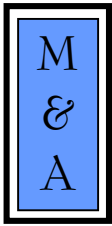


STATUTORY REPORT SECTION

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 12, 2017.

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 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

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

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

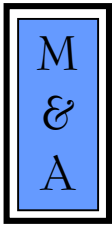
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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.
May 12, 2017**



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

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MAIN OFFICE: (970) 845-8800
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E-MAIL: MCMAHAN@MCMAHANCPA.COM

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the Audit Guide. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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PAUL J. BACKES, CPA, CGMA
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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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 indentify 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 in 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
May 12, 2017

Garfield County, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs:	
Temporary Assistance for Needy Families	CFDA #93.558
Special Supplemental Nutrition Program For Women, Infants and Children	CFDA #10.557
Dollar threshold used to identify Type A from Type B programs	\$750,000
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, 2016
(Continued)

Note: There were no findings for the fiscal year ended December 31, 2015.

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 2016

<u>Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Department of Agriculture:				
Passed through Colorado Department of Human Services:				
Food Assistance Administration	CDHS -FFA	10.561	No	\$ 753,632
Passed through Colorado Department of Public Health and Environment:				
Special Supplemental Nutrition Program for Women, Infants and Children (non-cash incentives)	N/A	10.557	Yes	701,416
Special Supplemental Nutrition Program for Women, Infants and Children	N/A	10.557	Yes	282,778
Passed through U.S. Forest Service:				
White River National Forest - Noxious Weed Treatments	N/A	10.699	No	30,000
Total Department of Agriculture				<u>1,767,826</u>
Department of Health and Human Services:				
Passed through Colorado Department of Health Care Policy and Financing:				
State Medicaid Fraud and Control Units	N/A	93.775	No	47,900 <i>B</i>
Children's Health Insurance Program	N/A	93.767	No	5,177
Medical Assistance Program	CDHS -FFA	93.778	No	413,237 <i>B</i>
Passed through Colorado Department of Human Services:				
Guardianship Assistance - Title IV-E (ARRA)	CDHS -FFA	93.090	No	5,967
Affordable Care Act (ACA) Personal Responsibility Education Program	CDHS -FFA	93.092	No	164,674
Substance Abuse and Mental Health Services Administration	CDHS -FFA	93.243	No	21,826
Family Preservation and Support	CDHS -FFA	93.556	No	21,730
Temporary Assistance for Needy Families	CDHS -FFA	93.558	Yes	953,732
Child Support Enforcement (Title IV-D - Administration)	CDHS -FFA	93.563	No	791,232
Child Support Enforcement research	CDHS -FFA	93.564	No	4,432
Low-Income Home Energy Assistance	CDHS -FFA	93.568	No	114,771
Child Care and Development Block Grant	CDHS -FFA	93.575	No	240,467 <i>A</i>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CDHS -FFA	93.596	No	263,473 <i>A</i>
Child Welfare Services - State Grants	CDHS -FFA	93.645	No	25,773
Foster Care - Title IV-E	CDHS -FFA	93.658	No	845,059
Adoption Assistance	CDHS -FFA	93.659	No	82,138
Social Services Block Grant	CDHS -FFA	93.667	No	367,806
Child Abuse and Neglect Discretionary Activities	CDHS -FFA	93.670	No	10,829
Independent Living	CDHS -FFA	93.674	No	5,238
Medical Assistance Program	CDHS -FFA	93.778	No	876,314 <i>B</i>
Adjustment to Federal Assistance	CDHS -FFA	93.XXX	No	634
Passed through Colorado Department of Public Health and Environment:				
Public Health Emergency Preparedness	N/A	93.069	No	29,143
Support Oral Health Workforce Activities	N/A	93.236	No	53,787
Immunization Grants	N/A	93.268	No	21,609
Center for Disease Control and Prevention - Investigations and Technical Assistance (West Nile)	N/A	93.283	No	5,000
Preventive Health Services Block Grant	N/A	93.758	No	6,500
Maternal and Child Health Block Grant	N/A	93.994	No	59,990
Passed through Mesa County, Colorado:				
Special Programs for the Aging Title III, Part C Nutrition Services	N/A	93.045	No	115,704 <i>C</i>
Nutrition Services Incentive Program	N/A	93.053	No	10,888 <i>C</i>
Passed through Colorado Department of Local Affairs:				
Community Service Block Grant	N/A	93.569	No	45,921
Total Department of Health and Human Services				<u>5,610,951</u>

Garfield County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 2016
(Continued)

<u>Program Title</u>	<u>Pass-Through Entity Identifying Number</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)	N/A	16.606	No	27,266
Bulletproof Vest Partnership Program	N/A	16.607	No	4,996
Passed through City of Glenwood Springs, Colorado:				
High Intensity Drug Trafficking Assistance (HIDTA)	N/A	16.729	No	<u>11,546</u>
Total Department of Justice				<u>43,808</u>
Department of Environmental Protection Agency:				
Capitalization Grants for Drinking Water State Revolving Funds	N/A	66.468	No	<u>5,000</u>
Total of Department of Environmental Protection Agency				<u>5,000</u>
Total Federal Financial Assistance				<u>\$ 7,427,585</u>
<u>Additional Information for Clusters:</u>		<u>Amount</u>		
A - Child Care Cluster		\$ 503,940		
B - Medical Assistance Cluster		1,337,451		
C - Nutrition Services Cluster		126,592		

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2016

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 Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 31, 2016.

Note 4. Indirect Facilities and Administration costs:

The County does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, indirect (F & A) costs. Instead, the County prepares an annual cost allocation plan to allocate indirect costs.