

PROWERS COUNTY
DEPARTMENT OF HUMAN SERVICES

Financial Statements and
Report of Independent Auditor
For the Year Ended December 31, 2022

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



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners and Management
Prowers County
Lamar, Colorado 81052

Opinions

We have audited the accompanying financial statements of Prowers County Department of Human Services (DHS), Colorado, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of Prowers County Department of Human Services (DHS), Colorado as of and for the year ended December 31, 2022.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Prowers County Department of Human Services (DHS), Colorado, and the aggregate remaining fund information of Prowers County Department of Human Services (DHS), Colorado, as of December 31, 2022, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Prowers County Department of Human Services (DHS), Colorado, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Prowers County Department of Human Services (DHS), Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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.

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

- 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 Prowers County Department of Human Services (DHS), Colorado's internal control. Accordingly, no such opinion is expressed.

Certified Public Accountants

- 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Prowers County Department of Human Services (DHS), Colorado's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Budgetary comparison information, on pages 10 through 11, is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blair and Associates, P.C.

Cedaredge, Colorado
May 26, 2023

PROWERS COUNTY
 Department of Human Services
 Statement of Net Position and Governmental Fund Balance Sheet
 December 31, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,173,836	\$ -	\$ 1,173,836
Accounts Receivable	42,280	-	42,280
Due from State & Fiscal Agent	68,594	-	68,594
Property taxes receivable	377,213	-	377,213
TOTAL ASSETS	<u>\$ 1,661,923</u>	<u>-</u>	<u>1,661,923</u>
LIABILITIES			
Accounts payable	\$ 1,429	-	1,429
Unearned Grant revenue	416,171	-	416,171
TOTAL LIABILITIES	<u>417,600</u>	<u>-</u>	<u>417,600</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	377,213	-	377,213
FUND BALANCES AND NET POSITION			
Restricted-Emergency reserve - Tabor	157,818	(157,818)	-
Unassigned	709,292	(709,292)	-
TOTAL FUND BALANCES	<u>867,110</u>	<u>(867,110)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,661,923</u>		
NET POSITION			
Restricted for:			
Tabor emergency		157,818	157,818
Assigned		709,292	709,292
TOTAL NET POSITION		<u>\$ 867,110</u>	<u>\$ 867,110</u>

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

Fund balance per general fund balance sheet	\$ 867,110
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	-
Fund Balance for governmental activities	<u>\$ 867,110</u>

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, 2022

	General Fund	Adjustments (See Page 4)	Statement of Activities
EXPENDITURES/EXPENSES			
Administration & Assistance Payments	\$ 13,445,591	\$ -	\$ 13,445,591
Human Services	1,198,871	-	1,198,871
Total expenditures/expenses	14,644,462	-	14,644,462
GENERAL REVENUES			
Property taxes	385,850	-	385,850
Specific ownership	38,669	-	38,669
Administrative	3,229,624	-	3,229,624
Assistance Payments	1,032,131	-	1,032,131
Human Services	9,852,454	-	9,852,454
County Contingency/County Tax Base Relief	117,056	-	117,056
Other Revenue	275,460	-	275,460
Total general revenues	14,931,244	-	14,931,244
Excess of (expenditures) over revenues	286,782	-	
Change in Net Position			286,782
NET POSITION			
Beginning of the year	580,328	-	580,328
End of the year	\$ 867,110	\$ -	\$ 867,110
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p> <p style="padding-left: 20px;">Excess of expenditures over revenues - general funds</p> <p style="padding-left: 40px;">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:</p> <p style="padding-left: 60px;">Depreciation</p> <p style="padding-left: 20px;">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</p>			
			\$ 286,782
Change in net position of governmental activities			\$ 286,782

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, 2022

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, 2022

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, the 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, 2022

Note 2 – Summary of Significant Accounting Policies – continued

Property Taxes – continued

Taxes receivables represent 2022 assessed tax to be collected in 2023. This 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, 2022, 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, 2022, the deposits of the governmental activities consisted of the following:

Cash with County Treasurer	\$1,173,736
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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, 2022

Note 4 – Capital Assets

Capital assets of the Entity amounted to \$316,009 at year-end. These assets (Vehicles) are being depreciated using the straight-line method. The depreciation is charged to programs based upon the percentage of vehicle miles used. These assets are not recorded in the financials, but in the County's financials.

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 2022.

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, 2022. The remaining funds for Prowers County were audited by another auditor.

