



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

City of Steamboat Springs, 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*

Members of City Council
City of Steamboat Springs, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Steamboat Springs, Colorado (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 17, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 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.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
May 17, 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

Members of City Council
City of Steamboat Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Steamboat Springs, Colorado’s (the City) 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 City’s major federal programs for the year ended December 31, 2021. The City’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 City 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 City 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 City’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 City'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 City'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 City'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 City'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 City'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 City'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 17, 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.



Denver, Colorado
May 17, 2022

City of Steamboat Springs, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

**City of Steamboat Springs
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
Department of Interior:				
National Park Service				
Passed through Colorado Historical Society:				
Certified Local Government, Saving Places Conference 2021	15.904	*	\$ 590	\$ 475
Total - Department of Interior			590	475
Department of Justice:				
Bureau of Justice Assistance:				
Bulletproof Vest Partnership Program (2020)	16.607	n/a	2,498	1,141
Bulletproof Vest Partnership Program (2021)	16.607	n/a	1,998	1,372
Total - Department of Justice			4,496	2,513
Department of Transportation:				
Federal Aviation Administration				
Airport Improvement Program - AIP 24	20.106	n/a	300,000	4,224
COVID-19 - Airport Improvement Program - AIP 25	20.106	n/a	30,000	28,500
COVID-19 - Airport Improvement Program - AIP 26	20.106	n/a	333,333	329,100
COVID-19 - Airport Improvement Program - AIP 27	20.106	n/a	23,000	23,000
Sub-Total-AIP			686,333	384,824
Federal Highway Administration				
Passed through Colorado Parks and Wildlife				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction - CMAQ AQC M251-031	20.205	19-HA3-XC-00136	827,900	777,900
Highway Planning and Construction - TAP Phase II	20.205	18-HA3-XC-00026	1,143,600	1,025,942
<i>Total Highway Planning and Construction Cluster</i>			1,971,500	1,803,842
Federal Transit Administration				
Passed through Colorado Dept. of Transportation:				
Formula Grants for Rural Areas - Section 5311, Transit Operations Local	20.509	491002551	475,668	475,668
COVID-19 - Formula Grants for Rural Areas - Section 5311, Transit Operations Local	20.509	491002191	427,506	427,506
COVID-19 - Formula Grants for Rural Areas - Section 5311, Transit Operations Local (CRRSAA)	20.509	491002601	2,449,191	1,595,950
COVID-19 - Formula Grants for Rural Areas - Section 5311(f), Transit Operations Regional (CRRSAA)	20.509	491002725	100,000	24,007
<i>Federal Transit Cluster</i>				
Buses and Bus Facilities Formula Program - Section 5339, Refl	20.526	491001885	350,000	271,490
<i>Total Federal Transit Cluster</i>			350,000	271,490
Total - Department of Transportation			6,460,198	4,983,287

City of Steamboat Springs, Colorado
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2021

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
Department of the Treasury				
Departmental Offices				
Passed through Department of Local Affairs				
COVID-19 - Coronavirus Relief Fund	21.019	CVRF-RF-132	19,500	19,500
Total - Department of the Treasury			19,500	19,500
Department of Health and Human Services:				
<i>Medicaid Cluster</i>				
Medical Assistance Program	93.778	*	171,556	171,556
<i>Total Medicaid Cluster</i>			171,556	171,556
Total - Department of Health and Human Services			171,556	171,556
Department of Homeland Security				
Federal Emergency Management Agency				
Assistance to Firefighters - AFG Peer Support Program	97.044	n/a	11,810	839
Total - Department of Homeland Security			11,810	839
Total Federal Financial Assistance			\$ 6,668,150	\$ 5,178,170

* Pass-through number not available

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes federal award activity of the City of Steamboat Springs, Colorado (the City) 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 City, it is not intended to and does not present the financial position, changes in net position / fund balance, or cash flows of the City.

Note B – Summary of Significant Accounting Policies

With the exception of the Medical Assistance Program, expenditures reported in the schedule are reported on the modified accrual basis of accounting. 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. No federal financial assistance has been provided to a subrecipient.

The Medical Assistance Program is presented on the cash basis. 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. Under this program, while the expenditures incurred relate to the prior fiscal year, the amount to be reimbursed is unknown by the City until the agency approves of and disburses the amount in the following year.

Note C – Indirect Cost Rate

The City does not draw for indirect administrative expenses and 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	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
Airport Improvement Program	20.106
Highway Planning and Construction Cluster	20.205

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

No current year findings reported.

Section III – Federal Award Findings and Questioned Costs

No current year findings reported.