STOCKMAN KAST RYAN & CO., LLP

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

Required Supplemental Information,

Basic Financial Statements and

Supplemental Information

For the Year Ended December 31, 2024

And

Independent Auditors' Reports

CPA's & Business Advisors

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024	
Statement of Net Position Governmental Activities	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
REQUIRED SUPPLEMENTAL INFORMATION	
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	21
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	24
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*	25
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Audit Findings	32

STOCKMAN KAST RYAN & CO., LLP

102 N. Cascade Ave. Suite 400
Colorado Springs, CO 80903
www.skrco.com
T: 719.630.1186
F: 719.630.1187

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, 2024, 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, 2024, 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 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 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 is 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 12, 2025 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 12, 2025

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024. It should be read in conjunction with the accompanying financial statements of PPACG.

Financial Highlights

- Total Assets increased in 2024, compared to 2023, by $649,882, or 14.65%.
- PPACG's Net Position increased in 2024 by $628,662, or 23.80% compared to 2023.
- Unassigned Fund Balance increased in 2024 by $668,018 or 25.29% to $3,785,233 compared to 2023.

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 $628,662 (20.15%) in 2024 over 2023, as shown below.

	2024	2023
Assets		
Cash/restricted cash	$ 1,189,163	$ 1,368,590
Other current assets	2,324,040	2,589,791
Capital assets, net	1,572,878	477,818
Total assets	$ 5,086,081	$ 4,436,199
Liabilities		
Other current and non-current liabilities	$ 862,386	$ 1,094,268
Compensated absences	475,585	222,483
Total liabilities	$ 1,337,971	$ 1,316,751
Net position		
Net investment in capital assets	$ 438,462	$ 477,818
Unrestricted	3,309,648	2,641,630
Total net position	$ 3,748,110	$ 3,119,448

PPACG's Statement of Activities

PPACG's net position increased $628,662 (20.15%) in 2024, compared to $228,708 (7.91%) in 2023. The increase in net position in 2024 was primarily the result of decreases in expenses in PPACG's Aging and Transportation programs.

	2024	2023
Program Revenues		
Operating grants and contributions	$ 10,475,286	$ 11,037,783
Charges for services	829,141	676,595
Total program revenues	11,304,427	11,714,378
General Revenues		
Member dues	528,990	503,800
Interest income	39,740	51,287
Total revenues	$ 11,873,157	$ 12,269,465
Governmental Activities – Expenses		
Aging program	$ 7,983,239	$ 8,511,107
Transportation program and environmental	2,203,783	2,480,345
Pikes Peak RTA administration	500,473	484,827
Joint land use study	376,930	506,675
Community Wildfire	50,119	
Administration	129,951	57,803
Total governmental activities - expenses	11,244,495	12,040,757

	2024	2023
Change in net position	628,662	228,708
Net Position, Beginning of Year	3,119,448	2,890,740
Net Position, End of Year	$ 3,748,110	$ 3,119,448

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 2024 compared to 2023, grant revenue decreased by $562,497. The Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies and the Military Installation Resiliency Review saw reduced revenue of $127,000 due to a change in scope, while Transportation revenues decreased $558,774 due to the timing of the Streetlight grant. To offset these reductions, PPACG secured three new Community Wildfire grants totaling $225,000 and received increased Grant Navigator funding of $63,537.

Overall grant funding decreased in the Area Agency on Aging program by $195,914 over 2023. The decrease is due to a reduction in grant funding available to pass through to our outside providers of approximately $434,000 with an offset by an increase in Mobility funding of approximately $238,000.

The Statement of Revenue and Expenditures – Budget to Actual – General Fund details the final budgeted amounts of 2024's revenues and expenditures as compared to the actual amounts. PPACG received $ 945,438 less in federal and state grants than budgeted in 2024, and pass through federal and state grant revenues were $1,003,981 lower than budgeted in 2024. Project income was $215,616 more than the 2024 budgeted amount. PPACG received $72,701 less than budgeted in special district revenue which is from Pikes Peak RTA administration expenses. Overall, PPACG received $1,931,501 less than budgeted revenues.

Actual costs for "personnel" were $159,353 less than budgeted and contract services were also less than budgeted $1,345,007. This was primarily due to less staff than budgeted and less outside contractors. Pass through expenditures were $942,402 less than budget and corresponds to federal and state grant pass through revenue being less than budgeted. Conferences, education, training and travel were under budget $31,825. Support services were over budget $13,995, this consists of postage, public notices and liability insurance. Communications, memberships, building maintenance and utilities were all less than budget. Overall, PPACG incurred expenses less than budgeted of $2,560,163.

