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***EL PASO COUNTY, COLORADO***  
*FEDERAL AWARDS REPORTS*  
*IN ACCORDANCE WITH THE*  
*SINGLE AUDIT ACT*  
*DECEMBER 31, 2020*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

**Independent Auditors' 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  
El Paso County  
Colorado Springs, 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, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of El Paso County, Colorado (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 16, 2021. Our report includes a reference to other auditors who audited the financial statements of the El Paso County Retirement Plan and the El Paso County Housing Authority, as described in our report on the County's financial statements. This report does not include the results of the El Paso County Housing Authority auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the El Paso County Retirement Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the El Paso County Retirement Plan.

**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 opinions 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control as described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

### **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 financial statements. 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*.

### **County's Response To Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **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 result 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.

*RubinBrown LLP*

June 16, 2021

**Independent Auditors' 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**

Board of County Commissioners  
El Paso County  
Colorado Springs, Colorado

**Report On Compliance For Each Major Federal Program**

We have audited El Paso County, Colorado's (the County) compliance with the types of compliance requirements described in the Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of El Paso County Public Health, a discretely presented component unit, which received \$17,732,240 in federal awards and which is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2020. Our audit, as described below, did not include the operations of El Paso County Public Health because we performed the audit in accordance with Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and issued separate reports regarding those operations.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion On Each Major Federal Program***

In our opinion, the 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, 2020.

### **Report On Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 16, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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.

*RubinBrown LLP*

June 16, 2021

# EL PASO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Page 1 Of 4

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of Agriculture</b>				
Passed through Colorado Department of Human Services				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Program (FFA Incentives Only)	12-3505-0-1-605	10.551	\$ 108,221	\$ —
State Administrative Matching Grants for the Supplemental Nutrition Program	12-3505-0-1-605	10.561	4,599,369	—
Subtotal - SNAP Cluster			4,707,590	—
Supplement Nutrition Assistance Program, Process, and Technology Improvement Grants				
	SNAP-PTI-FY17-CO-01	10.580	69,917	—
<b>Total U.S. Department Of Agriculture</b>			<b>4,777,507</b>	<b>—</b>
<b>U.S. Department Of Housing And Urban Development</b>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	B14UC080005	14.218	2,000	—
Community Development Block Grant	B17UC080005	14.218	38,846	—
Community Development Block Grant	B18UC080005	14.218	43,754	9,275
Community Development Block Grant	B19UC080005	14.218	560,395	520,511
Community Development Block Grant	B20UC080005	14.218	117,117	1,752
Community Development Block Grant	B20UW080005	14.218	81,957	81,957
Subtotal - CDBG - Entitlement Grants Cluster			844,069	613,495
CDBG - Disaster Recovery Grants Cluster				
Riverside Infrastructure Grant	CDBGDR2-ELP-02	14.269	3,062,212	—
<b>Total U.S. Department Of Housing And Urban Development</b>			<b>3,906,281</b>	<b>613,495</b>
<b>U.S. Department Of Justice</b>				
Internet Crimes Against Children Grant				
Passed through Colorado Department of Public Safety	2018-MC-FX-K027	16.543	1,278	—
Victims of Crime Assistance Program	2018-VA-19-136-04	16.575	150,708	—
Passed through Colorado Department of Public Safety	2018-VA-19-105-04	16.575	74,104	—
Victims of Crime Assistance Program	2018-VA-19-105-04	16.575	74,104	—
Subtotal - CFDA 16.575			224,812	—
Passed through the Colorado Springs Police Department				
Improving Criminal Justice Responses	2017-WE-AX-0031	16.590	118,123	—
SCAAP 2017	2019-AP-BX-0353	16.606	29,162	—
SCAAP 2018	2019-AP-BX-1153	16.606	30,765	—
Subtotal - CFDA 16.606			59,927	—
Bureau of Justice Assistance Grant	2019-DJ-BX-0751	16.738	35,718	—
Equitable Sharing - Federal Asset Forfeitures	Annual Certification	16.922	169,632	—
<b>Total U.S. Department Of Justice</b>			<b>609,490</b>	<b>—</b>

