

# **City of Fort Collins, Colorado**

Compliance Report  
Year Ended December 31, 2017

## Contents

---

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
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	3-4
Schedule of expenditures of federal awards	5-6
Notes to schedule of expenditures of federal awards	7
Summary schedule of prior audit findings	8
Schedule of findings and questioned costs	9-10

---

**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**

Honorable Mayor and  
Members of the City Council and  
City Manager of the City of Fort Collins, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2018. The beginning net position of the governmental activities, business-type activities, Light and Power Fund and Wastewater Fund was restated due to the implementation of GASB statement No. 75. Our opinion is not modified with respect to this matter.

**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) to determine the 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 determination of financial statement amounts. 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*.

**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.

*RSM US LLP*

Denver, Colorado  
June 19, 2018

**Report on Compliance for Each Major Federal Program,  
Report on Internal Control Over Compliance and  
Report on Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

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

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

We have audited the City of Fort Collins, Colorado's (the City) compliance with the types of compliance requirements described in the *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, 2017. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, the City complied, in all material respects, with the types of 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, 2017.

## **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 15, 2018, which contained unmodified opinions on those financial statements. The beginning net position of the governmental activities, business-type activities, Light and Power Fund and Wastewater Fund was restated due to the implementation of GASB statement No. 75. Our opinion is not modified with respect to this matter. 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.

*RSM US LLP*

Denver, Colorado  
June 19, 2018

**City of Fort Collins, Colorado**

**Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development</b>				
Community Development Block Grants (Direct):				
Grant Year 2010 / 2011	14.218	B-10-MC-08-0008	\$ 34,684	\$ 34,684
Grant Year 2013 / 2014	14.218	B-13-MC-08-0008	134,023	134,023
Grant Year 2014 / 2015	14.218	B-14-MC-08-0008	105,924	105,942
Grant Year 2015 / 2016	14.218	B-15-MC-08-0008	450,133	450,180
Grant Year 2016 / 2017	14.218	B-16-MC-08-0008	650,450	732,474
Grant Year 2017 / 2018	14.218	B-17-MC-08-0008	59,085	79,436
Subtotal			1,434,299	1,536,739
Home Investment Partnership Programs (Direct):				
Grant Year 2011 / 2012	14.239	M-11-MC-08-0209	21,347	21,347
Grant Year 2013 / 2014	14.239	M-13-MC-08-0209	690,910	690,910
Grant Year 2014 / 2015	14.239	M-14-MC-08-0209	102,285	102,285
Grant Year 2015 / 2016	14.239	M-15-MC-08-0209	204,695	211,302
Grant Year 2016 / 2017	14.239	M-16-MC-08-0209	313,736	366,828
Grant Year 2017 / 2018	14.239	M-17-MC-08-0209	286,720	312,334
Subtotal			1,619,693	1,705,006
<b>Total Department of Housing and Urban Development</b>			<b>3,053,992</b>	<b>3,241,745</b>
<b>Department of Justice</b>				
(Passed through the Colorado Division of Criminal Justice):				
JAG Grant	16.738	2016-DJ-BX-0568	-	51,561
Asset Forfeiture Program	16.922	15-5042-0-2-752	-	71,850
<b>Total Department of Justice</b>			<b>-</b>	<b>123,411</b>
<b>Department of Transportation</b>				
<b>National Highway Traffic Safety Administration</b>				
(Passed through the Colorado Department of Transportation):				
Seatbelt Grant	20.604	17-NHTSA402.6102	-	4,500
<b>Federal Highway Administration</b>				
(Passed through the Colorado Department of Transportation):				
FC Bikes - CMAQ	20.205	14 HTD-649742	-	120,476
FTC Biking/Walking Camps	20.205	411010046	-	8,869
Jefferson Street/SH 14 Intersection	20.205	ACQ M455-088 (16525)	-	120,282
Pitkin Low Stress Corridor	20.205	TAP M455-120 (20664)	-	471,199
N. College Pedestrian Connection	20.205	AQC M455-111 (19561)	-	125,572
Horsetooth/College Intstn Impv	20.205	STU M455-118 (20615)	-	198,706
Regional Air Quality Council	20.205	14-HTD-72849	-	141,880
<b>Total Federal Highway Administration</b>			<b>-</b>	<b>1,186,984</b>

