



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2021

Summit County, Colorado

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* 1

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the . Uniform Guidance 3

Schedule of Expenditures of Federal Awards 7

Notes to Schedule of Expenditures of Federal Awards 10

Schedule of Findings and Questioned Costs 11



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*

The Board of County Commissioners
Summit 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 Summit County (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 and have issued our report thereon dated December 31, 2021.

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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

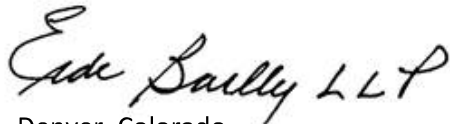
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Summit County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado

June 28, 2022



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of County Commissioners
Summit County, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Summit County’s 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 Summit County’s major federal programs for the year ended December 31, 2021. Summit 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, Summit 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 Summit 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 Summit 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 Summit 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 Summit 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 Summit 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 Summit 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 Summit 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 Summit 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Summit County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Summit County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, the business-type activities, each major fund, and the aggregate remaining fund information of Summit 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 issued our report thereon dated June 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 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.

Eide Bailly LLP

Denver, Colorado

June 28, 2022

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grant/Program	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Colorado Department of Public Health and Environment				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2022*2368	\$ 118,707	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children - non-cash assistance	10.557	*	157,055	-
Subtotal - Women, Infants and Children			<u>275,762</u>	<u>-</u>
Passed through Colorado Department of Human Services				
State Administrative Matching Grants for the Supplemental Supplemental Nutrition Assistance Program	10.561	*	126,026	-
Subtotal - SNAP Cluster			<u>126,026</u>	<u>-</u>
Passed through Colorado State Treasurer				
Schools and Roads - Grants to States	10.665	*	971,733	485,867
Total U.S. Department of Agriculture			<u>1,373,521</u>	<u>485,867</u>
U.S. Department of Commerce				
Passed through Northwest Colorado Council of Governments				
Covid 19 - Economic Adjustment Assistance	11.307	*	20,000	-
Total U.S. Department of Commerce			<u>20,000</u>	<u>-</u>
U.S. Department of Treasury				
Direct Program				
Coronavirus State and Local Fiscal Recovery Funds	21.027	*	1,272,424	-
Passed through Colorado Dept. of Local Affairs				
Covid 19 - Coronavirus Relief Fund	21.019	*	70,000	-
Total U.S. Department of Treasury			<u>1,342,424</u>	<u>-</u>
U.S Environmental Protection Agency				
Passed through Colorado Dept. of Public Health and Environment				
Performance Partnership Grants	66.605	*	4,948	-
Total U.S. Environmental Protection Agency			<u>4,948</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed through Colorado Division of Housing				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	*	48,061	48,061
Total U.S. Department of Housing and Urban Development			<u>48,061</u>	<u>48,061</u>
U.S. Department of Education				
Passed through Colorado Dept. of Education				
Special Education-Grants for Infants and Families	84.181	*	140,425	-
Total U.S. Department of Education			<u>140,425</u>	<u>-</u>
Institute of Museum and Library Services				
Passed through Colorado State Library				
American Rescue Plan Library LSTA Program	45.310	*	4,913	-
Total Institute of Museum and Library Services			<u>4,913</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Direct Program				
Head Start Program	93.600		477,337	
Head Start Program (Early Head Start)	93.600		359,404	
Subtotal Head Start Program			<u>836,741</u>	<u>-</u>