Capital Asset and Debt Administration

Capital Assets

At the end of 2024, PPACG had $1,572,878 net investment in capital assets, as detailed in Note 4 to the financial statements. PPACG's net assets invested in capital assets increased $1,095,060 in 2024 due to additions of $1,134,416, related to purchase of a new air control system, reduced by $36,356 of depreciation expense.

Debt

At December 31, 2024, 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 Director 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, 2024

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 993,486
Restricted cash	195,677
Grants and accounts receivable	2,319,765
Prepaid expenses	4,275
Capital assets:	
Non-depreciable	15,594
Depreciable, net	1,557,284
TOTAL ASSETS	5,086,081
LIABILITIES	
Accounts payable	509,323
Accrued liabilities	157,386
Unearned revenue	195,677
Compensated absences payable	475,585
TOTAL LIABILITIES	1,337,971
NET POSITION	
Net investment in capital assets	438,462
Unrestricted	3,309,648
TOTAL NET POSITION	$ 3,748,110

See notes to financial statements.

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Direct Expenses	Indirect Expenses	Program Revenue: Charges For Services	Program Revenue: Operating Grants and Contributions	Net Program Expense
FUNCTIONS / PROGRAMS					
Governmental activities:					
Aging program	$ 7,460,235	$ 523,004	$ 306,277	$ 8,183,015	$ 506,053
Transportation and environmental programs	1,816,514	387,269	22,391	1,892,360	(289,032)
Joint land use study	297,313	79,617		349,792	(27,138)
Pikes Peak RTA administration	404,235	96,238	500,473		
Community Wildfire	50,119			50,119	
Administration	129,951				(129,951)
TOTAL	$ 10,158,367	$ 1,086,128	$ 829,141	$ 10,475,286	59,932
GENERAL REVENUES					
Member dues					528,990
Investment income					39,740
Total general revenues					568,730
CHANGE IN NET POSITION					628,662
NET POSITION, Beginning of year					3,119,448
NET POSITION, End of year					$ 3,748,110

See notes to financial statements.

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2024

	General Fund
ASSETS	
Cash and cash equivalents	$ 993,486
Restricted cash	195,677
Grants and accounts receivable	2,319,765
Capital asset	1,134,416
Prepaid expenses	4,275
TOTAL ASSETS	$ 4,647,619
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 509,323
Accrued liabilities	157,386
Unearned revenue	195,677
Total liabilities	862,386
FUND BALANCE	
Unassigned	3,785,233
TOTAL LIABILITIES AND FUND BALANCE	$ 4,647,619

See notes to financial statements.

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2024

TOTAL GOVERNMENTAL FUND BALANCE	$ 3,785,233
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	438,462
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	(475,585)
NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	$ 3,748,110

See notes to financial statements.

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund
REVENUES	
Federal and state grants - pass through	$ 5,231,319
Federal and state grants	5,208,513
Member dues	528,990
Pikes Peak RTA administration	500,473
Project income and local support	348,668
Other grants	15,454
Investment income	39,740
Total revenues	11,873,157
EXPENDITURES	
Aging program	7,863,482
Transportation and environmental programs	2,133,807
Pikes Peak RTA administration	454,836
Joint land use program	370,253
Community Wildfire	50,119
Administration	79,540
Total expenditures	10,952,037
NET CHANGE IN FUND BALANCE	921,120
FUND BALANCE, Beginning	2,864,113
FUND BALANCE, Ending	$ 3,785,233

See notes to financial statements.

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, 2024

NET CHANGE IN GOVERNMENTAL FUND BALANCES	$	921,120
Amounts reported for governmental activities in the statement of activities are different because:		
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 ($39,356) exceeded capital outlays		(39,356)
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		(253,102)
CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES	$	628,662

See notes to financial statements.

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

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 collectable at December 31, 2024, 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:

	Estimated Useful Life
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.

Adoption of New Accounting Standards — In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB issued Statement No. 101, *Compensated Absences*, is required to be applied retrospectively to all prior periods presented in the financial statements. However, the effect of the standard on the year ended December 31, 2024 was not material, and therefore was not restated.

