



Federal Awards Reports In Accordance With
The Single Audit Act, OMB Circular A-133 and
Passenger Facility Charge Audit Guide
December 31, 2012

Pitkin County, Colorado

Pitkin County, Colorado
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Independent Auditor's 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
Pitkin 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pitkin County, Colorado as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Pitkin County's basic financial statements, and have issued our report thereon dated June 27, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pitkin 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 Pitkin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pitkin 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting 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 financial reporting 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 yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pitkin County's financial statements are free from 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.

Eide Bailly LLP

Golden, Colorado
June 27, 2013



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Board of County Commissioners
Pitkin County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Pitkin County’s 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 Pitkin County’s major federal program for the year ended December 31, 2012. Pitkin County’s major federal program is 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 the compliance for Pitkin County’s major federal program 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 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 Pitkin 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 the major federal program. However, our audit does not provide a legal determination of Pitkin County’s compliance.

Opinion on Each Major Federal Program

In our opinion, Pitkin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of Pitkin County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pitkin County’s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its

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 Pitkin 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 compliance requirement 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 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Pitkin County as of and for the year ended December 31, 2012, and have issued our report thereon dated June 27, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Golden, Colorado
June 27, 2013

Pitkin County, Colorado
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Grant Award Amount	Federal Grant Receipts	Less Grants Receivable (Payable) January 1, 2012	Add Grants Receivable (Payable) December 31, 2012	Federal Expenditures
Department of Agriculture							
Pass through Colorado Department of Human Services							
Federal Incentives for SNAP	10.551	N/A	\$ -	\$ 1,507	\$ -	\$ -	\$ 1,507
State Admin Matching Grants for SNAP	10.561	N/A	-	88,969	-	-	88,969
<i>Subtotal Pass through Colorado Department of Human Services</i>			-	90,476	-	-	90,476
Total Department of Agriculture			-	90,476	-	-	90,476
Department of Justice							
Direct Funding							
Bureau of Justice Assistance							
State Criminal Alien Assistance Program	16.606	2012-H3633-CO-AP	26,959	26,959	-	-	26,959
Total Department of Justice			26,959	26,959	-	-	26,959
Department of Transportation							
Direct Funding							
Federal Aviation Administration							
Conduct Airport Master Plan Study - Phase II	20.106	03-08-0003-40	519,692	36,085	36,085		-
Conduct Wildlife Hazard Assessment/Plan	20.106	03-08-0003-42	142,522	49,861	20,738	5,827	34,950
Extend Runway 15/33 1,000 Feet (Design Only)	20.106	03-08-0003-43	882,418	131,995	118,981		13,014
Extend Runway 15/33 1,000 Feet (Env. Mitigation - Water System)	20.106	03-08-0003-44	1,600,000	30,648	8,464	2,749	24,933
Extend Runway 15/33, Phase II	20.106	03-08-0003-45	10,454,773	387,623	387,623	1,174,528	1,174,528
Construct Taxiway 'A3', Taxiway 'A7' Deicing Pad (Phase I)	21.106	03-08-0003-46	2,187,758	1,951,563		39,276	1,990,839
Construct Taxiway 'A3', Taxiway 'A7' Deicing Pad (Phase I)	22.106	03-08-0003-47	2,227,275	2,010,716		95,611	2,106,327
<i>Subtotal Federal Aviation Administration</i>			18,014,438	4,598,491	571,891	1,317,991	5,344,591
Total Department of Transportation			18,014,438	4,598,491	571,891	1,317,991	5,344,591

The accompanying notes are an integral part of this Schedule.

Pitkin County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Grant Award Amount	Federal Grant Receipts	Less Grants Receivable (Payable) January 1, 2012	Add Grants Receivable (Payable) December 31, 2012	Federal Expenditures
Department of Health and Human Services							
Pass through Colorado Department of Human Services							
CO Works (TANF)	93.558	N/A	-	73,376	-	-	73,376 B
Title IV-D Admin	93.563	N/A	-	31,536	-	-	31,536
LEAP	93.568	N/A	-	27,429	-	-	27,429
CCDF Discretionary	93.575	N/A	-	21,369	-	-	21,369 A
CCDF	93.596	N/A	-	66,602	-	-	66,602 A
Title IV-B Child Welfare	93.645	N/A	-	3,051	-	-	3,051
Title IV-E Foster Care	93.658	N/A	-	81,030	-	-	81,030
Title IV-E Adoption Assistance	93.659	N/A	-	4,911	-	-	4,911
Title XX Block Grant	93.667	N/A	-	81,021	-	-	81,021
CO Works (TANF) ARRA	93.714	N/A	-	459	-	-	459 B
Title XIX MEDICAID	93.778	N/A	-	52,641	-	-	52,641
<i>Subtotal Pass through Colorado Department of Human Services</i>			-	443,425	-	-	443,425
Pass through Colorado Department of Local Affairs							
Community Service Block Grant 12-13	93.569	L-12CSBG35	12,079	12,079	-	-	12,079
<i>Subtotal Pass through Colorado Department of Local Affairs</i>			12,079	12,079	-	-	12,079
Pass through Northwest Colorado Council of Governments							
Title III-C1 and C2 of the Older Americans Act 11-12	93.045	84 063-9906-2012	48,139	7,775	-	-	7,775
Title III-C1 and C2 of the Older Americans Act 12-13	93.045	84 063-9906-2013	48,612	32,455	-	7,806	40,261
<i>Subtotal 93.045</i>			96,751	40,230	-	7,806	48,036
NSIP - Nutrition Services - Older Americans Act FFY12	93.053	84 063-9906-2012	8,741	8,741	-	-	8,741
<i>Subtotal Pass through Northwest Colorado Council of Governments</i>			105,492	48,971	-	7,806	56,777
Total Department of Health and Human Services			117,571	504,475	-	7,806	512,281
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 18,158,968	\$ 5,220,401	\$ 571,891	\$ 1,325,797	\$ 5,974,307

Additional Information for Clusters

A CCDF Cluster	87,971
B CO Works / TANF Cluster	73,835

The accompanying notes are an integral part of this schedule.

