

COLORADO PET OVERPOPULATION AUTHORITY

**BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 AND 2018

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COLORADO PET OVERPOPULATION FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MDA) is designed to provide an overview of the financial activities of the Colorado Pet Overpopulation Fund (CPOF) for the fiscal year ended June 30, 2019. The MDA should be read in conjunction with the Fund's financial statements. This MDA is disclosed per Item 11 of GASB 34.

These financial statements represent a snapshot for the year ending June 30, 2019. CPOF keeps its books on an accrual basis. Statements in this analysis represent an ending cash balance of \$560,503. The majority of these funds will be expended in grants. The Fund's office space, utilities and staff are donated by the Animal Assistance Foundation.

I. FINANCIAL HIGHLIGHTS

- The net position for CPOF as of June 30, 2019 was \$559,828.
- Colorado taxpayer donations for the tax year 2018 were \$149,949 received in fiscal year ended June 30, 2019.
- The Fund accepted responsibility for administering the Adopt a Shelter Pet Colorado License Plate. Donations for this reporting period were \$465,260.
- The Fund received \$5,655 in donations that were sent directly to the Fund.
- Working capital remains deposited at the State Treasury until drawn upon. As a result, the Fund generated \$8,857 in interest for the year ending June 30, 2019.
- Office space and staffing are donated and are located at 405 Urban St., Suite 340, Lakewood, CO 80228. The Fund's telephone number is 303-722-6435.

II. PRIOR YEAR COMPARISON

From the Fund's inception until June 30, 2019, funding from the tax checkoff program has been provided for over 65,500 spay and neuter surgeries at an average cost to the Fund of around \$44.00 per surgery.

III. ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

This discussion and analysis serves as an introduction to the Colorado Pet Overpopulation Fund's basic financial statements. The Fund is one of 14 Colorado check-off options listed on the 2018 Colorado State Income Tax Form. While CPOF is similar to other check-off funds in the way donations are made to the Fund, it is different in that there is no pet fund state agency. Pets do not have a collateral state department or nonprofit agency such as the Division of Wildlife or Special Olympics acting as fiscal agent. Therefore, CPOF, as such, is designated a "political subdivision." CPOF's board of directors is appointed by the Commissioner of the Department of Agriculture and, it is therefore, considered a governmental entity.

This is the eighteenth year of operations for CPOF. CPOF is notified of prior year Tax Check-off contributions around June of each year. These funds are awarded in June for distribution beginning on July 1.

| TAX YEAR | GRANT YEAR | DONATIONS | AMOUNT DISTRIBUTED | TOTAL DISTRIBUTED |
|----------|------------|-----------|--------------------|-------------------|
| | | 2001 | 2002 | \$219,000 |
| 2002 | 2003 | \$187,807 | \$199,870 | \$387,751 |
| 2003 | 2004 | \$187,298 | \$142,211 | \$529,962 |
| 2004 | 2005 | \$183,398 | \$178,528 | \$708,490 |
| 2005 | 2006 | \$210,863 | \$192,389 | \$900,879 |
| 2006 | 2007 | \$213,438 | \$210,130 | \$1,111,009 |
| 2007 | 2008 | \$225,976 | \$223,305 | \$1,334,314 |
| 2008 | 2009 | \$183,621 | \$172,652 | \$1,506,966 |
| 2009 | 2010 | \$153,587 | \$146,637 | \$1,653,603 |
| 2010 | 2011 | \$154,025 | \$130,874 | \$1,784,477 |
| 2011 | 2012 | \$145,061 | \$134,744 | \$1,919,221 |
| 2012 | 2013 | \$134,627 | \$130,874 | \$2,050,095 |
| 2013 | 2014 | \$141,898 | \$140,579 | \$2,190,674 |
| 2014 | 2015 | \$141,898 | \$125,077 | \$2,315,751 |
| 2015 | 2016 | \$104,300 | \$138,600 | \$2,453,751 |
| 2016 | 2017 | \$180,999 | \$107,095 | \$2,560,846 |
| 2017 | 2018 | \$150,435 | \$160,079 | \$2,720,925 |
| 2018 | 2019 | \$153,820 | \$125,145 | \$2,846,070 |

Total Grants distributed of \$2,846,070 achieved over 65,500 spay/neuter surgeries since the Fund's inception in 2001.

