Yuma County Pest Control District

Financial Statements
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yuma County Pest Control District
Yuma, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of Yuma County Pest Control District (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

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 Yuma County Pest Control District, as of December 31, 2025 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Yuma County Pest Control District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Yuma County Pest Control District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS REPORT
To the Board of Directors
Yuma County Pest Control District
Yuma, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. 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 statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. 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.
Avon, Colorado
June 10, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

Yuma County Pest Control District

Management's Discussion and Analysis
December 31, 2025

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, 2025.

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

	2025	2024
Assets:		
Current and other assets	$ 1,543,446	1,559,120
Capital assets	267,365	176,829
Total Assets	1,810,811	1,735,949
Liabilities:		
Other liabilities	26,962	48,502
Long-term liabilities	2,608	1,635
Total Liabilities	29,570	50,137
Deferred Inflows of Resources:		
Unavailable property tax revenue	385,072	358,865
Total Deferred Inflows of Resources	385,072	358,865
Net Position:		
Net investment in capital assets	267,365	176,829
Restricted for emergencies	19,920	18,735
Unrestricted	1,108,884	1,131,383
Total Net Position	$ 1,396,169	1,326,947

At December 31, 2025, approximately 19% of the District's net position is reflected in investment in capital assets, which includes buildings, vehicles, spraying and office equipment.

During 2025, the District experienced an decrease of $22,499 in unrestricted net position and an increase of $69,222 in total net position.

Yuma County Pest Control District's Change in Net Position

	2025	2024
Revenues:		
General property tax	$ 359,197	424,492
Specific ownership tax	41,533	79,515
Charges for services	166,353	126,915
Charges for chemicals	10,837	8,400
Interest	30,417	29,720
Miscellaneous	35,307	110,024
Total Revenues	643,644	779,066
Expenses:		
Operations	509,723	501,019
Administration	64,699	65,786
Total Expenses	574,422	566,805
Change in Net Position	69,222	212,261
Net Position:		
Beginning	1,326,947	1,114,686
Ending	$ 1,396,169	1,326,947

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 $166,353 and specific ownership tax revenue of $41,533 were also significant sources of revenue for the District, accounting for 26% and 6% respectively of the total revenues. When compared to 2024, overall revenues decreased by $135,422 in 2025.

Salaries, wages, and employee benefits in 2025 were $243,264 or 42% of total expenses incurred by the District in 2025. This is an decrease of 4.15% over prior year salaries, wages and employee benefits. Chemical expense of $163,680 accounted for 28% of the total District expenses in 2025. This represents a 0.85% 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
Revenues:				
Specific ownership taxes	$ -	41,533	41,533	Specific ownership tax is not budgeted.
Miscellaneous	$ -	35,307	35,307	Additional claim on hail storm damaged building last Spring
Expenditures:				
Vehicles and equipment	$ 1,750	155,660	(153,910)	The District fix up warehouse which were not budgeted.
Chemicals	$ 200,500	162,753	37,747	Less usage than anticipated

Capital Asset and Debt Administration

Capital Assets: The District's capital assets, net of accumulated depreciation, increased by $90,536 in 2025. The increase was due to asset additions, offset by depreciation expense 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 2025 fiscal year was $1,396,169. The District's 2026 budget anticipates $1,305,972 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, 2025

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	413,476	-	413,476
Investments - Certificates of deposit	595,037	-	595,037
Due from County Treasurer	3,356	-	3,356
Accounts receivable	51,055	-	51,055
Property tax receivable	385,072	-	385,072
Inventory	80,218	-	80,218
Prepaid expenses	15,232	-	15,232
Capital assets, net of accumulated depreciation	-	267,365	267,365
Total Assets	1,543,446	267,365	1,810,811
Liabilities:			
Accounts payable	26,962	-	26,962
Accrued vacation and sick leave	-	2,608	2,608
Total Liabilities	26,962	2,608	29,570
Deferred Inflows of Resources:			
Property tax revenue	385,072	-	385,072
Total Deferred Inflows of Resources	385,072	-	385,072
Fund Balance/Net Position:			
Fund Balance:			
Non-spendable	95,450	(95,450)	-
Spendable:			
Restricted for emergency	19,920	(19,920)	-
Unassigned	1,016,042	(1,016,042)	-
Total Fund Balance	1,131,412	(1,131,412)	-
Total Liabilities, Deferred Inflow of Resources and Fund Balance	1,543,446		
Net Position:			
Net investment in capital assets		267,365	267,365
Restricted for emergency		19,920	19,920
Unrestricted		1,108,884	1,108,884
Total Net Position		1,396,169	1,396,169

