



September 6, 2024

Board of County Commissioners
Fremont County, Colorado
Canon City, Colorado

We have audited the financial statements of Fremont County, Colorado (the "County") as of and for the year ended December 31, 2022, and have issued our report thereon dated September 6, 2024. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 27, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that a material misstatement or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or regulations that do not have a direct and material effect on the financial statements.

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County, Colorado as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control is for the limited purpose described in the preceding paragraph 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. However, as discussed on the following page we identified certain deficiencies in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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 to the financial statements, or noncompliance with a type of compliance requirement of a federal program 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness.

Financial Reporting

During the performance of our audit procedures, we identified a material misstatement to the County's assets and liabilities. We found that a breakdown in monthly and year-end account reconciliations attributed to this misstatement, which is a result of turnover in County finance staff and management, and the lack of knowledge in County procedures and governmental accounting standards by the new finance staff. We understand that changes are being made to procedures and ongoing training by County finance staff in order to strengthen internal control over financial reporting.

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 major 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 following deficiency in internal control to be a significant deficiency.

Federal Grant Expenditures Tracking

During our audit of federal grant programs, we found that one grant had not been properly reported in the schedule of expenditures of federal awards for the prior year, December 31, 2021. Again, this was caused, in part, by staff turnover. The individual responsible for compiling and tracking federal grants left County employment, and no one was assigned to this task for tracking federal grants received by the County. In addition, the County has a characteristic that is common with most counties, in that, the various departments apply for and receive grants, but do not notify the finance department or the County Treasurer about these grants. This is a deficiency in the internal controls over grant reporting, whether its from federal, state or local agencies. During 2022, the County created the grant administrator position. We are hopeful that going forward, the County will establish procedures in order to significantly improve grant tracking and reporting.

Supplementary Information

Our responsibility for the combining individual fund financial statements and schedules, and local highway finance report accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information and local highway finance report in relation to the financial statements as a whole and to report on whether the supplementary information and local highway finance report is fairly stated, in all material respects, in relation to the financial statements as a whole.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in

relation to the financial statements taken as a whole.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements for the year ended December 31, 2022.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. We provided management with a schedule of audit adjustments. An audit adjustment may or may not indicate matters that could have a significant effect on the County's financial reporting process. We made adjustments to the County's accounting records in order to properly state certain assets and liabilities of the County. The nature and amounts of these audit adjustments made to the County's accounting records indicate a deficiency in the County's accounting and financial reporting, as previously stated in this letter. We recommend that the County review its accounting and reporting procedures in order to insure transactions are properly reported in the accounting records.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to the retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and the responses were not a condition to our retention.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no difficulties dealing with management during the audit process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Other Information

County Sheriff's Office Inmate Commissary

We have noted in prior years that the Sheriff's Office would benefit from establishing stronger internal ownership of its applications and their related processes.

This year we note that the implementation of the CorrectPay application and the freezing of the Summit application appeared to have left certain financial processes unaddressed. There seems to be no current response to this issue.

In 2024, the Sheriff's Office is anticipating a shared implementation of major public safety applications along with its own implementation of a new Detention application.

As we discussed with the Sheriff, there is a risk of completing these implementations without critical vendor oversight...not only on feature/functionality issues, but also on such areas as conversion planning and testing, and implementation task management and GoLive acceptance.

Following these implementations, we look to internal ownership to provide ongoing expertise on the system environment including managing vendor relationships, understanding the functionality of and interaction between the software applications and services, providing onsite system administration functions and support ongoing training to new staff.

We understand the Sheriff is planning additions to his administrative staff which when trained, should allow more oversight. In the interim, with the significant implementation activities in play and recognizing that dedicating staff time is often difficult when balancing with public safety operations, it may be useful to look to resources from the County's Information Systems Department to provide additional immediate support.

Conclusion

We would like to thank Shawn Sutton, Charis Hall and the County staff for their assistance during the audit process.

This report is intended solely for the information and use of the Board of County Commissioners and management of Fremont County, Colorado and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Logan and Associates, LLC