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grant/Program	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Sub-Recipients
Passed through Colorado Dept. of Public Health and Environment				
Covid-19- Public Health Emergency Response: Coop Agreement for Emergency Response: Public Health Crisis Response	93.354	*		-
Covid 19 - Coronavirus Relief Fund	21.019	*	146,742	-
Immunization Cooperative Agreements	93.268	2021*3654	188,471	-
Public Health Emergency Preparedness	93.069	2022*0084	57,708	-
Preventive Health and Health Services Block Grant	93.991	2022*0164	11,000	-
Covid-19 - Epidemiology & Lab Capacity for Infectious Diseases	93.323	202000013650	498,006	-
Maternal & Child Health Services Block Grant	93.994	2019*0499	19,429	-
Passed through Colorado Dept. of Human Services				
Guardianship Assistance	93.090	*	1,637	-
Substance Abuse and Mental Health Services Administration	93.243		7,500	-
Temporary Assistance for Needy Families (TANF Cluster)	93.558	*	325,843	-
Child Support Enforcement	93.563	*	166,968	-
Low-Income Home Energy Assistance	93.568	*	2,268	-
Promoting Safe and Stable Families	93.556	*	116,190	-
Child Care Cluster				
Child Care and Development Block Grant	93.575	*	289,600	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	*	139,065	-
Subtotal - Child Care Cluster			<u>428,665</u>	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	*	7,051	-
Foster Care Title IV-E	93.658	*	164,427	-
Adoption Assistance	93.659	*	9,551	-
Social Services Block Grant	93.667	*	88,694	-
Passed through Colorado Department of Health Care Policy & Financing				
Medical Assistance Program (Medicaid Cluster)	93.778	*	238,958	-
Passed through Colorado Dept. of Local Affairs				
Community Services Block Grant	93.569	CSBG-21-005	95,183	-
Total U.S. Department of Health and Human Services			<u>3,411,032</u>	-
U.S. Department of Transportation:				
Passed through Colorado Dept. of Transportation:				
Formula Grants for Other Than Urbanized Areas-Section 5311	20.509	21-HTR-ZL-00268	641,954	-
Buses & Bus Facilities Formula, Competitive & Low or No Emissions Programs	20.526	20-HTR-ZL-03018	238,880	-
Covid 19 -Formula Grants for Rural Areas and Tribal Transit Program	20.509	21-HTR-ZL-00312	7,499,835	-
Total U.S. Department of Transportation			<u>8,380,669</u>	-

Summit County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grant/Program	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Total Federal Expenditures	Amounts Passed Through to Sub-Recipients
U.S. Department of Natural Resources				
Passed through Colorado Dept. Parks and Wildlife				
Suriname Shorebird Hunting Assessment and Enforcement	15.663	CTGG1 2022*2158	221,005	
Natural Fish and Wildlife Restore	10.683	2506.21.070795	<u>265,315</u>	-
Total U.S. Department of Natural Resources			<u>486,320</u>	-
U.S. Department of Homeland Security				
Passed through Colorado Dept. of Local Affairs				
Emergency Management Performance Grants	97.042	21EM-22-51	<u>60,000</u>	-
Total U.S. Department of Homeland Security			<u>60,000</u>	-
Total Federal Grants/Programs			<u>\$ 15,272,313</u>	<u>\$ 533,928</u>

* Pass-through identification number not available

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Summit 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, changes in net position, or cash flows of the County.

Note B - Significant Accounting Policies

Governmental fund types account for the County's federal grant activity. Therefore, expenditures reported in the schedule are reported on the modified accrual basis – when they become a demand on current available financial resources, except for subrecipient expenditures, which are reported on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

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

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	FFAL Number
Coronavirus State and Local Fiscal Recovery Funds	21.027
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2021-001 Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation and Reconciliation Controls
Material Weakness**

Criteria: The County is required to provide accurate GAAP basis financial data for preparation of the annual financial statements. The Governmental Accounting Standards Board (GASB) Statement 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* provides guidance for the Statement of Cash Flows required to be presented under GAAP. Paragraph eight of this statement established that a statement of cash flows should explain the change during the period in *cash and cash equivalents*. Paragraph nine clarifies that, for the purposes of this statement, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of the changes in interest rates. The paragraph further clarifies that, generally, only investments with original maturities of three months or less meet this definition.

Additionally, the Code of Federal Regulations section 200.508 (b) provides the auditee’s responsibility to prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section 200.510. Further, section 200.510 (b) states the schedule of expenditures of Federal awards must include the total Federal awards expended in the reporting year.

