

Douglas County, Colorado

Single Audit Reports

December 31, 2021

Douglas County, Colorado
Year Ended December 31, 2021

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Douglas County, Colorado

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures as of 12/31/2021	Amounts Passed-through to Subrecipients
Department of Health and Human Services Centers for Disease Control and Prevention				
Passed through the State of Colorado, Department of Public Health and Environment				
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	202200006612	\$ 510,000	\$ -
Total Department of Health & Human Services Centers for Disease Control & Prevention			510,000	-
US Department of the Treasury				
COVID-19 Coronavirus State and Local Recovery Funds	21.027		122,250	-
Passed through the State of Colorado, Department of Public Health and Environment				
COVID-19 Coronavirus State and Local Recovery Funds	21.027	SLFRP0126	215,711	-
Coronavirus State and Local Recovery Funds subtotal			<u>337,961</u>	<u>-</u>
Passed through Colorado Department of Human Services				
COVID 19 - Coronavirus Relief Fund	21.019	*	54,667	-
Passed through Colorado Department of Local Affairs				
COVID 19 - Coronavirus Relief Fund	21.019	F21-CVRF-CM018	28,876	-
Coronavirus Relief Funds subtotal			<u>83,543</u>	<u>-</u>
COVID-19 Emergency Rental Assistance	21.023		8,183,947	8,160,915
Total Department of the Treasury			8,605,451	8,160,915
U.S. Department of Agriculture				
Passed-through Colorado Department of Human Services				
SNAP Cluster				
Supplemental Nutrition Assistance Program (SNAP)	10.551	*	23,679	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	*	778,405	-
SNAP Cluster Total			<u>802,084</u>	<u>-</u>
Total U.S. Department of Agriculture			802,084	-
U.S. Department of Justice				
Passed-through Colorado Department of Public Safety, Division of Criminal Justice				
Equitable Sharing Program	16.922	*	84,811	-
Antiterrorism Emergency Assistance Program (AEAP)	16.321		17,195	-
Total U.S. Department of Justice			102,006	-
U.S. Department of Transportation				
Passed-through Denver Regional Council of Governments				
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	EX21036	220,182	-
Passed-through Colorado Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	20-HTR-ZL-03191	37,523	-
Transit Services Programs Cluster Total			<u>257,705</u>	<u>-</u>
Total U.S. Department of Transportation			257,705	-

Douglas County, Colorado
Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures as of 12/31/2021	Amounts Passed-through to Subrecipients
U.S. Department of Health and Human Services				
Pass-through Colorado Department of Human Services				
COVID-19 Temporary Assistance for Needy Families (TANF)	93.558	*	133,564	-
Temporary Assistance for Needy Families (TANF)	93.558	*	1,693,178	-
TANF Total			<u>1,826,742</u>	<u>-</u>
Child Support Enforcement	93.563	*	1,096,728	-
Low-Income Home Energy Assistance Program	93.568	*	14,667	-
Child Care and Development Block Grant	93.575	*	950,627	-
COVID-19 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	37,768	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	1,628,527	-
CCDF Cluster Total			<u>2,616,922</u>	<u>-</u>
Title IV-E Prevention and Family Services Programs	93.472	*	50	-
Foster Care Title IV-E	93.658	*	1,350,868	-
COVID-19 - Stephanie Tubbs Jones Chile Welfare Services Program	93.645	*	1,189	-
Stephanie Tubbs Jones Chile Welfare Services Program	93.645	*	124,083	-
Stephanie Tubbs Jones Chile Welfare Services Program Total			<u>125,272</u>	<u>-</u>
Adoption Assistance	93.659	*	456,524	-
Social Services Block Grant	93.667	*	700,468	-
COVID-19 Elder Abuse Prevention Intervention Program (CRF)	93.747	*	6,435	-
Guardianship Assistance	93.090	*	17,458	-
State Opioid Response Grant (JMAT)	93.788	*	73,851	-
Pass-through Denver Regional Council of Governments				
COVID-19 Special Programs for the Aging (CARES)	93.045	*	15,746	-
Pass-through Colorado Department of Local Affairs				
COVID-19 Community Services Block Grant	93.569	*	87,480	-
Community Services Block Grant	93.569	*	79,741	-
Community Services Block Grant Total			<u>167,221</u>	<u>-</u>
Pass-through Colorado Office of Behavioral Health				
Block Grants for Community Mental Health Services	93.958	SM10006-18	269,928	-
Total Department of Health and Human Services			<u>8,738,880</u>	<u>-</u>
Pass-through Colorado Department of Health Care Policy and Financing				
Medicaid Cluster				
Medical Assistance Program	93.778	*	1,384,813	-
Total Department of Health Care Policy and Financing			<u>1,384,813</u>	<u>-</u>
Executive Office of the President				
High Intensity Drug Trafficking Areas Program	95.001		2,215,019	-
Total Executive Office of the President			<u>2,215,019</u>	<u>-</u>
U. S. Department of Homeland Security				
Pass-through City and County of Denver				
Homeland Security Grant Program	97.067	O200215UASI16DE	49,000	-
Pass-through Arapahoe County				
Homeland Security Grant Program	97.067	*	5,400	-
Homeland Security Grant Program Total			<u>54,400</u>	<u>-</u>
Total Department of Homeland Security			<u>54,400</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 22,670,358</u>	<u>\$ 8,160,915</u>

* Number not readily available

Douglas County, Colorado

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Douglas County, Colorado (the County) under programs of the federal government for the year ended December 31, 2021. The information is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position or fund balance of the County.