General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pitkin County, Colorado primary government (the County). The County's reporting entity is defined in Note 1-A to the County's basic financial statements. All federal financial assistance received by the reporting entity directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule. In addition, federal financial assistance awarded directly to eligible County Social Services recipients via Electronic Benefits Transfer (EBT) is also included in the schedule, with the exception of the Supplemental Nutritional Assistance Program EBT. The State of Colorado issues EBT to the eligible County recipients. Only the federal share of pass-through awards is included on the schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1-D to the basic financial statements. 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 basic financial statements.

CFDA and Contract Numbers

Certain programs do not contain CFDA and/or State or Federal contract numbers because they have not been assigned these numbers or the numbers were not obtainable.

Subrecipients of Grant Awards

Federal financial assistance provided to subrecipients is treated as an expenditure when it is paid to the subrecipient. During 2012, the following award was granted to subrecipients:

Department of Health and Human Services	
Community Services Block Grant (CFDA #93.569)	\$12,079

Pitkin County, Colorado
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2012

Section I – Summary of Auditor Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
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 section 510(a) of Circular A-133	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee	No

Pitkin County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2012

Section II – Financial Statement Findings

No current year findings reported.

Section III – Federal Award Findings and Questioned Costs

No current year findings reported.

Pitkin County, Colorado
Summary Schedule of Prior Year Findings
Year Ended December 31, 2012

No prior year findings reported.



Independent Auditor’s Report on Compliance for the Passenger Facility Charge Program; and Report on Internal Control Over Compliance in Accordance with Passenger Facility Charge Audit Guidance for Public Agencies

Board of County Commissioners
Pitkin County, Colorado

Report on Compliance for the Passenger Facility Charge Program

We have audited Pitkin County, Colorado’s compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (the “Audit Guide”) that are applicable to its passenger facility charge program for the year ended December 31, 2012.

Management’s Responsibility

Management is responsible for the compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditor’s Responsibility

Our responsibility is to express an opinion Pitkin County's compliance based on our audit and 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 Guide. Those standards and the Audit Guide 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 passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Pitkin 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 the passenger facility charge program. However, our audit does not provide a legal determination of Pitkin County's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, Pitkin County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of Pitkin County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance we considered Pitkin County's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance of the passenger facility charge program and to test and report on internal control over compliance in

accordance with the Audit Guide, 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 Pitkin 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 compliance requirement 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 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 the Audit Guide. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Passenger Facility Charges Required by the Passenger Facility Charge Audit Guide for Public Agencies

We have audited the financial statements of Pitkin County as of and for the year ended December 31, 2012, and have issued our report thereon dated June 27, 2013, which contained an unmodified opinion on the financial statements as a whole. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Audit Guide, 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 basic 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Golden, Colorado
June 27, 2013

Pitkin County, Colorado
 Schedule of Expenditures of Passenger Facility Fee Charges
 Year Ended December 31, 2012

PITKIN COUNTY AIRPORT - PFC'S

Current PFC level: \$4.50

PFC COLLECTIONS	PFC 7				PFC 8											TOTAL EXPENDED	UNAPPLIED COLLECTIONS	INTEREST EARNED	YTD UNAPPLIED
	06-001	06-002	06-003	06-004	PFC 7					Aip 46 and 47					08-006				
	ARFF Vehicle	Terminal Planning	Utility Master Plan	PFC Application	07-001 SRE Runway Sweeper	07-002 SRE Runway Plow	07-003 Airfield Friction Testr	07-004 Airfield Snowblower	07-005 PFC Application	08-001 Plow SRE	08-002 Extend Runway	08-003 Connector Taxiway	08-004 De-Ice Pad Apron	08-005 Runway Safety Area	08-006 PFC Application				
	900,000	850,000	300,000	28,000	271,280	491,675	150,000	700,000	28,000	500,000	2,416,632	47,087	113,231	104,642	30,000				

prior		572,954.99	850,000.00	10,320.00	25,023.61	271,280.00	491,675.00	150,000.00	26,036.00							465,693.42	-	-	
<u>2012</u>																			
1st Q	250,878.65										688,029.89			28,542.18	716,572.07	-	-	-	
2nd Q	175,044.36										175,044.36				175,044.36	-	-	-	
3rd Q	185,095.69										185,095.69				185,095.69	-	-	-	
4th Q	158,916.27						39,725.00				119,191.27				158,916.27	-	-	-	
total	769,934.97	572,954.99	850,000.00	10,320.00	25,023.61	271,280.00	491,675.00	189,725.00	-	26,036.00	-	1,167,361.21	-	-	-	28,542.18	1,235,628.39	-	-
Remainder	327,045.01	-	289,680.00	2,976.39	-	-	(39,725.00)	700,000.00	1,964.00	500,000.00	1,249,270.79	47,087.00	113,231.00	104,642.00	1,457.82	1,235,628.39	-	-	