Condition: Based on audit procedures performed as of December 31, 2021, we identified the following:

- Statement of Cash Flows has historically been prepared by management to focus on both cash and investments and should only focus on activity that relates to cash and cash equivalents as described in GASB Statement 9. This resulted in a restatement to “Cash and cash equivalents, January 1” to restate the amount to only cash and cash equivalents as defined by GASB and remove investment amounts from the total.
- In the preparation of the SEFA, the County reported federal expenditures that were incurred and expended in the prior year.

Cause: The County’s financial statement reconciliation controls failed to prevent, or detect on a timely basis, material errors in the preparation of the financial statements. During the current year, the granting agency changed the way reimbursements were requested from equal quarterly payments to actual reimbursement requests drawing down the total award. Grant staff inadvertently requested for reimbursement of 2020 federal awards in the first quarter of 2021 and did not update the processes and controls over the preparation of the SEFA to incorporate this change.

Effect: When staff are not aware of the requirements on what to report it could lead to materially misstated balances for financial statements and federal expenditures.

Section II – Financial Statement Findings (continued)

Recommendation: We recommend the County revisit how cash and equivalents are defined within policies and financial statement disclosures and to ensure that only cash and cash equivalents are included as the focus of the cash flow statements prepared within the financial statements moving forward. In addition, we recommend the County staff who prepare the SEFA implement new effective internal controls to verify with departments outside of finance the type of reimbursements for all grants when preparing the SEFA to ensure correct reporting.

Views of Responsible Officials: Agree.

Section III – Federal Award Findings and Questioned Costs

2021-002 **U.S. Department of Treasury**
FFAL #21.027
Coronavirus State and Local Fiscal Recovery Funds

Reporting
Significant Deficiency in Internal Control over Compliance

Criteria: The Uniform Guidance, Section 200.303 Internal Controls, requires that the non-Federal entity must establish and maintain documentation of effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

Condition: We tested the interim report required to be submitted in the first year of the grant verifying compliance requirements and controls were in place. We noted the County used an incorrect date to begin the reporting period resulting in an incorrect amount reported for the interim report.

Cause: Due to ineffective controls over reporting, the controls are not operating as designed to prevent, detect, and correct errors timely.

Effect: Failure to review the correct reporting period could result in required reporting to be materially misstated.

Questioned Costs: None reported

Context/Sampling: There was one interim report due in the current reporting period, as such, no sampling required and 100% was tested.

Report Finding from Prior Year(s): No

Recommendation: We recommend the County ensure review and approval controls are in place to verify the correct reporting period.

Views of Responsible Officials: Agree.

Section III – Federal Award Findings and Questioned Costs (continued)

2021-003 **U.S. Department of Treasury**
FFAL #21.027
Coronavirus State and Local Fiscal Recovery Funds

Period of Performance
Material Weakness in Internal Control over Compliance

Criteria: The Uniform Guidance, Section 200.303 Internal Controls, requires that the non-Federal entity must establish and maintain documentation of effective internal controls over Federal awards that provide reasonable assurance that awards are being managed in compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

Condition: This is the first year of the grant with a beginning period of performance of March 3, 2021. Through an audit of the expenditure detail charged against the advance of federal funding, we noted the County included expenditures from January 1, 2021 instead of March 3, 2021. As a result, various transactions were included in the population prior to March 3, 2021.

Cause: Due to ineffective monitoring over the period of performance, the controls are not operating as designed to prevent, detect, and correct errors timely.

Effect: Failure to review the correct period of performance could result in allowable costs to be materially misstated and potentially require allowable costs to be returned to a granting agency.

Questioned Costs: \$323,017

Context/Sampling: After review of the grant agreement and population for allowable costs, the population prior to March 3, 2021 were excluded from the sampling population.

Report Finding from Prior Year(s): No

Recommendation: We recommend the County ensure review and approval controls are in place to verify the correct period of performance.

Views of Responsible Officials: Agree.