EL PASO COUNTY, COLORADO

SINGLE AUDIT REPORT

DECEMBER 31, 2025

Contents

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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
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 (*Government Auditing Standards*), 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, 2025, 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 19, 2026. 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.

Report On 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 identified a deficiency in internal control, described in the accompanying schedule of findings and questions costs as item 2025-001, that we consider to be a material weakness.

Report On 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on the response.

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 19, 2026

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

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
Colorado Springs, Colorado

Report On Compliance For Each Major Federal Program

Opinion On Each Major Federal Program

We have audited El Paso County, Colorado's (the County) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget's *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, 2025. 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 $21,584,886 in federal awards and which is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2025. Our audit, as described below, did not include the operations of El Paso County Public Health because we performed that 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.

In our opinion, the 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, 2025.

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 the Uniform Guidance. Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities For The Audit Of Compliance section of our report.

We are required to be independent of the County and to meet our 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 the 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 the County's federal programs.

Auditors' 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 the 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 the 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 the 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 the 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 the 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.

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. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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 questions costs as item 2025-002, to be a material weakness.

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 the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The 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, 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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 19, 2026, 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.

RubinBrown LLP

June 19, 2026

EL PASO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2025
Page 1 Of 3

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
U.S. Department Of Agriculture				
Passed through Colorado Department of Human Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Program (Non CW FFA Incentives Only)	12-3505-0-1-605	10.551	143,646	$ —
State Administrative Matching Grants for the Supplemental Nutrition Program (Non CW FFA)	12-3505-0-1-605	10.561	7,339,708	—
Subtotal - SNAP Cluster			7,483,354	—
Natural Resources Conservation Services	NR238b05xxxxC011	10.923	5,920,220	
Total U.S. Department Of Agriculture			13,403,574	—
U.S. Department Of Housing And Urban Development				
CDBG - Entitlement Grants Cluster:				
COVID 19 - Community Development Block Grant	B20UW080005	14.218	62,397	62,397
Community Development Block Grant	B23UC080005	14.218	133,525	47,169
Community Development Block Grant	B24UC080005	14.218	623,048	396,249
Community Development Block Grant	B25UC080005	14.218	206,157	66,642
Subtotal - CDBG - Entitlement Grants Cluster			1,025,127	572,457
Total U.S. Department Of Housing And Urban Development			1,025,127	572,457
U.S. Department Of Justice				
Passed through Colorado Department of Public Safety:				
Crime Victim Assistance - VOCA Grant 2024	2022-VA-23-202-04	16.575	1,865	—
Crime Victim Assistance - VOCA Grant 2024	2024-VA-25-507-04	16.575	58,706	—
4th Judicial DA Victim Advocates and Restitution Clerk	2024-VA-25-508-04	16.575	193,606	—
Subtotal - Assistance Listing 16.575			254,177	—
Domestic Violence Special Prosecution Project	2024-VW-25-484-04	16.588	129,353	—
Passed through the Colorado Springs Police Department:				
State Criminal Alien Assistance Program 2020 (SCAAP) (C.Jungels)	15PBJA-20-RR-00115-SCAA	16.606	15,790	—
State Criminal Alien Assistance Program 2021 (SCAAP) (C.Jungels)	15PBJA-21-RR-04971-SCAA	16.606	152,414	—
Subtotal - Assistance Listing 16.606			168,204	—
Edward Byrne Memorial Justice Assistance Grant Program	15PBJA-24-GG-05309-JAGX	16.738	38,053	—
Equitable Sharing - Federal Assset Forfeitures	Annual Certification	16.922	28,874	—
Total U.S. Department Of Justice			618,661	—