Yuma County Pest Control District
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities
For the Year Ended December 31, 2025

	General Fund	Adjustments	Statement of Activities
Revenues:			
General property tax	359,197	-	359,197
Specific ownership tax	41,533	-	41,533
Charges for services	166,353	-	166,353
Charges for chemicals	10,837	-	10,837
Interest	30,417	-	30,417
Miscellaneous	35,307	-	35,307
Total Revenues	643,644	-	643,644
Expenditures/Expenses:			
Operating	438,558	71,165	509,723
Administration	60,237	4,462	64,699
Capital outlay	165,190	(165,190)	-
Total Expenditures/Expenses	663,985	(89,563)	574,422
Excess (Deficiency) of Revenues Over Expenditures	(20,341)	20,341	
Change in Net Position		69,222	69,222
Fund Balance/Net Position:			
Beginning	1,151,753		1,326,947
Ending	1,131,412		1,396,169

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, 2025

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.

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.

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.

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:

Assets	Years
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 $2,005 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.

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 $19,920 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.

I. 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	$267,365

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

Accrued vacation and sick leave	$2,608

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	$ 74,654
Capital outlay	(165,190)

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	$ 973

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.

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 2025 budget, prior to August 25, 2024, 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, 2024, only once by a single notification to the District.

(2) On or before October 15, 2024, the District's management would have submitted to the District's governing Board a recommended budget, which detailed the property taxes needed, along with other available revenues to meet the District's operating requirements.

(3) Prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of 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.

The level of control in the budget at which expenditure exceeds appropriations is at the fund level. All appropriations lapse at year-end.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR 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 that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, 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. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

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 an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $50,899, which is the approximate required reserve, at December 31, 2025.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The electorate of the District has authorized property taxes to be increased up to $1,500,000 in 2001 and each year thereafter to pay the Districts operations, maintenance, and other expenses, such amounts to increase annually in an amount not to exceed the applicable limitations of Article X, Section 20 of the Colorado Constitution and Colorado Law.

The electorate of the District also approved that for purposes other than enterprises, the District be permitted to maintain fiscal year spending and annual District revenues from sources not excluded from fiscal year spending in an amount not to exceed $1,700,000 in 2001 and each year thereafter, such amount to increase annually in each year after 2001 in an amount not to exceed the applicable limitations of Article X, Section 20 of the Colorado Constitution and Colorado law.

The District's electorate further approved that the District's taxes be increased $2,000,000 annually, or by such lesser annual amount as may be necessary to pay the District's general costs, bonds or other evidences of indebtedness. Such taxes may consist of an ad valorem property tax mill levy imposed without limitation of rate and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

The revenue from such taxes and any other monies used to pay such general costs, bonds or other evidences of indebtedness, and investment income thereon, may be collected and spent by the District without regard to any expenditure, revenue raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution.

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.

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, 2025, the Town had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investments Measured at Fair Value	**Total**	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	595,037	-	595,037	-
Total	$ 595,037	$ -	595,037	-

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments

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.

Deposits and investments are reflected on the December 31, 2025, Balance Sheets as follows:

			Maturities	
Type:	**Rating**	**Carrying Amount**	**Less Than One Year**	**Less Than Five Years**
Deposits:				
Petty cash	Not rated	$ 7	7	-
Checking	Not rated	2,824	2,824	-
Savings & money market	Not rated	410,645	410,645	-
Total deposits		413,476	413,469	-
Investments:				
Certificates of deposit, maturity greater than 90 days	Not rated	595,037	595,037	-
Total investments		595,037	595,037	-
Total cash and investments		$ 1,008,513		

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, 2025, the Town's investments in certificates of deposit were 100% of the Town's investment portfolio.

