



## City of Pueblo, Colorado

### Federal Financial Assistance Single Audit Report December 31, 2020

# City of Pueblo, Colorado

## Contents

---

<b>Independent Auditor’s 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></b>	1 - 2
<b>Independent Auditor’s 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</b>	3 - 5
<b>Schedule of Expenditures of Federal Awards</b>	6 -7
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	8
<b>Schedule of Findings and Questioned Costs</b>	9 - 10
<b>Summary Schedule of Prior Year Findings</b>	11



## **Independent Auditor's 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***

City Council  
City of Pueblo, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pueblo, Colorado (the "City"), as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 23, 2021. Our report includes a reference to other auditors who audited the financial statements of Pueblo Urban Renewal Authority (the "Authority") as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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 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.

*BDO USA, LLP*

Greeley, Colorado  
July 23, 2021



## **Independent Auditor's 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**

City Council  
City of Pueblo, Colorado

### **Report on Compliance**

#### ***Opinion on Compliance for Each Major Federal Program***

We have audited the City of Pueblo, 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, 2020. 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 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, 2020.

#### ***Basis for Opinion***

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* ("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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the types of 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.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of 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 types of 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 the 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 types of 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**

*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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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.

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 City as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 23, 2021, 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 as a whole. 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.

*BDO USA, LLP*

Greeley, Colorado  
July 23, 2021

# PUEBLO, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FISCAL YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 77,996	\$ -
Equitable Sharing Program	16.922		93,112	-
COVID-19 - Coronavirus Emergency Supplemental Funds	16.034		223,693	-
Total Non-Clustered			394,801	-
TOTAL U.S. DEPARTMENT OF JUSTICE			394,801	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Staffing for Adequate Fire and Emergency Response	97.083		365,799	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		61,272	-
Total Non-Clustered			427,071	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			427,071	-
<b>U.S. DEPARTMENT OF TREASURY</b>				
Passed through Colorado Department of Local Affairs				
COVID-19 -Coronavirus Relief Funds	21.019	CVRF CM-057	5,252,223	-
COVID-19 -Coronavirus Relief Funds	21.019	CVRF-RF-036	988,119	-
Total Non-Clustered			6,240,342	-
TOTAL U.S. DEPARTMENT OF TREASURY			6,240,342	-
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through Colorado Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	TAP M086-077 (21985)	1,938	-
Total Highway Planning and Construction Cluster			1,938	-
Passed Through Colorado Department of Transportation:				
Highway Safety Cluster				
State and Community Highway Safety	20.600	411021528/411025124	31,827	-
Total Highway Safety Cluster			31,827	-

# PUEBLO, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FISCAL YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures	Amount Provided to Subrecipients
Passed Through Pueblo Area Council of Governments-				
Metropolitan Transportation Planning & State & Non-Metro Planning Research	20.505	2020-2021	512,913	-
Highway Research and Development Program	20.200	411021002	1,886	-
			<u>514,799</u>	
Total Non-Clustered				
Airport Improvement Program	20.106		4,831,730	
COVID-19 - Airport Improvement Program - CARES Act Airport Grant	20.106		914,843	
			<u>5,746,573</u>	-
Federal Transit Cluster				
Federal Transit Formula Grants	20.507		631,790	-
COVID-19 - ER Response	20.507		188,654	-
COVID-19 - CARES Act Grant	20.507		2,949,002	-
Bus and Bus Facilities Formula Program	20.526	491001950	158,436	-
			<u>3,927,882</u>	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>10,223,019</u>	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
CDBG Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		513,232	207,206
			<u>513,232</u>	<u>207,206</u>
Total CDBG Entitlement Grants Cluster				
Home Investments Partnerships Program	14.239		107,997	72,997
			<u>107,997</u>	<u>72,997</u>
Total Non-Clustered				
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>621,229</u>	<u>280,203</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	11.300		93,609	
			<u>93,609</u>	-
Total Economic Development Cluster				
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>93,609</u>	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>Grand Total:</b>	<u><u>\$ 18,000,071</u></u>	<u><u>\$ 280,203</u></u>

**City of Pueblo, Colorado**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

---

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Pueblo, Colorado (the “City”) under programs of the federal government for the year ended December 31, 2020. 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.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allocable or are limited as to reimbursement.

**3. Indirect Cost Rate**

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

**City of Pueblo, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2020**

---

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

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

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 programs:

- Material weakness(es) identified?                     yes     no
- Significant deficiency(ies) identified?             yes     none reported

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

CFDA/Contract Number

Name of Federal Program or Cluster

21.019  
20.106

Coronavirus Relief Fund  
Airport Improvement Program

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

\$750,000

Auditee qualified as low-risk auditee?

yes     no

**City of Pueblo, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2020**

---

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.

**AnnaMarie Elliss**  
*Accounting Manager*

**Valerie Palumbo**  
*Tax Audit Manager*



One City Hall Place  
Pueblo, CO 81003

Phone (719) 553-2625  
Fax (719) 553-2695

## **Department of Finance**

### **Summary Schedule of Prior Audit Findings**

---

#### **Finding 2018-001- Reporting**

Federal Agency: U.S. Department of Transportation  
Federal Program Title: Airport Improvement Program  
CFDA number: 20.106

Type of finding: Significant Deficiency in Internal Control Over Compliance & Other Matters

#### Prior Year Finding:

During our testing of reporting for the grant, we noted that the City of Pueblo did not submit the FAA forms 5100-127 or 5100-126 by the May 1, 2019 deadline.

This finding was partially implemented in 2019. The City requested an extension to file these reports in 2020. The individual responsible for submission of the report believed that the extension was for three months; however, the extension was only for two months. After the extension was granted, the revised due date was June 28, 2020 and the City filed these reports on July 28, 2020.

#### Current Year Status:

This finding has been corrected in the current year.