

# **City of Fort Collins**

Single Audit Report

Year Ended December 31, 2019

**City of Fort Collins**  
**December 31, 2019**

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**City of Fort Collins**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development</b>						
CDBG Entitlements Grants Cluster						
Community Development Block Grants/Entitlement Grants						
Grant Year 2018 / 2019	Direct	N/A	B-18-MC-08-0008	14.218	\$ 255,272	\$ 373,796
Grant Year 2019 / 2020	Direct	N/A	B-19-MC-08-0008	14.218	-	35,888
<b>Total CDBG Entitlement Grants Cluster</b>					<u>255,272</u>	<u>409,684</u>
Home Investment Partnerships Program						
Grant Year 2017 / 2018	Direct	N/A	M-17-MC-08-0209	14.239	15,000	15,000
Grant Year 2018 / 2019	Direct	N/A	M-18-MC-08-0209	14.239	525,344	585,695
Grant Year 2019 / 2020	Direct	N/A	M-19-MC-08-0209	14.239	-	25,348
Subtotal					<u>540,344</u>	<u>626,043</u>
<b>Total Department of Housing and Urban Development</b>					<u>795,616</u>	<u>1,035,727</u>
<b>Department of Justice</b>						
Equitable Sharing Program	Direct	N/A	15-5042-0-2-752	16.922	-	6,268
<b>Total Department of Justice</b>					<u>-</u>	<u>6,268</u>
<b>Department of Transportation</b>						
<b>Highway Planning and Construction (Federal-Aid Highway Program) Cluster</b>						
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	ACQ M455-088 (16525)	20.205	-	168,605
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	AQC M455-111 (19561)	20.205	-	691,793
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	PO 411016330	20.205	-	613
Highway Planning and Construction	Pass-Through	Colorado Department of Transportation	14-HTD-72849	20.205	-	167,760
<b>Total Highway Planning and Construction Cluster</b>					<u>-</u>	<u>1,028,771</u>

**City of Fort Collins**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures
<b>Federal Transit Cluster</b>						
Federal Transit_Capital Investment Grants	Direct	N/A	CO-03-0206-01	20.500	-	27,508
Federal Transit_Formula Grants	Direct	N/A	CO-2018-001-00	20.507	-	4,775
Federal Transit_Formula Grants	Direct	N/A	CO-2018-017-00	20.507	-	491,498
Federal Transit_Formula Grants	Direct	N/A	CO-2019-027-00	20.507	-	4,305,765
Federal Transit_Formula Grants	Direct	N/A	1138-2020-4	20.507	-	1,439,714
Federal Transit_Formula Grants	Direct	N/A	CO-2019-003-00	20.507	-	229,611
Federal Transit_Formula Grants	Direct	N/A	CO-2019-001-00	20.507	-	3,189,000
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Direct	N/A	CO-2018-002-00	20.526	-	287,530
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Direct	N/A	CO-2019-009-00	20.526	-	62,092
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Direct	N/A	CO-2019-020-00	20.526	-	3,536
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Direct	N/A	CO-2020-013-00	20.526	-	159,387
<b>Total Federal Transit Cluster</b>					-	<u>10,200,416</u>
<b>Transit Services Programs Cluster</b>						
Enhanced Mobility of Seniors and Individuals With Disabilities	Direct	N/A	CO-2017-025-00	20.513	-	16,805
Enhanced Mobility of Seniors and Individuals With Disabilities	Direct	N/A	CO-2018-016-00	20.513	-	7,245
Enhanced Mobility of Seniors and Individuals With Disabilities	Direct	N/A	CO-2019-005-00	20.513	-	178,923
<b>Total Transit Services Programs Cluster</b>					-	<u>202,973</u>
<b>Highway Safety Cluster</b>						
National Priority Safety Programs	Pass-Through	Colorado Department of Transportation	19-NHTSA405B.6102 PO 411019717	20.616	-	5,207
<b>Total Highway Safety Cluster</b>					-	<u>5,207</u>
<b>Total Department of Transportation</b>					-	<u>11,437,367</u>

