

PIKES PEAK RURAL
TRANSPORTATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2023



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pikes Peak Rural Transportation Authority
Colorado Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Pikes Peak Rural Transportation Authority 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pikes Peak Rural Transportation Authority, and to meet our 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 the financial statements in accordance with the 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 the Authority'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.

Auditor's Responsibilities 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 auditor's 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages i – iv and 12 – 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Logan and Associates, LLC

Aurora, Colorado
June 5, 2024

Pikes Peak Rural Transportation Authority

Management's Discussion and Analysis

As management of the Pikes Peak Rural Transportation Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$342,275,919 (*total net position*). Of this amount, \$340,968,796 is restricted to meet the Authority's ongoing obligations to citizens and creditors for Transit, Capital and Maintenance projects.
- Total net position increased by \$35,367,116 in 2023 compared to a net increase of \$41,049,686 in 2022.
- In 2012 a second ballot measure was passed with a list of new Capital projects to start design in 2015. From 2015 through 2023 the Authority was primarily in the design phase of many of the major projects of the second ballot measure for capital funding with some projects being completed. The construction phase for the first major projects on the renewal capital list was under way in 2017. During periods of planning and design the Sales and Use tax revenue for capital projects exceeds the expenditures; therefore, increasing the Authority's net position as in 2015 through 2023. During the heavy construction phases of capital projects, the net position will decrease as it did in 2017. In 2023 the Authority was in the design phase of many projects and therefore the Authority's net position increased again. The Authority will experience future reductions in fund balance due to the anticipated increase of construction activity.
- At the end of the current fiscal year, restricted fund balance for the general fund was \$340,968,796 or 99.5% of total fund balance. The amount of \$5,270,351 or 3% is the TABOR reserve, restricted for emergencies.
- The Authority does not have any debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time,

increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and obligations to vendors).

The government-wide financial statements of the Authority contain the functions that are supported by the collection of 1% sales and use tax. The governmental activities of the Authority include Capital Improvements, Transportation, Maintenance and Operational funding and expenses.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority presents the fund financial statements following the government-wide financial statements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

The Authority has one governmental fund; the General Fund.

The Authority adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to financial statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Government-wide and Governmental Funds financial analysis
Pikes Peak Rural Transportation Authority’s Net Position

	<u>2023</u>	<u>2022</u>
Cash	\$337,391,165	\$297,755,455
Accounts Receivable	<u>28,955,563</u>	<u>27,603,289</u>
Total assets	<u>366,346,726</u>	<u>325,358,744</u>
Accounts Payable	<u>24,070,807</u>	<u>18,449,941</u>
Total liabilities	<u>24,070,807</u>	<u>18,449,941</u>

	<u>2023</u>	<u>2022</u>
Unrestricted	1,307,123	1,065,725
Restricted For Emergencies	5,270,351	4,933,677
Restricted	<u>335,698,445</u>	<u>300,909,401</u>
Total net position	<u>\$342,275,919</u>	<u>\$306,908,803</u>

By far the largest portion of the Authority's net position (99 percent) reflects cash funds that are earmarked for the construction of capital improvements, maintenance and transit activities. Accounts receivable are primarily sales and use taxes earned within the budget year and received within sixty days of year end.

Most of the *restricted net position* (\$335,698,445) will be used to meet the Authority's future obligations to creditors.

Pikes Peak Rural Transportation Authority's Changes in Net Position

	<u>2023</u>	<u>2022</u>
General Revenues		
Sales and Use Taxes	\$154,123,728	\$156,043,339
Investment Income	17,613,148	5,372,857
Transit Revenue	3,941,496	3,039,856
Cost Sharing Reimbursements	<u>2,891,530</u>	<u>766,869</u>
Total revenues	<u>178,569,902</u>	<u>165,222,921</u>
Expenses:		
General government		
Capital Improvements	\$59,606,168	\$50,263,135
Transportation	20,881,324	18,084,273
Maintenance Activities	62,158,220	54,456,481
Administration	<u>557,074</u>	<u>1,369,346</u>
Total expenses	<u>143,202,786</u>	<u>124,173,235</u>
Net Change in Net Position	35,367,116	41,049,686
Net Position – Beginning	<u>306,908,803</u>	<u>265,859,117</u>
Net Position – Ending	<u>\$342,275,919</u>	<u>\$306,908,803</u>

The Authority's net position and fund balance increased \$35,367,116 during the current fiscal year.

