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ALAMOSA MOSQUITO

CONTROL DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2018

DIXON, WALLER & CO., INC.

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December 31, 2018

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors  
Alamosa Mosquito Control District  
Alamosa, CO 81101

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alamosa Mosquito Control District, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility 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; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

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 the Alamosa Mosquito Control District as of December 31, 2018, 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.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through viii and 19 through 20 be presented to supplement the basic financial statements. Such 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. 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.

*Ripon, Waller & Co., Inc.*

June 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Alamosa Mosquito Control District**  
***Management Discussion & Analysis***  
**For the Fiscal Year Ended December 31, 2018**

As management of the Alamosa Mosquito Control District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended December 31, 2018, are as follows:

- The District's assets totaled \$1,138,846. Capital assets reached \$339,361 following adjustment for accumulated depreciation.
- Local property and specific ownership taxes received account for approximately \$562,542 or over 98 percent of all revenues.
- The District had \$433,750 in expenses related to governmental activities. Expenses were fully funded by general revenues of \$568,503.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements, and includes a comparison to the District's budget for the year.

**Alamosa Mosquito Control District**  
***Management Discussion & Analysis***  
**For the Fiscal Year Ended December 31, 2018**

### **District-Wide Financial Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private companies.

The statement of net position includes all of the District's assets and liabilities.

- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Alamosa Mosquito Control District is improving or deteriorating.
- To assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of buildings, vehicles and equipment.

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

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes. Included in governmental activities are most of the District's basic services which includes mosquito control and administration.

The district-wide financial statements can be found on pages 3-4 of this report.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" fund, not the District as a whole. Funds are accounting devices the District uses to track specific sources of funding and spending on particular programs. The Alamosa Mosquito Control District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Fund:* The District's basic services are included in a governmental fund, which generally focus on how cash flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.

**Alamosa Mosquito Control District  
Management Discussion & Analysis  
For the Fiscal Year Ended December 31, 2018**

**Notes to the Financial Statements**

The notes provide additional information meaningful to a full understanding of the data provided in the district-wide and fund financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes budget-to-actual information for the District as dictated by state law.

**District-Wide Financial Analysis**

Table 1 provides a summary of the district's net position at December 31, 2018 and 2017.

	<b>Governmental Activities</b>	
	<b>Audited</b>	<b>UnAudited</b>
	<b>2018</b>	<b>2017</b>
Assets:		
Current and Other Assets	\$ 799,485	\$ 184,543
Capital Assets, Net	339,361	319,834
Total Assets	<u>1,138,846</u>	<u>504,377</u>
Liabilities:		
Current Liabilities	<u>8,313</u>	<u>5,713</u>
Net Position:		
Net Investment in Capital Assets	339,361	319,834
TABOR Amendment Reserve	17,300	15,784
Unrestricted	<u>266,841</u>	<u>163,046</u>
Total Net Position	<u>\$ 623,502</u>	<u>\$ 498,664</u>

**Alamosa Mosquito Control District  
Management Discussion & Analysis  
For the Fiscal Year Ended December 31, 2018**

Table 2 provides a summary of the changes in net position. Following Table 2 is a specific discussion related to overall revenues and expenses.

**Table 2  
Net Position from Operating Results**

	<b>Governmental Activities</b>	
	<b>Audited</b>	<b>UnAudited</b>
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
General Revenues		
Taxes	\$ 562,542	\$ 524,998
Interest	1,110	416
Other Income	4,851	4,313
Total General Revenues	<u>568,503</u>	<u>529,727</u>
Total Revenue	<u>568,503</u>	<u>529,727</u>
<b>Expenses</b>		
Public Health-Mosquito Control	433,750	455,964
Capital Outlay	-	16,930
Total Expenses	<u>433,750</u>	<u>472,894</u>
Increase (Decrease) in Net Position	<u>\$ 134,753</u>	<u>\$ 56,833</u>

