

PUEBLO AREA COUNCIL OF GOVERNMENTS
PUEBLO, COLORADO
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024

CONTENTS

FINANCIAL SECTION

Independent Auditors' Report	<u>Page #</u> i-iii
------------------------------	------------------------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position	1
Statement of Activities	2

Fund Financial Statements:

Governmental Fund	
Balance Sheet	3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances	5
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6
Notes to Financial Statements	7-12

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund	13
Notes to the Required Supplementary Information	14

GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15-17
Schedule of Findings and Questioned Costs	18



INDEPENDENT AUDITORS' REPORT

Board of Directors
Pueblo Area Council of Governments
Pueblo, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Pueblo Area Council of Governments, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Pueblo Area Council of Governments' 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 the major fund of Pueblo Area Council of Governments, as of December 31, 2024, and the respective changes in financial position 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) 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 Pueblo Area Council of Governments 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 the 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 Pueblo Area Council of Governments' 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' 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 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 GAAS 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 GAAS and *Government 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 Pueblo Area Council of Governments' 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 Pueblo Area Council of Governments' 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 budgetary comparison schedule 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 GAAS, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025, on our consideration of Pueblo Area Council of Governments' 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 Pueblo Area Council of Governments' 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 Pueblo Area Council of Governments' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
September 23, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**PUEBLO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

ASSETS

Cash and equivalents	\$ 371,052
Receivables	<u>169,737</u>
Total assets	<u>540,789</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 100,163
Due to other governmental agencies	<u>89,488</u>
Total liabilities	<u>189,651</u>

NET POSITION

Restricted for:	
Transportation Planning	90,282
Unrestricted	<u>260,856</u>
Total net position	<u><u>\$ 351,138</u></u>

The accompanying notes are an integral part of this statement.

**PUEBLO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government					
Governmental activities:					
General Government	\$ 776,938	\$ -	\$ 739,552	\$ -	\$ (37,386)
Total	776,938	-	739,552	-	(37,386)
					(37,386)
					388,524
					<u>\$ 351,138</u>

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**PUEBLO AREA COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2024**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 371,052
Receivables	169,737
Total assets	540,789
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	100,163
Due to other governments	89,488
Total liabilities	189,651
Deferred inflows of resources:	
Unavailable revenues	119,737
Total deferred inflows of resources	119,737
Fund balances:	
Restricted - Transportation Planning	90,282
Assigned	141,119
Total fund balances	231,401
Total liabilities, deferred inflows of resources and fund balances	\$ 540,789

The accompanying notes are an integral part of this statement.

**PUEBLO AREA COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

Total fund balance, governmental fund \$ 231,401

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources for amounts not received within the availability period are not reported as revenue in the governmental funds. 119,737

Total Net Position - Governmental Activities \$ 351,138

The accompanying notes are an integral part of this statement.

**PUEBLO AREA COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General Fund
REVENUES	
Intergovernmental	\$ 602,611
Member Contributions	<u>108,670</u>
Total revenues	<u>711,281</u>
EXPENDITURES	
Current:	
General government	<u>776,938</u>
Total expenditures	<u>776,938</u>
Excess (deficiency) of revenues over expenditures	(65,657)
Fund balance, January 1	<u>297,058</u>
Fund balance, December 31	<u><u>\$ 231,401</u></u>

The accompanying notes are an integral part of this statement.

**PUEBLO 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, 2024**

Net change in fund balances - total governmental fund: \$ (65,657)

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

Governmental funds recognize revenue when measurable and available. In contrast, certain revenues are reported in the Statement of Activities when earned. 28,271

Change in net position of governmental activities \$ (37,386)

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**PUEBLO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Pueblo Area Council of Governments (the Council) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council's accounting policies are described below.

