



**PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

**Required Supplemental Information,**

**Basic Financial Statements and**

**Supplemental Information**

**For the Year Ended December 31, 2023**

**And**

**Independent Auditors' Reports**

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Pikes Peak Area Council of Governments  
Colorado Springs, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Pikes Peak Area Council of Governments (PPACG) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise PPACG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of PPACG as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PPACG and to meet our other ethical responsibilities in accordance with the 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 audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about PPACG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PPACG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about PPACG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Report on Other Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PPACG's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024 on our consideration of PPACG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PPACG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PPACG's internal control over financial reporting and compliance.

*Stockman Kast Ryan + Co. LLP*

June 13, 2024

**PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Introduction

This management's discussion and analysis of the financial performance of the Pikes Peak Area Council of Governments (PPACG) provides an overview of PPACG's financial activities for the year ended December 31, 2023. It should be read in conjunction with the accompanying financial statements of PPACG.

### Financial Highlights

- Total assets increased in 2023, compared to 2022, by \$340,820, or 8.32%.
- PPACG's Net position increased in 2023 by \$228,708, or 7.91% compared to 2022.
- Unassigned Fund Balance increased in 2023 by \$273,922 or 10.58% to \$2,864,113 compared to 2022.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PPACG's basic financial statements. PPACG's basic financial statements included in this annual report are those of a general-purpose government and include the following financial statements:

#### Government-wide Financial Statements

- The *Statement of Net Position* and the *Statement of Activities* report information on all of the activities of PPACG and the effect of changes to them. PPACG's total net position—the difference between assets and liabilities—is one measure of PPACG's financial health or financial position. Over time, increases or decreases in PPACG's net position are an indicator of whether its financial health is improving or deteriorating.

#### Fund Financial Statements

- The *Balance Sheet – Governmental Fund* and its accompanying *Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position* compare fund assets to fund liabilities with the difference between them being the fund balance and explains the disparity in the amounts reported for governmental activities.
- The *Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund* and its accompanying *Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities* report PPACG's revenues, by major source, along with expenditures and changes to the fund balance and explains the disparity in the amounts reported for governmental activities.
- The *Statement of Revenues and Expenditures – Budget to Actual – General Fund* compares actual funds received and spent with the budgeted amounts and details the variances.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

- The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

**PPACG's Statement of Net Position**

PPACG's net position is the difference between its assets and liabilities reported in the statement of net position. PPACG's net position increased by \$228,708 (7.91%) in 2023 over 2022, as shown in Table 1.

**Summary Statement of Net Position as of December 31:**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash/restricted cash	\$ 1,368,590	\$ 2,198,975
Other current assets	2,589,791	1,390,022
Capital assets, net	<u>477,818</u>	<u>506,382</u>
Total assets	<u>\$ 4,436,199</u>	<u>\$ 4,095,379</u>
<b>Liabilities</b>		
Other current and noncurrent liabilities	\$ 1,094,268	\$ 998,806
Compensated absences	<u>222,483</u>	<u>205,833</u>
Total liabilities	<u>\$ 1,316,751</u>	<u>\$ 1,204,639</u>
<b>Net position</b>		
Net investment in capital assets	\$ 477,818	\$ 506,382
Unrestricted	<u>2,641,630</u>	<u>2,384,358</u>
Total net position	<u>\$ 3,119,448</u>	<u>\$ 2,890,740</u>

**PPACG's Statement of Activities**

In 2023, PPACG's net position increased by \$228,708 or 7.91%. In 2022, PPACG's net positions increased by \$154,995 or 5.67%. These changes, shown in Table 2, are primarily made up of increased revenue in PPACG's Joint Land Use Study and Transportation as well as increase in expenditures in the same programs.

**Summary Statement of Activities for the Years Ended December 31:**

	<b>2023</b>	<b>2022</b>
<b>Program Revenues</b>		
Operating grants and contributions	\$ 11,037,783	\$ 9,942,563
Charges for services	<u>676,595</u>	<u>600,933</u>
Total program revenues	11,714,378	10,543,496
<b>General Revenues</b>		
Member dues	503,800	503,800
Interest income	<u>51,287</u>	<u>5,646</u>
Total revenues	<u>\$ 12,269,465</u>	<u>\$ 11,052,942</u>

