
	Immunization Action (CDC)	93.268	IMM0600153	01/06-12/06	37,161
	Immunization School Audits Project	93.268	NA	2006	2,450
	Immunizations Provider Standard Project	93.268	NA	2006	1,114
	Maternal and Child Health Services Block Grant:	93.994			
	Child Health		MCH0600522	10/05-09/06	22,500
	Child Health		MCH0700385	10/06-09/07	8,208
	Maternity Assistance Program		MCH0600522	10/05-09/06	76,927
	Maternity Assistance Program		MCH0700385	10/06-09/07	24,936

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2006

Federal or Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	2006 Expenditures
Preventive Health Block	93.991	ADM0600034	04/06-09/06	\$ 12,997
Preventive Health Block	93.991	ADM0700012	10/06-12/06	9,098
Tobacco Settlement (PEER)	93.283	PPG0600766	10/06-09/07	13,388
Tuberculosis Control Program	93.991	EPI05000006	07/05-06/06	1,495
VFC/AFIX site visit	93.268	IMM0600043	05/06-11/06	8,750
West Nile Virus Prevention	93.283	EPI06000171	02/06-12/06	18,147
Family Planning Services	93.217	-	01/06-12/06	14,874
VFC value of vaccines	93.268	-	01/06-12/06	117,195
				1,023,928
Total Department of Health and Human Services				21,225,723
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
State Department of Local Affairs				
GENERAL:				
Civil Defense	97.042	4EM78936	10/03-06/05	3,819
Civil Defense	97.042	5EM05L36	10/04-06/06	28,100
Citizens Corp Program	97.053	5EM75336	04/05-12/06	10,674
Homeland Security 2005	97.073	5EM75836	04/05-12/06	485,291
Law Enforcement Terrorism Prevention	97.074	5EM75536	04/05-12/06	275,688
Total Department of Homeland Security				803,572
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
State Department of Local Affairs				
HEALTH AND HUMAN SERVICES:				
Community Development Block Grants:				
Emergency Shelter Grant	14.228	H5CDBG05042G	07/05-06/06	33,109
Emergency Shelter Grant	14.228	H6CDBG06041G	07/06-06/07	71,264
Home Investment	14.228	H5CDB04049G	08/04-08/06	6,300
Salud Health Care Center	14.228	F06CDBG05006	01/06-12/06	247,000
Total Department of Housing and Urban Development				357,673
<u>DEPARTMENT OF INTERIOR</u>				
GENERAL:				
* Law Enforcement	15.000	02FC601667	09/01-09/07	541,187
OPEN LANDS:				
* Blue Sky Trail bike/pedestrian underpass	15.916	Land & Water	2005-2006	44,594
PARKS:				
* Resource Management Plan	15.916	05FC601972	04/05-09/10	138,122
* Homeland Security	15.000	02FC601621	10/01-09/07	20,777
* Integrated Pest Management Plan for Noxious Weeds	15.000	00FC601415	09/00-09/07	22,560
State Department of Natural Resources:				
Motorboat Access	15.605	F-169-B	03/06-09/08	49,500
				230,959
Total Department of Interior				816,740

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2006

Federal or Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	2006 Expenditures
<u>DEPARTMENT OF JUSTICE</u>				
State Department of Public Safety:				
GENERAL:				
Victim of Crime Act	16.575	24-VA-8-137	01/06-12/06	\$ 50,138
Victim of Crime Act	16.575	23-VA-8-139	01/06-12/06	24,082
Violence Against Women Act	16.588	24-VW-8-50	04/05-03/06	8,796
Violence Against Women Act	16.588	25-VW-8-50	04/06-03/07	26,387
				109,403
COMMUNITY CORRECTIONS:				
Residential Substance Abuse Treatment	16.593	2005-RT-BX-0004	10/05-09/06	44,981
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-0539	10/05-09/06	156,695
				201,676
HEALTH AND HUMAN SERVICES:				
Juvenile Accountability Incentive Block Grant	16.523	2004-JB-BX-0050	10/05-09/06	21,680
Juvenile Accountability Incentive Block Grant	16.523	2005-JB-BX-0034	10/06-09/07	7,054
Juvenile Accountability Incentive Block Grant	16.523	23-JB-L-8-803	02/06-04/06	4,000
				32,734
Total Department of Justice				343,813
<u>DEPARTMENT OF LABOR</u>				
State Department of Labor and Employment				
WORKFORCE CENTER:				
Workforce Investment Act:				
Unemployment Re-employment	17.207	PY2005/2007	07/05-06/09	34,087
TAA Discretionary	17.207	PY2005/2007	07/05-06/09	38,558
Wagner-Peyser Base	17.207	PY2005/2007	07/05-06/09	685,350
Wagner-Peyser Governor's Summer Job Hunt	17.207	PY2005/2007	07/05-06/09	29,000
Computer Basics	17.207	PY2005/2007	07/05-06/09	18,070
Unemployment Insurance	17.225	PY2005/2007	07/05-06/09	34,735
Workforce Development Liasion	17.253	PY2005/2007	07/05-06/09	6,879
Adult	17.258	PY2005/2007	07/05-06/09	352,994
Youth	17.259	PY2005/2007	07/05-06/09	510,836
Dislocated Worker	17.260	PY2005/2007	07/05-06/09	656,685
Agency Marketing	17.260	PY2005/2007	07/05-06/09	15,267
Vets DVOP	17.801	PY2005/2007	07/05-06/09	19,782
Vets LVER	17.804	PY2005/2007	07/05-06/09	14,368
State Department of Local Affairs				
Training Resources and Incentive Networks 10%	17.260	06WF21LC	01/06-12/06	52,200
Training Resources and Incentive Networks	17.266	L5DPNLC	09/04-06/06	20,359
Training Resources and Incentive Networks	17.266	L7DPNLC	07/06-06/07	25,518
Total Department of Labor				2,514,688