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, 2024, the carrying amount of PPACG deposits was $1,189,163 and the bank balances were $1,309,027 of which $1,059,027 were collateralized in accordance with PDPA.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 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	$ 1,134,416		2,051,090
Equipment	118,306			118,306
Furniture	61,426			61,426
Land improvements	5,224			5,224
Total capital assets being depreciated	1,101,630	1,134,416	$ —	2,236,046
Less accumulated depreciation	(639,406)	(39,356)		(678,762)
Depreciable capital assets, net	462,224	1,095,060	—	1,557,284
Total capital assets, net	$ 477,818	$ 1,095,060	$ —	$ 1,572,878

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

Aging program	$ 22,280
Transportation and environmental programs	11,287
Pikes Peak RTA administration	3,578
Joint land use	2,211
Total depreciation expense	$ 39,356

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:

Years of Service	Vested Percentage
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, 2024, employee contributions totaled $89,441 and PPACG recognized pension expense of $267,671. There was a forfeiture reflected in PPACG's pension expense of $3,643.

6. LINE OF CREDIT

PPACG has a line of credit with a financial institution that provides for borrowings of up to $665,000, through the maturity date of June 18, 2027. The line of credit bears interest at 0.5% over the Wall Street Journal U.S. Prime Rate prime (8.00% at December 31, 2024) and secured by a deed of trust on PPACG’s building. There were no transactions during 2024. At December 31, 2024, PPACG did not have any outstanding balance on the line of credit.

7. 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, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Project income	$ 133,052	$ 133,052	$ 348,668	$ 215,616
Federal and state grants - pass through	6,235,300	6,235,300	5,231,319	(1,003,981)
Federal, state and other grants	6,169,405	6,169,405	5,223,967	(945,438)
Interest income and other income	164,737	164,737	39,740	(124,997)
Special district revenues	573,174	573,174	500,473	(72,701)
Member dues	528,990	528,990	528,990	
Total revenues	13,804,658	13,804,658	11,873,157	(1,931,501)
EXPENDITURES				
Contract services	2,400,939	2,400,939	1,055,932	1,345,007
Federal and state grants - pass through	6,235,300	6,235,300	5,292,895	942,405
Personnel	4,589,167	4,589,167	4,429,814	159,353
Building maintenance	89,472	89,472	52,015	37,457
Conferences, education, training, travel	89,305	89,305	57,480	31,825
Equipment maintenance and rental	60,724	60,724	40,939	19,785
Memberships	39,310	39,310	20,292	19,018
Communications	54,190	54,190	36,194	17,996
Equipment	51,550	51,550	37,254	14,296
Utilities	25,642	25,642	16,460	9,182
Office supplies	30,718	30,718	26,985	3,733
Reference publications	1,154	1,154	881	273
Reproduction services	61,480	61,480	75,795	(14,315)
Support services	48,207	48,207	62,203	(13,996)
Depreciation	27,500	27,500	39,356	(11,856)
Total expenditures	13,804,658	13,804,658	11,244,495	2,560,163
Revenues over expenditures	$ —	$ —	628,662	$ 628,662
Adjustments to arrive at fund balance:				
Compensated absences			253,102	
Depreciation			39,356	
Net changes in fund balance			921,120	
FUND BALANCE, Beginning of year			2,864,113	
FUND BALANCE, End of year			$ 3,785,233	

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Agency / Pass-Through Entity and Cluster or Program	Assistance Listing Number	Federal Expenditures
United States Department of Health and Human Services		
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	$ 1,341,990
COVID-19 - Part B-Grants for the Supportive Services and Senior Centers	93.044	780,961
COVID-19 - Public Health	93.044	109,574
Part C - Nutrition Services	93.045	984,208
COVID-19 - Part C - Nutrition Services	93.045	528,286
Nutrition Services Incentive Program	93.053	56,292
Total Aging Cluster		3,801,311
Passed-Through Colorado Department of Human Services:		
Special Programs for the Aging-Title III, Part D:		
Disease Prevention and Health Promotion Services	93.043	27,496
COVID-19 - Disease Prevention and Health Promotion Services	93.043	6,452
National Family Caregiver Support, Title III, Part E	93.052	252,453
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	91,960
Special Programs for the Aging - Title VII:		
Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	9,541
Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	69,269
COVID 19 - Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	14,241
Passed-Through Colorado Department of Regulatory Agencies, Division of Insurance:		
Special Programs for the Aging, Title IV, and Title II:		
Discretionary Projects	93.048	18,750
State Health Insurance Assistance Program	93.324	92,410
Medicare Enrollment Assistance Program	93.071	51,500
Total United States Department of Health and Human Services		4,435,383