	<b>2023</b>	<b>2022</b>
<b>Governmental Activities – Expenses</b>		
Aging program	\$ 8,511,107	\$ 8,538,564
Transportation program and environmental	2,480,345	1,557,354
Pikes Peak RTA administration	484,827	465,437
Joint land use study	506,675	275,322
Administration	<u>57,803</u>	<u>61,271</u>
Total governmental activities - expenses	<u>12,040,757</u>	<u>10,897,948</u>
Change in net position	228,708	154,994
Net Position, Beginning of Year	<u>2,890,740</u>	<u>2,735,746</u>
Net Position, End of Year	<u>\$ 3,119,448</u>	<u>\$ 2,890,740</u>

The majority of PPACG’s revenues and expenses are a result of governmental grants, and are reimbursement-based, as is Pikes Peak RTA Administrative contract. During 2023 compared to 2022, grant revenue increased by \$1,095,220. Our Transportation program saw a \$876,433 increase over 2022. This included \$370,00 of toll credit and other no match required funding. The Joint Land Use Study increased grant revenue by \$215,382 or 82.52% over 2022. Water Quality saw an increase of \$19,404 or 51.53% over 2022. Our Regional Planning program included two new grants totaling \$50,455. Overall grant funding decreased in the Area Agency on Aging program by \$66,454 over 2022. The decrease is due to a reduction in grant funding available to pass through to our outside providers. Contract expenditure increased by \$877,655 or 90.03% while Personnel increased by \$381,206 or 11.12%.

*The Statement of Revenue and Expenditures – Budget to Actual – General Fund* details the final budgeted amounts of 2023’s revenues and expenditures as compared to the actual amounts. PPACG received \$511,823 less in federal and state grants while pass through federal and state grant revenues were \$712,529 less than budgeted. Project income was \$308,247 more than the budgeted amount. PPACG received \$41,474 less in special district revenue which is from Pikes Peak RTA administration expenses. Overall, PPACG received \$995,201 less than budgeted revenues. Actual costs for “personnel” were \$370,487 less than were budgeted and contract services were also less than budgeted \$118,347. This was primarily due to less staff than budgeted and less outside contractors. Pass through expenditures were \$671,088 less than budget and corresponds to federal and state grant pass through revenue being less than the budget. Conferences, education, training and travel were under budget \$16,806. Support services were over budget \$22,111, this consists of postage, public notices and liability insurance. Communications, memberships, building maintenance and utilities were all less than budget.

### **Capital Asset and Debt Administration**

#### *Capital Assets*

At the end of 2023, PPACG had \$477,818 net investment in capital assets, as detailed in Note 4 to the financial statements. PPACG’s net assets invested in capital assets decreased \$28,564 over 2023 due to depreciation expense.

### *Debt*

At December 31, 2023, PPACG did not have any notes payable or capital lease obligations outstanding.

### **Contacting PPACG's Financial Management**

This financial report is designed to provide a general overview of PPACG's finances and to show PPACG's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the PPACG Financial Manager by telephoning 719-471-7080, extension 146.

**PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

**Basic Financial Statements**

**As of and For the Year Ended December 31, 2023**

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,040,451
Restricted cash	328,139
Grants and accounts receivable	2,541,644
Prepaid expenses	48,147
Capital assets:	
Non-depreciable	15,594
Depreciable, net	<u>462,224</u>
<b>TOTAL ASSETS</b>	<u><u>4,436,199</u></u>
<b>LIABILITIES</b>	
Accounts payable	624,432
Accrued liabilities	141,697
Unearned revenue	328,139
Compensated absences payable	<u>222,483</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,316,751</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	477,818
Unrestricted	<u>2,641,630</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,119,448</u></u>

See notes to financial statements.

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# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS / PROGRAMS			Program Revenue		Net Program Expense
	Direct Expenses	Indirect Expenses	Charges For Services	Operating Grants and Contributions	
Governmental activities:					
Aging program	\$ 7,954,454	\$ 556,653	\$ 185,744	\$ 8,378,929	\$ 53,566
Transportation and environmental programs	2,120,383	359,962	6,024	2,182,466	(291,855)
Joint land use study	444,239	62,436		476,388	(30,287)
Pikes Peak RTA administration	387,977	96,850	484,827		
Administration	57,803				(57,803)
<b>TOTAL</b>	<u>\$ 10,964,856</u>	<u>\$ 1,075,901</u>	<u>\$ 676,595</u>	<u>\$ 11,037,783</u>	<u>(326,379)</u>
<b>GENERAL REVENUES</b>					
Member dues					503,800
Investment income					51,287
Total general revenues					<u>555,087</u>
CHANGE IN NET POSITION					228,708
NET POSITION, Beginning of year					<u>2,890,740</u>
NET POSITION, End of year					<u>\$ 3,119,448</u>

See notes to financial statements.