The Authority's major source of revenue is 1% sales and use tax.

General Fund Budgetary Highlights

Net Sales and Use tax revenues of \$154,123,728 were greater than the final budget by \$4,393,728 or 2.9 percent. Interest income of \$17,613,148 was more than the budget by \$9,113,148 due to rapidly growing interest rates and inflation. 2023 Cost Sharing income was higher than 2022 due to more payments from Utility Companies for the cost of utilities within PPRTA projects.

Total Capital Improvement expenditures were \$28,119,949 less than the final budget due to the up-front time needed to design and bid out large projects before construction can begin. The budget includes funds carried over for construction projects from prior years. In 2023 the fund balance increased due to the lower costs associated with the design phase of several large projects as compared to the more costly construction phase. Unused funds are carried over to the next year to be used during the design and construction phases of large capital projects. When the Authority is in the construction phase of several large-scale capital improvement projects the actual expenditures exceed the current year capital revenue and utilize prior year carryover funds. In 2022 the Authority carried over \$265,538,941 funds for capital improvements to be constructed in future years.

The Authority's final 2023 budget showed an increase of \$1,395,877 for Transit revenue due to ridership steadily increasing after COVID. The fund balance increased due to the timing of construction versus design of major capital projects. Many of the major capital projects were still in the design phase which requires less cash outflow than the construction phase. We anticipate many of the major capital projects to be in the more costly construction phase in 2024 at which time carryover funds will be utilized. The final total budgeted expenditures compared to the original budget expenditures increased by \$300,160,875 in 2023 primarily due to an increase in the carryover of unspent expenditure funds from the prior year budget. Unspent funds roll over from year-to-year which is reflected in the final budget as compared to the original budget.

Capital Assets

The Authority owns no capital assets. Roadway, capital improvements and transit services equipment acquired with Authority resources are capital assets of the member governments who purchased them.

2024 Budget Highlights

For the year ending December 31, 2024, the Authority's original budgeted revenue is estimated to remain the same as 2023 due flat estimated sales and use tax revenue. The Authority's actual net Sales and Use tax revenue decreased from 2022 to 2023 by \$1,919,611 or -1.2%. The Authority does not anticipate adding additional estimated Sales and Use tax collections during their 2024 budget amendment process.

Request for information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pikes Peak Rural Transportation Authority Finance Director at (719)471-7080, Extension 136.

BASIC FINANCIAL STATEMENTS

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

STATEMENT OF NET POSITION

December 31, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 337,391,163
Accounts Receivable	<u>28,955,563</u>
TOTAL ASSETS	<u>366,346,726</u>
LIABILITIES	
Accounts Payable	<u>24,070,807</u>
TOTAL LIABILITIES	<u>24,070,807</u>
NET POSITION	
Restricted for Emergencies	5,270,351
Restricted for Priority Capital Projects	265,538,941
Restricted for Roadway Maintenance and Repairs	28,268,966
Restricted for Transit Services	41,890,538
Unrestricted	<u>1,307,123</u>
TOTAL NET POSITION	<u>\$ 342,275,919</u>

The accompanying notes are an integral part of the financial statements.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
EXPENSES	
General Government	
Capital Improvements	\$ 59,606,168
Transportation	20,881,324
Maintenance Activities	62,158,220
Administration	557,074
	<hr/>
Total Expenses	143,202,786
	<hr/>
GENERAL REVENUES	
Sales and Use Taxes	154,123,728
Investment Income	17,613,148
Transit Revenue	3,941,496
Cost Sharing Reimbursements	2,891,530
	<hr/>
Total General Revenues	178,569,902
	<hr/>
CHANGE IN NET POSITION	35,367,116
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NET POSITION, Beginning	306,908,803
	<hr/>
NET POSITION, Ending	<u>\$ 342,275,919</u>

The accompanying notes are an integral part of the financial statements.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2023

