

**SINGLE AUDIT SECTION**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Morgan County, Colorado

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

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

We have audited Morgan County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Morgan County's major federal programs for the year ended December 31, 2024. Morgan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Morgan County complied, in all material respects, with the 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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Morgan County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Morgan County's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Morgan County's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Morgan County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Morgan County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Morgan County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Morgan County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Morgan County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program is not modified with respect to these matters. Government Auditing Standards requires the auditor to perform limited procedures on Morgan County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned

costs. Morgan County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Government Auditing Standards requires the auditor to perform limited procedures on Morgan County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Morgan County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, each major fund, and the aggregate remaining fund information of Morgan County, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Morgan County's basic financial statements. We issued our report thereon, dated December 12, 2025 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is

presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully,

*Watson Coon Ryan, LLC*

CENTENNIAL, COLORADO  
FEBRUARY 2, 2026

**MORGAN COUNTY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2024**

<b>Program</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed through Colorado Department of Human Services		
SNAP Cluster		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 348,765
<b>Total Department of Agriculture/ SNAP Cluster</b>		<b>348,765</b>
<b>U.S. Department of Health and Human Services</b>		
Passed through Colorado Department of Human Services		
Child Care Cluster		
Child Care and Development Block Grant	93.575	507,602
Child Care Mandatory and Matching Portion of the Child Care and Development Fund	93.596	245,160
<b>Total Child Care Cluster</b>		<b>752,762</b>
477 Cluster		
Temporary Assistance for Needy Families	93.558	1,090,711
<b>Total 477 Cluster</b>		<b>1,090,711</b>
Medicaid Cluster		
Medical Assistance Program	93.778	489,208
<b>Total Medicaid Cluster</b>		<b>489,208</b>
Child Support Services	93.563	534,999
Stephanie Tubbs Jones Child Welfare Services Program	93.645	28,921
Foster Care Title IV-E	93.658	355,549
Adoption Assistance	93.659	230,739
Social Services Block Grant	93.667	145,242
Low-Income Home Energy Assistance	93.568	65,685
Guardianship Assistance	93.090	9,710
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	1,488
Injury Prevention and Control Research State and Community Based Programs	93.136	3,687
Title IV-E Prevention Program	93.471	169,439
Title IV-E Prevention Program	93.472	82,214
Elder Abuse Prevention Interventions Program	93.747	19,005
<b>Total Department of Health and Human Services</b>		<b>3,979,359</b>
<b>U.S. Department of Justice</b>		
Passed through Colorado Department of Criminal Justice		
Crime Victim Assistance	16.575	33,673
State Criminal Alien Assistance Program	16.606	22,749
<b>Total Department of Justice</b>		<b>56,422</b>
<b>U.S. Department of Homeland Security</b>		
Passed through Colorado Division of Homeland Security and Emergency		
Emergency Management Performance Grant	97.042	59,573
<b>Total Department of Homeland Security</b>		<b>59,573</b>
<b>U.S. Department of Treasury</b>		
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	69,172
Passed through Colorado Department of Human Services		
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1,591,030
<b>Total Department of Treasury</b>		<b>1,660,202</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 6,104,321</b>

See the accompanying notes to schedule of expenditures of federal awards.

MORGAN COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Morgan County under programs of the federal government for the year ended December 31, 2024. The information in this 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 (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Morgan County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morgan County

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. STATE INFORMATION TECHNOLOGY SYSTEM

In 2004, the State of Colorado (the State) implemented the new Colorado Benefits Management System (CBMS), which consolidated legacy systems into one system and also incorporated a rules engine for determining eligibility and calculating and issuing benefits payments. As a result, the counties and the State split eligibility determination functions for certain federal Human Services' programs under CBMS. Counties are responsible for data collection from applicants and data entry of applicable information into CBMS. Concurrently, the State maintains the computer system supporting the eligibility determination process and pays benefits to the participants. The actual eligibility and payment determinations become the State's responsibility utilizing CBMS.

4. SUBRECIPIENTS

No federal awards were passed through to subrecipients for the year-ended December 31, 2024.