IV. Detailed Notes on all Funds (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Building	$ 145,205	155,660	-	300,865
Vehicles	150,356	-	-	150,356
Sprayer equipment	191,024	9,530	-	200,554
Office equipment	10,645	-	-	10,645
Total capital assets being depreciated	497,230	165,190	-	662,420
Less accumulated depreciation				
Building	(126,556)	(4,666)	-	(131,222)
Vehicles	(39,109)	(27,748)	-	(66,857)
Sprayer equipment	(146,220)	(40,111)	-	(186,331)
Office equipment	(8,516)	(2,129)	-	(10,645)
Total accumulated depreciation	(320,401)	(74,654)	-	(395,055)
Total Capital Assets, Net	$ 176,829	90,536	-	267,365

$190,899 of assets still in use have been fully depreciated.

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

Administration	$ 4,462
Operations	70,192
Total Depreciation Expense	$ 74,654

C. Long-term Liabilities

The changes in long-term liabilities are summarized below:

	Balance 1/1/25	Increases	Decreases	Balance 12/31/25	Due Within One Year
Accrued vacation and sick leave*	$ 1,635	973	-	2,608	652
Total long-term debt	$ 1,635	973	-	2,608	652

* The change in the compensated absences liability is presented as a net change

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, 2025, four of the District's employees had elected to participate in the defined contribution plan. For the year ended December 31, 2025, the District's and employees’ required and actual contributions were both $6,956, representing 4% of covered payroll. The District's total payroll was $180,821 which includes $173,900 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, 2025, none of the District’s employees had elected to participate in the cafeteria plan.

V. Other Information (continued)

C. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $1,000,000, except if the claim falls within the government immunity statute, then the coverage is $150,000 per person and a $600,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. A summary of audited statutory basis financial information for the Pool can be found here: https://www.csdpool.org/financials

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, 2025
With Comparative Actual Amounts For the Year Ended 2024

	2025			2024
	Original & Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
General property tax	358,865	359,197	332	424,492
Specific ownership tax	-	41,533	41,533	79,515
Charges for services	86,974	166,353	79,379	126,915
Charges for chemicals	15,000	10,837	(4,163)	8,400
Interest	15,000	30,417	15,417	29,720
Miscellaneous	-	35,307	35,307	110,024
Operating grants	500	-	(500)	-
Total Revenues	476,339	643,644	167,305	779,066
Expenditures:				
Operating:				
Salaries, payroll taxes, and benefits	260,271	243,264	17,007	253,791
Gas, oil and antifreeze	16,875	10,316	6,559	16,345
Vehicle parts	7,500	6,061	1,439	5,876
Chemicals	200,500	158,739	41,761	159,987
Chemical cost share program	5,900	4,941	959	2,312
Repairs and maintenance	4,750	15,237	(10,487)	6,154
Total Operating	495,796	438,558	57,238	444,465
Administration:				
Office supplies	7,800	7,568	232	7,921
Telephone and utilities	12,250	10,356	1,894	10,503
Postage, advertising, and printing	600	152	448	600
Dues, meetings, and travel	7,125	3,654	3,471	3,574
Insurance	20,000	16,038	3,962	16,715
Audit	8,700	9,000	(300)	8,600
Treasurer fees	-	10,716	(10,716)	13,848
Educational supplies	750	1,099	(349)	-
Miscellaneous	1,050	1,654	(604)	860
Total Administration	58,275	60,237	(1,962)	62,621
Capital Outlay:				
Vehicles and equipment	1,750	155,660	(153,910)	117,407
Mapping equipment	10,515	9,530	985	-
Office equipment	200	-	200	-
Capital improvements	500	-	500	-
Total Capital Outlay	12,965	165,190	(152,225)	117,407
Total Expenditures	567,036	663,985	(96,949)	624,493
Net Change in Fund Balance	(90,697)	(20,341)	70,356	154,573
Fund Balance - Beginning		1,151,753		997,180
Fund Balance - Ending		1,131,412		1,151,753