

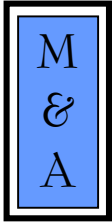
Yuma County Pest Control District

**Financial Statements
December 31, 2020**

**Yuma County Pest Control District
Financial Statements
December 31, 2020**

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B3
Government-wide Financial Statements:	
Balance Sheet/Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	C2
Notes to the Financial Statements	D1 - D14
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E1



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Yuma County Pest Control District

We have audited the accompanying financial statements of the governmental activities and the general fund of the Yuma County Pest Control District (the "District"), as of and for the year ended December 31, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

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 of 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 the general fund of the Yuma County Pest Control District as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
August 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Yuma County Pest Control District

Management's Discussion and Analysis
December 31, 2020

As management of the Yuma County Pest Control District, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These components are discussed below.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The governmental fund Balance Sheet/Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's government-wide financial statements can be found on pages C1 and C2 of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, budgetary comparison schedules for the General Fund on page E1.

Financial Analysis of the District

Yuma County Pest Control District's Net Position 2020

Assets:	
Current and other assets	\$ 1,294,844
Capital assets	62,090
Total Assets	<u>1,356,934</u>
Liabilities:	
Other liabilities	31,571
Long-term liabilities	6,983
Total Liabilities	<u>38,554</u>
Deferred Inflows of Resources:	
Unavailable property tax revenue	340,808
Total Deferred Inflows of Resources	<u>340,808</u>
Net Position:	
Net investment in capital assets	62,090
Restricted for emergencies	13,951
Unrestricted	901,531
Total Net Position	<u>\$ 977,572</u>

At December 31, 2020, approximately 6% of the District's net position is reflected in investment in capital assets, which includes buildings, vehicles, spraying and office equipment.

During 2020, the District experienced an increase of \$49,556 in unrestricted net position and an increase of \$49,047 in total net position.

Yuma County Pest Control District's Change in Net Position 2020

Revenues:	
General property tax	\$ 342,227
Specific ownership tax	37,226
Charges for services	110,884
Charges for chemicals	12,147
Interest	7,032
Grants	10,778
Total Revenues	<u>520,294</u>
Expenses:	
Operations	417,899
Administration	53,348
Total Expenses	<u>471,247</u>
Change in Net Position	49,047
Net Position:	
Beginning, as restated (see Note V.E)	928,525
Ending	<u>\$ 977,572</u>

Financial Analysis of the District (continued)

Property taxes were the most significant source of revenue and accounted for the majority of total revenues. Charges for services of \$110,884 and specific ownership tax revenue of \$37,226 were also significant sources of revenue for the District, accounting for 21% and 7% respectively of the total revenues. When compared to 2019, overall revenues increased by \$34,469 in 2020.

Salaries, wages, and employee benefits in 2020 were \$190,401 or 40% of total expenses incurred by the District in 2020. This is a decrease of 2.20% over prior year salaries, wages and employee benefits. Chemical expense of \$181,043 accounted for 38% of the total District expenses in 2020. This represents a 147.62% increase in chemical expense over the prior year.

Budget Variances in the General Fund

Significant budget variances in the General Fund were as follows:

Account	Final Budget	Actual Amount	Variance Positive (Negative)	Reason
<u>Revenues:</u>				
Specific ownership taxes	\$ -	37,226	37,226	Specific ownership tax is not budgeted
Charges for Services	90,000	110,884	20,884	Income from extermination greater than anticipated, specifically custom spraying
Grants	20,000	10,778	(9,222)	Grants and donations less than anticipated
<u>Expenditures:</u>				
Operating	\$ 377,025	397,024	(19,999)	Chemical purchases were more than anticipated
Capital outlay	41,500	16,375	25,125	Anticipated purchasing a second vehicle; delayed until 2021

Capital Asset and Debt Administration

Capital Assets: The District's capital assets, net of accumulated depreciation, decreased by \$3,393 in 2020. The decrease was due to depreciation expense, offset by asset additions and deletions during the year. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements.

