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# City of Fort Collins, Colorado

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**Federal Awards Supplemental Information  
December 31, 2023**

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**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

To the Honorable Mayor and Members of the  
City Council  
City of Fort Collins, Colorado

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 City of Fort Collins, Colorado (the "City") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 29, 2024, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 29, 2024.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 basic 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

February 15, 2025

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*

**Independent Auditor's Report**

To Management; the Honorable Mayor;  
and Members of the City Council  
City of Fort Collins, Colorado

We have audited, in accordance with 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 basic 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 City of Fort Collins, Colorado (the "City") as of and for the year ended December 31, 2023 and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2023-001 and 2023-002, that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

To Management; the Honorable Mayor;  
and Members of the City Council  
City of Fort Collins, Colorado

### **The City's Responses to the Findings**

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

### **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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moreau, PLLC*

June 29, 2024

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance

**Independent Auditor's Report**

To the Honorable Mayor and Members of the  
City Council  
City of Fort Collins, Colorado

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

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

We have audited the City of Fort Collins, Colorado's (the "City") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City'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, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended December 31, 2023.

***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; 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* (the "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 the City 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 the City'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 City's federal programs.

To the Honorable Mayor and Members of the  
City Council  
City of Fort Collins, Colorado

### ***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 the City'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 City'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 City'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 City'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 City'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 have not been identified. However, as discussed below, we did identify a certain 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 of those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-003 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.

To the Honorable Mayor and Members of the  
City Council  
City of Fort Collins, Colorado

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

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.

*Plante & Moreau, PLLC*

February 15, 2025



## City of Fort Collins, Colorado

### Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Direct/ Pass-through	Pass-through Entity	Project/Grant (FAIN) No. Pass-through Entity Identifying Number	Federal Assistance Listing Number	Total Amount Provided to Subrecipients	Total Federal Expenditures
<b>Department of Housing and Urban Development</b>						
<b>CDBG Entitlement Grants Cluster - Community Development</b>						
Block Grants/Entitlement Grants						
Grant Year 2020 / 2021	Direct		B-20-MC-08-0008	14.218	\$ 57,215	\$ 57,215
Grant Year 2021 / 2022	Direct		B-21-MC-08-0008	14.218	1,126,914	1,126,915
Grant Year 2022 / 2023	Direct		B-22-MC-08-0008	14.218	176,567	361,622
Grant Year 2023 / 2024	Direct		B-23-MC-08-0008	14.218	30,348	71,985
COVID-19 Community Development Block Grant	Direct		B-20-MW-08-0008	14.218	178,166	178,166
<b>Total CDBG Entitlement Grants Cluster</b>					1,569,210	1,795,903
<b>Home Investment Partnerships Program</b>						
Grant Year 2020 / 2021	Direct		M-20-MC 08-0209	14.239	100,000	100,000
Grant Year 2021 / 2022	Direct		M-21-MC-08-0209	14.239	435,339	435,339
Grant Year 2022 / 2023	Direct		M-22-MC 08-0209	14.239	-	47,894
Grant Year 2023 / 2024	Direct		M-23-MC-08-0209	14.239	-	36,194
COVID-19 Home Investment Partnership Programs Block Grant	Direct		M21-MP080209	14.239	-	63,824
<b>Total Home Investment Partnerships Program</b>					535,339	683,251
<b>Total Department of Housing and Urban Development</b>					2,104,549	2,479,154
<b>Department of the Interior - Water SMART (Sustaining and Manage America's Resources for Tomorrow)</b>						
	Direct		R22AP00103-01	15.507	-	1,023
<b>Department of Justice</b>						
Crime Victim Assistance	Pass-through	Colorado Department of Public Safety	2021-VA-22-440-08	16.575	-	22,792
Edward Byrne Memorial Justice Assistance Grant Program	Pass-through	Larimer County	N/A	16.738	-	29,517
Recovery Act - Internet Crimes Against Children Task Force Program (ICAC)	Pass-through	City of Colorado Springs	N/A	16.800	-	11,195
<b>Total Department of Justice</b>					-	63,504
<b>Department of Transportation</b>						
<b>Highway Planning and Construction</b>						
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	STU M455-129	20.205	-	243,778
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	STU M455-125 (21996)	20.205	-	2,393,516
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	SHO M455-124 (21966)	20.205	-	416,264
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	STU 2873-215 (24105)	20.205	-	149,855
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	SHO M455-136 (23881)	20.205	-	23,750
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	SHO-M4455-137 (23896)	20.205	-	3,452
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	MTF M455-1138	20.205	-	12,639
Highway Planning and Construction	Pass-through	Colorado Department of Transportation	STU CO60-086 (21964)	20.205	-	41,983
<b>Total Highway Planning and Construction</b>					-	3,285,237