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## BALANCE SHEET – GOVERNMENTAL FUND DECEMBER 31, 2023

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	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,040,451
Restricted cash	328,139
Grants and accounts receivable	2,541,644
Prepaid expenses	<u>48,147</u>
TOTAL ASSETS	<u>\$ 3,958,381</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 624,432
Accrued liabilities	141,697
Unearned revenue	<u>328,139</u>
Total liabilities	1,094,268
<b>FUND BALANCE</b>	
Unassigned	<u>2,864,113</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,958,381</u>

See notes to financial statements.

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# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2023

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TOTAL GOVERNMENTAL FUND BALANCE	\$ 2,864,113
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	477,818
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position	
Compensated absences	<u>(222,483)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	<u>\$ 3,119,448</u>

See notes to financial statements.

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# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND FOR THE YEAR ENDED DECEMBER 31, 2023

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	<b>General Fund</b>
REVENUES	
Federal and state grants - pass through	\$ 5,855,730
Federal and state grants	5,000,889
Member dues	503,800
Pikes Peak RTA administration	484,827
Project income and local support	325,867
Other grants	47,065
Investment income	<u>51,287</u>
Total revenues	<u>12,269,465</u>
EXPENDITURES	
Aging program	8,499,747
Transportation and environmental programs	2,468,703
Joint land use program	501,018
Pikes Peak RTA administration	482,332
Administration	<u>43,743</u>
Total expenditures	<u>11,995,543</u>
NET CHANGE IN FUND BALANCE	273,922
FUND BALANCE, Beginning	<u>2,590,191</u>
FUND BALANCE, Ending	<u><u>\$ 2,864,113</u></u>

See notes to financial statements.

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## PIKES PEAK AREA COUNCIL OF GOVERNMENTS

### RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

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Amounts reported for governmental activities  
in the statement of activities are different because:

NET CHANGE IN GOVERNMENTAL FUND BALANCES	\$ 273,922
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Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$28,564) exceeded capital outlays	(28,564)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the change in compensated absences	<u>(16,650)</u>
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CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES	<u>\$ 228,708</u>
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See notes to financial statements.

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pikes Peak Area Council of Governments (PPACG) is a regional planning council and was formed in 1967 under the Colorado laws regarding regional planning (CRS 30-28-105) and intergovernmental contracting (CRS 29-1-203). PPACG provides transportation, environmental and military planning to the Pikes Peak region. In addition, PPACG is the area agency for aging programs in the Pikes Peak region. Membership to PPACG is open to all general purpose local governments in the Pikes Peak Region and membership is primarily made up of municipalities and counties in the Pikes Peak region and is governed by elected officials of the member governments.

The financial statements of PPACG have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The more significant accounting policies established in GAAP and used by PPACG are discussed below.

**Reporting Entity** — PPACG is a regional planning council governed by elected officials of the member governments. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

PPACG has no component units for which either discrete or blended presentation is required.

**Government-Wide and Fund Financial Statements** — The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. Governmental activities are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The accounts of PPACG are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

PPACG reports the following major governmental fund:

The *General Fund* is the general operating fund of PPACG. It is used to account for all financial resources except those required to be accounted for in another fund.

**Measurement Focus and Basis of Accounting** — The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, specific ownership taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is received during the period or within the availability period of this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**Cash and Cash Equivalents** — Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

**Receivables** — All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Management believes all receivables are fully collectible at December 31, 2023, and therefore no allowance has been recorded.

**Capital Assets** — Capital assets, which include land, buildings, and equipment are reported in the government-wide financial statements. All purchased assets are recorded at cost. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets; as applicable.

Land and construction in progress are not depreciated. The other capital assets of the government are depreciated using the straight-line method over the following estimated useful lives:

	<b>Estimated Useful Life</b>
Buildings and improvements	20-40 years
Furniture and equipment	5-10 years

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net position.

**Unearned Revenue** — Unearned revenue includes grants that have been collected but the corresponding expenditures have not been incurred.

