

Federal Awards Reports In Accordance With the  
Single Audit Act and the Uniform Guidance  
December 31, 2022  
**KIT CARSON COUNTY, COLORADO**

**KIT CARSON COUNTY, COLORADO**  
**Table of Contents**  
**December 31, 2022**

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	<u>Page(s)</u>
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	1-2
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	3-5
Schedule of Expenditures of Federal Awards	6-7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-12
Status of Prior Audit Findings	13
Corrective Action Plans	14-18



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*

Board of County Commissioners  
Kit Carson, Colorado

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, business-type activities, each major fund and the aggregate remaining fund information of Kit Carson County ( the County) as of and for the year ended December 31, 2022, 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 17, 2023.

**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 may exist that have not been identified.

**Compliance and Other Matters**

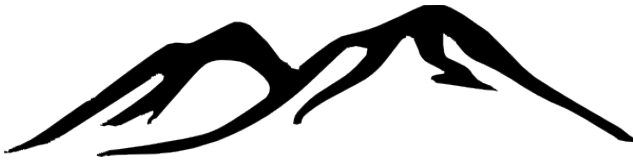
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

*Blair and Associates, P.C.*

Cedaredge, Colorado  
December 17, 2023



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

Board of County Commissioners  
Kit Carson, Colorado

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

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

We have audited Kit Carson 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 County's major federal programs for the year ended December 31, 2022. 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, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 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 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 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 generally accepted auditing standards, *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 County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 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 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 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.

#### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of finding and questioned costs as 2022-001, 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

*Governmental Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying schedule of finding and questioned costs. The 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.

#### **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.

### **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 the County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 17, 2023, 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. 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.

*Blair and Associates, P.C.*

Cedaredge, Colorado  
December 17, 2023

**KIT CARSON COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Numbers</b>	<b>Major Program</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed through Colorado Department of Human Services			
Nutrition Assistance Program (SNAP Cluster)	10.561		\$ 80,011
Passed through Colorado Department of Public Health and Environment			
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557		88,727
<b>Total Department of Agriculture</b>			<b>\$ 168,738</b>
<b>U.S. Department of Treasury</b>			
ARPA Funds	21.019	*	\$ 386,291
Passed through Colorado Department of Human Services			
Coronavirus Relief Fund	21.019	*	(93)
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		5,043
Passed through Colorado Department of Public Health and Environment			
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		37,414
<b>Total U.S. Department of Treasury</b>			<b>\$ 428,655</b>
<b>U.S. Department of Health and Human Services</b>			
Passed through Colorado Department of Human Services			
Temporary Assistance for Needy Families	93.558	*	\$ 134,717
Child Support Enforcement	93.563		100,123
Medical Assistance	93.778		104,197
Child Care Mandatory and Matching Funds of the Child Care and Development Block Grant	93.596		10,109
Child Care and Development Block Grant	93.575		11,571
Stephanie Tubbs Jones Child Welfare Services Program	93.645		7,891
Foster Care - Title IV-E	93.658	*	136,333
Adoption Assistance	93.659		6,938
Social Services Block Grant	93.667		45,961
Elder Justice Act	93.747		755
Guardianship Assistance	93.090		11,203
<b>Total Passed Through Colorado Department of Human Services</b>			<b>\$ 569,798</b>



**KIT CARSON COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Numbers</b>	<b>Major Program</b>	<b>Expenditures</b>
Continued			
Passed through Colorado Department of Public Health and Environment			
PHEP Emergency Planning	93.069		\$ 10,981
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		94,316
Epidemiology and Laboratory Capacity for Infectious Diseases (EKC)	93.323		160,736
Mangement of Diabetes and Heart Disease and Stroke	93.426		25,718
WISEWOMAN	93.436		7,001
Family Planning Services	93.217		38,461
Core CHAPS process and WWC Breast Cervical	93.991		5,870
Maternal and Child Health Services Block Grant to the States	93.994		8,019
Immunization Cooperative Agreements	93.268		89,359
<b>Total passed Through Colorado Department of Public Health and Environment</b>			<u>\$ 440,461</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 1,010,259</u>
<b>U.S. Department of Homeland Security</b>			
Emergency Management Performance Grants	97.042	*	\$ 25,706
<b>Total U.S. Department of Homeland Security</b>			<u>\$ 25,706</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607		\$ 3,620
Passed through Colorado Division of Criminal Justice			
Criminal Victim Assistance	16.575		59,276
<b>Total passed through the Colorado Department of Local Affairs</b>			<u>\$ 62,896</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 1,696,254</u></u>

**Kit Carson County, Colorado**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2022**

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**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Kit Carson County, Colorado (the County) under programs of the federal government for the year ended December 31, 2022. 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 1 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:

SNAP Cluster	10.551 & 10.561
Guardianship Assistance Recovery	93.090
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563
Medical Assistance	93.778
CCDF Cluster	93.575 & 93.596
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
Elder Abuse Prevention Interventions Program	93.747

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.

**NOTE C – INDIRECT COSTS RATE**

The County has elected to not use the 10% de minimus indirect cost rate on the major programs, as allowed under the Uniform Guidance.

**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 **\$1,061,840**. The revenue and expenditures associated with these federal programs are recognized in the County’s basic financial statements.