# EL PASO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

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Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of Labor</b>				
Passed through Colorado Department of Labor and Employment				
Employment Service Cluster				
Wagner-Peyser - Employment Services	ES274781555A8/ES-29401-196-55-A-8	17.207	560,801	\$ —
Wagner-Peyser - Summer Job Hunt	ES274781555A8	17.207	45,000	—
Wagner-Peyser - Disability Employment Initiative	ES274781555A8	17.207	138,948	—
Subtotal - CFDA 17.207			744,749	—
Disabled Veterans' Outreach Program	DV26573155558	17.801	42,795	—
Local Veterans' Employment Representative Program	DV26573155558	17.804	17,118	—
Subtotal - Employment Service Cluster			804,662	—
WIOA Cluster				
Workforce Innovation and Opportunity Act Adult Program	AA-26769-15-55-A-8/AA-28306-16-55-A-8	17.258	1,009,959	—
Workforce Innovation and Opportunity Act Youth Activities	AA-26769-15-55-A-8/AA-28306-16-55-A-8	17.259	1,464,195	—
CWDC Board Development	AA-32200-18-55-A-8	17.274	42,500	—
Workforce Innovation and Opportunity Act Enhanced Dislocated Worker Progr	AA-26769-15-55-A-8	17.278	186,503	—
Workforce Innovation and Opportunity Act Dislocated Worker Program	AA-26769-15-55-A-8/AA-28306-16-55-A-8	17.278	361,932	—
Performance Incentive	AA-30734-17-55-A-B	17.278	30,122	—
Subtotal - CFDA 17.278			578,557	—
Subtotal - WIOA Cluster			3,095,211	—
Reemployment Services Assistance Program	UI281211660A8	17.225	34,716	—
Trade Adjustment Assistance	TA257161555A8	17.245	286,864	—
Pathways Home	PE-35033-20-60-A-B	17.270	28,133	—
CO Responds	DW-34692-60-60-A-B	17.277	44,496	—
Recover CO	DW-34692-20-60-A-B	17.277	67,051	—
Subtotal - CFDA 17.277			111,547	—
Apprenticeship USA	AP-300096-16-A-8	17.285	8,587	—
<b>Total U.S. Department Of Labor</b>			4,369,720	—
<b>U.S. Department Of Transportation</b>				
Passed through Colorado Department of Transportation				
Highway Planning and Construction Cluster				
Fed Aid Hwy - Falcon Park & Ride	AQC - C040-025	20.205	2,933,726	—
Charter Oak Ranch Road	STU - C040-049	20.205	390,414	—
Calhan Highway Bridge (Justine Tabar)	BRO C040-055	20.205	14,573	—
Local Road Safety Plan (Justine Tabar)	SHO P2C0013	20.205	33,883	—
Ute Pass Trail	TAP C040-054 (22864)	20.205	127,202	—
Arnold Avenue Bridge	BRO C040-039	20.205	89,133	—
Subtotal - CFDA 20.205			3,588,931	—
National Priority Safety Programs - 2020 Click It or Ticket (Jungels)	PO#4110123452-20NHTSA405B.6102	20.616	9,990	—
National Priority Safety Programs - 2021 Click It or Ticket (Jungels)	PO#411025997	20.616	5,520	—
Enhance Impaired Driving Enforcement (Jungels)	21-HTS-ZL-00111	20.616	32,367	—
Subtotal - CFDA 20.616			47,877	—
<b>Total U.S. Department Of Transportation</b>			3,636,808	—