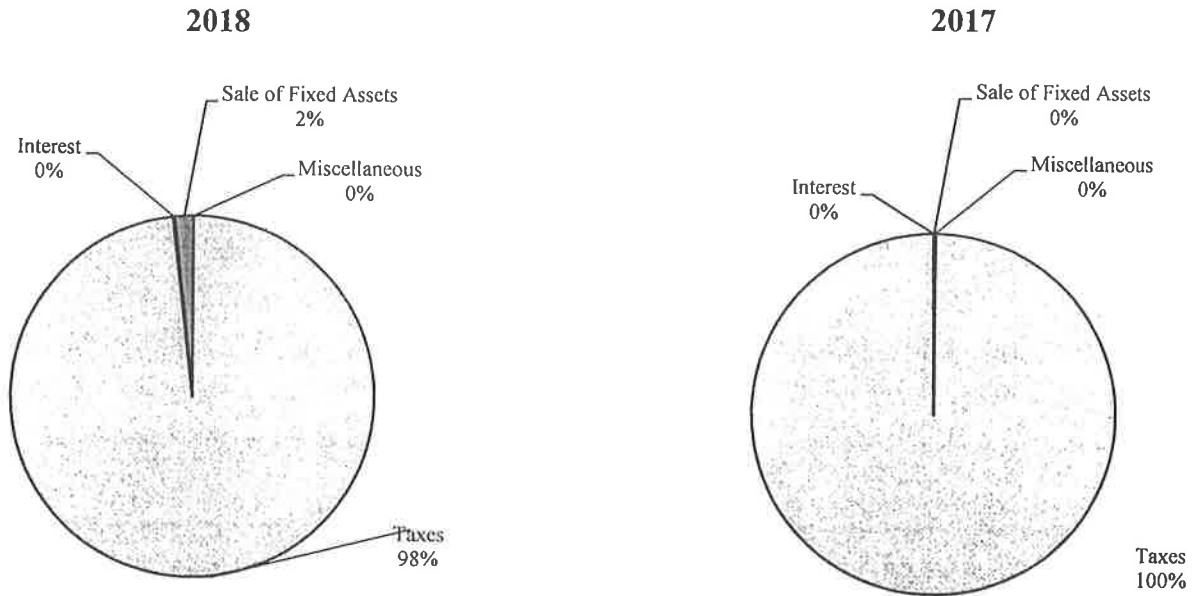
Property taxes account for most of the District's revenue.

The District expenses predominantly relate to mosquito control services. Given that Alamosa Mosquito Control District is a service organization providing mosquito control services to most of Alamosa County, the majority of expenses are paid in the form of salaries to the District's employees.

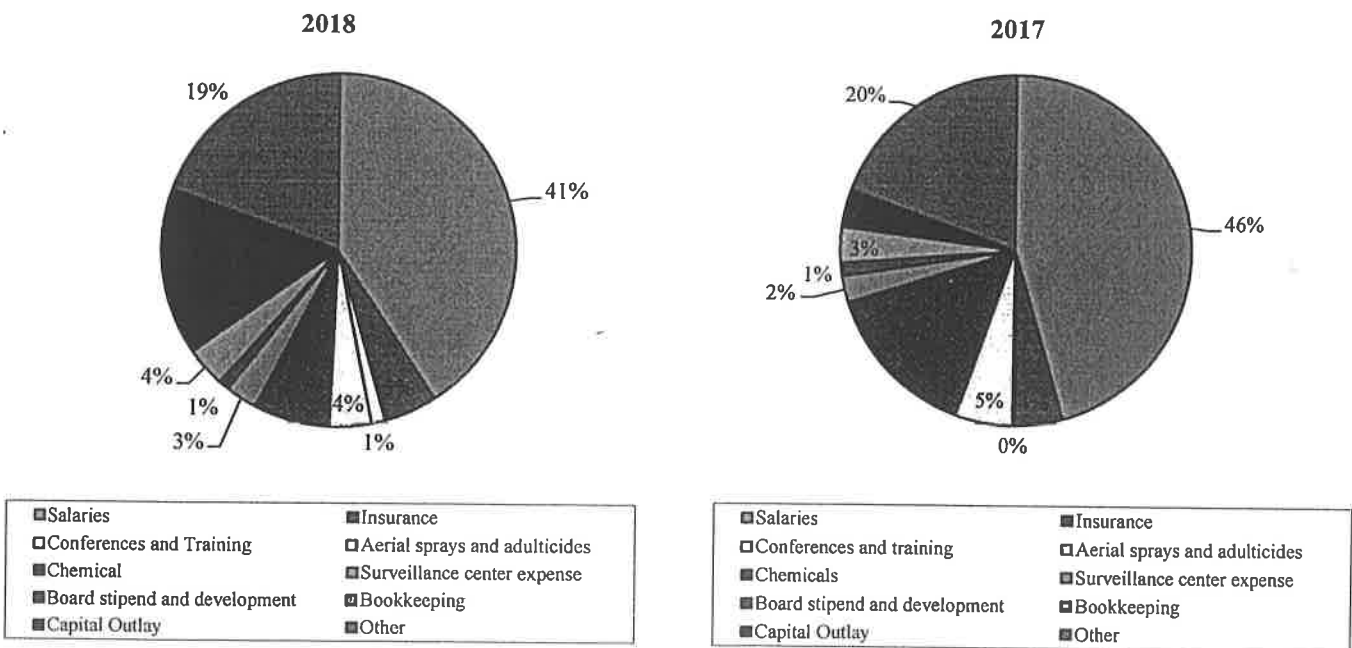
**Alamosa Mosquito Control District  
Management Discussion & Analysis  
For the Fiscal Year Ended December 31, 2018**