**Compensated Absences** — It is PPACG's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and eligible sick pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

**Long-Term Liabilities** — In the government-wide financial statements long-term obligations are reported as liabilities in the statement of net position.

**Fund Balance Classification** — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which PPACG is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

- *Non-spendable* — This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- *Assigned* — This classification includes amounts that are constrained by PPACG's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.
- *Unassigned* — This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

**Net Position** — The classifications available to be used in the governmental-wide financial statements are as follows:

- *Net Investment in Capital Assets* — This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* — This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- *Unrestricted* — This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Program Revenues** — Amounts reported as program revenues include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

**Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events** — PPACG has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Budget Information** — PPACG follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In September, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain public comments.
- 3) In October, the Board of Directors approves the budget for submission to member governments for ratification of the budget and dues assessment.
- 4) Prior to December 31, the Board of Directors approves and signs a resolution officially adopting the budget.
- 5) Any revisions that alter the total expenditure of any fund must be approved by the Board of Directors.
- 6) A budget for the General Fund is legally adopted on a basis consistent with generally accepted accounting principles (GAAP), except that the PPACG budgets for depreciation expense and does not budget for capital outlay.
- 7) All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

## 3. DEPOSITS AND INVESTMENTS

**Deposits** — Colorado State Statutes govern the entity's deposit of cash. The Public Deposit Protection Acts for banks and savings and loans require the state regulators to certify eligible depositories for public deposits.

The acts require the eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of deemed eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

At December 31, 2023, the carrying amount of PPACG deposits was \$1,368,590 and the bank balances were \$1,555,560 of which \$1,305,560 were collateralized in accordance with PDPA.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 15,594			\$ 15,594
Capital assets being depreciated:				
Buildings	916,674			916,674
Equipment	118,306			118,306
Furniture	61,426			61,426
Land improvements	<u>5,224</u>			<u>5,224</u>
Total capital assets being depreciated	1,101,630	\$ —	\$ —	1,101,630
Less accumulated depreciation	<u>610,842</u>	<u>28,564</u>		<u>639,406</u>
Depreciable capital assets, net	<u>490,788</u>	<u>28,564</u>	<u>—</u>	<u>462,224</u>
Total capital assets, net	<u>\$ 506,382</u>	<u>\$ 28,564</u>	<u>\$ —</u>	<u>\$ 477,818</u>

Depreciation expense charged to functions of the primary government is as follows:

Aging program	\$ 17,198
Transportation and environmental programs	7,439
Pikes Peak RTA administration	2,730
Joint land use	<u>1,197</u>
Total depreciation expense	<u>\$ 28,564</u>

**5. PENSION PLAN**

The PPACG contributes to a single employer defined contribution money purchase plan, 401(a), on behalf of its employees. The contribution requirements of Plan participants and the PPACG are established and may be amended by the PPACG Board of Directors. The PPACG is required to contribute 4.5% of each participant's first \$6,000 of compensation and 9% thereafter. Employees are required to contribute 1.5% of their first \$6,000 of compensation and 3% thereafter.

Employee contributions and any earnings are 100% vested. Employer contributions and any earnings they generate are vested as follows:

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years	100%

For the year ended December 31, 2023, employee contributions totaled \$80,818 and PPACG recognized pension expense of \$235,711. There was a forfeiture reflected in PPACG's pension expense of \$6,743.

## **6. RISK MANAGEMENT**

The PPACG is exposed to various risks of losses related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The PPACG carries commercial insurance for these risks of loss, including worker's compensation, employee health and accident insurance, and directors' and officers' liability.

**PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

**SUPPLEMENTAL INFORMATION**

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## GENERAL FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Project income	\$ 17,620	\$ 17,620	\$ 325,867	\$ 308,247
Federal and state grants — pass-through	6,568,259	6,568,259	5,855,730	(712,529)
Federal, state and other grants	5,559,777	5,559,777	5,047,954	(511,823)
Special district revenues	526,301	526,301	484,827	(41,474)
Interest income and other income	88,909	88,909	51,287	(37,622)
Member dues	503,800	503,800	503,800	
<b>Total revenues</b>	<u>13,264,666</u>	<u>13,264,666</u>	<u>12,269,465</u>	<u>(995,201)</u>
<b>EXPENDITURES</b>				
Federal and state grants — pass-through	6,568,259	6,568,259	5,897,171	671,088
Personnel	4,180,884	4,180,884	3,810,397	370,487
Contract services	1,970,886	1,970,886	1,852,539	118,347
Equipment maintenance and rental	66,874	66,874	37,975	28,899
Communications	58,109	58,109	34,853	23,256
Equipment	34,800	34,800	14,164	20,636
Building maintenance	64,178	64,178	47,370	16,808
Conferences, education, training and travel	92,476	92,476	75,670	16,806
Office supplies	31,807	31,807	17,964	13,843
Memberships	36,012	36,012	23,997	12,015
Utilities	24,553	24,553	19,937	4,616
Reproduction services	64,351	64,351	114,716	(50,365)
Support services	41,519	41,519	63,630	(22,111)
Reference publications	1,394	1,394	1,810	(416)
Depreciation	28,564	28,564	28,564	
<b>Total expenditures</b>	<u>13,264,666</u>	<u>13,264,666</u>	<u>12,040,757</u>	<u>1,223,909</u>
Revenues over expenditures	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 228,708</u>	<u>\$ 228,708</u>
Adjustments to arrive at fund balance:				
Compensated absences			16,650	
Depreciation			<u>28,564</u>	
Net changes in fund balance			273,922	
FUND BALANCE, Beginning of year			<u>2,590,191</u>	
FUND BALANCE, End of year			<u>\$ 2,864,113</u>	

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Agency / Pass-Through Entity and Cluster or Program	CFDA Number	Federal Expenditures
<b>United States Department of Health and Human Services</b>		
Aging Cluster:		
Passed-through Colorado Department of Human Services:		
Special Programs for the Aging, Title III:		
Part B - Grants for the Supportive Services and Senior Centers	93.044	\$ 1,554,205
COVID-19 - Part B - Grants for the Supportive Services and Senior Centers	93.044	597
Part C - Nutrition Services	93.045	1,334,191
COVID-19 - Part C - Nutrition Services	93.045	589,598
Nutrition Services Incentive Program	93.053	<u>102,929</u>
Total Aging Cluster		3,581,520
Passed-through Colorado Department of Human Services:		
Special Programs for the Aging - Title III, Part D:		
Disease Prevention and Health Promotion Services	93.043	101,004
COVID-19 - Disease Prevention and Health Promotion Services	93.043	43,963
National Family Caregiver Support, Title III, Part E	93.052	350,106
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	13,311
Special Programs for the Aging - Title VII:		
Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	4,956
Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	31,932
Passed-through Colorado Department of Regulatory Agencies, Division of Insurance:		
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects:	93.048	14,798
State Health Insurance Assistance Program	93.324	56,608
Medicare Enrollment Assistance Program	93.071	<u>33,000</u>
Total United States Department of Health and Human Services		<u>4,231,198</u>

(Continued)

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Agency / Pass-Through Entity and Cluster or Program	CFDA Number	Federal Expenditures
<b>United States Department of Transportation</b>		
Passed-through Colorado Department of Transportation:		
Highway Planning and Construction	20.205	<u>1,875,713</u>
Highway Safety Cluster:		
Passed-through Colorado Department of Transportation:		
State and Community Highway Safety	20.600	<u>8,539</u>
<b>United States Department of Transportation</b>		
Transit Services Programs Cluster:		
Passed-through City of Colorado Springs:		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	34,453
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	<u>840,692</u>
Total Transit Services Programs Cluster		875,145
Passed-through National Aging and Disability Transportation Center:		
Public Transportation Research, Technical Assistance, and Training	20.514	<u>67,916</u>
Total United States Department of Transportation		<u>2,827,313</u>
<b>United States Environmental Protection Agency</b>		
Clean Water State Revolving Fund Cluster:		
Passed-through Colorado Department of Public Health and Environment:		
Water Quality Management Planning	66.458	25,000
Passed-through Colorado Department of Public Health and Environment:		
Water Quality Management Planning	66.454	<u>32,058</u>
Total United States Environmental Protection Agency		<u>57,058</u>

(Continued)

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Agency / Pass-Through Entity and Cluster or Program	CFDA Number	Federal Expenditures
<b>United States Department of the Treasury</b>		
Passed-through Colorado Department of Transportation:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>91,831</u>
<b>United States Department of Defense</b>		
Community Economic Adjustment Assistance for		
Compatible Use and Joint Land Use Studies	12.610	<u>476,388</u>
<b>Corporation for National and Community Service</b>		
AmeriCorps Volunteers In Service to America	94.013	<u>6,275</u>
<b>United States Department of Commerce</b>		
Economic Development Cluster:		
Passed-through Colorado Economic		
Development Administration:		
Economic Adjustment Assistance	11.307	<u>40,000</u>
Total Expenditures of Federal Awards		<u>\$ 7,730,063</u>

See the accompanying Independent Auditors' Report.