**Kit Carson County, Colorado**  
**Schedule of Finding and Questioned Costs**  
**December 31, 2022**

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	None Reported
Significant deficiency identified	No
Noncompliance material to financial statements noted	No

Federal Awards

Internal Control over major programs:	
Material weakness identified	None Reported
Significant deficiency identified	None Reported

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	YES
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	American Rescue Plan
93.558	Temporary Assistance for Needy Families
93.658	Foster Care-Title IV-E
97.042	Emergency Management Performance Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low risk auditee?	NO
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**Kit Carson County**  
**Schedule of Finding and Questioned Costs**  
**December 31, 2022**

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SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings related to the financial statements as required by Government Auditing Standards.

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

**Finding 2022-001**

**Allowable Costs**

**ALN 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds**

**Criteria or Specific Requirements:** The Coronavirus State and Local Recovery Funds: Overview of the Final Rule says funds may be used to "provide premium pay to eligible workers performing essential work during the pandemic." Eligible workers are defined as those who are "not exempt from the Fair Labor Standards Act overtime provisions."

**Condition:** The County paid 27 workers premium pay who it has classified as an exempt worker.

**Cause:** The County believed that premium pay could be awarded to all workers.

**Effect:** The total amount paid to these workers was \$55,800 in salary and benefits.

**Questioned Costs:** None, as the County has adequate costs under the standard allowance to substitute for these costs.

**Identification As A Repeat Finding: 2021-002**

**Recommendation:** The County should recompute special pay and remove exempt workers. The County is receiving funds under the standard allowance of \$10 million. Those costs should be substituted for other government services' costs.

**Views Of Responsible Officials And Planned Corrective Action:** The County agrees with the finding and has put together a correction action plan for the finding. For additional information, see the County's separate report for planned corrective action.

**Finding 2022-002**

**Procurement**

**ALN 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds**

**Criteria Or Specific Requirement:** The County's procurement policy requires formal bids for any purchases in excess of \$5,000.

**Condition:** The County purchased various equipment over \$5,000 with a total cost of \$181,424. There was no documentation that the formal bid process was completed nor was there any documentation that, due to the nature of the purchase, this was a sole source purchase.

**Kit Carson County**  
**Schedule of Finding and Questioned Costs**  
**December 31, 2022**

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SECTION III — FINDINGS RELATED TO FEDERAL AWARDS-Continued

**Finding 2022-002-Continued**

**Cause:** The transaction was discussed in the work study session with the appropriate staff. Those discussions were not memorialized in the Board of County Commissioner minutes.

**Effect:** It is not possible to determine if the County received the best price possible for these goods.

**Questioned Costs:** None

**Identification As A Repeat Finding: 2021-003**

**Recommendation:** Any discussions related to federal or grant funding which occur in an informal meeting or setting should be fully discussed in a more formal setting. All information related to procurement using grant funding should be described when the formal approval is completed in the Board of County Commissioner minutes.

**Views Of Responsible Officials And Planned Corrective Action:** The County agrees with the finding and has put together a correction action plan for the finding. For additional information, see the County's separate report for planned corrective action.

**Finding 2022-003**

**Procurement**

**ALN 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds**

**Criteria Or Specific Requirement:** Suspension and Debarment, Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

**Condition:** The County did not perform any procedures to determine that SLFRF funds were not used to enter into contracts or subawards with parties that are debarred, suspended or otherwise excluded from participation in Federal assistance programs.

**Cause:** The County did not follow its formal policy which requires departments to perform suspension or debarment procedures over vendors and beneficiaries that the City contracts with using federal funds.

**Effect:** The County could be contracting or providing funding to vendors and beneficiaries that are prohibited from working on projects which are or receiving federal funds.

**Questioned Costs:** None

**Kit Carson County**  
**Schedule of Finding and Questioned Costs**  
**December 31, 2022**

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SECTION III — FINDINGS RELATED TO FEDERAL AWARDS-Continued

**Finding 2022-003-Continued**

**Identification As A Repeat Finding: 2021-004**

**Recommendation:** The County should follow its procurement policy and ensure that vendors and beneficiaries of SLFRF funds are not suspended or debarred.

**Views Of Responsible Officials And Planned Corrective Action:** The County agrees with the finding and has put together a correction action plan for the finding. For additional information, see the County's separate report for planned corrective action.

**Kit Carson County  
Status of Prior Audit Findings  
December 31, 2022**

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<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
<b>Finding 2021-001</b>	Material Weakness, Internal Control Over Financial Reporting: Implementation of GASB 84	Corrected
<b>Finding 2021-002</b> ALN 21.027	The Coronavirus State & Local Recovery Funds: Overview of the Final Rule says funds may be used to "provide premium pay to eligible workers performing essential work during the pandemic." " Eligible workers are defined as those who are "not exempt from the Fair Labor Standards Act overtime provisions.	Not Corrected
<b>Finding 2021-003</b> ALN 21.027	Procurement: The County's procurement policy requires formal bids for any purchases in excess of \$5,000.	Not Corrected
<b>Finding 2021-004</b> ALN 21.027	Procurement: Suspension and Debarment, Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.	Not Corrected