## City of Fort Collins, Colorado

### Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Direct/ Pass-through	Pass-through Entity	Project/Grant (FAIN) No. Pass-through Entity Identifying Number	Federal Assistance Listing Number	Total Amount Provided to Subrecipients	Total Federal Expenditures
<b>Federal Transit Cluster</b>						
Federal Transit - Formula Grants	Direct		CO-2023-015-00	20.507	-	4,192,341
Federal Transit - Formula Grants	Direct		CO-2021-013-01	20.507	-	59,929
Federal Transit - Formula Grants	Direct		CO-2020-013-00	20.507	-	184,545
COVID-19 Federal Transit - Formula Grants	Direct		CO-2023-014-00	20.507	-	589,305
<b>Total Federal Transit - Formula Grants</b>					-	5,026,120
Bus and Bus Facilities Formula Program & Discretionary Programs	Direct		CO-2023-013-00	20.526	-	3,696,712
Bus and Bus Facilities Formula Program & Discretionary Programs	Direct		CO-2023-001-00	20.526	-	995,574
Bus and Bus Facilities Formula Program & Discretionary Programs	Direct		CO-22-024-00	20.526	-	28,084
<b>Total Bus and Bus Facilities Formula Program &amp; Discretionary Programs</b>					-	4,720,370
<b>Total Federal Transit Cluster</b>					-	9,746,490
<b>Transit Services Programs Cluster</b> - Enhanced Mobility of Seniors and Individuals with Disabilities	Direct		CO-2023-005-01	20.513	-	159,843
<b>Highway Safety Cluster</b> - National Priority Safety Programs	Pass-through	Colorado Department of Transportation	23 NHTSA405B.0504	20.616	-	10,947
<b>Total Department of Transportation</b>					-	13,202,517
<b>Department of the Treasury</b>						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Direct		N/A	21.027	1,768,117	8,324,351
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pass-through	Larimer County	N/A	21.027	-	147,880
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pass-through	Colorado Department of Local Affairs	SLFRP0126	21.027	-	2,200,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pass-through	Colorado Department of Transportation	TAP M455-133 (23630)	21.027	-	878,268
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pass-through	Larimer County Economic and Workforce Development Department	SLFRP0126	21.027	-	110,860
<b>Total Department of the Treasury</b>					1,768,117	11,661,359
<b>The Institute of Museum and Library Services</b> - National Leadership Grants	Direct		ARPML-250868-OMLS-22	45.312	-	5,160
<b>Environmental Protection Agency</b>						
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Direct		N/A	66.034	-	108,200
State Environmental Justice Cooperative Agreement Program	Direct		N/A	66.312	-	147,329
Performance Partnership Grants	Pass-through	Colorado Department of Public Health & Environment	202200006020	66.605	-	9,000
<b>Total Environmental Protection Agency</b>					-	264,529
<b>Department of Energy</b> - State Energy Program	Pass-through	Colorado Department of Energy	DE-EE0007470	81.041	-	800,000

# City of Fort Collins, Colorado

## Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Direct/ Pass-through	Pass-through Entity	Project/Grant (FAIN) No. Pass-through Entity Identifying Number	Federal Assistance Listing Number	Total Amount Provided to Subrecipients	Total Federal Expenditures
<b>Department of Health and Human Services CCDF Cluster</b>						
Child Care and Development Block Grant	Pass-through	D-11 for my comments	1737253	93.575	-	150,185
Child Care and Development Block Grant	Pass-through	Colorado Department of Human Services	MIS00001078	93.575	-	6,726
<b>Total Department of Health and Human Services</b>					-	156,911
<b>Total Expenditures of Federal Awards</b>					<u><b>3,872,666</b></u>	<u><b>28,634,157</b></u>

**Notes to Schedule of Expenditures of Federal Awards**

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**Year Ended December 31, 2023**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Fort Collins, Colorado (the "City") under programs of the federal government for the year ended December 31, 2023. The information in the 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"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the same basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The City has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported
- Noncompliance material to financial statements noted?        Yes   X   None reported

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

  X   Yes        No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants, CDBG - Entitlement Grants Cluster
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$859,025

Auditee qualified as low-risk auditee?