In 2011 the Fund accepted responsibility for administering the Adopt A Shelter Pet Colorado License Plate program. Donations are accepted through the purchase or renewal of these plates. The funds are used primarily for grants to local animal shelters, animal rescues, and other service providers helping to limit pet overpopulation in the State.

| Year | Donations | Grants Awarded |
|------|-----------|----------------|
| 2011 | \$54,895 | \$-0- |
| 2012 | \$128,056 | \$76,000 |
| 2013 | \$168,137 | \$134,600 |
| 2014 | \$235,676 | \$206,395 |
| 2015 | \$274,964 | \$288,170 |
| 2016 | \$322,370 | \$299,527 |
| 2017 | \$370,881 | \$335,000 |
| 2018 | \$413,410 | \$325,000 |
| 2019 | \$465,260 | \$363,394 |

The Fund operates under the authority of Section 1, Title 35 of the Colorado Revised Statutes. The Fund exists to educate the public about pet overpopulation, to control random breeding of companion animals, and to distribute contributed funds to effect the spay/neuter of dogs and cats throughout Colorado. The fund is authorized to pay for administrative expenses but has recruited additional donations in the form of administrative service and office space. This donation is ongoing but not guaranteed. In

the event the donation ceases the Fund may allocate resources to cover administration expenses.

The CPOF board meets approximately bi-monthly throughout the year to define public education strategies and discuss Fund business. However, its primary purpose is to make granting decisions for distribution of these monies. Communities are notified of grant opportunities through a network of animal care providers, publications of the Colorado Federation of Animal Welfare Agencies and the Colorado Veterinary Medical Association, to name a few. Also, CPOF's web-site posts information and news items for its stakeholders and the public at www.coloradopetfund.org.

Successful proposals are notified electronically through an online grant management system. The Tax Check-off letter authorizes reimbursement of services once the approved agency sends a request for payment to The Fund. Only communities where pet resources are limited or nonexistent are awarded funds. Large front-range metropolitan regions are generally not eligible due to restrictions placed by the legislature. The License Plate letter authorizes animal care and control agencies to use funds, which are paid at the start of the grant period, for spay/neuter, emergency and non-emergency medical care and microchipping expenses. Grantees are required to report grant expenditure at the end of the grant period.

IV. ANALYSIS OF BALANCES AND TRANSACTIONS

Around June, CPOF is notified by the State Treasury of the amount donated and available for Tax Check-off grant making. CPOF accepts Tax Check-off grant applications up to its deadline, May 30th. CPOF accepts License Plate grant applications up to its deadline, January 15th. Grant awards for the Tax Check-off are made in June with spending authorized starting in July, the first month of the Program year.

Condensed financial information for the years ended:

Statement of Net Position

| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Total assets: | | | | |
| Cash in Bank | | | | |
| - Unrestricted | 112,722 | 37,913 | 40,569 | 25,240 |
| - Restricted | 447,781 | 403,875 | 356,784 | 305,345 |
| Accounts Receivable | - | - | - | - |
| Other Assets | - | - | 1,925 | - |
| Total assets | 560,503 | 441,788 | 399,278 | 330,585 |
| Total Liabilities: | | | | |
| Other liabilities | 675 | 9,737 | 24,192 | 3,527 |
| Long-term liabilities | - | - | - | - |
| Total Fund equity (Retained earnings) | 559,828 | 432,051 | 375,086 | 327,058 |
| Total liabilities and fund equity | 560,503 | 441,788 | 399,278 | 330,585 |

Changes in Net Position

| Revenues as of: | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Check-off Revenue | 149,949 | 149,605 | 147,000 | 178,699 |
| Donation Income | 5,655 | 4,215 | 3,435 | 2,300 |
| Interest Income | 8,857 | 5,158 | 3,691 | 1,788 |
| Miscellaneous Income | 29 | 100 | 12,399 | - |
| In Kind Donations | 8,514 | 8,921 | 9,440 | 12,401 |
| License Plate Income | 465,260 | 413,410 | 370,881 | 322,370 |
| Total revenue | 638,264 | 581,409 | 546,846 | 517,558 |
| Program expenses: | | | | |
| Check-Off Colorado | 160 | 83 | 133 | 2,942 |
| License Plate Expense | - | - | - | 14,274 |
| General & Administrative Expenses | 21,788 | 20,851 | 14,868 | 27,923 |
| Grantee Expense | 488,539 | 503,510 | 483,817 | 406,118 |
| Total expenses | 510,487 | 524,444 | 498,818 | 451,257 |
| Change in Net Position | 127,777 | 56,965 | 48,028 | 66,301 |
| Total Net Position – End of Year | 559,828 | 432,051 | 375,086 | 327,058 |

V. VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGET AMOUNTS

CPOF's budgeted income for the Tax Check-off is known when the budget is created. CPOF's budgeted income for the License Plate income is unknown when the budget is created. CPOF does not operate at a deficit.

VI. DESCRIPTION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT

CPOF does not accept debt. The Fund does not borrow currency or take on debt. CPOF does not own computers or office furniture. CPOF is not planning to purchase any significant property or equipment. The purpose of CPOF is to distribute donated funds to animal care and control groups and veterinarians controlling pet overpopulation.

VII. CURRENTLY KNOWN FACTS THAT HAVE A SIGNIFICANT EFFECT ON CPOF'S FINANCIAL POSITION

CPOF relies on public goodwill and donations to check pet overpopulation. The board is optimistic for continued donations from the public, although a change in the structure of the tax check-off could negatively impact donations. No facts suggest contributions will not continue or diminish. The board is committed to continue as long as resources are available for this charitable purpose.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Colorado Pet Overpopulation Fund. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Katie Parker, Treasurer
 Colorado Pet Overpopulation Fund
 405 Urban Street, Suite 340
 Lakewood, CO 80228
 303-744-8396

FEIS & COMPANY, P.C.

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AMERICAN INSTITUTE OF CPAs
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

Independent Auditors' Report

**Board of Directors
Colorado Pet Overpopulation Authority
Denver, Colorado**

We have audited the accompanying financial statements of the business-type activities of Colorado Pet Overpopulation Authority (the Authority) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Colorado Pet Overpopulation Authority as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years 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 on pages i through iv 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The budgetary comparison on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary 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 other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Leis & Co., P. C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, CO

December 5, 2019

**COLORADO PET OVERPOPULATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash in bank: | | |
| Unrestricted | \$ 112,722 | \$ 37,913 |
| Restricted | 447,781 | 403,875 |
| Total Current Assets | <u>560,503</u> | <u>441,788</u> |
| Other Assets: | | |
| Total Other Assets | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 560,503</u> | <u>\$ 441,788</u> |

LIABILITIES AND NET POSITION

| | | |
|---|-------------------|-------------------|
| Current Liabilities: | | |
| Accrued grants payable | <u>675</u> | <u>9,737</u> |
| Total Current Liabilities | <u>675</u> | <u>9,737</u> |
| Total Liabilities | <u>675</u> | <u>9,737</u> |
| Net Position | | |
| Without Donor Restriction | <u>559,828</u> | <u>432,051</u> |
| Total Net Position | <u>559,828</u> | <u>432,051</u> |
| Total Liabilities and Net Position | <u>\$ 560,503</u> | <u>\$ 441,788</u> |

See independent auditors' report.
The accompanying notes on pages 5 to 12 are an
integral part of the financial statements.

**COLORADO PET OVERPOPULATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>Year ended June 30, 2019</u> | <u>Year ended June 30, 2018</u> |
|---|-------------------------------------|-------------------------------------|
| Revenues: | | |
| Check-off income | \$ 149,949 | \$ 149,605 |
| License plate income | 465,260 | 413,410 |
| Donation income | 5,655 | 4,215 |
| Interest income | 8,857 | 5,158 |
| Miscellaneous income | 29 | 100 |
| In-Kind donations | 8,514 | 8,921 |
| Total Revenues | <u>638,264</u> | <u>581,409</u> |
| | | |
| Expenses: | | |
| Check-off expense | 160 | 83 |
| General & administrative expenses | 21,788 | 20,851 |
| Grantee expense | 488,539 | 503,510 |
| Total Expenses | <u>510,487</u> | <u>524,444</u> |
| | | |
| Changes in Net Position | 127,777 | 56,965 |
| | | |
| Total Net Position - Beginning of Year | <u>432,051</u> | <u>375,086</u> |
| | | |
| Total Net Position - End of Year | <u>\$ 559,828</u> | <u>\$ 432,051</u> |

See independent auditors' report.
The accompanying notes on pages 5 to 12 are an
integral part of the financial statements.