Financial Reporting Entity

Pueblo Area Council of Governments (the Council) is the designated Metropolitan Planning Organization (MPO) for the Pueblo area as required by Title 23 of federal statutes for both long-term and short-term urban transportation planning. As required by generally accepted accounting principles, these financial statements present the Pueblo Area Council of Governments (the primary government). No additional separate governmental units, agencies or nonprofit corporations are included in the financial statements of the Council since none were determined to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Government-Wide Financial Statements

The basic financial statements include both government-wide (based on the Council as a whole) and fund financial statements. The government-wide financial statements, which include a statement of net position and a statement of activities, report information on all the activities of the Council.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include (1) member contributions from eight entities within Pueblo County; and (2) grants and contributions that are restricted to meeting the operating requirements of a particular function or activity. Other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Council as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual fund of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**PUEBLO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented 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 related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements are met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting.

Grant and entitlement revenues are considered revenues susceptible to accrual. Contributions and miscellaneous revenue are recorded as revenues when received in cash because they are not generally measurable until that time. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance and, as such, entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance for the major governmental fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The Council's only fund is the general fund, which is always presented as a major fund.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are short-term liquid investments that have maturities of three months or less when purchased.

**PUEBLO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All receivables are reported at their gross value and management has determined they are fully collectible.

Deferred Inflows of Financial Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has grant revenues which arise both under the full accrual and modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since grant revenues were not available within 60 days of the end of the year, a receivable and corresponding deferred inflow is recorded at December 31. Once the grant payment is received in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent the Council is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Fund balances of the Council's governmental fund consist of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid items and inventories.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the Board of Directors of the Council. Commitments may be modified or changed only by the Board of Directors approving a new resolution.
- Assigned – includes amounts intended to be used by the Council for specific purposes that are neither restricted nor committed. As authorized by the Council members, the assigned amounts are to be used for specific purposes.
- Unassigned – includes amounts that do not meet any of the above criteria.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

**PUEBLO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

In the government-wide financial statements, net position is classified in the following categories:

- Net investment in capital assets – this classification consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the capital assets. The Council has no capital assets.
- Restricted net position – this classification consists of restrictions created by external creditors, grantors, contributors or laws or regulations of other governments, enabling legislation and constitutional provisions.
- Unrestricted net position – this classification represents the remainder of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are available for net position use, it is the Council’s policy to use restricted resources first and then use unrestricted resources as needed.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for the general fund. Budgets are prepared on the modified accrual basis of accounting for the general fund. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the Council may amend the original adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts reflect the original and most recent amended amounts, which were adopted in accordance with the appropriate provisions of state law. Encumbrance accounting is not employed as part of the budgetary process.

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2024, cash and cash equivalents are summarized as follows:

Demand deposits	\$ <u>371,052</u>
	\$ <u>371,052</u>

DEPOSITS

At December 31, 2024, the carrying amount and bank balance of the Council’s deposits was \$371,052 and the bank balance was \$371,052. Of the bank balance, \$340,283 was covered by federal depository insurance and \$30,769 was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository

**PUEBLO AREA COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The fair value of the collateral that each institution pledges must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution. The Council has no investments as of December 31, 2024.

NOTE 4 – RECEIVABLES

Receivables as of December 31, 2024 consist of the following:

	<u>Governmental Activities General Fund</u>
Receivables:	
Federal Grants	\$ <u>169,737</u>
Total Receivables	\$ <u><u>169,737</u></u>

NOTE 5 – NET POSITION

Restricted net position represents net position whose uses are subject to constraints that are either (1) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2024 for governmental activities are as follows:

	<u>Governmental Activities</u>
Restricted for:	
Transportation Programs	\$ <u>90,282</u>
Total Restricted Net Position	\$ <u><u>90,282</u></u>

**PUEBLO AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 – FUND BALANCE

As of December 31, 2024, fund balance for the governmental fund consists of the following:

	Governmental Activities
	General Fund
Restricted fund balances:	
Transportation Programs	\$ 90,282
Total restricted fund balances	90,282
Unassigned fund balance:	141,119
Total fund balances	\$ 231,401

