

**SINGLE AUDIT SECTION**

(This page intentionally left blank.)



**BONDI & Co. LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST  
ENGLEWOOD, COLORADO 80112

www.bondico.com

(303) 799-6826 PHONE  
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

**Board of County Commissioners  
Morgan County, Colorado  
Fort Morgan, Colorado**

**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**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morgan County, Colorado, as of and for the year ended December 31, 2008, which collectively comprise Morgan County's basic financial statements, and have issued our report thereon dated June 23, 2009. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Morgan County, Colorado's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morgan County, Colorado's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Morgan County, Colorado'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.



Affiliate Offices Worldwide

**Board of County Commissioners  
Morgan County, Colorado  
Fort Morgan, Colorado**

**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 entity's internal control.**

**Our consideration of the 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 the Morgan County, Colorado'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*.**

**We noted certain matters that we reported to management of Morgan County, Colorado, in a separate letter dated June 23, 2009.**

**This report is intended solely for the information and use of management, others within the entity, the Board of County Commissioners, 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.**

**June 23, 2009**

  
**BONDI & Co. LLC**



**BONDI & Co. LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

44 INVERNESS DRIVE EAST  
ENGLEWOOD, COLORADO 80112

[www.bondico.com](http://www.bondico.com)

(303) 799-6826 PHONE  
(800) 250-9083 TOLL-FREE

(303) 799-6926 FAX

**Board of County Commissioners  
Morgan County, Colorado  
Fort Morgan, Colorado**

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

**Compliance**

We have audited the compliance of Morgan 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, 2008. Morgan County, Colorado'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 Morgan County, Colorado's management. Our responsibility is to express an opinion on Morgan County, Colorado's compliance based on our audit.

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 Morgan County, Colorado'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 of Morgan County, Colorado's compliance with those requirements.

In our opinion, Morgan County, Colorado 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, 2008.



Affiliate Offices Worldwide

Board of County Commissioners  
Morgan County, Colorado  
Fort Morgan, Colorado

Internal Control Over Compliance

The management of Morgan County, Colorado 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 Morgan County, Colorado'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 Morgan County, Colorado'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 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, others within the entity, the Board of County Commissioners, 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.

June 23, 2009

  
BONDI & Co. LLC

Morgan County, Colorado  
Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2008

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed Through Colorado Department of Human Services		
Food Stamp Program	10.551	\$ 1,920,289
Food Stamp Program Admin	10.561	<u>219,545</u>
Total Food Stamp Cluster		<u>2,139,834</u>
Total Department of Agriculture		<u>2,139,834</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed Through Colorado Department of Human Services		
Adjustment to Federal Assistance	93.xxx	50,702
TANF	93.558	815,943
Title IV-D	93.563	305,565
Voting Rights for Individuals with Disabilities	93.617	3,450
Title IV-B	93.645	42,211
Title IV-E	93.658	739,754
Adoption	93.659	151,453
Title XX Block Grant	93.667	287,436
Low Income Home Energy Assistance Block Grant	93.568	<u>466,327</u>
Child Care and Development Block Grant	93.575	17,577
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>190,408</u>
Total Child Care Cluster		207,985
Title IV-E Independent Living	93.674	22,815
Title XIX Medicaid Assistance Program	93.778	<u>224,917</u>
Total Department of Health and Human Services		<u>3,318,558</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
Passed Through State of Colorado		
Click It or Ticket Grant	20.600	<u>3,904</u>
Total Department of Transportation		<u>3,904</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Passed Through State of Colorado		
Victims Assistance Program	16.575	24,430
Violence Against Women Act	16.588	5,250
State Criminal Alien Assistance Program	16.606	136,858
Bullet Proof Vest Partnership	16.607	625
Passed Through the County Sheriff's of Colorado Inc.		
Sheriff Eradication Grant	16.xxx	1,835
Passed Through SHARE		
Regional Investigator Grant	16.589	<u>59,500</u>
Total Department of Justice		<u>228,498</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed Through State of Colorado		
Emergency Management Performance Grant	97.042	37,319
SHMP Grant	97.042	<u>5,000</u>
Total Department of Homeland Security		<u>42,319</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		<u>\$ 5,733,113</u>

See the accompanying independent auditors' report.

**MORGAN COUNTY, COLORADO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2008

**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards, which includes the federal grant activity of Morgan County, Colorado, is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget 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.

Grant revenues are recorded for financial reporting purposes when the County has met the qualifications for the respective grants. Various reimbursement procedures are used for Federal awards received by the County. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Receivable balances at year-end represent an excess of reimbursable expenditures over cash receipts to date. Deferred revenue balances at year-end represent an excess of cash receipts over reimbursable expenditures to date.

**NOTE 2: SUBRECIPIENTS**

No Federal Awards were passed through to subrecipients for the year ended December 31, 2008.

**NOTE 3: NONCASH PROGRAM ACTIVITY**

The County determines eligibility for various benefits funded by federal and state programs. The funds are distributed via electronic benefit transfer to the beneficiaries by the State.

MORGAN COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	✓ ___ no
Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	✓ ___ no
Noncompliance material to financial statements noted?	___ yes	✓ ___ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	✓ ___ no
Significant deficiency(ies) identified not considered to be material weaknesses?	___ yes	✓ ___ no

Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ yes	✓ ___ no

Identification of major program:

CFDA No. 10.551 Food Stamps  
CFDA No. 10.561 State Administrative Matching Grants for Food Stamp Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	✓ ___ yes ___ no

**MORGAN COUNTY, COLORADO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

For the Year Ended December 31, 2008

**Section II - Financial Statement Findings**

There were no findings relating to Morgan County, Colorado's financial statements for the year ended December 31, 2008.

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

There were no findings relating to Morgan County, Colorado's major federal program during testing for the year ended December 31, 2008.