5. HUMAN SERVICES PROGRAMS

The County's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The benefit distribution method consists of participants receiving benefits using a state-maintained electronic banking card (EBT) instead of the County's cash disbursements. The Colorado Department of Human Services provided total EBT authorizations to qualified citizens in the County, in the amount of \$7,725,604 for the year ended December 31, 2024. The revenue and expenditures associated with these federal programs are not recognized in the County's basic financial statements.

6. INDIRECT COST RATE

Morgan County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MORGAN COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2024

SUMMARY OF AUDITORS RESULTS

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input 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 weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Identification of major federal programs:	<p><b>21.027</b> Coronavirus State and Local Fiscal Recovery Funds</p> <p><b>93.575</b> Child Care and Development Block Grant</p> <p><b>93.596</b> Childcare and Mandatory and Matching Portion of the Child Care and Development Fund</p> <p><b>93.558</b> Temporary Assistance For Needy Families</p>	
Dollar threshold used to distinguish between type A and type B programs:	<p>\$ <u>750,000</u></p>	
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**Section II: Financial Statement Findings**

See findings 2024-001 and 2024-002 as reported in the financial statements section of this report for details on material weaknesses and significant deficiencies identified under Government Auditing Standards.

**Section III: Federal Awards Findings**

**Finding 2024-003:** Inaccurate Reporting of SLFRF Expenditures and Fiscal Year End

**Federal Program:** Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

**Assistance Listing Number (ALN):** 21.027

**Federal Agency:** U.S. Department of the Treasury

**Type of Finding:** Compliance and significant deficiency in internal control over compliance

**Criteria:** Per Uniform Guidance (2 CFR 200.510(b) and 2 CFR 200.516), recipients must accurately report expenditures and obligations in required annual compliance reports. Reports must also reflect the correct fiscal year end date as required by federal and state reporting standards.

**Context:** Morgan County is a recipient of SLFRF funding and is required to submit accurate annual compliance reports reflecting actual expenditures and the correct fiscal year end. For the reporting period ending March 31, 2025, the County elected the \$10 million standard allowance for revenue loss and was required to report all SLFRF expenditures incurred during the year ended December 31, 2024.

**Condition:** The County's SLFRF compliance report for the year ended December 31, 2024 included several clerical errors including incorrectly reporting there were \$0 in current period expenditures rather than the \$1,660,202 included on the Schedule of Expenditures of Federal awards as well as incorrectly listing the fiscal year end date as December 31, 2023.

**Cause:** The errors appear to be due to insufficient oversight in preparing the annual compliance report due to staffing issues within the County.

**Effect:** The inaccurate reporting resulted in noncompliance with federal and state reporting requirements. This may impact the transparency and accountability of SLFRF fund usage.

**Questioned Costs:** None

**Recommendation:** Morgan County should implement procedures to ensure accurate reporting of expenditures and correct fiscal year end dates in all future SLFRF compliance reports. The County should ensure that all future reports are reconciled to actual activity and comply with SLFRF and Uniform Guidance requirements.

**Views of Responsible Officials:** Management concurs with the finding and will address the issue as outlined in the corrective action plan included in this report

**Section IV: Status of Prior Year Findings**

There were no findings for the year ended December 31, 2023.



# MORGAN COUNTY ADMINISTRATION

## Corrective Action Plan

**Audit Finding Reference Number:** 2024-003

**Federal Program:** Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

**Assistance Listing Number (ALN):** 21.027

**Federal Agency:** U.S. Department of the Treasury

### Contact Person(s) Responsible for Corrective Action:

Jessica Trusty

Director of Finance

[jtrusty@co.morgan.co.us](mailto:jtrusty@co.morgan.co.us) or 970-542-3508

### Planned Corrective Action:

The SLFRF funds were one-time funds received during the aftermath of the COVID Pandemic and related recovery. All funds related to this grant have been spent and the grant closed out. I will work with my staff to make any necessary corrections to the SLFRF 12/31/2024 report.

Morgan County will also implement the following procedures to ensure accurate reporting of all grant expenditures and fiscal year end dates:

Establish a review and reconciliation process to ensure all future federal grant compliance reports are reconciled to the Schedule of Expenditures of Federal Awards and underlying accounting records.

Provide additional training to staff responsible for preparing compliance reports on Uniform Guidance requirements and related grant reporting standards.

Assign oversight responsibility to a senior staff member to review and approve all grant related compliance reports prior to submission.

### Anticipated Completion Date:

June 30, 2026