Next Year's Budget and Rates

The District's net position at the end of the 2020 fiscal year was \$977,572. The District's 2021 budget anticipates \$797,795 for ending net position.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: District Supervisor, Yuma County Pest Control District, 420 W. Hoag, PO Box 311, Yuma, CO 80759.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Yuma County Pest Control District
Balance Sheet/
Statement of Net Position
December 31, 2020**

	<u>Balance Sheet</u>		<u>Statement of</u>
	<u>General</u>		<u>Net Position</u>
	<u>Fund</u>	<u>Adjustments</u>	
Assets:			
Cash and cash equivalents	406,513	-	406,513
Investments - Certificates of deposit	468,587	-	468,587
Due from County Treasurer	3,356	-	3,356
Accounts receivable	17,456	-	17,456
Property tax receivable	340,808	-	340,808
Inventory	49,403	-	49,403
Prepaid expenses	8,721	-	8,721
Capital assets, net of accumulated depreciation	-	62,090	62,090
Total Assets	<u>1,294,844</u>	<u>62,090</u>	<u>1,356,934</u>
Liabilities:			
Accounts payable	31,571	-	31,571
Accrued vacation and sick leave	-	6,983	6,983
Total Liabilities	<u>31,571</u>	<u>6,983</u>	<u>38,554</u>
Deferred Inflows of Resources:			
Property tax revenue	340,808	-	340,808
Total Deferred Inflows of Resources	<u>340,808</u>	<u>-</u>	<u>340,808</u>
Fund Balance/Net Position:			
Fund Balance:			
Non-spendable	58,124	(58,124)	-
Spendable:			
Restricted for emergency	13,951	(13,951)	-
Unassigned	850,390	(850,390)	-
Total Fund Balance	<u>922,465</u>	<u>(922,465)</u>	<u>-</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>1,294,844</u>		
Net Position:			
Net investment in capital assets		62,090	62,090
Restricted for emergency		13,951	13,951
Unrestricted		901,531	901,531
Total Net Position		<u>977,572</u>	<u>977,572</u>

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

Yuma County Pest Control District
Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2020

Statement of Revenues, Expenditures
and Changes in Fund Balance

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
General property tax	342,227	-	342,227
Specific ownership tax	37,226	-	37,226
Charges for services	110,884	-	110,884
Charges for chemicals	12,147	-	12,147
Interest	7,032	-	7,032
Miscellaneous	-	-	-
Grants	10,778	-	10,778
Total Revenues	<u>520,294</u>	<u>-</u>	<u>520,294</u>
Expenditures/Expenses:			
Operating	397,024	20,875	417,899
Administration	51,620	1,728	53,348
Capital outlay	16,375	(16,375)	-
Total Expenditures/Expenses	<u>465,019</u>	<u>6,228</u>	<u>471,247</u>
Excess (Deficiency) of Revenues Over Expenditures	55,275	(55,275)	
Change in Net Position		49,047	49,047
Fund Balance/Net Position:			
Beginning, as restated (See Note V.E)	<u>867,190</u>		<u>928,525</u>
Ending	<u>922,465</u>		<u>977,572</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020**

I. Summary of Significant Accounting Policies

The Yuma County Pest Control District (the "District") was established by the electorate of Yuma County pursuant to CRS 35-5-104 to manage noxious weeds and pests within Yuma County. The District began operations on January 1, 1990. The District's records are accounted for on the modified accrual basis of accounting.

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

A. Reporting Entity

The District is governed by a Board appointed by the Yuma County Commissioners, which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the District since none were discovered to be component units based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is a related organization to Yuma County, Colorado (the "County") as defined by Governmental Accounting Standards Board Statement. The District is considered to be a related organization, rather than a component unit, of the County because the County is not financially accountable for the District. Although the County is responsible for appointing the District's Board of Directors, it is not considered financially accountable because it does not have the ability to impose its will or have a financial benefit or burden relationship with the District.

The District does not exercise oversight responsibility over any other entity, nor is the District a component unit of any other governmental entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the District does not have any business type activities, only governmental activities.

