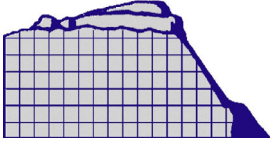


PROWERS COUNTY
DEPARTMENT OF HUMAN SERVICES

Financial Statements and
Report of Independent Auditor
For the Year Ended December 31, 2021

PROWERS COUNTY
DEPARTMENT OF HUMAN SERVICES
TABLE OF CONTENTS
December 31, 2021

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund and Statement of Activities	4
Notes to the Financial Statements	5
REQUIRED SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenses and Change in Fund Balance - Budget and Actual - General Fund	10
REPORTS	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	12



Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners'
Prowers County, Lamar, Colorado

Opinions

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Department of Human Services, Prowers County, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department of Human Services Prowers County, Colorado, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Department of Human Services Prowers County, Colorado, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

As discussed in Note 8, the financial statements of the Department of Human Services, Prowers County, Colorado, are intended to present the financial position, the changes in financial position, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Prowers County, Colorado that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of Prowers County, Colorado, as of December 31, 2021, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Human Services, Prowers County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Paul D. Miller, CPA, LLC

Grand Junction, CO

May 20, 2022

PROWERS COUNTY
 Department of Human Services
 Statement of Net Position and Governmental Fund Balance Sheet
 December 31, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 809,371	\$ -	\$ 809,371
Accounts Receivable	137,928	-	137,928
Due from State & Fiscal Agent	78,344	-	78,344
Property taxes receivable	378,177	-	378,177
TOTAL ASSETS	\$ 1,403,820	\$ -	\$ 1,403,820
LIABILITIES			
Accounts payable	5,388	-	5,388
Due to Fiscal Agent	-	-	-
Unearned Grant revenue	447,107	-	447,107
TOTAL LIABILITIES	452,495	-	452,495
DEFERRED INFLOWS OF RESOURCES			
Property taxes	378,177	-	378,177
FUND BALANCES AND NET POSITION			
Restricted-Emergency reserve - Tabor	121,782	(121,782)	-
Unassigned	451,366	(451,366)	-
TOTAL FUND BALANCES	573,148	(573,148)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,403,820		
NET POSITION			
Restricted for:			
Tabor emergency	-	121,782	121,782
Assigned	-	451,366	451,366
TOTAL NET POSITION	\$ -	\$ 573,148	\$ 573,148

Adjustments to reconcile the governmental fund balance sheet to the statement of Net Position are as follows:

Fund balance per general fund balance sheet	\$ 573,148
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	-
Fund Balance for governmental activities	\$ 573,148

The notes to the financial statement are an integral part of this statement.

PROWERS COUNTY
 Department of Human Services
 Statement of Revenue, Expenditures, and Change in Fund Balances-Governmental
 and Statement of Activities
 For the Year Ended December 31, 2021

	General Fund	Adjustments (See Page 4)	Statement of Activities
EXPENDITURES/EXPENSES			
Administration & Assistance Payments	\$ 12,487,184	\$ -	\$ 12,487,184
Human Services	1,118,676	-	1,118,676
Total expenditures/expenses	13,605,860	-	13,605,860
 GENERAL REVENUES			
Property taxes	370,168	-	370,168
Specific ownership	39,787	-	39,787
Administrative	2,578,319	-	2,578,319
Assistance Payments	1,020,863	-	1,020,863
Human Services	9,271,427	-	9,271,427
County Contingency/County Tax Base Relief	72,371	-	72,371
Other Revenue	350,806	-	350,806
Total general revenues	13,703,741	-	13,703,741
Excess of (expenditures) over revenues	97,881	-	
Change in Net Position			97,881
 NET POSITION			
Beginning of the year	475,267	-	475,267
End of the year	\$ 573,148	\$ -	\$ 573,148
 Amounts reported for the governmental activities in the statement of activities are different because:			
Excess of expenditures over revenues - general funds			\$ 97,881
 Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:			
Depreciation			-
 The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principle of capital lease consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the			
Change in net position of governmental activities			\$ 97,881

The notes to the financial statement are an integral part of this statement.