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
U.S. Department Of Labor				
Passed through Colorado Department of Labor and Employment:				
Employment Service Cluster:				
Wagner-Peyser - Employment Services	24A55WP000101, 25A55WP000155	17.207	1,761,565	10,892
Wagner-Peyser - Summer Job Hunt	23A55WP000041, 24A55WP000101, 25A55WP000155	17.207	62,715	—
Subtotal - Assistance Listing 17.207			1,824,280	10,892
Jobs for Veterans State Grants - DVOP	25555DV000141	17.801	56,395	—
Jobs for Veterans State Grants - LVER	25555DV000141	17.801	22,558	—
Subtotal - Assistance Listing 17.801			78,953	—
Subtotal - Employment Service Cluster			1,903,233	10,892
WIOA Cluster:				
Workforce Innovation and Opportunity Act Adult Program	23A55AW000026, 24A55AT000086, 24A55AW000076	17.258	1,081,653	10,942
Workforce Innovation and Opportunity Act Youth Activities	25A55AY000150, 23A55AY000033, 24A55AY000089	17.259	1,544,211	2,639
WIOA Dislocated Worker Program - Performance Incentive	23A55AW000026	17.278	31,182	—
WIOA Dislocated Worker Program	23A55AW000026, 2455AT000086	17.278	1,331,394	9,552
WIOA Enhanced DW Program	23A55AW000026	17.278	187,116	—
WIOA WDP	AA-38519-22-55A-A8	17.278	29,269	—
Subtotal - Assistance Listing 17.278			1,578,961	9,552
Subtotal - WIOA Cluster			4,204,825	23,133
Unemployment Insurance - Reemployment Services and Eligibility Assessments (RESEA)	24A60UR000053/25A60UR000135	17.225	248,046	—
WIOA National Dislocated Worker Grants - Quest Disaster Recovery DWG	23A60DW000016	17.277	165,183	—
WIOA National Dislocated Worker Grants - Quest Recovery DWG	DW-39216-22-60-A-B	17.277	79,283	—
Subtotal - Assistance Listing 17.277			244,466	—
Total U.S. Department Of Labor			6,600,570	34,025
U.S. Department Of Transportation				
Passed through Colorado Department of Transportation:				
Highway Planning and Construction - Ute Pass Trail Phase II	TAP CO40-054	20.205	42,596	—
Highway Planning and Construction - ADA Planning & Prioritization	STM C040-070	20.205	659,628	—
Highway Planning and Construction - Arnold Ave Bridge	BRO C040-039	20.205	992,700	—
Highway Planning and Construction - Bradley Road Widening Project	STM C00-073	20.205	621,762	—
Highway Planning and Construction - Calhan Highway Birdge	BRO C040-055	20.205	(86,076)	—
Highway Planning and Construction - EPC Wetland bank - Akers Project	STU C040-060	20.205	60,305	—
Highway Planning and Construction - Galley Rd Sidewalks	TAP C040-076	20.205	37,496	—
Highway Planning and Construction - Struthers Northgate Drainage	PWQ C040-076	20.205	389,049	—
Subtotal - Assistance Listing 20.205			2,717,460	—
Highway Safety Cluster:				
State and Community Highway Safety - 2024 NHTSA Speed & Distracted Enforcement	24-HTS-ZL-00223/491003288	20.600	148,251	—
State and Community Highway Safety - 2025 NHTSA Speed & Distracted Enforcement	24-HTS-ZL-00200-M0002/491003265	20.600	31,303	—
State and Community Highway Safety - NHTSA/passed through CDOT - Click It or Ticket	PO 411041320	20.600	11,716	
Subtotal - Assistance Listing 20.600 and Highway Safety Cluster			191,270	—
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 2024 NHTSA Impaired Driving Enforcement	24-HTS-ZL-00223-M0002/491003288	20.608	153,403	—
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 2025 NHTSA Impaired Driving Enforcement	24-HTS-ZL-00223-M0003/491003288	20.608	32,904	—
Subtotal - Assistance Listing 20.608			186,307	—
Total U.S. Department Of Transportation			3,095,037	—
U.S. Department Of Treasury				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - COVID-19/American Rescue Plan Act	N/A	21.027	25,914,072	11,013,664
Passed through Colorado Department of Local Affairs				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Infrastructure and Strong Communities Grant Progran	SCIG PL-105	21.027	71,209	—
Passed through Colorado Department of Transportation:				
Coronavirus State and Local Fiscal Recovery Funds - MMOF Ped Crossing Improvements	MTF CO40-079	21.027	405,851	—
Passed through Colorado Department of Human Services:				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - COVID-19/2025 SAMHSA MAT	25 IBEH 193640 Amendment #4	21.027	37,031	—
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Non CW FFA	20-1892-0-1-806	21.027	(164,458)	—
Passed through Colorado Department of Labor and Employment:				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Workforce Innovation Grant	SLFRP0126	21.027	72,533	—
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Sector Partnership Convenor	SLFRP0126	21.027	100,051	—
Passed through Colorado Office of Economic Development and International Trade:				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds - Regional Talent Initiative Program - Opportunity Now	ON-SD-0024 / SLFRP0126	21.027	56,020	—
Subtotal - Assistance Listing 21.027			26,492,309	11,013,664
Local Assistance and Tribal Consistency Fund (LACTF)		21.032	181,668	—
Total U.S. Department Of The Treasury			26,673,977	11,013,664