**COLORADO PET OVERPOPULATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>Year ended June 30, 2019</u> | <u>Year ended June 30, 2018</u> |
|--|-------------------------------------|-------------------------------------|
| Cash Flows from Operating Activities: | | |
| Check off and donation income | \$ 620,893 | \$ 567,330 |
| Interest income received | 8,857 | 5,158 |
| Payments to grantees and vendors | <u>(511,035)</u> | <u>(528,053)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>118,715</u> | <u>44,435</u> |
| Cash Flows from Investing Activities: | | |
| Net Cash Provided (Used) by Investing Activities | <u>-</u> | <u>-</u> |
| Cash Flows from Financing Activities: | | |
| Net Cash Provided (Used) by Financing Activities | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 118,715 | 44,435 |
| Cash, Beginning of Year | <u>441,788</u> | <u>397,353</u> |
| Cash, End of Year | <u>\$ 560,503</u> | <u>\$ 441,788</u> |
| Reconciliation of Increase (Decrease) in Net Cash Provided (Used) by Operating Activities to Change in Net Position | | |
| Change in Net Position | <u>\$ 127,777</u> | <u>\$ 56,965</u> |
| Adjustments to Reconcile Net Income to Cash Provided by Operating Activities: | | |
| Changes in Assets and Liabilities: | | |
| (Increase) decrease in accounts receivable | - | - |
| (Increase) decrease in prepaid expenses | - | 1,925 |
| Increase (decrease) in accounts payable | - | - |
| Increase (decrease) in accrued grants payable | <u>(9,062)</u> | <u>(14,455)</u> |
| Total adjustments | <u>(9,062)</u> | <u>(12,530)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 118,715</u> | <u>\$ 44,435</u> |

See independent auditors' report.
The accompanying notes on pages 5 to 12 are an
integral part of the financial statements.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Pet Overpopulation Authority was created by the State of Colorado Legislature on June 5, 2001. Effective August 8, 2001 Article 80, Pet Overpopulation Authority, was added to Section 1, Title 35, Colorado Revised Statutes. The Authority exists to further the efforts to reduce pet overpopulation and to educate the public about the importance of controlling pet overpopulation. The fund has also identified the priority to work with animal care and control organizations, veterinarians and local communities to curb pet overpopulation in underserved areas of Colorado. The Board consists of eight members, appointed by the Colorado Commissioner of Agriculture.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which are applicable to governmental entities.

The following is a summary of significant accounting policies:

A. Principles Determining Scope of Reporting Entity

The financial statements of the Authority consist only of the funds and account groups of the Authority. The Authority has no financial or legal oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Authority. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and election of the respective governing board. Therefore, in accordance with Governmental Account Standards Board Statement #14, the Authority is considered a stand-alone entity for financial reporting purposes.

B. Government-Wide and Fund Financial Statements

The Government-Wide financial statements (i.e. the statement of activities) report information on all of the non-fiduciary activities of the government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. 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 flows. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-Wide and Fund Financial Statements (continued)

Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups. Each fund and account group is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording assets together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following funds were used by the Authority during the years ended June 30, 2019 and 2018.

Proprietary Fund

Colorado Pet Overpopulation Fund – To account for all of the financial resources associated with the operating of the Authority.

D. Basis of Accounting

The accrual basis of accounting is used for reporting purposes of the Authority. Under the accrual method of accounting, revenues and the related assets are reported when they are earned, regardless of when they are received and expenses and the related liabilities are reported when they are incurred, regardless of when they are paid.

The Authority prepares its budget on a basis consistent with accounting principles generally accepted in the United States of America and Colorado Revised Budgetary Statutes. All annual appropriations are at the total fund level and lapse at fiscal year-end.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 expenses during the reporting period. Actual results could differ from those estimates.

2. CASH DEPOSITS and INVESTMENTS

A. Cash Deposits

The Colorado Public Deposit Protection Act (PDPA), requires all units of the local government to 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 102% of the uninsured deposits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of year-end the Authority's bank balance was either insured or collateralized with securities held by the pledging financial institution through PDPA.