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LARIMER COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2006

Federal or Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	2006 Expenditures
<u>DEPARTMENT OF TRANSPORTATION</u>				
State Department of Transportation				
HEALTH AND HUMAN SERVICES:				
Public Transportation	20.509	06-HTD-00082	01/06-12/06	\$ 71,715
<u>ELECTION ASSISTANCE COMMISSION</u>				
State Department of State:				
GENERAL:				
Help America Vote Act	90.401	-	01/06-12/10	850,300
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
State Department of Public Health and Environment				
HEALTH AND ENVIRONMENT:				
Air Pollution	66.034	AIR06000076	01/06-12/06	7,943
Non-community Groundwater	66.458	CPD06000002	02/06-12/06	10,200
Total Environmental Protection Agency				18,143
Total Expenditures of Federal Awards				\$ 46,165,510

Explanatory Notes:

* Direct Federal Assistance Programs

** Federal Share Computed Using Percentages Provided by the State Department of Human Services

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 Commissioners
Larimer County, Colorado

We have audited the financial statements of Larimer County as of and for the year ended December 31, 2006, and have issued our report thereon dated June 4, 2007. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 grants, 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*.

However, we noted other matters involving internal control over financial reporting that we have reported to the County in a separate letter dated June 4, 2007.

This report is intended solely for the information and use of the Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson + Whitney P.C.

June 4, 2007



Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of County Commissioners
Larimer County, Colorado

Compliance

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 are applicable to each of its major federal programs for the year ended December 31, 2006. Larimer County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Larimer County's management. Our responsibility is to express an opinion on Larimer County's compliance based on our audit.

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*. These 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about Larimer County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Larimer County's compliance with those requirements.

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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

Larimer County's response 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 response and, accordingly, we express no opinion on it.

Internal Control Over Compliance

The management of Larimer County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Larimer County's internal control over compliance with 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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Commissioners, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson + Whitney P. C.

June 4, 2007

LARIMER COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

SUMMARY OF AUDITORS' RESULTS

- Type of report issued on financial statements Unqualified
- Type of report issued on major programs Unqualified
- Audit findings disclosed See Below
- Major programs
 - 10.551 Food Stamp Cluster
 - 10.561
 - 17.258 Workforce Investment Act Cluster
 - 17.259
 - 17.260
 - 93.558 Temporary Assistance for Needy Families; Colorado Works
 - 93.568 Low Income Home Energy Assistance
 - 93.575 Child Care Cluster
 - 93.596
- Dollar threshold between Type A and Type B programs \$1,384,965
- Low-risk auditee Yes

FINDINGS RELATED TO FINANCIAL STATEMENTS

- None Reported

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

- **FINDING 2006-1:**

CFDA 93.558 Temporary Assistance for Needy Families; Colorado Works

Criteria: *Eligibility* – Per Volume 3, Section 604.4, all children whose needs are included in the assistance unit receiving Colorado Works benefits are to be brought up-to-date with immunization no later than the first re-determination of eligibility. Each child should receive all immunization for which the child is eligible according to the age of the child, unless exempt due to religious or medical reasons in accordance with Federal law.

Condition: The County does not always obtain immunization records for children when providing Colorado Works (TANF) to families.

Questioned Costs: \$11,972

Context: Three of twenty-four case files tested did not contain documentation of the child's immunization records.

Effect: Benefits may be issued to individuals who do not meet the requirements of the program.

Cause: The County does not have an established procedure to follow-up on immunization records if the first request sent by the County is unanswered.

Recommendation: County personnel need to be familiar with all requirements and files need to be reviewed for content accuracy. We recommend that case-workers be fully aware of all State and Federal compliance requirements and that all files be reviewed to ensure all participants that have been provided TANF have submitted immunization records for the children they have included in their application. We further recommend that the County implement a policy to aid in following-up on immunization records if the first request sent by the County is unanswered.

Management's Response: Agree

Corrective Action:

Contact Person: Marsha Ellis, Larimer County Human Services, Self Sufficiency Administrator of the Benefit Planning Division

Corrective Action Planned: The staff that were identified as those responsible for the current immunizations being obtained all received a Supervisory Guidance that is a part of their personnel record. If they continue to be deficient in this area, it will negatively impact their yearly evaluation.

➤ **FINDING 2006-2:**

CFDA 10.551 Food Stamp Program

Criteria: Agency Letter GEN-06-05-P issued by the Colorado Department of Human Services outlines documentation required to support the eligibility determination for food stamps.

Condition: Upon review of the case files, one file contained conflicting information. Using one interpretation, the client qualified for assistance, while using another interpretation the client did not qualify for assistance. There was no documentation in the file to support using one interpretation over the other.

Questioned Costs: \$1,189

Context: One out of twenty-four cases reviewed had conflicting information in the case file that would impact the proper eligibility determination.

Cause: Documentation was not adequate to determine the proper issuance of benefits.

Recommendation: In cases such as the one noted, it is important to provide documentation showing why certain factors were considered over others. In addition, in such situations it may be necessary to turn the case over to the fraud unit to determine the facts. The documentation process should be fully developed for all case workers.

Management's Response: Agree

Corrective Action:

Contact Person: Marsha Ellis, Larimer County Human Services, Self Sufficiency Administrator of the Benefit Planning Division

Corrective Action Planned: We will work with the manager of the Fraud and Investigative unit to provide training for all staff on how to spot inconsistencies in the record, and how to properly do a fraud referral. We will also include this presentation in our new technician training.