	<u>GENERAL FUND</u>
ASSETS	
Cash and Investments	\$ 337,391,163
Accounts Receivable	<u>28,955,563</u>
TOTAL ASSETS	<u>\$ 366,346,726</u>
LIABILITIES	
Accounts Payable	<u>24,070,807</u>
TOTAL LIABILITIES	<u>24,070,807</u>
FUND BALANCE	
Restricted for Emergencies	5,270,351
Restricted for Priority Capital Projects	265,538,941
Restricted for Roadway Maintenance and Repairs	28,268,966
Restricted for Transit Services	41,890,538
Assigned for Administration	<u>1,307,123</u>
TOTAL FUND BALANCE	<u>342,275,919</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 366,346,726</u>

The accompanying notes are an integral part of the financial statements.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE
GOVERNMENTAL FUND
Year Ended December 31, 2023

	GENERAL FUND
REVENUES	
Sales and Use Taxes	\$ 154,123,728
Investment Income	17,613,148
Transit Revenue	3,941,496
Cost Sharing Reimbursements	2,891,530
TOTAL REVENUES	178,569,902
EXPENDITURES	
Capital Improvements	
Renewal Capital "A" List Projects	58,783,516
Initial Capital "A" List Projects	822,652
Total Capital Improvements	59,606,168
Transportation	20,881,324
Maintenance Activities	62,158,220
Administration	557,074
TOTAL EXPENDITURES	143,202,786
NET CHANGE IN FUND BALANCE	35,367,116
FUND BALANCE, Beginning	306,908,803
FUND BALANCE, Ending	\$ 342,275,919

The accompanying notes are an integral part of the financial statements.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pikes Peak Rural Transportation Authority (the "Authority") was formed as a separate legal entity authorized by Section 43-4-601 of the Colorado Revised Statutes through an intergovernmental agreement between the Authority and El Paso County, City of Colorado Springs, Town of Manitou Springs and Town of Green Mountain Falls (collectively, the "Parties"). The Authority was formed to provide funding for roadway capital improvements, maintenance and operations, and transportation service within the Authority boundaries. On November 2, 2004, El Paso County voters approved a total 1% sales and use tax, split .55% to fund the priority capital projects listed on the election ballot, and .35% to fund maintenance, and .10% to fund transportation activities beginning January 1, 2005. The .55% priority capital projects funding expired on December 31, 2014. On November 6, 2012, El Paso County voters approved to extend the Authority's capital projects funding through December 31, 2024. On November 2, 2021, voters of the Town of Calhan approved for the Town to join the Authority. On November 8, 2022 voters approved to extend the Authority's capital projects from 2025 through 2034.

The Authority has no employees and is governed by a nine-member Board of Directors appointed by the governing bodies of the Parties. Only directors appointed by El Paso County and the City of Colorado Springs may serve as Chairperson and Vice-Chairperson of the Board of Directors.

In November 2008, the voters in the Town of Ramah approved inclusion in the Authority for maintenance and operations funding beginning January 1, 2009. In December 2008, the Authority Board of Directors approved the inclusion of the Town of Ramah, and subsequently amended the Authority bylaws to increase the Board of Directors from eight to nine members.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Authority's more significant accounting policies follows.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Authority is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Authority officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. The Authority may also be financially accountable for organizations that are fiscally dependent upon it.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Based on the application of the above criteria, the Authority does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The Authority is a single-purpose government as defined by governmental accounting standards. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Authority. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the liability is incurred, regardless of the timing of related cash flows.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current year. Sales and use taxes and investment income associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Authority. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

In the fund financial statements, the Authority reports the following major governmental fund:

General Fund - The General Fund is the only fund maintained by the Authority. It is used to account for all financial activities.

Assets, Liabilities and Net Position/Fund Balance

Receivables - Accounts receivable consists primarily of sales and use taxes earned at year end but collected in the subsequent year.

Capital Assets - The Authority has no capital assets. Roadways, capital improvements, and transit services equipment purchased with Authority resources become capital assets of the Parties.

Net Position - In the government-wide financial statements, net position is restricted when constraints placed on the net assets are externally imposed.

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 the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) 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.

The Authority has classified fund balance for priority capital projects, maintenance and transit amounts as restricted at December 31, 2023

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- Assigned – This classification includes amounts that are constrained by the Authority’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.
- 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.