(Continued)

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Agency / Pass-Through Entity and Cluster or Program	Assistance Listing Number	Federal Expenditures
United States Department of Transportation		
Passed-Through Colorado Department of Transportation:		
Highway Planning and Construction	20.205	1,514,521
Highway Safety Cluster:		
Passed-Through Colorado Department of Transportation:		
State and Community Highway Safety	20.600	175,681
United States Department of Transportation		
Transit Services Programs Cluster:		
Passed-Through City of Colorado Springs:		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	1,023,559
Total United States Department of Transportation		2,713,761
United States Environmental Protection Agency		
Clean Water State Revolving Fund Cluster:		
Passed-Through Colorado Department of Public Health and Environment:		
Water Quality Management Planning	66.458	14,032
Water Quality Management Planning	66.454	13,056
Total United States Environmental Protection Agency		27,088
United States Department of the Treasury		
Passed-Through Colorado Department of Transportation:		
Coronavirus State and Local Fiscal Recovery Funds	21.027	118,220
United States Department of Defense		
Community Economic Adjustment Assistance for		
Compatible Use and Joint Land Use Studies	12.610	170,393
Military Installation Resiliency Review	12.003	179,399
Total United States Department of the Treasury		349,792
Corporation for National and Community Service		
AmeriCorps Volunteers In Service to America	94.013	35,468
United States Department of Agriculture		
Economic Development Cluster:		
Passed-Through Colorado Wildfire:		
Community Wildfire Defense Grant	10.720	50,119
Total Expenditures of Federal Awards		$ 7,729,831

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, 2024

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	Assistance Listing Number	Federal Expenditures
Special Programs for the Aging, Title III:		
Part B – Grants for the Supportive Services and Senior Centers	93.044	$ 868,665
Part C – Nutrition Services	93.045	1,508,079
Part D – Disease Preventions and Health Promotions Services	93.043	30,238
Long Term Care Ombudsman Services for Older Individuals	93.042	14,241
Nutrition Services Incentive Program	93.053	56,292
National Family Caregiver Support Title III, Part E	93.052	136,613
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	936,599
Total expenditures of federal awards		$ 3,550,727

See the accompanying Independent Auditors' Report.

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

COMPLIANCE AND INTERNAL CONTROL SECTION

STOCKMAN KAST RYAN & CO., LLP

102 N. Cascade Ave. Suite 400
Colorado Springs, CO 80903
www.skrco.com
T: 719.630.1186
F: 719.630.1187

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, 2024, and the related notes to the financial statements, which collectively comprise PPACG's basic financial statements, and have issued our report thereon dated June 12, 2025.

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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency. 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, non-compliance 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 non-compliance 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 12, 2025

STOCKMAN KAST RYAN & CO., LLP

102 N. Cascade Ave. Suite 400
Colorado Springs, CO 80903
www.skrco.com
T: 719.630.1186
F: 719.630.1187

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, 2024. 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 resects, 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, 2024.

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 non-compliance 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 non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 non-compliance, 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, non-compliance 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 non-compliance 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 12, 2025

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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. Non-compliance 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:

ALN	Name of Federal Program or Cluster
	Special Programs for the Aging – Title III:
93.044	Part B – Grants for the Supportive Services and Senior Centers
93.045	Part C – Nutrition Services
93.053	Nutrition Services Incentive Program
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities

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, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number	Finding	Questioned Costs
2024-001	*Criteria* – Financial statements are used by both management and the Board of Directors to make decisions. Accordingly, they must accurately reflect the financial position and operational results of the PPACG, in accordance with generally accepted accounting principles (GAAP). *Condition* – A material adjustment was required to properly present the financial statements in accordance with GAAP. *Context* – PPACG expensed capital asset purchases that should have been capitalized in accordance with GAAP. *Cause* – Management expensed the purchases because they were funded with federal awards and were not eligible for depreciation expense related to future federal reimbursements. *Effect* – The financial statements were materially misstated at year-end. *Recommendation* – PPACG should revise its capital assets policies and procedures to ensure that financial reporting aligns with GAAP. *Views of Responsible Officials and Planned Corrective Actions* – Management agrees with the finding. The PPACG's finance team will update the capital assets policies and procedures to ensure future financial statements are prepared in accordance with GAAP.	None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reportable.

(Concluded)

PIKES PEAK AREA COUNCIL OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

No matters were reported.