



January 9, 2023

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

We have audited the financial statements of the Fremont County, Colorado (the "County") as of and for the year ended December 31, 2021, and have issued our report thereon dated January 9, 2023. 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 December 1, 2021. 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 the Fremont County, Colorado as of and for the year ended December 31, 2021, 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.

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 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 did not identify any significant deficiencies or material weaknesses in internal control.

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, 2021.

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. Management has determined that the effects of the passed audit adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In our judgment none of the passed audit adjustments proposed, either individually or in the aggregate, indicate matters that could have a significant effect on the County's financial reporting process.

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

Department of Health

During our audit we identified several issues with the reporting and tracking of grants received by the Department of Health, in the County's accounting system. Monthly reconciliations of the grants to the accounting records were not being performed in order to determine if the grant revenues and expenditures were properly reported in the accounting records. As a result the County's Finance Department preformed a through review of the grant transactions including receipts from the State of Colorado and other agencies and the disbursements of related grant expenditures. After this was completed, we were able to complete our audit of the Department of Health Fund's grant and financial activity. We recommend that the County review the procedures in place and make necessary changes for grant tracking and reconciliation to the accounting records on a monthly basis.

County Sheriff's Office Inmate Commissary

We provided these comments last year, with little or no corrections made during 2021, therefore we are repeating these comments.

We met with Sheriff's Office staff at the County Detention Center to discuss the processes related to tracking of receipt and disbursement of inmate funds related to the inmate commissary system. We found that the commissary system is underutilized and under controlled. The system's management is controlled by an outside third party, so the Sheriff's Office and IT have limited access to managing the system.

We also found that the third-party administrator sends "commission" checks as a result of the commissary activity, to the Treasurer's Office, with no supporting back up or how the commissions were calculated. The Sheriff's Office has no way to know if they are receiving the correct amounts.

We noted that there is a "resident debt" amount listed in the commissary system, for which there is a detailed report available of current/past inmates and amounts. However, no one has reviewed this for accuracy and completeness. We recommend that this list be reviewed to determine what can be done with the past accounts. This may require legal opinion on the outcome.

During 2019, the inmate bank account was moved to the Treasurer's Office for control over the bank activity reporting. The Treasurer's Office sends the monthly bank statements to the Sheriff's Office, however, no one is reconciling the monthly activity to the bank statement received from the Treasurer's Office to the system reports for accuracy. We recommend that this process be implemented and performed each month.

IT System

As part of our audit, we reviewed information technology systems as well as the accounting and related systems. We provided management with a preliminary information systems review at the end of July 2022. In August 2022, we were notified that the County had a cyberattack and the extent of it was not known. The County received help from the State of Colorado and the County's insurer to investigate and implement corrections where needed in the County's technology systems. In prior years, we had communicated the importance of planning for cyberattacks and/or disaster recovery including updating technology and policies and procedures. As a result of this unfortunate event, the County has implemented processes, policies and procedures, including adding staff to the Information Technology Department to address these issues in order to provide for increased security and recovery over future cyberattacks. We recommend that priority be given to implementation of any remaining related IT policies and procedures.

Conclusion

We would like to thank Shawn Sutton, Tammy Childs, 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