Detailed below in Tables 3 and 4 are charts displaying revenues by source and expenses by program for the district.

**Table 3 – District Source of Funds 2018 and 2017**



**Table 4 District Use of Funds 2018 and 2017**



**Alamosa Mosquito Control District  
Management Discussion & Analysis  
For the Fiscal Year Ended December 31, 2018**

**Governmental Activities**

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. Table 5 reflects each program's net cost (total cost less fees generated by the programs and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these programs.

**Table 5  
Net Cost of Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Health & Welfare	\$ 433,750	\$ (433,750)
<b>Total</b>	<b>\$ 433,750</b>	<b>\$ (433,750)</b>

- The cost of all governmental activities this year was \$433,750.
- All of the District's costs were financed by District taxpayers.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Information about the District's major funds is located in the notes to the financial statements. These funds are accounted for using the modified accrual basis of accounting. The District had total revenues of \$576,291 and expenditures of \$461,065.

**BUDGETARY HIGHLIGHTS**

The District approves a budget in December based on expected revenues and expenditures for the following year.

The fund balance as of December 31, 2018 \$284,141, compared to \$168,915 as of December 31, 2017, including \$17,300 and \$15,784 respectively, for TABOR Amendment emergency reserves.

**Alamosa Mosquito Control District  
Management Discussion & Analysis  
For the Fiscal Year Ended December 31, 2018**

**CAPITAL ASSETS**

By the end of the fiscal year 2018, the District had invested a total of \$608,994 in a broad range of capital assets, including land, buildings, site improvements, vehicles, and other equipment of which \$603,994 were depreciable.

**Table 6  
Capital Assets  
Governmental Activities**

Land	\$	5,000
Total Non-Depreciated Capital Assets		5,000
Equipment		92,785
Building & Improvements		267,709
Vehicles		243,500
Total Depreciated Capital Assets		603,994
Depreciation		(269,633)
Total Capital Assets, net of depreciation	\$	339,361

**Long-Term Debt**

At year-end, the District had no long term debt.

**Factors bearing on the District's Future**

At the time these financial statements were prepared and audited, the District had a successful, yet slower in terms of mosquito control 2018 season, due to very dry climate conditions. And currently, in the midst of the 2019 season, it has been the complete opposite with a lot of moisture and river run-off from the winter snowfalls. Because of the mild 2018 season, there was a lot of savings in the expected budget. As the 2018 operational season was ending, District Manager, Sarah Cantu proposed a supplemental budget, to uses some of the savings to purchase some capital improvements items that had been put off for the past couple of years. The Board of Directors approved the proposal, and with the capital purchases the District was still well within budget for the fiscal year. The District Board of Directors took another temporary mill level reduction for the 2019 season (as in years prior) of a total of 4.25 mills. West Nile Virus will not and has not disappeared, with the right weather conditions it can simply re-appear, as it has done in other parts of the state and nation and even the world. We will continue to do our "in-house" WNV testing, as public health and safety is a main component of Alamosa Mosquito Control District's mission statement.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for

**Alamosa Mosquito Control District**  
***Management Discussion & Analysis***  
**For the Fiscal Year Ended December 31, 2018**

the money it receives. If you have questions about this report or need additional financial information, contact Alamosa Mosquito Control District, 511 4th Street, Alamosa, Colorado 81101.

