

Federal Awards Reports In Accordance With the  
Single Audit Act and the Uniform Guidance  
December 31, 2021  
**SAN MIGUEL COUNTY, COLORADO**

**SAN MIGUEL COUNTY, COLORADO**  
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**December 31, 2021**

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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*

Board of County Commissioners  
San Miguel, 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, each major fund and the aggregate remaining fund information of San Miguel 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 September 9, 2022.

**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  
September 9, 2022



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  
San Miguel, Colorado

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

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

We have audited San Miguel 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, 2021. 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, 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; 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.

#### **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, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We issued our report thereon dated September 9, 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. 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  
September 9, 2022

**SAN MIGUEL, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Numbers</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Major Program</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed Through Colorado Department of Health Care Policy and Financing Medical Assistance program	93.778	*	No	\$ 67,411
Passed Through Colorado Department of Public Health and Environment:				
Public Health Emergency Preparedness	93.069	*	No	35,041
Childhood Immunization	93.268	*	No	135,213
ELC Funds COVID Related	93.323	*	Yes	139,386
EPR Covid Funds	93.354	*	No	34,020
Maternal and Child Health Services Block Grant	93.994	*	No	8,118
Passed Through Colorado Department of Human Services				
Temporary Assistance to Needy Families	93.558	*	No	71,919
Child Support Enforcement ( Title IV-d)	93.563	*	No	27,702
Low Income Home Energy Assistance	93.568	*	No	23,506
Child Care and Development Block Grant	93.575	*	No	22,559
Child Care mandatory and Matching Funds of the Child Care and Development fund and Development Block Grant	93.596	*	No	47,233
Child Welfare Services - State Grants	93.645	*	No	2,191
Foster Care - Title IV-E	93.658	*	No	71,036
Adoption Assistance	93.659	*	No	9,882
Social Services Block Grant	93.667	*	No	5,184
<b>Total Department of Health and Human Services</b>				<b>\$ 700,401</b>

**SAN MIGUEL, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Numbers</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Major Program</b>	<b>Expenditures</b>
<b>DEPARTMENT OF AGRICULTURE</b>				
Passed Through Colorado Department of Health Services:				
State Administrative matching Grants for Food Stamp program	10.561	*	No	\$ 56,779
Passed Through Colorado Department of Public Health and Environment:				
Special Supplemental Nutrition program for Women, Infants, and Children	10.557	*	No	31,143
Special Supplemental Nutrition program Women Infants and Children - Non Cash	10.557	*	No	26,746
Total Department of Agriculture				<u>\$ 114,668</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Passed Through Colorado Department of Local Affairs:				
Emergency Management Performance	97.042	20 EM-21-51	No	\$ 54,282
Homeland Security Grant	97.067	19SHS20WR	Yes	74,969
Homeland Security Grant	97.067	18SHS19WR	Yes	27,841
Homeland Security Grant	97.067	20SHS21WR	Yes	31,539
				<u>\$ 188,631</u>
<b>DEPARTMENT OF TREASURY</b>				
Passed through Colorado Department of Local Affairs				
COVID-19 Coronavirus Relief Fund	21.019	CVRF RF-039	No	97,100
Passed Through Colorado Department of Public Health and Environment:				
COVID-19 Coronavirus Relief Fund	21.019	*	No	1,310
COVID-19 Coronavirus Relief Fund	93.747	*	No	984
IV-E Rel Guard	93.090	*	No	642
American Rescue Plan	21.027	*	No	39,101
				<u>\$ 139,137</u>
<b>Total federal award expenditures</b>				<u><u>\$ 1,142,837</u></u>



**San Miguel County, Colorado**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2021**

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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 San Miguel 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 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
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
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
Medicaid Cluster	93.778

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 \$1,025,148. The revenue and expenditures associated with these federal programs are recognized in the County’s basic financial statements.

**San Miguel County, Colorado**  
**Notes to Schedule of Finding and Questioned Costs**  
**December 31, 2021**

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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	No
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 Title 2 U.S. Code of Federal Regulations Part 200	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.067	Homeland Security Grant Program
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low risk auditee?	No

**San Miguel County**  
**Notes to Schedule of Finding and Questioned Costs**  
**December 31, 2021**

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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

None noted in the current year audit.

Note: There was no prior year audit findings related to financial statements and federal awards.