EL PASO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Grantor's Identification Number	Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
U.S. Election Assistance Commision				
HAVA Election Security Grants - 2024 Election Improvement Grant CMS#194643	2025-1044	90.404	41,273	—
Total U.S. Total Election Assistance Commission			41,273	—
U.S. Department Of Health And Human Services				
Passed through Colorado Department of Human Services				
CCDF Cluster:				
Child Care and Development Block Grant - Discretionary Fund	75-1515-0-1-609	93.575	15,531,493	—
Child Care Mandatory and Matching Funds of the Child Care Development Fund	75-1536-0-1-506	93.596	2,044,725	—
Subtotal CCDF Cluster			17,576,218	—
Guardianship Assistance	75-1545-0-10609	93.090	204,477	—
Temporary Assistance for Needy Families (TANF) Cluster	75-1552-0-1-609	93.558	18,888,448	—
Child Support Enforcement Title IV-D	75-1501-0-1-609	93.563	4,002,982	—
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Lutheran Family Services Rocky I	N/A	93.566	35,672	—
Low-Income Home Energy Assistance (LEAP)	75-1503-0-1-609	93.568	137,671	—
Stephanie Tubbs Jones Child Welfare Services Program - Title IV-B	75-1536-0-1-506	93.645	937,074	—
Foster Care - Title IV-E	75-1545-0-1-609	93.658	9,152,613	—
Kinship Navigator Program Title IV-E	75-1545-0-10609	93.471	1,564,685	—
Kinship Prevention Program Title IV-E	OM-CFO-2021-0001	93.472	715,119	—
Adoption Assistance	75-1536-0-1-506	93.659	4,053,014	—
Social Services Block Grant Title XX (FFA)	75-1534-0-1-506	93.667	2,256,554	—
Social Services Block Grant Title XX (FFA - Non CW)	75-1534-0-1-506	93.667	247,093	—
Subtotal - Assistance Listing 93.667			2,503,647	—
John H. Chafee Foster Care Program for Successful Transition to Adulthood - Independent Living Program/Chafee (FFA)	75-1545-0-1-609	93.674	169,347	—
Passed through Colorado Department of Health Care Policy and Financing:				
Medicaid Cluster				
Medical Assistance Program - Title XIX (FFA)	75-0512-0-1-551	93.778	1,345,484	—
Medical Assistance Program - Title XIX Cluster (FFA - Non CW)	75-0512-0-1-551	93.778	8,715,227	—
Subtotal - Medicaid Cluster			10,060,711	—
Passed through Colorado Department of Local Affairs:				
Community Service Block Grant	CSGB-24-011	93.569	572,550	456,475
Passed through Colorado Department of Human Services:				
Opioid STR - 2025 SAMHSA State Opioid Response	25 IBEH 194144	93.788	52,250	—
Total U.S. Department Of Health And Human Services			70,626,478	456,475
U.S. Department Of Homeland Security				
Passed through Federal Emergency Management Agency				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hanson Grant	FEMA-4731-DR-CO	97.036	48,421	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hanson Grant	FEMA-4731-DR-CO	97.036	328,978	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hanson Grant	FEMA-4731-DR-CO	97.036	177,061	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hanson Grant	FEMA-4731-DR-CO	97.036	142,014	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - ERLA El Paso County Emergency Relief	FEMA-4731-DR-CO	97.036	248,002	—
Subtotal - Assistance Listing 97.036			944,476	—
Emergency Management Performance Grants	23EM-25-19	97.042	73,285	—
Building Resilient Infrastructure and Communities (BRIC)	23BRIC25-PASO	97.047	73,099	
Total U.S. Department Of Homeland Security			1,090,860	—
White House Office Of National Drug Control Policy (ONDCP)				
High Intensity Drug Trafficking Areas Program - Rocky Mountain HIDTA	G23RM0049A	95.001	388	—
High Intensity Drug Trafficking Areas Program - Rocky Mountain HIDTA	HID2525G0525	95.001	130,000	—
Total Executive Office Of The President			130,388	—
Total Of Federal Awards			$ 123,305,945	$ 12,076,621