(Concluded)

## PIKES PEAK AREA COUNCIL OF GOVERNMENTS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

1. The schedule includes the Federal awards activity of Pikes Peak Area Council of Governments (PPACG) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. PPACG has elected to use the 10 percent de minimus indirect cost rate to charge costs to their Enhanced Mobility of Seniors and Individuals with Disabilities federal awards.
3. PPACG provided federal awards to subrecipients as follows:

Federal Agency / Pass-Through Entity and Cluster or Program	CFDA Number	Federal Expenditures
Special Programs for the Aging, Title III:		
Part B – Grants for the Supportive Services and Senior Centers	93.044	\$ 973,933
COVID-19 – Part B – Grants for the Supportive Services and Senior Centers	93.044	597
Part C – Nutrition Services	93.045	1,319,191
COVID-19 – Part C – Nutrition Services	93.045	589,598
Part D – Disease Preventions and Health Promotions Services	93.043	101,650
COVID-19 - Part D – Disease Preventions and Health Promotions Services	93.043	43,963
Nutrition Services Incentive Program	93.053	102,930
National Family Caregiver Support Title III, Part E	93.052	112,462
COVID-19 – National Family Caregiver Support Title III, Part E	93.052	13,311
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	<u>777,819</u>
		<u>\$ 4,035,454</u>

See the accompanying Independent Auditors' Report.

**PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

**COMPLIANCE AND INTERNAL CONTROL SECTION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Pikes Peak Area Council of Governments  
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Pikes Peak Area Council of Governments (PPACG), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise PPACG's basic financial statements, and have issued our report thereon dated June 13, 2024.

**Report On Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PPACG'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 PPACG's internal control. Accordingly, we do not express an opinion on the effectiveness of PPACG'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 or significant deficiencies may exist that were not identified.

**Report On Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PPACG'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*.

**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 PPACG'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.

*Stockman Kast Ryan + Co. LLP*

June 13, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors  
Pikes Peak Area Council of Governments  
Colorado Springs, Colorado

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

**Opinion on Each Major Federal Program**

We have audited Pikes Peak Area Council of Governments' (PPACG) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of PPACG's major federal programs for the year ended December 31, 2023. PPACG's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, PPACG, 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, 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PPACG 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 PPACG'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 PPACG's federal programs.

## **Auditors' Responsibility 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 PPACG'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 generally accepted auditing standards, *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 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 PPACG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 PPACG'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 PPACG'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 PPACG'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 Auditors' 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 were not 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.

*Stockman Kast Ryan + Co. LLP*

June 13, 2024

# PIKES PEAK AREA COUNCIL OF GOVERNMENTS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2023

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### SECTION I – SUMMARY OF AUDITORS' RESULTS

#### FINANCIAL STATEMENTS

1. Type of auditors' report issued was:  
 Unmodified                       Modified                       Adverse                       Disclaimed
2. Internal control over financial reporting:  
(A) Material weakness(es) identified?                       Yes                       No  
(B) Significant deficiencies identified?                       Yes                       None Reported
3. Noncompliance material to the financial statements noted?                       Yes                       No

#### FEDERAL AWARDS

1. Internal control over major programs:  
(A) Material weakness(es) identified?                       Yes                       No  
(B) Significant deficiencies identified?                       Yes                       None Reported
2. Type of auditors' report issued on compliance for major programs:  
 Unmodified                       Modified                       Adverse                       Disclaimed
3. Any audit findings that are required to be reported in accordance with 2CFR 200.516(a)?                       Yes                       No

4. PPACG's major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

5. Dollar threshold used to distinguish between Type A and Type B programs:                      \$ 750,000
6. Auditee qualified as low-risk auditee under Section 520 of the Uniform Guidance?                       Yes                       No

(Continued)

# **PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2023**

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### **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reportable.

### **SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters were reportable.

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(Concluded)

# **PIKES PEAK AREA COUNCIL OF GOVERNMENTS**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2023**

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No matters were reported.