# EL PASO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

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Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of The Interior</b>				
Highway Planning and Construction Cluster				
Colorado State Parks And Wildlife - State Trails Grant	CMS 108746	20.219	132,311	—
<b>Total U.S. Department Of The Interior</b>			132,311	—
<b>Department of the Treasury</b>				
COVID 19 - Coronavirus Relief Funds (CARES Act)	N/A	21.019	115,817,326	49,130,631
COVID 19 - Coronavirus Relief Funds (CARES ACT) FFA (NON)	N/A	21.019	1,096,512	—
<b>Total Department of the Treasury</b>			116,913,838	49,130,631
<b>Small Business Development Centers</b>				
Small Business Development Centers (Core Grant)(M.Rungie)	73-0400-0-1-376	59.037	110,000	—
Small Business Development Centers (SBA CARES)(M.Rungie)	73-0400-0-1-376	59.037	69,012	—
<b>Total Small Business Development Centers</b>			179,012	—
<b>Election Assistance Commission</b>				
COVID 19 - CARES Act Election Safety Grant Program	CO20101CARES	90.404	268,227	—
COVID 19 - CARES Act Drop Box Grant Program	CO20101CARES	90.404	10,000	—
COVID 19 - CARES Act Primary Mailing Grant	CO20101CARES	90.404	110,836	—
COVID 19 - CARES Act Election Judge Pay Grant	CO20101CARES	90.404	7,225	—
COVID 19 - CARES Act Election Safety Grant Program	CO20101CARES	90.404	91,163	—
COVID 19 - CARES Act November Election Judge Pay Grant	CO20101CARES	90.404	117,086	—
<b>Total Election Assistance Commission</b>			604,537	—
<b>U.S. Department Of Health And Human Services</b>				
Passed through Colorado Department of Human Services				
CCDF Cluster				
Child Care and Development Block Grant - Discretionary Fund	75-1515-0-1-609	93.575	12,186,417	—
Child Care Mandatory and Matching Funds of the Child Care Development Fund	75-1536-0-1-506	93.596	2,188,051	—
<b>Subtotal CCDF Cluster</b>			14,374,468	—
Guardianship Assistance	75-1545-0-10609	93.090	94,185	—
Promoting Safe, Stable Families-Family Preservation Services	75-1512-0-1-506	93.556	550,238	—
Temporary Assistance for Needy Families (TANF) Cluster	75-1552-0-1-609	93.558	19,548,303	—
Child Support Title IV-D Administration	75-1501-0-1-609	93.563	4,197,723	—
Child Support Enforcement Research	75-1501-0-1-609	93.564	13,538	—
Low-Income Home Energy Assistance (LEAP)	75-1502-0-1-609	93.568	72,181	—
Title IV-B	75-1536-0-1-506	93.645	775,993	—
Foster Care - Title IV-E	75-1545-0-1-609	93.658	8,256,125	—
Title IV-E Wavier Demonstration Project - Family Engagement	75-1545-0-1-609	93.658	1,010,685	—
Title IV-E Wavier Demonstration Project - Kinship Supports	75-1545-0-1-609	93.658	506,534	—
<b>Subtotal - CFDA 93.658</b>			9,773,344	—
Adoption Assistance	75-1536-0-1-506	93.659	2,761,594	—
Social Services Block Grant Title XX	75-1534-0-1-506	93.667	2,256,256	—
Independent Living Program - Chafee	75-1545-0-1-609	93.674	272,767	—
Passed through Colorado Department of Health Care Policy and Financing				
Medical Assistance Program - Title XIX Cluster	75-0512-0-1-551	93.778	6,250,022	—
SAMHSA Jail Medication Assisted Treatment	H79TI081702	93.788	67,831	—
Passed through Colorado Department of Local Affairs				
Community Service Block Grant	75-1536-0-1-506	93.569	621,381	—
<b>Total U.S. Department Of Health And Human Services</b>			61,629,824	—

**EL PASO COUNTY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2020**

**Page 4 Of 4**

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>U.S. Department Of Homeland Security</b>				
FEMA Disaster Grants - Public Assistance (Presidentially Declared Disasters)	15-D4229-021	97.036	698,704	—
<b>Total U.S. Department of Homeland Security</b>			698,704	—
<b>White House Office Of National Drug Control Policy (ONDCP)</b>				
Rocky Mountain High Intensity Drug Trafficking Area - HIDTA	G19RM0034A	95.001	10,719	—
Rocky Mountain High Intensity Drug Trafficking Area - HIDTA	G20RM0049A	95.001	112,927	—
<b>Total Executive Office of the President</b>			123,646	—
<b>Total Of Federal Awards</b>			\$ 197,581,678	\$ 49,744,126

# EL PASO COUNTY, COLORADO

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2020

### 1. **Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of El Paso County, Colorado (the County), for the year ended December 31, 2020. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

### 2. **Basis Of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in the accompanying schedule 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* (the Uniform Guidance). Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in, the preparation of the basic financial statements.

### 3. **Indirect Costs**

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

**EL PASO COUNTY, COLORADO**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2020**

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**Section I - Summary Of Auditors' Results**

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**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**Federal Awards**

Internal control over major federal programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditors' report issued on compliance for major programs		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major federal programs:

<b>CFDA No.</b>	<b>Name Of Federal Program Or Cluster</b>
10.551, 10.561	Supplemental Nutrition Assistant Program Cluster
20.205, 20.219	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
93.645	Stephanie Tubbs Jones Child Welfare Services Program

Dollar threshold used to distinguish between Type A and Type B programs:		\$3,000,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

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## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended December 31, 2020

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#### Section II - Financial Statement Findings

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#### Finding 2020-001 Recognition Of Unexpended Coronavirus Relief Funds

##### Material Weakness

**Criteria Or Specific Requirement:** Governmental Accounting Standards Board (GASB) Statement No. 33 requires that voluntary and government-mandated nonexchange transactions not be recognized as revenue until all eligibility requirements have been met. Pursuant to paragraph 15 of GASB Statement No. 33, grant proceeds received in advance of the eligibility requirements having been met should be recognized as a liability. Additionally, paragraph 6 of GASB Technical Bulletin 2020-1 clarifies that proceeds received from the Coronavirus Relief Fund (CRF) should be recognized as a liability until all eligibility requirements have been met, including the incurrence of eligible expenditures.