See the notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2025

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, 2025. 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 15% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2025

Section I - Summary Of Auditors' Results

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?	✔ yes	___ no
Significant deficiency(ies) identified?	___ yes	✔ none reported
Noncompliance material to financial statements noted?	___ yes	✔ no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	✔ yes	___ no
Significant deficiency(ies) identified?	___ yes	✔ 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)?	___ yes	✔ no

Identification of major federal programs:

Assistance Listing No.	Name Of Federal Program Or Cluster
93.775, 93.777, 93.778	Medicaid Cluster
93.558	TANF
93.658	Title IV-E Foster Care
10.923	Natural Resource Conservation Services
21.027	COVID-19 Coronavirus State And Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000	
Auditee qualified as low-risk auditee?	___ yes	✔ no

Section II - Financial Statement Findings

Finding 2025-001 - Depreciation Expense

Material Weakness

Criteria Or Specific Requirement: The County is responsible for establishing and implementing a system of internal accounting control that will prevent or detect and correct errors in a timely manner related to financial reporting, including those around the accounts payable process and construction invoices at or near the end of the fiscal year.

Condition: During 2025, the County determined that the 2024 depreciation expense had been calculated incorrectly, overstating 2024 depreciation expense and understating January 1, 2025 beginning net position. This resulted in a restatement of January 1, 2025 net position in the 2025 financial statements.

Cause: While the County has an internal control framework in place over the process of calculating depreciation, an error in preparing the 2024 depreciation report was not identified in a timely manner.

Effect: Without proper controls (including review) over the calculation of depreciation expense, errors may go undetected by management and not be corrected in a timely manner.

Context: The calculated difference between depreciation expense recorded in 2024 and what should have been recorded was $31,265,672, which is presented as a restatement of January 1, 2025 net position in the 2025 financial statements.

Identification As A Repeat Finding: N/A

Recommendation: We recommend that the County strengthen the processes within the internal control framework surrounding the review of depreciation expense during the year-end close process.

Views Of Responsible Officials And Planned Corrective Action: The County agrees with the finding and has put together a correction action plan for the finding. See corrective action plan included in this report.

Section III - Federal Award Findings And Questioned Costs

Finding 2025-002 - Material Weakness: Eligibility - Control Finding

ALN 93.658 - Title IV-E Foster Care

***Federal Agency*: U.S. Department of Health and Human Services**

***Pass-Through Entity:* Colorado Department of Human Services**

Criteria Or Specific Requirement: Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), establishes requirements for internal control over compliance with Federal program requirements. 2 CFR Section 200.303 requires non-Federal entities to establish and maintain effective internal control over Federal awards that provides reasonable assurance the entity is managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These requirements include the design, implementation, and operation of control activities to ensure compliance with applicable compliance requirements, including eligibility. As eligibility is a key compliance requirement identified in the OMB Compliance Supplement, the County is required to implement a review process and system of internal controls that allows management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, errors or noncompliance in eligibility determinations on a timely basis.

Condition: A secondary review of eligibility determinations did not occur in a timely manner during 2025.

Cause: Management of the program did not implement an internal control process that functioned in a timely manner.