BASIC FINANCIAL STATEMENTS

ALAMOSA MOSQUITO CONTROL DISTRICT  
STATEMENT OF NET POSITION  
December 31, 2018

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash	212,829	212,829
Receivables (Net, where Applicable, of Allowance for Uncollectibles):		
Accounts	-	-
Grants	-	-
Property Taxes Receivable	507,031	507,031
Prepaid Expense	28,254	28,254
Inventory	51,371	51,371
Building, Vehicles and Equipment	608,994	608,994
Accumulated Depreciation	<u>(269,633)</u>	<u>(269,633)</u>
<u>Total Assets</u>	<u>1,138,846</u>	<u>1,138,846</u>
 <u>Deferred Outflow of Resources</u>		
	-	-
 <u>Liabilities</u>		
Accounts Payable	3,480	3,480
Payroll Liabilities	641	641
Accrued Salary	<u>4,192</u>	<u>4,192</u>
<u>Total Liabilities</u>	<u>8,313</u>	<u>8,313</u>
 <u>Deferred Inflow of Resources</u>		
Property Tax	<u>507,031</u>	<u>507,031</u>
 <u>Net Position</u>		
Net Investment in Capital Assets	339,361	339,361
Restricted for:		
Tabor Reserve	17,300	17,300
Unrestricted	<u>266,841</u>	<u>266,841</u>
<u>Total Net Position</u>	<u>623,502</u>	<u>623,502</u>

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

ALAMOSA MOSQUITO CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
<u>Governmental Activities</u>						
Public Health -						
Mosquito Control	433,750	-	-	-	(433,750)	(433,750)
<u>Total Governmental Activities</u>	<u>433,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433,750)</u>	<u>(433,750)</u>
<u>Total Primary Government</u>	<u>433,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433,750)</u>	<u>(433,750)</u>
		<u>General Revenues:</u>				
		Property and Specific Ownership Taxes			562,542	562,542
		Interest Revenue			1,110	1,110
		Other Revenues			<u>4,851</u>	<u>4,851</u>
		<u>Total General Revenues and Transfers</u>			<u>568,503</u>	<u>568,503</u>
		Change in Net Position			134,753	134,753
		Net Position – Beginning			<u>488,749</u>	<u>488,749</u>
		Net Position – Ending			<u>623,502</u>	<u>623,502</u>

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

ALAMOSA MOSQUITO CONTROL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash	212,829	-	212,829
Receivables (Net, of Allowance where Applicable):			
Accounts	-	-	-
Grants	-	-	-
Prepaid Expense	28,254	-	28,254
Inventory	51,371	-	51,371
Property Tax Receivable	<u>507,031</u>	-	<u>507,031</u>
<u>Total Assets</u>	<u>799,485</u>	<u>-</u>	<u>799,485</u>
 <u>LIABILITIES AND FUND BALANCES:</u>			
<u>Liabilities:</u>			
Accounts Payable	3,480	-	3,480
Accrued Salaries	4,192	-	4,192
Payroll Liabilities	<u>641</u>	-	<u>641</u>
<u>Total Liabilities</u>	<u>8,313</u>	<u>-</u>	<u>8,313</u>
 <u>Deferred Inflows:</u>			
Property Tax	<u>507,031</u>	<u>-</u>	<u>507,031</u>
 <u>Fund Balances:</u>			
Nonspendable:			
Inventory	51,371	-	51,371
Prepaid Expense	28,254	-	28,254
Restricted:			
Emergencies	17,300	-	17,300
Unassigned	<u>187,216</u>	-	<u>187,216</u>
<u>Total Fund Balances</u>	<u>284,141</u>	<u>-</u>	<u>284,141</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>799,485</u>	 <u>-</u>	 <u>799,485</u>

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

ALAMOSA MOSQUITO CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2018

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

<u>Total Fund Balance – Governmental Funds</u>	284,141
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$608,994 and the accumulated depreciation is \$269,633.	<u>339,361</u>
<u>Total Net Position – Governmental Activities</u>	<u>623,502</u>

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

ALAMOSA MOSQUITO CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2018

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Taxes	562,542	-	562,542
Charges and Fees	-	-	-
Sale of Fixed Assets	9,700	-	9,700
Interest	1,110	-	1,110
Other Revenues	<u>2,939</u>	-	<u>2,939</u>
<u>Total Revenues</u>	<u>576,291</u>	<u>-</u>	<u>576,291</u>
 <u>EXPENDITURES:</u>			
Public Health – Mosquito Control	461,065	-	461,065
Capital Outlay	-	-	-
<u>Total Expenditures</u>	<u>461,065</u>	<u>-</u>	<u>461,065</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>			
	<u>115,226</u>	<u>-</u>	<u>115,226</u>
 <u>OTHER FINANCING SOURCES (USES):</u>			
Grants	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>NET CHANGE IN FUND BALANCES</u>			
	115,226	-	115,226
 <u>FUND BALANCES – Beginning</u>			
	<u>168,915</u>	<u>-</u>	<u>168,915</u>
 <u>FUND BALANCES - Ending</u>			
	<u>284,141</u>	<u>-</u>	<u>284,141</u>