At June 30, 2019 and 2018 the Authority had cash balances with maturities less than one year stated at cost as follows:

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

2. CASH DEPOSITS and INVESTMENTS (continued)

A. Cash Deposits (continued)

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|----------------------|
| Insured (Category 1) | \$ 112,722 | \$ 37,913 |
| Deposits Collateralized in single institution pool (s) | --- | --- |
| Uninsured: Required to be collateralized | <u>---</u> | <u>---</u> |
| Total cash deposits | 112,722 | 37,913 |
| Cash on hand | <u>---</u> | <u>---</u> |
| Total Cash | <u>\$ 112,722</u> | <u>\$ 37,913</u> |

The bank balance of the deposits listed above is classified in three categories of credit risk as follows: 1) Uncollateralized; 2) Collateralized with securities held by the pledging financial institution; 3) Collateralized with securities held by pledging financial institution's trust department or agent but not in the depositor-government's name.

B. Investments

The Authority's investments are categorized as either (1) insured or registered, or for which the securities are held by the Authority or its agent in the Authority's name, (2) uninsured and unregistered for which the securities are held by the counterpart's trust department or agent in the Authority's name or (3) uninsured and unregistered for which the securities are held by the counterpart or by its trust department or agent but not in the Authority's name. As of June 30, 2019 and 2018 all investments are considered category 1.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

2. CASH DEPOSITS and INVESTMENTS (continued)

B. Investments (continued)

As of June 30, 2019 and 2018, the Authority had \$447,781 and \$403,875, respectively, invested in Colorado Treasury Pooled funds. The Colorado Treasury holds money for several different funds and pools them for investment purposes. The fair value of the investments in the Treasury is the same as the value of the pool shares. For the year ended June 30, 2019, average maturity is 18.0 months, and the combined portfolio ratings are as follows:

| | <u>A1/P1</u> | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>BBB</u> | <u>BB</u> | <u>B</u> | <u>Other</u> | <u>Portfolio Percent</u> |
|------------------------|--------------|--------------|--------------|--------------|-------------|------------|------------|--------------|--------------------------|
| Asset Backed | --- | 100% | --- | --- | --- | --- | --- | --- | 10.3% |
| Corporates | --- | 1.7% | 15.8% | 72.2% | 10.3% | --- | --- | --- | 36.8% |
| Mortgage Sec. | --- | --- | 100% | --- | --- | --- | --- | --- | 0.0% |
| Comm. Paper | 100% | --- | --- | --- | --- | --- | --- | --- | 17.8% |
| Treasuries | --- | --- | 100% | --- | --- | --- | --- | --- | 9.1% |
| Fed. Agencies | --- | --- | 100% | --- | --- | --- | --- | --- | 12.1% |
| Sov/Snat | --- | 38.8% | 61.2% | --- | --- | --- | --- | --- | 8.1% |
| Muni GOs | --- | --- | 100% | --- | --- | --- | --- | --- | 0.1% |
| Cert. of Deposit | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Money Mkt. | --- | --- | --- | --- | --- | --- | --- | 100% | 5.7% |
| Total Portfolio | 17.8% | 14.0% | 32.1% | 26.5% | 3.8% | --- | --- | 5.8% | 100% |

Maturity year and credit ratings of investments were both varied for the years ended June 30, 2019 and 2018, and the fair values are as follows:

| <u>Investments:</u> | <u>2019</u> | <u>2018</u> |
|--------------------------|-------------------|-------------------|
| Colorado Treasury | \$ <u>447,781</u> | \$ <u>403,875</u> |
| Total Investments | \$ <u>447,781</u> | \$ <u>403,875</u> |

Colorado statutes specify in which instruments the units of local government may invest, which include:

Repurchase Agreements, or obligations of the United States or obligations unconditionally guaranteed by the United States, Federally insured mortgages and student loans.

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

2. CASH DEPOSITS and INVESTMENTS (continued)

B. Investments (continued)

Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions with respect to cash deposits and investments.