1. Government-wide Financial Statements

In the Statement of Net Position, the District's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - net investment in capital assets; restricted; and unrestricted net position.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The focus of the Statement of Net Position and the Statement of Activities is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. The District reports the following governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days of December 31) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

The District follows Colorado Revised Statutes which permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 60 months)
- Prime Commercial Paper (maximum maturity of 60 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Certificates of deposit held for investment that are not debt instruments and with original maturities of greater than 90 days when purchased are reported as "Investments – Certificates of deposit" in these financial statements.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unearned revenue.

4. Inventory

Chemical inventory is recorded at the lower of cost and market value.

5. Capital Assets

Capital assets, which include buildings, vehicles, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life of at least 3 years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

**Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)**

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Vehicles	5
Sprayer equipment (excluding vehicles)	5
Office equipment	5

6. Compensated Absences

Vested or accumulated vacation leave and annual leave for sickness, injury, funeral, administrative, military, court and jury, and leave without pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and liability. Amounts of vested or accumulated vacation leave and sick pay that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability. In accordance with the provisions of Statement of Governmental Accounting Standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The District provides annual leave for its employees; however, the accumulated leave is limited to 10 days. Upon termination, the employee is limited to payment of vested annual leave at the rate of two days of sick leave for one day's pay. Expenditures of \$0 were recorded for leave pay-outs during the year.

7. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Categories and Classification of Fund Balance (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the District or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Governments report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The District had a restricted fund balance of \$13,239 for emergencies as required under the Taxpayer’s Bill of Rights (“TABOR”), which is subsequently explained in Note III (B).

The District may use restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District might first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District’s budget includes a calculation of targeted reserve positions and the district manager calculates targets and reports them annually to Board.

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position 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 future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises under modified accrual and accrual bases of accounting that qualifies for reporting in this category. Accordingly, the item, Property Tax Revenue, is reported as deferred in the year in which they are levied and recognized as an inflow of resources in the period that the amounts become available.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets, net	\$62,090
---------------------	----------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Accrued vacation and sick leave	\$6,983
---------------------------------	---------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

B. Explanation of differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities include a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Depreciation expense	\$ 19,768
Capital outlay	(16,375)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Governmental funds report the proceeds from the sale of an asset, whereas in the Statement of Activities, the net gain or loss on sale is reported.

Change in accrued compensated absences	\$ 2,835
--	----------

Some expenses reported in the Statement of Activities, including the change in accrued compensated absences, do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2020 budget, prior to August 25, 2019, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2019, only once by a single notification to the District.
- (2) On or before October 15, 2019, the District's management submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2020 budget, prior to December 15, 2019, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) emergency appropriations; and (d) reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

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 not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has reserved a portion of its December 31, 2020, year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$13,951 which is the approximate required reserve at December 31, 2020

On November 7, 2006, the District's voters approved the following ballot question: "*Shall the Yuma County Pest Control District be authorized to collect, retain and spend the full amount of all taxes, tax increment revenues, administrative charges, grants or any other fee, rate, toll, penalty, or charge authorized by law or contract to be imposed, collected or received by the District during 2006 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained in Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that by collected, retained and spent by the District?*"

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on all Funds

A. Deposits and Investments

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government 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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

**Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)**

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2020, the Town had the following recurring fair value measurements:

<u>Investments Measured at Fair</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit		-	547,144	-
Total		\$ -	547,144	-

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

Debt securities, namely mortgage backed securities classified in Level 3 are valued using an appraisal service.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

Deposits and investments are reflected on the December 31, 2020, Balance Sheets as follows:

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking	Not rated	\$ 5,230	5,230	-
Money Market	Not rated	322,528	322,528	-
Other miscellaneous cash	Not rated	198	198	-
Certificates of deposit, maturity less than 90 days	Not rated	78,557	78,557	-
<i>Total deposits</i>		<u>406,513</u>	<u>406,513</u>	<u>-</u>
<i>Investments:</i>				
Certificates of deposit, maturity greater than 90 days	Not rated	468,587	468,587	-
<i>Total investments</i>		<u>468,587</u>	<u>468,587</u>	<u>-</u>
Total cash and investments		<u>\$ 875,100</u>		
Financial Statement Captions:				
Cash and cash equivalents		\$ 406,513		
Investments - Certificates of deposit		468,587		
		<u>\$ 875,100</u>		