**Condition:** We noted that the County initially recognized all of the CRF funds it received as revenue within its financial statements in 2020. However, not all of this funding had been expended for eligible purposes by December 31, 2020, and thus the related eligibility requirements had not yet been met. Accordingly, an adjusting journal entry was posted to reclassify the unexpended portion of the CRF funds to a liability, consistent with the requirements of GASB Statement No. 33 and GASB Technical Bulletin 2020-1.

**Context:** One journal entry was recorded to accrue unearned revenue and reduce revenue in the amount of \$9,887,442 in the General Fund and on the government-wide financial statements.

**Effect:** Failure to correctly report unexpended CRF funds could have resulted in a misstatement of the County's financial statements.

**Cause:** Typically, the County receives its grant funding on a reimbursement basis after expenditures have been incurred. Since it was unusual for the County to receive the CRF funding prior to the incurrence of eligible expenditures, the County's normal processes for closing its books and preparing its financial statements did not take into account the requirement to defer unexpended proceeds as described above.

**Identification As A Repeat Finding:** Not applicable.

**Recommendation:** We recommend the County modify its financial closing and reporting processes to ensure that unexpended grant proceeds are recorded as a liability as described above.



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## EL PASO COUNTY, COLORADO

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended December 31, 2020

***Views Of Responsible Officials And Planned Corrective Action:*** In 2020, El Paso County received over \$125.7M in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. All but \$9.9M was expended in 2020. The remaining \$9.9M was reappropriated into 2021 for final expenditures.

The Accounting employees are familiar with GASB Statement No. 33 which requires that voluntary and government-mandated nonexchange transactions not be recognized as revenue until all eligibility requirements have been met. Due to the unique nature of the CARES funding in which the entire \$125.7M was transmitted to El Paso County in April 2020 and all funds were originally mandated to be expended by December 30, 2020, the Accounting employees did not anticipate any funds as deferred revenue.

As soon as the unexpended funds were brought to our attention, we immediately recorded the \$9.9M as deferred revenue and have provided additional training to the Accounting employees regarding the correct classification of unused grant funding at year end. Our County Accounting team is comprised of brand-new employees to the role who were preparing our Financial Statements for the first time. While the Accountants did not record the \$9.9M entry correctly the first time, it is important to note that they did accurately and timely record \$115.8M of expenditures during 2020 and all expenditures were properly sourced and documented. We are confident the Accounting employees will correctly record all unused grant funds at year end moving forward as we have reviewed and strengthened our processes to detect both deferred revenue and accounts receivable.

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### Section III - Federal Award Findings And Questioned Costs

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None

**FINANCIAL SERVICES DEPARTMENT**  
BUDGET, CONTRACTS & PROCUREMENT, EMPLOYEE BENEFITS, AND FINANCE  
SHERRI L. CASSIDY, CPFO, CHIEF FINANCIAL OFFICER

**CORRECTIVE ACTION PLAN**  
**For The Year Ended December 31, 2020**

**Finding 2020-001 Recognition Of Unexpended Coronavirus Relief Funds**

**Material Weakness**

**Personnel Responsible for Corrective Action:** Debbie Perry, Finance Division Manager

**Anticipated Completion Date:** May 28, 2021

**Corrective Action Plan:**

In 2020, El Paso County received over \$125.7M in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. All but \$9.9M was expended in 2020. The remaining \$9.9M was reappropriated into 2021 for final expenditures.

The Accounting employees are familiar with GASB Statement No. 33 which requires that voluntary and government-mandated nonexchange transactions not be recognized as revenue until all eligibility requirements have been met. Due to the unique nature of the CARES funding in which the entire \$125.7M was transmitted to El Paso County in April 2020 and all funds were originally mandated to be expended by December 30, 2020, the Accounting employees did not anticipate any funds as deferred revenue.

As soon as the unexpended funds were brought to our attention, we immediately recorded the \$9.9M as deferred revenue and have provided additional training to the Accounting employees regarding the correct classification of unused grant funding at year end. Our County Accounting team is comprised of brand-new employees to the role who were preparing our Financial Statements for the first time. While the Accountants did not record the \$9.9M entry correctly the first time, it is important to note that they did accurately and timely record \$115.8M of expenditures during 2020 and all expenditures were properly sourced and documented. We are confident the Accounting employees will correctly record all unused grant funds at year end moving forward as we have reviewed and strengthened our processes to detect both deferred revenue and accounts receivable.