Effect: The possibility exists that an individual was incorrectly determined to be eligible to receive benefits and this error was not identified and corrected in a timely manner.

Questioned Costs: Not applicable

Context: Our audit of the control processes around eligibility determination for the program determined no timely review over initial determination.

Identification As A Repeat Finding: N/A

Recommendation: We recommend that the County strengthen the processes within the internal control framework surrounding the review of eligibility determinations for this program.

Views Of Responsible Officials And Planned Corrective Action: The County agrees with the finding and has put together a correction action plan for the finding. See corrective action plan included in this report.

CORRECTIVE ACTION PLAN
For The Year Ended December 31, 2025

Finding 2025-001 Depreciation Expense

Material Weakness

Personnel Responsible for Corrective Action: Finance Division Manager and Accounting Manager

Anticipated Completion Date: June 30, 2026

Corrective Action Plan:

During the fiscal year 2025 audit, El Paso County identified that depreciation expense for certain capital assets was overstated for the year ended December 31, 2024. The overstatement resulted in capital assets, net of accumulated depreciation, and beginning net position being understated by $31,265,672. As soon as this matter was identified, Finance reviewed the depreciation activity, confirmed the impact to the financial statements, and recorded the necessary correction as a restatement of beginning net position in the 2025 Annual Comprehensive Financial Report.

The County has an internal control framework in place over capital asset accounting and financial reporting. However, the year-end review process did not identify the depreciation overstatement prior to issuance of the 2024 financial statements. Finance has reviewed the circumstances that led to the restatement and will strengthen procedures over the review of depreciation expense, accumulated depreciation, and capital asset reporting during the year-end close process.

Moving forward, Finance will implement a formal capital asset depreciation review process that includes reconciliation of the capital asset subsidiary ledger to the general ledger, review of depreciation expense and accumulated depreciation by asset class, comparison of current-year depreciation to prior-year activity and expected trends, and review of significant or unusual variances before the financial statements are finalized. The review will also include verification that capital asset additions, disposals, transfers, construction-in-progress activity, useful lives, and depreciation report parameters are properly reflected in the capital asset system.

Finance will develop a depreciation review checklist to document the procedures performed, the preparer and reviewer, explanations for significant variances, and any corrections identified during the review. The checklist and supporting documentation will be retained with the annual close workpapers. Finance will also provide additional training to staff involved in capital asset accounting to reinforce the importance of reviewing depreciation reports, identifying unusual activity, and communicating potential corrections before depreciation is finalized.

The County believes these additional review procedures will strengthen internal controls over capital asset reporting and help ensure depreciation expense and accumulated depreciation are recorded accurately in future reporting periods.

CORRECTIVE ACTION PLAN
For The Year Ended December 31, 2025

Finding 2025-002 Title IV-E Foster Care

Material Weakness

Personnel Responsible for Corrective Action: DHS Division Director – CYFS

Anticipated Completion Date: June 30, 2026

Corrective Action Plan:

During the 2025 audit, the auditors discovered that a secondary review of eligibility determinations did not occur in a timely manner. The lack of internal control opened the possibility that an individual was incorrectly determined to be eligible to receive benefits and this error would not have been identified or corrected in a timely manner.

Federal Regulations establish requirements for internal control over compliance with Federal program requirements. 2 CFR Section 200.303 requires non-Federal entities to establish and maintain effective internal control over Federal awards that provides reasonable assurance the entity is managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These requirements include the design, implementation, and operation of control activities to ensure compliance with applicable compliance requirements, including eligibility. As eligibility is a key compliance requirement identified in the OMB Compliance Supplement, the County is required to implement a review process and system of internal controls that allows management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, errors or noncompliance in eligibility determinations on a timely basis.

The Department of Human Services (DHS) has implemented a monthly review process to audit a random sample of the IV-E cases. The review includes verification of timely and accurate determinations, client information, supporting documentation, and system entries, with results documented and approved by the reviewer. DHS Division leadership will monitor compliance to ensure the reviews are conducted each month.

DHS believes this additional review procedure will provide the needed internal controls over IV-E determination.