(Continued)

**City of Fort Collins, Colorado**

**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended December 31, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<b>Department of Transportation (continued)</b>				
<b>Federal Transit Administration (Cluster)</b>				
(Formula Grants - Capital 5309) (Direct):				
Section 5339 - 2014	20.500	CO-2017-010-00	-	31,831
2009 Mason Corridor Small Starts	20.500	CO-03-0206-01	-	639,746
Section 5339 - 2014	20.500	CO-2017-033-00	-	12,600
Section 5339 - 2015/2016	20.500	CO-2018-002-00 (suffix .01 and 03)	-	271,054
Section 5339 - 2017	20.500	1138-2018-3	-	99,275
(Urbanized Area Formula Grants - 5307) (Direct):				
5307 FY2016	20.507	CO-2017-017-00	-	1,089,342
5307 FY2017	20.507	CO-2018-001-00 (suffix .01, .02, 03, .04)	-	3,525,984
FY14 5310 (Rides to Wellness)	20.507	CO-16-X049-00	-	147,734
<b>Total Federal Transit Administration (Cluster)</b>			-	<b>5,817,566</b>
<b>Total Department of Transportation</b>			-	<b>7,009,050</b>
<b>Environmental Protection Agency (Direct)</b>				
Brownfields Assessment	66.818	96806101	-	100,507
Performance Partnership Grant (Radon)	66.605	102017Radon	-	7,960
<b>Total Environmental Protection Agency</b>			-	<b>108,467</b>
<b>FEMA (Direct)</b>				
2016 Mulberry/Riverside Storm	97.039	MG4145061126	-	8,623
Downtown Poudre River Impr (Vine Street)	97.039	MG4145038126	-	192,327
<b>Total FEMA</b>			-	<b>200,950</b>
<b>Office of National Drug Control Policy (Direct)</b>				
High Intensity Drug Trafficking Area Grant	95.001	G-17-RM-0020A	-	102,607
<b>Total expenditures of federal awards</b>			<b>\$ 3,053,992</b>	<b>\$ 10,786,230</b>

See notes to schedule of expenditures of federal awards.



**City of Fort Collins, Colorado**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2017**

---

**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) and its discretely presented component unit under programs of the federal government for the year ended December 31, 2017. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental entities, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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. Significant Accounting Policies**

Expenditures of federal awards are recognized in the accounting period when the liability is incurred. Such expenditures are recognized following the cost principles contained OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

**Note 3. Indirect Cost Rate**

The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**City of Fort Collins, Colorado**

**Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2017**

Number	Comment	Status	Corrective Action or Other Explanation
None Reported			

## City of Fort Collins, Colorado

### Schedule of Findings and Questioned Costs Year Ended December 31, 2017

---

#### I. Summary of the Independent Auditor's Results

##### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- |   |                              |  |
|---|------------------------------|--|
| ▪ Material weakness(es) identified?                     | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| ▪ Significant deficiency(ies) identified?               | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| ▪ Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

##### Federal Awards

Internal control over major programs:

- |   |                              |  |
|---|------------------------------|--|
| ▪ Material weakness(es) identified?       | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| ▪ Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

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<br>Section 2 CFR 200.516(a)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.500, 20.507	Federal Transit Capital Investment Grants (Cluster)
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
--	---	-----------------------------

(Continued)

**City of Fort Collins, Colorado**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2017**

---

**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

**A. Internal Control**

None reported.

**B. Compliance findings**

None reported.

**III. Findings and Questioned Costs for Federal Awards**

**A. Internal Control**

None reported.

**B. Instances of Noncompliance**

None reported.