PROWERS COUNTY
Department of Human Services
Notes to the Financial Statements
December 31, 2021

Note 1 – Reporting Entity

The Department of Human Services Fund (Entity) is an integral fund of Prowers County, which is a political subdivision of the State of Colorado. It is governed by an elected three-member Board of County Commissioners.

Only the financial transactions of the Department of Human Services Fund are included in these statements. The Board of County Commissioners has budgetary authority over the Entity and is accountable for all fiscal matters. The Entity is funded in part by property taxes which are levied at the County level.

Note 2 – Summary of Significant Accounting Policies

The accounting and reporting policies of Prowers County, Department of Human Services Fund, conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the Entity's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The entity's financial statements include a Statement of Net Position and a Statement of Revenues, Expenditures and Change in Net Position – Governmental Funds. These statements present the summaries of the activities for the Entity accompanied by a total column.

The Statement of Revenue, Expenditures and Change in Net Position demonstrate the degree to which the direct expenditures of a given function are offset by program revenue. Direct expenditures are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational requirement of a particular function.

Governmental fund financial statements are reported using the current financial resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Entity considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Department of Human Services Fund

This fund accounts for public welfare costs paid to qualifying clients. The majority of federal funds expended are expensed through this fund.

PROWERS COUNTY
Department of Human Services
Notes to the Financial Statements
December 31, 2021

Note 2 – Summary of Significant Accounting Policies – continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

In accordance with the State Budget Law, Board of County Commissioners holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Board of County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

- October 15 –Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
- December 15 –Deadline for certification of mil levy to the Board of County Commissioners.
- December 22 –Deadline for Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
- December 31– Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.

On or before

December 31–The Entity shall enact an ordinance appropriating the budget for the ensuing year.

Property Taxes

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and July 31. The county bills and collects property taxes for the Entity. Property taxes collected by the county are remitted to the Entity in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

PROWERS COUNTY
Department of Human Services
Notes to the Financial Statements
December 31, 2021

Note 2 – Summary of Significant Accounting Policies – continued

Property Taxes – continued

Taxes receivables represent 2021 assessed tax to be collected in 2022. This is receivable has been offset with a charge to Deferred Revenue.

Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

Use of Restricted Funds

It is the Entity's policy to use restricted funds first for their intended use before unrestricted funds are used

Note 3 – Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 100% of the uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. On December 31, 2021, the Entity's cash deposits, which are pooled with other funds at the County level, had a balance of \$559,271, of which all was covered by PDPA.

On December 31, 2021, the deposits of the governmental activities consisted of the following:

Cash with County Treasurer	\$809,271
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Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance or PDPOA and the deposits are:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution, or
3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The Entity was not exposed to custodial credit risk.

PROWERS COUNTY
Department of Human Services
Notes to the Financial Statements
December 31, 2021

Note 4 – Capital Assets

Capital assets of the Entity amounted to \$301,791 at year-end. These assets (Vehicles) are being depreciated using the straight-line method. The depreciation is being charged to programs based upon the percentage of vehicle miles used.

Note 5 – Joint Ventures

The Entity participates in the County Technical Services, Inc. (CTSI) Insurance Pool. This joint venture does not meet the criteria for inclusion within the reporting entity because CTSI Insurance Pool is:

- Financially independent and responsible for its own financial deficits and entitled to its own surpluses.
- Has a separate governing board from that of the Entity.
- The governing board and management have the ability to significantly influence operations by budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities, and determining the outcome or disposition of matters affecting the recipients of services provided, and
- Has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

Financial information is not included but may be obtained directly from CTSI.

Note 6 – Fund Balance Classification Policies and Procedures

The Entity has implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted-fund constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision-making authority, in the Entity's case that is the Board of County Commissioners (Board). The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the Entity's case that is the Board of County Commissioners and (5) Unassigned – which are funds available for any purpose. The Entity does not have any committed fund classification in 2021.