Note B – Summary of Significant Accounting Policies

The County's summary of significant accounting policies is presented in Note 2 in the County's basic financial statements. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, or on the accrual basis at the time liabilities are incurred and all eligibility requirements are met, depending on the basis of accounting used by the respective fund except for the following programs, which are reported in the schedule of expenditures of federal awards on the cash basis:

Cluster/Program	Federal Assistance Listing Number
SNAP Cluster	10.551 & 10.561
Temporary Assistance for Needy Families (TANF)	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance Program	93.568
CCDF Cluster	93.575 & 93.596
Title IV-E Prevention and Family Services Programs	93.472
Stephanie Tubbs Jones Child Welfare Services Program	93.645
Foster Care Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
COVID-19 Elder Abuse Prevention Intervention Program (CRF)	93.747
Guardianship Assistance	93.090
Medicaid Cluster	93.778

When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Douglas County, Colorado
Notes to Schedule of Expenditures of Federal Awards (continued)
Year Ended December 31, 2021

Note C – Indirect Costs Rate

The County has not elected to use the 10% de minimis cost rate.

Note D – Human Service Programs

The County's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The benefit distribution method consists of participants receiving benefits using a state-maintained electronic banking card (EBT) instead of the County's cash disbursements. The Colorado Department of Human Services provided total EBT authorizations to qualified citizens in the County, in the amount of \$35,904,246 of which \$30,139,816 is the federal share. The revenue and expenditures associated with these federal programs are not recognized in the County's basic financial statements.

**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***

Independent Auditor's Report

Board of County Commissioners
Douglas County, Colorado
Castle Rock, 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 Douglas County (the County), which comprise the County's statement of net position as of December 31, 2021, and the related statements of activities, each major fund and the aggregate remaining fund information for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 14, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances 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. 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 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 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 or significant deficiencies may exist that were not identified.

Board of County Commissioners
Douglas County, Colorado

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 result 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.

BKD, LLP

Denver, Colorado
April 14, 2022

**Report on Compliance for Each Major Federal Program, Report on
Internal Control over Compliance, and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of County Commissioners
Douglas County, Colorado
Castle Rock, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Douglas County's (the County) compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

In our opinion, the County complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We have issued our report thereon dated April 14, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 basic 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 basic financial statements or to the basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Denver, Colorado
April 14, 2022

Douglas County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ None reported

Significant deficiency(ies) identified? ☐ Yes ☒ No

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

3. Internal control over major federal awards programs:

Material weakness(es) identified? ☐ Yes ☒ None reported

Significant deficiency(ies) identified? ☐ Yes ☒ No

4. Type of auditor’s report issued on compliance for major federal award program(s):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

5. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Douglas County, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2021

6. Identification of major federal programs:

Cluster/Program	Federal Assistance Listing Number
COVID-19 Coronavirus State and Local Recovery Funds	21.027
COVID-19 Emergency Rental Assistance	21.023
SNAP Cluster	10.551 & 10.561
Temporary Assistance for Needy Families (TANF) and COVID -19 Temporary Assistance for Needy Families (TANF)	93.558
CCDF Cluster	93.575 & 93.596
Medicaid Cluster	93.778

7. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Douglas County, Colorado
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2021

Section II – Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No Findings Noted

Section III – Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No Findings Noted

Douglas County, Colorado
Status of Prior Audit Findings
Year Ended December 31, 2021

Reference Number	Summary of Finding	Status
2020-001	<i>Accounts Payable:</i> We recommend that internal controls over year end accruals, including the County's Restaurant and Event Venue Impact Grant Program, be strengthened to include a more thorough review of awards dated close to year-end to ensure proper recognition and cutoff of payables.	Implemented.
2020-002	<i>Incurred but not Reported (IBNR) Liability:</i> We recommend that internal controls over IBNR be strengthened to include a more thorough review of claims at year end to help ensure the reserve amount reported is reasonable. In addition, we recommend that the monitoring or reconciliation process be continued to help ensure that the internal Origami software is being updated timely and accurately.	Implemented.
2020-003	<i>Special Revenue Fund Revenue Recognition:</i> We recommend the County Finance Department work with other Departments to help ensure that the correct recording of any new revenue streams including a review of the supporting documents or agreements. In addition, we recommend that revenue be recorded directly within the fund which will expend the funds for any new voter approved sales tax.	Implemented.