**City of Fort Collins**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended December 31, 2019**

Federal Grantor/ Pass-Through Grantor/Program Title	Direct/Pass-Through	Pass-Through Entity	Project/Grant (FAIN) No. Pass-Through Entity	Federal CFDA Number	Pass-Through to Subrecipients	Federal Expenditures		
<b>Environmental Protection Agency</b>								
Performance Partnership Grants	Pass-Through	CO Dept. of Public Health and Environment	PO FAAA 201800005049	66.605	-	14,185		
Brownfields Assessment and Cleanup Cooperative Agreements	Direct	N/A	96806101	66.818	-	144,535		
<b>Total Environmental Protection Agency</b>					-	<u>158,720</u>		
<b>Department of Energy</b>								
State Energy Program	Pass-Through	Colorado Energy Office	CTGG119-2009	81.041	-	193,858		
<b>Total Department of Energy</b>					-	<u>193,858</u>		
<b>Federal Emergency Management Agency (FEMA)</b>								
Emergency Management Performance Grants	Pass-Through	CO Dept. of Public Safety Division of Homeland Security and Emergency Management	19EM-20-66	97.042	-	65,000		
Emergency Management Performance Grants	Pass-Through	CO Dept. of Public Safety Division of Homeland Security and Emergency Management	18EM-19-82	97.042	-	10,000		
<b>Total FEMA</b>					-	<u>75,000</u>		
<b>Total Expenditures of Federal Awards</b>					<u>\$</u>	<u>795,616</u>	<u>\$</u>	<u>12,906,940</u>

**City of Fort Collins**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2019**

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Fort Collins (the City) under programs of the federal government for the year ended December 31, 2019. 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 this 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.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 City Council  
City of Fort Collins  
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 basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Fort Collins (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2020 which contained an emphasis of matter paragraph regarding a change in accounting principle.

***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 opinion 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.

Honorable Mayor and Members of City Council  
City of Fort Collins

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.

**BKD, LLP**

Denver, Colorado  
July 31, 2020



**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 City Council  
City of Fort Collins  
Fort Collins, Colorado

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

We have audited the City of Fort Collins'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, 2019. 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its 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.

Honorable Mayor and Members of City Council  
City of Fort Collins

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 Programs***

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, 2019.

### **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 our 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.

Honorable Mayor and Members of City Council  
City of Fort Collins

## **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 unit, each major fund and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated July 31, 2020 which contained unmodified opinions on those financial statements and an emphasis-of-matter paragraph regarding a change in accounting principle. 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.

*BKD, LLP*

Denver, Colorado  
August 6, 2020

**City of Fort Collins**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2019**

**Summary of Auditor's Results**

*Financial Statements*

1. The 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 (GAAP) was (were):  
 Unmodified       Qualified       Adverse       Disclaimer
  
2. The independent auditor's report on internal control over financial reporting disclosed:  

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:  

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  
5. The opinions expressed in the independent auditor's report on compliance for major federal awards were:  
 Unmodified       Qualified       Adverse       Disclaimed
  
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No
  
7. Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
20.500, 20.526, 20.507	Federal Transit Administration Cluster

**City of Fort Collins**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended December 31, 2019**

8. The threshold to distinguish between Type A and Type B programs was \$750,000.

9. Auditee qualified as low-risk auditee?  Yes  No

**City of Fort Collins**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended December 31, 2019**

**Findings Required to be Reported by *Government Auditing Standards***

**Reference  
Number**

**Finding**

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No matters are reportable.

**City of Fort Collins**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended December 31, 2019**

**Findings Required to be Reported by the Uniform Guidance**

**Reference  
Number**

**Finding**

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No matters are reportable.

**City of Fort Collins**  
**Status of Prior Audit Findings**  
**Year Ended December 31, 2019**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2018-001	<p data-bbox="347 491 748 518">Finding: Accounting for Capital Assets</p> <p data-bbox="347 560 1321 684">During the year end financial reporting process, when the City identified capital asset-related expenditures for capitalization, it inadvertently capitalized the same cost twice; once when the expenditure was initially recorded and a second time when those same costs were transferred to the capital projects fund.</p> <p data-bbox="347 722 1338 816">We recommend that internal controls be strengthened and systems be revised to properly identify these costs in the future and avoid double counting these costs. Adequate training should be provided to all employees as necessary to eliminate this error.</p>	Implemented