

**TOWN OF WESTCLIFFE,  
WESTCLIFFE, COLORADO**

**SINGLE AUDIT REPORTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**

TABLE OF CONTENTS

	PAGE
SINGLE AUDIT COMPLIANCE	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance <i>Government Auditing Standards</i>	1 - 2
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 and Report on Schedule of Expenditures of Federal Awards	3 - 4
Schedule of Findings and Questioned Costs	5 - 6
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8

# Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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Board of Trustees  
Town of Westcliffe  
Westcliffe, Colorado

## **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 Auditors' Report**

We have audited, in accordance with the 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, major funds and aggregate remaining fund information of the Town of Westcliffe (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 26, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mayberry + Company, LLC*

Englewood, Colorado  
June 26, 2023

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Town of Westcliffe  
Westcliffe, Colorado

## **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**

#### **Report on Compliance for Each Major Federal Program**

##### **Opinion on Each Major Federal Program**

We have audited Example Entity'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 the Town of Westcliffe's (the "Town") major federal programs for the year ended December 31, 2022. The Town'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 Town 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, 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 Town 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 Town'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 Town'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 Example Entity'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 Town'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 Town'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 Town'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 Town'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.

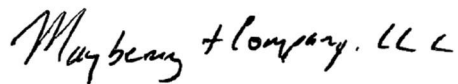
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 Town as of and for the year ended December 31, 2022, and have issued our report thereon dated June 26, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado  
June 26, 2023

TOWN OF WESTCLIFFE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_ yes      x   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   no

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_\_\_ yes      x   no

Identification of major programs:

21.027    Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      x   no

TOWN OF WESTCLIFFE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

**II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards**

**A. Material Weaknesses in Internal Control**

The audit of the financial statements of the Town of Westcliffe, as of and for the year ended December 31, 2022, did not disclose any material weaknesses or significant deficiencies in internal controls.

**B. Material Weaknesses in Internal Control**

The audit of the financial statements of the Town of Westcliffe, as of and for the year ended December 31, 2022, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

**III - Findings and Questioned Costs for Federal Awards**

**A. Material Weaknesses in Internal Control**

The audit of the major programs of the Town of Westcliffe, as of and for the year ended December 31, 2022, did not disclose any material weaknesses or significant deficiencies in internal controls over grant compliance requirements.

**B. Compliance Findings**

The audit of the major programs of the Town of Westcliffe, as of and for the year ended December 31, 2022, did not disclose any instances of noncompliance with requirements with certain provisions of laws, regulations, and grants that were material to those financial statements.

**C. Questioned Costs**

None noted.

**Town of Westcliffe**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended December 31, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
<b>Coronavirus State and Local Fiscal Recovery Funds-Cluster</b>				
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colo Dept of Transportation,SAR C520-002 (23072)		395,887
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colo Dept of Transportation,21- HA2-XC-03096/TAP M352-003 (23660) / MTF M352-00		<u>15,961</u>
<b>Total Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)-Cluster</b>				<u>411,848</u>
<b>Highway Planning and Construction Cluster-Cluster</b>				
Department of Transportation				
Highway Planning and Construction (Federal-Aid Highway Program)				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	Colo Dept of Transportation,SAR C520-002 (23072)		435,535
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	Colo Dept of Transportation,21- HA2-XC-03096 / TAP M352-003 (23660) / MTF M352		<u>158,821</u>
<b>Total Highway Planning and Construction Cluster-Cluster</b>				<u>594,356</u>
<b>Total Expenditures of Federal Awards</b>				<u><u>\$ 1,006,204</u></u>

The accompanying notes are an integral part of this schedule

TOWN OF WESTCLIFFE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards 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). Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on 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.

**NOTE 3: 10% DE MINIMIS INDIRECT COST RATE**

The Town did not utilize the 10% de minimis indirect cost rate.

**NOTE 4: SUBRECIPIENTS**

There were no subrecipients that received funding from the Town for the fiscal year.