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, 2022

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenue:				
COUNTY:				
General property taxes	\$ 363,646	\$ 379,185	\$ 385,850	\$ 6,665
Specific ownership tax	40,000	40,000	38,669	(1,331)
Total County Revenue	<u>403,646</u>	<u>419,185</u>	<u>424,519</u>	<u>5,334</u>
ADMINISTRATION:				
Regular/ MMA/FS/Cnty-only pass-thru	611,527	607,735	540,958	(70,569)
Adult Protective Services	80,000	80,000	75,269	(4,731)
IV-D/ IV-D Incentives	317,452	317,452	292,944	(24,508)
Child Welfare Block (80/20 & 100%)	861,872	820,000	1,014,516	152,644
Core Services 80/20	102,080	100,000	109,058	6,978
Core Services & SEA 100%	202,600	200,000	164,445	(38,155)
Leap & Outreach	480,000	645,000	612,280	132,280
Lock-In Revenue	-	-	4,032	4,032
OPA/HCA	350,000	350,000	416,122	66,122
Total Administration	<u>3,005,531</u>	<u>3,120,187</u>	<u>3,229,624</u>	<u>224,093</u>
ASSISTANCE PAYMENTS:				
TANF Services	576,188	575,415	491,807	(84,381)
Child Welfare	252,496	252,000	194,255	(58,241)
Child Care TANF Transfer	300,000	300,000	249,506	(50,494)
Child Welfare TANF Transfer	-	-	-	-
Aid to Needy Disabled	104,000	104,000	96,563	(7,437)
Medicaid Transportation	-	-	-	-
Total Assistance Payments	<u>1,232,684</u>	<u>1,231,415</u>	<u>1,032,131</u>	<u>(200,553)</u>
HUMAN SERVICES:				
Welcome Home Center	690,621	690,621	883,556	192,935
Promoting Safe & Stable Families	52,500	52,500	-	(52,500)
Fatherhood/IV-D NCP Employment	9,900	9,900	3,316	(6,584)
IV-E Reserve/Parental Fees/HB 1414/Waiver	30,000	30,000	34,991	4,991
SNAP	4,500,000	8,600,000	8,597,237	(2,763)
Other Grants	250,643	86,651	283,657	33,014
Employment First/FSJS/EF Incentives	37,500	71,250	49,697	12,197
County Contingency/County Tax Base Relief	250,643	120,000	117,056	(133,587)
Total Human Services	<u>5,821,807</u>	<u>9,660,922</u>	<u>9,969,510</u>	<u>47,703</u>
OTHER REVENUE:				
Child Support IV-D Retained	35,000	35,000	22,365	(12,635)
TANF Refunds	3,000	3,000	3,312	312
Fraud Incentives/ State & Federal/ Workfare	40,000	30,000	31,207	(8,793)
H3C Administrative Transfer	-	10,000	8,346	8,346
County Revenue Other	196,001	193,794	210,230	14,229
Total Other Revenues	<u>274,001</u>	<u>271,794</u>	<u>275,460</u>	<u>1,459</u>
Total Revenues	<u>\$ 10,737,669</u>	<u>\$ 14,703,503</u>	<u>\$ 14,931,244</u>	<u>\$ 78,036</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, 2022

	General Fund			Variance Favorable (Unfavorable)
	Budget	Amended Budget	Actual	
Expenditures:				
ADMINISTRATION & ASSISTANCE PAYMENTS:				
Regular/ MMA/FS Fraud/Non-Allocated	\$ 764,409	\$ 759,669	\$ 660,372	\$ 99,297
IV-D	396,815	396,815	381,317	15,498
Adult Protective Services	100,000	100,000	94,086	5,914
Core Services 80/20	127,600	125,000	136,322	(11,322)
Child Welfare Block (80/20 & 100%)	1,051,064	1,000,000	1,156,994	(156,994)
Core Services/ SEA 100%	202,600	200,000	164,445	35,555
Leap Outreach	480,000	645,000	612,280	32,720
OPA/HCA	350,000	350,000	416,122	(66,122)
TANF Services	720,235	719,269	608,746	110,523
Aid to Needy Disabled	130,000	130,000	120,704	9,296
Child Care Services	300,591	300,000	237,607	62,393
TANF Transfer to Child Care	300,000	300,000	249,506	50,494
SNAP	4,500,000	8,600,000	8,602,822	(2,822)
Lock-In Expense	-	-	4,268	(4,268)
Total Assistance Payments	<u>9,423,314</u>	<u>13,625,753</u>	<u>13,445,591</u>	<u>180,162</u>
HUMAN SERVICES:				
Welcome Home Center	690,621	690,621	781,054	(90,433)
Promoting Safe & Stable Families	75,000	75,000	-	75,000
Fatherhood/CS NCP Employment	15,000	15,000	5,024	9,976
IV-E Reserve/Parental Fees/HB 1414/Waiver	30,000	30,000	34,991	(4,991)
Other Grants	250,643	86,651	269,612	(182,961)
Employment First/FSJS	50,000	95,000	94,806	194
County Only/H3C	30,000	30,000	10,364	19,636
Medicaid/SNAP Bonus Incentives	-	-	3,020	(3,020)
Total Human Services	<u>1,141,264</u>	<u>1,022,272</u>	<u>1,198,871</u>	<u>(176,599)</u>
Total Expenditures	<u>10,564,578</u>	<u>14,648,025</u>	<u>14,644,462</u>	<u>3,563</u>
Revenue Over (Under) Expenditures	173,091	55,478	286,782	81,599
Net Position-Beginning of Year	320,754	320,754	580,328	259,574
Net Position-End of Year	<u>\$ 493,845</u>	<u>\$ 376,232</u>	<u>\$ 867,110</u>	<u>\$ 341,173</u>

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



**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 AUDITOR'S REPORT

To the Board of Commissioners and Management
Prowers County
Lamar, Colorado 81052

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 Prowers County Department of Human Services (DHS), Colorado, and the aggregate remaining fund information of Prowers County Department of Human Services (DHS), Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Prowers County Department of Human Services (DHS), Colorado's basic financial statements, and have issued our report thereon dated May 26, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Prowers County Department of Human Services (DHS), Colorado'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Prowers County Department of Human Services (DHS), Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Prowers County Department of Human Services (DHS), Colorado'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 Prowers County Department of Human Services (DHS), Colorado'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
May 26, 2023