C. Reconciliation of Cash, Cash Equivalents, and Investments

Following is a reconciliation between the cash and investments recorded in the financial statements and the amounts reported in this footnote for the years ended June 30, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------|-----------------------|
| Financial Statements | | |
| Total Cash and Short-term Investments - Governmental Pooled Funds | \$ <u>560,503</u> | \$ <u>441,788</u> |
| Total Cash Deposits and Investments (Book Balance) | \$ <u>560,503</u> | \$ <u>441,788</u> |
| Footnote | | |
| Total Cash and Short-Term Investments | \$ <u>560,503</u> | \$ <u>441,788</u> |
| Total Cash Deposits and Investments (Footnote) | \$ <u>560,503</u> | \$ <u>441,788</u> |

3. CHECK-OFF INCOME

The State of Colorado collects funds from Colorado taxpayers that elect to contribute to the Authority through the check off box on their individual income tax returns. The funds are placed in a Department of Treasury operating cash account. This balance was \$174,834 and \$153,349 as of June 30, 2019 and 2018, respectively.

The check-off income earned for the years ended June 30, 2019 and 2018 was \$149,949 and \$149,605, respectively.

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

4. LICENSE PLATE

Colorado Pet Overpopulation license plates are available for Colorado drivers to purchase. The funds are placed in a Department of Treasury operating cash account. This balance was \$272,947 and \$250,526 as of June 30, 2019 and 2018, respectively.

The license plate income earned for the years ended June 30, 2019 and 2018 was \$465,260 and \$413,410, respectively.

5. CONTRIBUTED SERVICES

The Animal Assistance Foundation, an unrelated non-profit corporation, provides office space and administrative services at no cost to the Authority.

6. RELATED PARTY

During the year ended June 30, 2019, the Authority granted funds to various related party organizations totaling \$67,420. The related parties consist of Colorado Pet Overpopulation Authority board members that are involved with organizations that receive grant funding from the Authority.

7. TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR Amendment), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. Based on the Authority's financial activities and structure, it is believed that the Authority is exempt from the provisions and limitations of the "TABOR" amendment at this time.

8. SUPPLEMENTAL BUDGET

For the year ended June 30, 2019, the Authority issued a resolution to award additional grant funds than what was originally budgeted. The total was \$24,000, to account for an increase in grants awarded.

See independent auditors' report.

**COLORADO PET OVERPOPULATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

9. SUBSEQUENT EVENTS

In accordance with the provisions of Statement of Financial Accounting Standards Codification 855, Subsequent Events, management must evaluate, through the date the financial statements are issued or are available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and disclose the date through which subsequent events were evaluated. Colorado Pet Overpopulation Authority financial statements were available to be issued on the date of the Independent Auditors' Report, and this is the date through which subsequent events were evaluated. Management did not identify any subsequent events requiring disclosure.

See independent auditors' report.

**OTHER SUPPLEMENTAL
INFORMATION**

**COLORADO PET OVERPOPULATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Budget</u> | | | Variance- Favorable (Unfavorable) |
|--|-------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Check-off income | \$ 150,000 | \$ 150,000 | \$ 149,949 | \$ (51) |
| License plate income | 415,000 | 415,000 | 465,260 | 50,260 |
| Donation income | 4,750 | 4,750 | 5,655 | 905 |
| Interest income | 5,200 | 5,200 | 8,857 | 3,657 |
| Miscellaneous income | - | - | 29 | 29 |
| In-Kind donations | 6,450 | 6,450 | 8,514 | 2,064 |
| Total Revenues | <u>581,400</u> | <u>581,400</u> | <u>638,264</u> | <u>56,864</u> |
| | | | | |
| Expenses: | | | | |
| Check-off expense | 100 | 100 | 160 | (60) |
| General & administrative expenses | 22,410 | 22,410 | 21,788 | 622 |
| Grantee expense | 464,000 | 488,000 | 488,539 | (539) |
| Total Expenses | <u>486,510</u> | <u>510,510</u> | <u>510,487</u> | <u>23</u> |
| | | | | |
| Change in Net Position | 94,890 | 70,890 | 127,777 | 56,887 |
| | | | | |
| Total Net Position - Beginning of Year | <u>432,051</u> | <u>432,051</u> | <u>432,051</u> | <u>-</u> |
| | | | | |
| Total Net Position - End of Year | <u>\$ 526,941</u> | <u>\$ 502,941</u> | <u>\$ 559,828</u> | <u>\$ 56,887</u> |

See independent auditors' report.
The accompanying notes on pages 5 to 12 are an
integral part of the financial statements.