Interest Rate Risk - As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities closely to match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk - Colorado statutes specify instruments in which local governments may invest. The Town's general investment policy is to apply the prudent-person rule; Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The Town diversifies its investments by security type and institution. Financial institutions holding Town funds must provide the Town a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2020, the Town's investments in certificates of deposit were 100% of the Town's investment portfolio.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets				
Building	\$ 145,205	-	-	145,205
Vehicles	216,295	16,375	(37,432)	195,238
Mapping equipment	77,667	-	-	77,667
Total capital assets				
being depreciated	<u>439,167</u>	<u>16,375</u>	<u>(37,432)</u>	<u>418,110</u>
Less accumulated depreciation				
Building	(114,812)	(3,456)	-	(118,268)
Vehicles	(181,205)	(16,312)	37,432	(160,085)
Mapping equipment	<u>(77,667)</u>	<u>-</u>	<u>-</u>	<u>(77,667)</u>
Total accumulated depreciation	<u>(373,684)</u>	<u>(19,768)</u>	<u>37,432</u>	<u>(356,020)</u>
Total Capital Assets, Net	<u>\$ 65,483</u>	<u>(3,393)</u>	<u>-</u>	<u>62,090</u>

\$226,209 of assets still in use have been fully depreciated.

Depreciation expense was charged to functions of the District as follows:

Administration	\$ 1,728
Operations	18,040
Total Depreciation Expense	<u>\$ 19,768</u>

C. Long-term Liabilities

The changes in long-term liabilities are summarized below:

	<u>Balance 1/1/20</u>	<u>Net Change</u>	<u>Balance 12/31/20</u>
Accrued vacation and sick leave	\$ 4,148	2,835	6,983
Total long-term debt	<u>\$ 4,148</u>	<u>2,835</u>	<u>6,983</u>

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information

A. Defined Contribution Plan (401a)

The District's employees may participate in Yuma County's defined contribution plan. The County's defined contribution plan is administered by the Colorado Retirement Association (the "CRA"). Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account plus the returns earned on investments of those contributions. Eligible employees contribute four percent (4%) of their base pay, which is matched by the County. The County is reimbursed by the District for any contributions matched for District employees. The plan has a five (5) year vesting period and is distributed upon the employees' termination or retirement. The District also offers two (2) additional voluntary plans. One plan provides for contributions up to ten percent (10%) of an employee's base pay while the other plan provides for deferred compensation in which the employee may tax shelter up to nineteen percent (19%) of his/her base pay.

As of December 31, 2020, four of the District's employees had elected to participate in the defined contribution plan. For the year ended December 31, 2020, the District's and employees' required and actual contributions were both \$5,027, representing 4% of covered payroll. The District's total payroll was \$131,883 which includes \$125,675 of covered payroll.

B. Post-Employment Health Care Benefits

District employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the District for premiums from the termination date of coverage and monthly thereafter. No cost to the District is recognized as employees reimburse 100% of their premium cost.

The District's employees may participate in Yuma County's cafeteria plan. The County offers a cafeteria compensation plan organized under IRS Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, and health expense reimbursement. No cost is recognized, as the plan is a salary reduction plan.

As of December 31, 2020, none of the District's employees had elected to participate in the cafeteria plan.

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

C. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or injuries to employees. The District is insured for such risks as a member of the Colorado Special Districts Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property and general liability, automobile physical damage and liability, public officials liability and boiler and machinery coverage to its members. The Pool provides coverage for property claims up to the values declared and liability coverage for claims up to \$1,000,000. 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 official's 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 audited statutory basis financial information for the Pool as of and for the year ended December 31, 2019 (the latest audited information available) is as follows:

Assets	<u>\$ 55,602,023</u>
Liabilities	33,163,342
Capital and surplus	<u>22,438,681</u>
Total	<u><u>55,602,023</u></u>
Revenue	22,436,944
Underwriting expenses	<u>25,355,739</u>
Underwriting gain (loss)	(2,918,795)
Other income	<u>1,173,628</u>
Net Income	<u><u>\$ (1,745,167)</u></u>

D. Subsequent Events

On January 13, 2021, the Board approved the purchase of a new vehicle, including the trade-in of an older vehicle owned by the District. In April 2021, the new vehicle was purchased for a net amount of \$12,867 after the trade-in.