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

ALAMOSA MOSQUITO CONTROL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended December 31, 2018

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>	115,226
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the difference in depreciation and capital outlays in the current period. Gains and losses on sold or disposed equipment are recorded at the entity-wide level.

Capital outlays more than \$5,000	71,150		
Depreciation expense	(43,835)		
Proceeds from sale of assets	(9,700)		
Loss on sale	<u>1,912</u>		<u>19,527</u>

<u>Change in Net Position of Governmental Activities</u>	<u>134,753</u>
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The accompanying notes are an integral part of these financial statements.

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Alamosa Mosquito Control District (“District”) was formed in 1967 for the purpose of meeting mosquito control requirements within district boundaries.

The reporting entity, for financial purposes, is defined as the primary government (the Alamosa Mosquito Control District) and its component units. The District has no component units.

The accounting policies of the Alamosa Mosquito Control District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. 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 the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the District’s legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District is comprised of one governmental fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 as soon as all eligibility requirements imposed by the provider have been met.

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 current period or soon enough thereafter to pay liabilities of the current 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 and claims and judgments, are recorded only when payment is due.

Property taxes, fees, licenses, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of general government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D.    Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	6-15
Equipment	5-10
Buildings and Improvements	10-50

E.    Budgets and Budgetary Accounting

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1.    Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2.    Public hearings are conducted to obtain taxpayer comments.
3.    Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4.    Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F.    Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at the end of the year.

G.    Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H.    Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in the entity-wide financial statements for governmental funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting).

Employees of the Alamosa Mosquito Control District are eligible for personal leave benefits at the varying rates based on employment level. The leave can accumulate until the end of the season. At that time, it can be taken as personal leave or employees can elect to be paid at their current pay scale. Therefore, no liability for accrued and unpaid leave is recorded in the financial statements.

I.    Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

J.    Property Taxes

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

K.    Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L.    Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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.

M.    Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as charges when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N.    GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1.    Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2.    Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

ALAMOSA MOSQUITO CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N.    GASB Statement No. 54 (Continued)

3.    Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the District's highest level of decision-making authority).
4.    Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5.    Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the Board, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by Board authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>
Nonspendable	
Inventory	51,371
Prepaid Expense	28,254
Restricted	
Emergencies	17,300
Unassigned	<u>187,216</u>
Total Fund Balances	<u>284,141</u>

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

NOTE 2    CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	<u>5,000</u>	-	-	<u>5,000</u>
Capital Assets Being Depreciated:				
Building and Improvements	267,709	-	-	267,709
Vehicles	228,263	62,700	47,463	243,500
Equipment	<u>107,282</u>	<u>8,450</u>	<u>22,947</u>	<u>92,785</u>
Total Capital Assets Being Depreciated	<u>603,254</u>	<u>71,150</u>	<u>70,410</u>	<u>603,994</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	91,580	11,441	-	103,021
Vehicles	135,571	21,791	47,163	110,199
Equipment	<u>61,269</u>	<u>10,603</u>	<u>15,459</u>	<u>56,413</u>
Total Accumulated Depreciation	<u>288,420</u>	<u>43,835</u>	<u>62,622</u>	<u>269,633</u>
Total Capital Assets Being Depreciated, Net	<u>314,834</u>	<u>27,315</u>	<u>7,788</u>	<u>334,361</u>
Governmental Activities Capital Assets, Net	<u>319,834</u>	<u>27,315</u>	<u>7,788</u>	<u>339,361</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Public Health – Mosquito Control	<u>43,835</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>43,835</u>

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 3      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 4      ACCRUED VACATION PAYABLE

At December 31, 2018, there was no liability for accrued vacation and leave payable.

NOTE 5      CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. (The District's management believes none of its operations qualified for this exclusion.)