The Authority has a fund balance reserve policy, which the objective is to provide working capital to the Authority. The policy establishes a minimum unallocated fund balance of 10% to be used for cash flow purposes, revenue shortfalls and unanticipated expenditures, which includes the 3% TABOR reserve (NOTE 10). In addition, the policy establishes restricted fund balance guidelines and uses for capital projects, maintenance and transit services.

Subsequent Events

The Authority has evaluated events subsequent to the year ended December 31, 2023 through June 5, 2024, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements

Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; and natural disasters. The Authority maintains public officials’ liability insurance through a commercial carrier for these risks of loss. The Parties, individually, maintain liability, property and workers’ compensation coverages. Therefore, the Authority has no exposure for these risks of loss. Subsequent to December 31, 2023, the Authority Board of Directors approved to join the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for future insurance coverages.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2023, follows:

Cash and Investments	<u>\$ 337,391,165</u>
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Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors' accounts up to \$250,000 for each financial institution. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023 the Authority had cash deposits with a carrying amount of \$0. The bank balances with the financial institution were \$8,605,336, of which \$250,000 were FDIC insured, and \$8,355,336 were collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Investments

The Authority has not adopted a formal investment policy; however, the Authority follows State statutes regarding investments. The Authority generally limits its concentration of investments to Local Government Investment Pools, obligation of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following:

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At December 31, 2023, the Authority had the following investment:

	<u>Maturity</u>	<u>2023</u>
Colorado Liquid Asset Asset Trust (COLOTRUST)	Weighted Average under 60 days	<u>\$ 337,391,165</u>

The Authority invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers share in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAA by Standard and Poor's. COLOTRUST records its investments at fair value and the Authority records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 3: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation.

In November 2004, and again in November 2012, the Authority's voters authorized the Authority to collect and expend all taxes and other revenues of the Authority

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

without any limitation contained in the Amendment. The Authority's management believes it is in compliance with the provisions of the Amendment.

The Authority has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2023, the emergency reserve of \$5,270,351 was reported as a restriction of fund balance in the General Fund and as restricted net assets in the government-wide financial statements.

Administrative Services Agreement

The Authority has contracted with the Pikes Peak Area Council of Governments (PPACG) to provide administrative services identified in the Authority's administrative budget. For the year ended December 31, 2023, the Authority paid \$470,262 to PPACG for these administrative services.

Litigation

During the year ended December 31, 2023, the Authority received notice of claims resulting from injuries received by individuals. These claims were forwarded to the Authority's insurance and the outcome is not known as of the date of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales and Use Taxes	\$ 149,730,000	\$ 149,730,000	\$ 154,123,728	\$ 4,393,728
Investment Income	500,000	8,500,000	17,613,148	9,113,148
Transit Revenue	2,545,619	2,545,619	3,941,496	1,395,877
Cost Sharing Reimbursements	-	-	2,891,530	2,891,530
TOTAL REVENUES	152,775,619	160,775,619	178,569,902	17,794,283
EXPENDITURES				
Capital Improvements				
Renewal Capital "A" List Projects	81,911,595	309,498,976	58,783,516	250,715,460
Initial Capital "A" List Projects	501,281	823,719	822,652	1,067
Total Capital Improvement	82,412,876	310,322,695	59,606,168	250,716,527
Transportation	17,546,279	59,065,144	20,881,324	38,183,820
Maintenance Activities	52,502,310	82,160,573	62,158,220	20,002,353
Administration	798,400	1,864,199	557,074	1,307,125
TOTAL EXPENDITURES	153,259,865	453,412,611	143,202,786	310,209,825
NET CHANGE IN FUND BALANCE	(484,246)	(292,636,992)	35,367,116	328,004,108
FUND BALANCE, Beginning	290,046,144	306,908,875	306,908,803	(72)
FUND BALANCE, Ending	<u>\$ 289,561,898</u>	<u>\$ 14,271,883</u>	<u>\$ 342,275,919</u>	<u>\$ 328,004,036</u>

PIKES PEAK RURAL TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, management submits to the Board of Directors a proposed operating budget for the General Fund for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any revisions that alter the total expenditures must be approved by the Board of Directors.
- A budget for the General Fund is legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.