On September 9, 2020, the Board approved the purchase of three new sprayers, one to be ordered in 2020 and the two others to be ordered in 2021. In April 2021, the first sprayer was received and the District paid \$57,878. The two remaining sprayers are estimated to cost the same (i.e. \$57,878 each).

Yuma County Pest Control District
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information (continued)

E. Restatement of Beginning Balances

The 2019 Audit Exemption Form reported \$883,975 for fund balances. During the audit of 2020, adjustments were necessary to account for accruals not made at December 31, 2019. The reconciliation of the ending fund balance on the 2019 Audit Exemption Form to the beginning balances on these financial statements is as follows:

Fund Balance - Beginning	\$ 883,975
Revenues:	
Charges for services	(56)
Total Revenues	(56)
Expenditures:	
Operating:	
Salaries, payroll taxes, and benefits	(3,462)
Gas, oil and antifreeze	(1,637)
Chemicals	(10,292)
Repairs and maintenance	(40)
Total Operating	(15,431)
Administration:	
Office supplies	(768)
Telephone and utilities	(10)
Postage, advertising, and printing	(14)
Dues, meetings, and travel	(147)
Miscellaneous	(359)
Total Administration	(1,298)
Fund Balance - Beginning, as restated	\$ 867,190

Further, the 2019 Audit Exemption Form reported \$77,803 for capital assets, net. During the audit of 2020, adjustments were necessary to remove asset additions that did not meet the classification of capital assets, as defined in Note I.D.5. The reconciliation of capital assets, net on the 2019 Audit Exemption Form to the beginning balances of capital assets, net in Note IV.B is as follows:

Capital Assets, net - Beginning	\$ 77,803
Vehicles	(13,690)
Accumulated Deprecation	1,370
Capital Assets, net - Beginning, as restated	\$ 65,483

REQUIRED SUPPLEMENTARY INFORMATION

Yuma County Pest Control District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
General property tax	340,837	342,227	1,390
Specific ownership tax	-	37,226	37,226
Charges for services	90,000	110,884	20,884
Charges for chemicals	15,000	12,147	(2,853)
Interest	2,500	7,032	4,532
Operating grants	20,000	10,778	(9,222)
Total Revenues	<u>468,337</u>	<u>520,294</u>	<u>51,957</u>
Expenditures:			
Operating:			
Salaries, payroll taxes, and benefits	216,800	190,401	26,399
Gas, oil and antifreeze	11,675	7,761	3,914
Vehicle parts	9,800	14,196	(4,396)
Chemicals	125,500	172,863	(47,363)
Chemical cost share program	8,300	8,179	121
Repairs and maintenance	4,950	3,624	1,326
Total Operating	<u>377,025</u>	<u>397,024</u>	<u>(19,999)</u>
Administration:			
Office supplies	4,760	7,160	(2,400)
Telephone and utilities	10,175	10,559	(384)
Postage, advertising, and printing	650	577	73
Dues, meetings, and travel	8,250	3,961	4,289
Insurance	17,500	15,096	2,404
Audit	8,500	1,600	6,900
Treasurer fees	-	10,269	(10,269)
Educational supplies	1,045	330	715
Miscellaneous	3,700	2,068	1,632
Total Administration	<u>54,580</u>	<u>51,620</u>	<u>2,960</u>
Capital Outlay:			
Vehicles and equipment	41,500	16,375	25,125
Total Capital Outlay	<u>41,500</u>	<u>16,375</u>	<u>25,125</u>
Total Expenditures	<u>473,105</u>	<u>465,019</u>	<u>8,086</u>
Net Change in Fund Balance	<u>(4,768)</u>	55,275	<u>60,043</u>
Fund Balance - Beginning, as restated (see Note V.E)		<u>867,190</u>	
Fund Balance - Ending		<u><u>922,465</u></u>	

The accompanying notes are an integral part of these financial statements