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter's approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

ALAMOSA MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2018

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NOTE 5      CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (continued)

In November 2008, the registered voters approved a ballot issue authorizing Alamosa Mosquito Control District to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed without the consent of the voters.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The District's management believes it is in compliance with the provisions of TABOR which are applicable to this entity. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

NOTE 6      RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other special districts in the State to form the Colorado Special Districts Property and Liability Pool ("the Pool"), a public entity risk pool currently operating as a common risk management and insurance program for member special districts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

A summary of the latest available audited financial information for the Pool as of and for the year ended December 31, 2017 is as follows:

Assets	<u>56,602,888</u>
Liabilities	30,815,521
Capital and Surplus	<u>25,787,367</u>
	<u>56,602,888</u>
Revenue	20,082,198
Underwriting Expenses	<u>18,721,378</u>
Underwriting Gain (Loss)	1,360,820
Investment Income	631,496
Other – Change in Non Admitted Assets	<u>(93,503)</u>
Net Income (Loss) and Changes	<u>1,898,813</u>

There is no current or long-term debt outstanding; the above liabilities represent incurred claims and an estimated liability for incurred but not reported claims at December 31, 2017.

ALAMOSA MOSQUITO CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2018

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NOTE 7      CASH DEPOSITS

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local governments deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized.

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 collateral must be at least equal to the aggregate uninsured deposits.

At December 31, 2018, the District's cash deposits had a bank balance and a corresponding carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	211,355	206,610
Uninsured, collateralized under the Public Deposit Protection Act (See Above)	-	-
Cash with County Treasurer	<u>-</u>	<u>6,219</u>
<u>Total Cash</u>	<u>211,355</u>	<u>212,829</u>

As presented above, deposits with a bank balance of \$0 and a carrying balance of \$0 as of December 31, 2018 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

ALAMOSA MOSQUITO CONTROL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Current Property Tax	495,337	495,337	491,649	(3,688)
Interest on Property Taxes	2,000	2,000	2,919	919
Delinquent Property Taxes	766	766	2,271	1,505
Specific Ownership Tax	54,487	54,487	65,535	11,048
Tax Refunds and Abatements	3,129	3,129	3,087	(42)
Sale of Fixed Assets	-	-	9,700	9,700
Interest	350	350	1,110	760
Other Local Revenue	-	-	20	20
<u>Total Revenues</u>	<u>556,069</u>	<u>556,069</u>	<u>576,291</u>	<u>20,222</u>
<b><u>EXPENDITURES</u></b>				
Salaries, Wages and Benefits	232,150	232,150	174,478	57,672
Payroll Taxes	17,300	17,300	13,261	4,039
Chemicals	86,000	86,000	32,403	53,597
Aerial Expenses	19,000	19,000	17,430	1,570
Surveillance	13,000	13,000	13,068	(68)
Gasoline	9,000	9,000	6,179	2,821
Repairs and Maintenance	23,500	23,500	17,472	6,028
Operational Equipment	4,000	4,000	7,349	(3,349)
Insurance	23,600	23,600	22,750	850
Bookkeeping	16,680	16,680	16,785	(105)
Professional Fees	1,300	1,300	-	1,300
Conferences and Training	11,000	11,000	5,568	5,432
Treasurer Fees	14,872	14,872	14,749	123
Dues and Subscriptions	8,300	8,300	7,925	375
Board Stipend	6,000	6,000	4,695	1,305
Election	15,000	15,000	3,136	11,864
Utilities, Rent and Telephone	13,900	13,900	12,504	1,396
Supplies and Equipment - Office	3,000	3,000	3,196	(196)
Research and Development, Technology	5,820	5,820	6,861	(1,041)
Health and Safety	4,500	4,500	4,615	(115)
Travel and Meals	800	800	994	(194)
Shop Supplies	1,000	1,000	1,328	(328)
Miscellaneous	3,600	3,600	3,169	431
Capital Outlay	15,000	15,000	71,150	(56,150)
<u>Total Expenditures</u>	<u>548,322</u>	<u>548,322</u>	<u>461,065</u>	<u>87,257</u>

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

ALAMOSA MOSQUITO CONTROL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>7,747</u>	<u>7,747</u>	<u>115,226</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Grants	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>7,747</u>	<u>7,747</u>	<u>115,226</u>	
<u>FUND BALANCE, January 1</u>	<u>174,823</u>	<u>174,823</u>	<u>168,915</u>	
<u>FUND BALANCE, December 31</u>	<u>182,570</u>	<u>182,570</u>	<u>284,141</u>	

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