



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed
in Accordance with *Government Auditing Standards***

Board of County Commissioners
Lake County, Colorado
Leadville, 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, each major fund, and the aggregate discretely presented component units and remaining fund information of the Lake County, Colorado (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County, and have issued our report thereon dated February 8, 2024.

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 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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.

Office Locations:

Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

Denver Office:

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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 may exist that have not been identified.

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 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 County'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 Lake County, Colorado's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
February 8, 2024





**Independent Auditor's Report on Compliance for Each
Major Federal Program, Internal Control over Compliance,
And Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of County Commissioners
Lake County, Colorado
Leadville, Colorado

Report on Compliance for Each Major Federal Program

Opinion Report on Compliance for Each Major Federal Program

We have audited the Lake County, Colorado's (the County) compliance with the types of compliance requirements described 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, 2022. 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 types of 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, 2022.

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.

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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.



Report on Internal Control Over Compliance (Continued)

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 discretely presented component units and remaining fund information of the County as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County. We issued our report thereon dated February 8, 2024, 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 County's 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. 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 the 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.

Hick & Company, PC

Englewood, Colorado
February 8, 2024



Lake County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass- Though Identifying Number	Expenditures	Provided To Subrecipients
U.S. Department of Agriculture				
Passed through the Colorado Department of Human Services				
Food Stamp Administration	10.561	n/a	\$ 107,331	\$ -
Total U.S. Department of Agriculture			<u>107,331</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through the Colorado Department of Human Services:				
Guardianship Assistance	93.090	n/a	1,575	-
Temporary Assistance for Needy Families (TANF)	93.558	n/a	268,633	-
Child Support Enforcement	93.563	n/a	125,326	-
Low-Income Home Energy Assistance (LEAP)	93.568	n/a	140,605	-
Child Care Development Block Grant	93.575	n/a	14,508	-
Title IV E Foster Care	93.658	n/a	97,631	-
Title IV E Adoption	93.659	n/a	23,756	-
Title XX Social Services Block Grant	93.667	n/a	45,458	-
CRF	93.747	n/a	21,277	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	n/a	29,543	-
Coronavirus Relief	21.019	n/a	(13)	-
SLFRF	21.027	n/a	2,473	-
Total Passed through the Colorado Department of Human Services			<u>770,772</u>	<u>-</u>
Passed through Department of Health Care Policy and Financing (HCPF):				
Title XIX Medicaid	93.778	n/a	88,628	-
Total Passed through Department of Health Care Policy and Financing (HCPF)			<u>88,628</u>	<u>-</u>
Passed through the Colorado Department of Public Health and Environment:				
Consumer Protection Permits	66.444	n/a	720	-
Family Planning Services	93.217	n/a	12,661	-
Public Health Emergency Preparedness	93.069	n/a	21,689	-
Immunizations CoAg and Vaccines for Children Program	93.268	n/a	29,388	-
Maternal and Child Health Services Block Grant to the States	93.994	n/a	11,055	-
ELC Covid	93.323	n/a	55,245	-
Work Force	93.354	n/a	25,293	-
ARPA Funding	21.027	n/a	51,620	-
Total Passed through the Colorado Department of Public Health and Environment			<u>207,671</u>	<u>-</u>
Passed through Upper Arkansas Area Council of Governments:				
Total U.S. Department of Health and Human Services			<u>1,067,071</u>	<u>-</u>
Federal Transit Administration				
Federal Aviation Administration				
Federal Aviation Administration	20.106	n/a	293,061	-
Passed through State of Colorado Department of Transportation:				
Summit Stage (Formula Grants for Rural Areas)	20.509	n/a	129,501	-
Total Federal Transit Administration			<u>422,562</u>	<u>-</u>
U.S. Department of Justice				
Passed through Colorado Department of Justice:				
Direct Program:				
VOCA	16.575	n/a	31,003	-
Total U.S. Department of Justice			<u>31,003</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through State of Colorado Department of Public Safety:				
Emergency Management Performance Grants	97.042	n/a	51,488	-
Total U.S. Department of Homeland Security			<u>51,488</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,679,455</u>	<u>\$ -</u>

See the Accompanying Independent Auditor's Report

Lake County, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of the County under programs for the federal government for the year ended December 31, 2022. The information in this Schedule 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 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the 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.

The County has elected to note use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Lake County, Colorado
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified Qualified Adverse Disclaimed

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified Qualified Adverse Disclaimed

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

Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
93.558	TANF Cluster
20.106	Airport Improvement Program
20.509	Formula Grant for Rural Areas

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

Auditee qualified as low-risk auditee? Yes No

Lake County, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II: Financial Statement Findings

2022-001 Timely and Accurate Preparation of the Annual Financial Statement

Criteria: The County of Lake, Colorado has the responsibility to timely and accurately prepare its financial statements.

Condition: The County of Lake, Colorado does not have the adequate level of qualified accounting personnel that allows for the routine monthly reconciliations and accounting procedures that would maintain the County's books and records to be in a condition that would promote the timely and accurate preparation of the annual financial statements.

Cause: The County of Lake, Colorado did not have the resources in place during the fiscal year 2022 and thereafter, to have the necessary reconciliations and closing procedures to timely and accurately prepare its 2022 annual financial statements.

Effect: The annual financial statements were completed after the required due date as prescribed by the Colorado State Auditor.

Repeat Finding: No

Recommendation: We recommend the County of Lake, Colorado add to its accounting department so that routine reconciliations can occur throughout the year. The additional staff will also provide more timely closing procedures. This will allow the County to prepare more timely and accurately annual financial statements.

Response: The County of Lake, Colorado has hired an experienced deputy financial director and should continue to hire additional qualified accounting personnel.

Section III: Federal Awards Findings and Questioned Costs

None to report for the year ended December 31, 2022.

Lake County, Colorado
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2022

Section I: Financial Statement Findings

None to report for the year ended December 31, 2021.

Section II: Federal Awards Findings and Questioned Costs

None to report for the year ended December 31, 2021.