It is the Entity's policy to spend restricted funds first then unrestricted funds for the purpose for which both funds are available, committed, and assigned funds are spent when expenditure is incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The Entity does have fund classification as follows:

- Restricted which is dictated by Colorado State Law
- Assigned.

PROWERS COUNTY
Department of Human Services
Notes to the Financial Statements

Note 7 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

In 1994 the voters of Prowers County approved a ballot issue allowing the County to retain funds over the limitation imposed by the amendment. It is the opinion of the County that the revenue and spending limitation imposed by the amendment no longer applies to the County or the Department of Human Services – Public Welfare Fund

The Entity believes it complies with this amendment.

Note 8 – Department Financials

These financial statements cover only the transactions of the Department of Human Services Fund, of Prowers County, Colorado for the year ended December 31, 2021. The remaining funds for Prowers County were audited by another auditor.

Note 9 – Leases

The Entity leases three copiers. The terms are for 60 months and range in monthly payments from \$197 to \$348 per month. Following are the minimum payments for the remainder of the lease terms.

2022		\$ <u>698</u>
	Total	\$ <u>698</u>

SUPPLEMENTAL INFORMATION

PROWERS COUNTY
 Department of Human Services
 Statement of Revenues, Expenditures, and Change in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2021

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenue:				
COUNTY:				
General property taxes	\$ 363,646	\$ 363,646	\$ 370,168	\$ 6,522
Specific ownership tax	40,000	40,000	39,787	(213)
Total County Revenue	<u>403,646</u>	<u>403,646</u>	<u>409,955</u>	<u>6,309</u>
ADMINISTRATION:				
Regular/ MMA/FS/Cnty-only pass-thru	589,017	589,017	510,490	(78,527)
Adult Protective Services	80,767	80,767	69,739	(11,028)
IV-D/ IV-D Incentives	264,713	264,713	268,218	3,505
Child Welfare Block (80/20 & 100%)	907,792	907,792	718,907	(188,885)
Core Services 80/20	94,847	94,847	119,389	24,542
Core Services & SEA 100%	202,035	202,035	198,603	(3,432)
Leap & Outreach	430,000	430,000	332,239	(97,761)
Lock-In Revenue	-	-	14,210	14,210
OPA/HCA	350,000	350,000	346,524	(3,476)
Total Administration	<u>2,919,171</u>	<u>2,919,171</u>	<u>2,578,319</u>	<u>(340,852)</u>
ASSISTANCE PAYMENTS:				
TANF Services	564,429	564,429	555,218	(9,211)
Child Welfare	556,618	556,618	174,496	(382,122)
Child Care TANF Transfer	-	-	209,660	209,660
Child Welfare TANF Transfer	-	-	-	-
Aid to Needy Disabled	140,000	140,000	81,489	(58,511)
Medicaid Transportation	-	-	-	-
Total Assistance Payments	<u>1,261,047</u>	<u>1,261,047</u>	<u>1,020,863</u>	<u>(240,184)</u>
HUMAN SERVICES:				
Welcome Home Center	660,000	660,000	711,456	51,456
Promoting Safe & Stable Families	52,807	52,807	28,162	(24,645)
Fatherhood/IV-D NCP Employment	9,900	9,900	9,076	(824)
IV-E Reserve/Parental Fees/HB 1414/Waive	35,000	35,000	1,183	(33,817)
TANF Employment Focused Funds	-	-	6,939	6,939
SNAP	3,500,000	8,000,000	8,322,492	322,492
Other Grants	250,576	250,576	148,897	(101,679)
Employment First/FSJS/EF Incentives	40,723	40,723	43,222	2,499
County Contingency/County Tax Base Relief	150,000	150,000	72,371	(77,629)
Total Human Services	<u>4,699,006</u>	<u>9,199,006</u>	<u>9,343,798</u>	<u>144,792</u>
OTHER REVENUE:				
Child Support IV-D Retained	20,000	20,000	43,517	23,517
TANF Refunds	2,000	2,000	3,288	1,288
Fraud Incentives/ State & Federal/ Workfare	60,000	60,000	41,077	(18,923)
H3C Administrative Transfer	189,596	189,596	185,114	(4,482)
County Revenue Other	10,000	10,000	77,810	67,810
Total Other Revenues	<u>281,596</u>	<u>281,596</u>	<u>350,806</u>	<u>69,210</u>
Total Revenues	<u>9,564,466</u>	<u>14,064,466</u>	<u>13,703,741</u>	<u>(360,725)</u>