       Yes   X   No

## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2023

### Section II - Financial Statement Audit Findings

Reference Number	Finding
2023-001	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - In the absence of an executed grant agreement before the end of the reporting period, a government cannot establish that it has incurred allowable costs and, therefore, cannot establish the existence of a receivable. That is the case even when the government has incurred costs that could be reimbursable once the grant agreement is executed. Assets and associated deferred inflows or revenue should be recognized for allowable costs only after the grant agreement is executed (GASB 33 paragraph 15 and GASB Implementation Guide 2019-1 Question 4.7).</p> <p><b>Condition</b> - The City reported deferred inflows of resources and a receivable for several Federal Transit Administration (FTA) grants under which pre-award spending had begun prior to the end of the reporting period, but grant agreements had not been executed.</p> <p><b>Context</b> - A total of \$5.68 million was incorrectly recognized as a receivable and deferred inflows of resources as of December 31, 2023.</p> <p><b>Cause</b> - The City has historically interpreted pre-award authority granted by the FTA as the trigger to recognize receivables, even without an executed grant agreement. However, the applicable FTA section of the federal register for the grants in question indicates that "pre-award authority is not a legal or implied commitment that the subject project will be approved for FTA assistance or that FTA will obligate federal funds."</p> <p><b>Effect</b> - The City incorrectly recognized deferred inflows of resources and receivables related to these pre-award costs as of December 31, 2023.</p> <p><b>Recommendation</b> - The City should only recognize receivables and deferred inflows of resources related to grants for which a grant agreement has been executed.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The City, like many municipalities, is reliant on a variety of grant programs administered by the Federal Transit Administration to maintain and grow transit services for the community. Governance for the use, accounting, and reporting of these funds is a priority of the City as prior reviews and audits can attest. Often, the duration of time from date of grant application to approval, and then to the execution of an award agreement, can span one or more fiscal periods. The demand for this funding is very high and the FTA uses a pre-award authorization process to allow for qualifying expenditures incurred prior to execution of the award and to then be offset against grant revenue once the award is executed.</p> <p>Prior to 2023, the City tracked and accounted for these expenditures, posted an equivalent receivable and offsetting deferred revenue amount in the year incurred, and included the pre-award expenditures on the schedule of expenditures of federal awards (SEFA) in the year incurred. Interpretation of regulations at the time FTA pre-authorization was introduced to the City led to the accounting practices mentioned above.</p> <p>After considerable deliberation with our 2023 audit team, we accepted their guidance and modified our practices in two areas. Expenditures will be reported on the SEFA only for grant programs with an executed award regardless of the year incurred, and grant receivables will not be posted until a grant agreement is fully executed. These changes were implemented effectively for 2023 by the accounting department, and the changes in procedures for applicable personnel are being implemented in 2024 and beyond.</p>

## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2023

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2023-002	<p><b>Finding Type</b> - Material weakness</p> <p><b>Criteria</b> - GASB Codification 2100, <i>Defining the Financial Reporting Entity</i>, indicates that the financial reporting entity consists of the City and organizations for which the City is financially accountable, which includes organizations meeting the definition of a discretely presented component unit.</p> <p><b>Condition</b> - The City appoints the voting majority of the Fort Collins Tourism Improvement District's (the "TID") board and also has responsibility to approve the TID's budget, and, as such, the City is financially accountable for the TID. As the TID reached a level in fiscal year 2023 that was considered material to the applicable opinion unit - aggregate discretely presented component units - it should be included in the City's financial statements.</p> <p><b>Context</b> - The TID is reporting revenue of \$1.41 million and expenditures of \$1.50 million during fiscal year 2023, which is considered material to the applicable opinion unit.</p> <p><b>Cause</b> - The City applied GASB Codification 2100 in its analysis; however, it considered materiality of the TID in relation to the government as a whole, rather than the applicable opinion unit.</p> <p><b>Effect</b> - If the City had not reported the TID as a discretely presented component unit, the aggregate discretely presented component units would have been materially misstated.</p> <p><b>Recommendation</b> - The City should consider the applicable opinion unit in determination of which organizations should be included within the financial reporting entity.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Fort Collins Tourism Improvement District was formed in late 2021. City accounting assessed the TID organization for inclusion in the audited 2022 ACFR.</p> <p>Conclusions were:</p> <ul style="list-style-type: none"><li>- The TID did qualify as a discretely presented component unit.</li><li>- Due to several factors, inclusion in the City's ACFR would not be needed based on the materiality of the TID in comparison with the primary government, and materiality would be reassessed annually.</li></ul> <p>Auditor guidance for 2023, provided as requested, is the TID must be included in the 2023 ACFR, as the materiality threshold is set in comparison with other discretely presented component units and not the primary government.</p> <p>The TID is presented in the 2023 ACFR. The accounting department is operationalizing the change to include it in 2024 and utilizing GASB Codification 2100 as another reference when assessing materiality in the future.</p>

## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2023

### Section III - Federal Program Audit Findings

Reference Number	Finding
2023-003	<p><b>Assistance Listing Number, Federal Agency, and Program Name -</b></p> <ul style="list-style-type: none"> <li>- ALN 20.205, Department of Transportation, Highway Planning and Construction</li> <li>- Federal Transit Cluster, ALNs 20.500 (Federal Transit Capital Investment Grants), 20.507 (Federal Transit - Formula Grants), 20.507 (COVID-19, Federal Transit - Formula Grants), and 20.526 (Bus and Bus Facilities Formula Program &amp; Discretionary Programs), Department of Transportation</li> </ul> <p><b>Federal Award Identification Number and Year -</b></p> <ul style="list-style-type: none"> <li>- ALN 20.205: STU M455-125, SHO M455-124, and STU CO60-086</li> <li>- ALN 20.500: 1138-2022-1</li> <li>- ALN 20.507: CO-2023-015-00, CO-2021-031, CO-2023-015-00, and CO-2023-014 (COVID-19)</li> <li>- ALN 20.526: CO-2023-013-00, 1138-2023-4, 1138-2023-7, 1138-2023-3, CO-2022-003-00, and CO-2023-001</li> </ul> <p><b>Pass-through Entity -</b></p> <ul style="list-style-type: none"> <li>- ALN 20.205 - Colorado Department of Transportation</li> <li>- ALNs 20.500, 20.507, and 20.526 - N/A</li> </ul> <p><b>Finding Type -</b> Material weakness</p> <p><b>Repeat Finding -</b> No</p> <p><b>Criteria -</b> According to 2 CFR 200.502, the determination of when a federal award is expended must be based on when the activity related to the federal award occurs. Generally, the activity pertains to the events that require the nonfederal entity to comply with federal status, regulations, and the terms and conditions of federal awards, such as expenditure/expense transactions associated with awards including grants.</p> <p>Per GASB Implementation Guide 2019-1 Question 4.7, in the absence of an executed grant agreement before the end of the reporting period, a government cannot establish that it has incurred allowable costs. Additionally, the applicable FTA section of the federal register for the grants in question indicates that "pre-award authority is not a legal or implied commitment that the subject project will be approved for FTA assistance or that FTA will obligate federal funds."</p> <p><b>Condition -</b> The fiscal year 2023 schedule of expenditures of federal awards (SEFA) that was initially provided to the auditors was incorrect because it included expenditures related to fiscal year 2022, as well as expenditures that were incurred before an executed grant agreement was in place.</p> <p><b>Questioned Costs -</b> None</p> <p><b>Identification of How Questioned Costs Were Computed -</b> N/A</p>



## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2023

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
	<p><b>Context</b> - The expenditures on the City's SEFA were misreported as follows:</p> <ul style="list-style-type: none"><li>- ALN 20.205, Highway Planning and Construction - The expenditures reported on the initial SEFA included \$641,174 that related to expenditures incurred in fiscal year 2022.</li><li>- ALNs 20.500, 20.507, and 20.526, Federal Transit Cluster - The expenditures reported on the initial SEFA included \$5,250,990 that related to expenditures incurred in prior fiscal years, or for which an executed grant agreement had not yet been received as of December 31, 2023.</li><li>- ALNs 20.507, 20.507 (COVID-19), and 20.526, Federal Transit Cluster - The expenditures reported on the initial SEFA excluded \$9,103,948 that related to expenditures incurred in fiscal year 2022, during which an executed grant agreement had not yet been received, but was received during the year ended December 31, 2023.</li></ul> <p><b>Cause and Effect</b> - Related to the instance where fiscal year 2022 expenditures were reported on the fiscal year 2023 SEFA, the City reported federal expenditures in congruence with requests for reimbursement from the federal agency, rather than when the expenditures was incurred.</p> <p>Related to the Federal Transit Cluster, the City has historically interpreted pre-award authority granted by the FTA as the trigger to recognized federal expenditures, even without an executed grant agreement.</p> <p>As a result, the SEFA in fiscal year 2023 was initially misstated requiring a restatement of the 2022 SEFA. These errors did impact major program determination, wherein ALN 20.205, Highway Planning and Construction, which was originally required to be tested in fiscal year 2023, did not need to be assessed as a major program based on the reissued 2022 SEFA. The final SEFA for fiscal year 2023 has been corrected for these errors.</p> <p><b>Recommendation</b> - The City should implement controls to ensure that the SEFA is prepared in accordance with applicable rules and regulations.</p> <p><b>Views of Responsible Officials and Corrective Action Plan</b> - Expenditures will be reported on the SEFA only for grant programs with an executed award regardless of the year incurred. SEFA preparation procedures have been updated to ensure analysis of grant execution date.</p>