NOTE 7 – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts. The Council carries commercial insurance covering directors and officers from personal losses if they are sued for alleged wrongful acts while managing the organization. There have been no claims resulting from these risks for each of the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

**PUEBLO AREA COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grants	\$ 209,810	\$ 209,810	\$ 602,611	\$ 392,801
Member Contributions	988,192	918,192	108,670	(809,522)
Total Revenues	<u>1,198,002</u>	<u>1,128,002</u>	<u>711,281</u>	<u>(416,721)</u>
EXPENDITURES				
General Government				
Administrative Expense	49,395	49,395	37,418	11,977
OEDIT Grant Navigator	160,000	60,000	52,000	8,000
604(b) Water Quality Mgmt Plan	49,100	79,100	104,803	(25,703)
Tran Planning reimb - City	932,107	932,107	578,650	353,457
Trans Plan - Rural	7,400	7,400	4,067	3,333
Total Expenditures	<u>1,198,002</u>	<u>1,128,002</u>	<u>776,938</u>	<u>351,064</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(65,657)</u>	<u>(65,657)</u>
Fund Balances, January 1			<u>297,058</u>	
Fund Balances, December 31			<u>\$ 231,401</u>	

**PUEBLO AREA COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

BUDGETARY INFORMATION

The Council adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

By December 31st of the preceding year, the board of directors approves a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. The Council adopts a budget for the general fund and the general fund uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budget.

The board of directors may amend the original adopted budget during the year by passing a new resolution to reflect current needs.

The legal level of budgetary control exists at the total fund level, which is to say, total expenditures in the general fund cannot legally exceed appropriations.



**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***

Board of Directors
Pueblo Area Council of Governments
Pueblo, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Pueblo Area Council of Governments, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Pueblo Area Council of Governments' basic financial statements, and have issued our report thereon dated September 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pueblo Area Council of Governments' 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 Pueblo Area Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of Pueblo Area Council of Governments' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether Pueblo Area Council of Governments’ 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*.

Pueblo Area Council of Governments’ Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Pueblo Area Council of Governments’ response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Pueblo Area Council of Governments’ response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado
September 23, 2025

**PUEBLO AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | | |
|--|---------------|-----|--------------------------------|
| 1. Type of auditors’ report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ x _____ | yes | _____ no |
| • Significant deficiency(ies) identified? | _____ | yes | _____ x _____
none reported |
| 3. Noncompliance material to financial statements noted? | _____ | yes | _____ x _____
no |

Section II – Financial Statement Findings

2024 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: There were two material audit adjustments. The first adjustment removed expenses totaling \$91,466 that were incurred in 2023 but erroneously recorded in 2024. The adjustment reduced expenses and beginning fund balance to accurately reflect the expenses in the correct period. The second adjustment removed \$26,700 of expenses, accounts payable, revenue, and accounts receivable related to a duplicate invoice. This adjustment corrects the duplication and accurately reflects revenue, accounts receivable, expense and accounts payable balances at year end. There is no formal review of journal entries or general ledger activity by the Council. In addition, there is a review and approval process in place for outgoing payments, but is not formally documented.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statement balances are accurately reflected at year-end, in accordance with U.S. GAAP.

Effect: The lack of adequate controls in place surrounding review of entries posted to the general ledger and balances at year-end increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The Council has not adopted formal policies and procedures over internal controls relating to year-end review of balances within the general ledger and review of journal entries posted.

Recommendation: The Council should evaluate their controls surrounding the review and recording of journal entries to ensure all transactions are properly recorded in the correct year. Review and approval of outgoing transactions should be formally documented. In addition, the Council should maintain a running total of grant expenses and perform a reconciliation to the general ledger to confirm grant expenses reported in the general ledger are accurate.

Views of responsible officials and planned corrective actions: There is no disagreement with the finding.