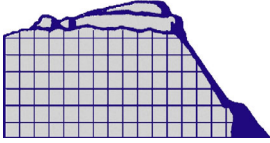
The notes to the financial statement are an integral part of this statement.

PROWERS COUNTY
 Department of Human Services
 Statement of Revenues, Expenditures, and Change in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2021

	General Fund			Variance Favorable (Unfavorable)
	Budget	Amended Budget	Actual	
Expenditures:				
ADMINISTRATION & ASSISTANCE PAYMENTS:				
Regular/ MMA/FS Fraud/Non-Allocated	736,271	736,271	620,497	115,774
IV-D	330,891	330,891	328,861	2,030
Adult Protective Services	100,959	100,959	86,841	14,118
Core Services 80/20	118,559	118,559	149,237	(30,678)
Child Welfare Block (80/20 & 100%)	1,107,063	1,107,063	869,075	237,988
Core Services/ SEA 100%	202,035	202,035	198,603	3,432
Leap Outreach	430,000	430,000	332,209	97,791
OPA/HCA	350,000	350,000	346,524	3,476
TANF Services	705,536	705,536	692,177	13,359
Aid to Needy Disabled	175,000	175,000	101,861	73,139
Child Care Services	301,904	301,904	214,937	86,967
TANF Transfer to Child Care	300,000	300,000	209,660	90,340
SNAP	3,500,000	8,000,000	8,322,492	322,492
Lock-In Expense	-	-	14,210	(14,210)
Total Assistance Payments	<u>8,358,218</u>	<u>12,858,218</u>	<u>12,487,184</u>	<u>1,016,018</u>
HUMAN SERVICES:				
Welcome Home Center	667,708	667,708	712,399	(44,691)
Promoting Safe & Stable Families	75,439	75,439	41,282	34,157
General Assistance	3,500	3,500	-	3,500
Fatherhood/CS NCP Employment	15,000	15,000	13,751	1,249
IV-E Reserve/Parental Fees/HB 1414/Waive	35,000	35,000	-	35,000
Other Grants	250,576	250,576	183,195	67,381
Employment First/FSJS	50,904	50,904	51,595	(691)
TANF Employment Focused Funds	-	-	6,939	(6,939)
County Only/H3C	30,000	30,000	98,011	(68,011)
Medicaid/SNAP Bonus Incentives	-	-	11,504	(11,504)
Total Human Services	<u>1,128,127</u>	<u>1,128,127</u>	<u>1,118,676</u>	<u>9,451</u>
Total Expenditures	<u>9,486,345</u>	<u>13,986,345</u>	<u>13,605,860</u>	<u>380,485</u>
Revenue Over (Under) Expenditures	78,121	78,121	97,881	19,760
Net Position-Beginning of Year	242,633	242,633	475,267	232,634
Net Position-End of Year	<u>\$ 320,754</u>	<u>\$ 320,754</u>	<u>\$ 573,148</u>	<u>\$ 252,394</u>

The notes to the financial statement are an integral part of this statement.

REPORTS



Paul D. Miller CPA, LLC.

Certified Public Accountant

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*

To the Board of County Commissioners'
Prowers County, Lamar, Colorado

I 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 Prowers County, Department of Human Services, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Prowers County Department of Human Services' basic financial statements, and have issued my report thereon dated May 22, 2022

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Prowers County's Department of Human Services 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prowers County's Department of Human Services internal control. Accordingly, I do not express an opinion on the effectiveness of Prowers County's Department of Human Services' 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Prowers County Department of Human Services' financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Paul D. Miller, CPA, LLC

Grand Junction, CO
May 20, 2022

-12-

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