Annual Financial Report

Year Ended December 31, 2023

METROPOLITAN MOSQUITO CONTROL DISTRICT

Metro Counties Government Center ~ 2099 University Avenue West ~ St. Paul, MN 55104-3431
www.mmcd.org

METROPOLITAN MOSQUITO CONTROL DISTRICT

ANNUAL FINANCIAL REPORT

December 31, 2023

INTRODUCTORY SECTION

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METROPOLITAN MOSQUITO CONTROL DISTRICT

Website: www.mmcd.org

Metro Counties Government Center
2099 University Avenue West
Saint Paul, MN 55104-3431

Phone: 651-645-9149
FAX: 651-645-3246
TTY use Minnesota Relay Service

June 7, 2024

Fran Miron, Chair
Members of the Metropolitan Mosquito Control Commission

In accordance with Minnesota Statute 473.703 subd. 10, we hereby submit the Annual Financial Report of the Metropolitan Mosquito Control District for the year ended December 31, 2023. This report includes the financial statements for the District and the disclosures necessary to accurately present the financial condition and results of operations for the year then ended. The report has been prepared in accordance with generally accepted accounting principles (GAAP) for government units.

This report consists of management's representations concerning the finances of the Metropolitan Mosquito Control District (MMCD). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the MMCD has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the MMCD's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the MMCD's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The MMCD's financial statements have been audited by Redpath and Company. The goal of the independent audit was to provide reasonable assurance that the financial statements of the MMCD for the year ended December 31, 2023, are free of material misstatement. Redpath and Company has issued an unmodified opinion on the MMCD's financial statements for the year ended December 31, 2023. The Independent Auditor's Report from Redpath and Company is the first component of the financial section of this report.

GAAP requires that management provide a narrative, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MMCD's MD&A can be found immediately following the Independent Auditor's Report.

Profile of the Government
MMCD was created by the legislature in 1958, serves 3.163 million citizens, 1.2 million households, in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties covering about 2,970 square miles. It is governed by 18 elected county commissioners representing those counties and is supported by property taxes. MMCD was created to control mosquitoes, black gnats and monitor disease vectoring ticks in the metropolitan area.

Local Economy
The economy continues to see higher prices impacting consumer spending, but with the possibility of decreased interest rates, lowers the risk of continued possible recession concerns. The Minnesota unemployment rate continues to remain lower than the national average. Housing growth trends have begun to slow down, with an increase in interest rates, with fewer houses on the market, suggesting a slower population growth. In contrast, it does not appear that property values are decreasing, factoring in interest rates and market availability. The Commission plans for expanded service in the long term, which will continue to follow the growth patterns throughout the District. In the short-term, MMCD has focused on increased effectiveness.

Cash Management Practices
Cash balances are invested in certificates of deposit, money market savings and an investment pool, Minnesota Association of Governments Investing for Counties.

Risk Management
MMCD has its workers compensation, property casualty, auto, general liability, directors and officers error and omissions placed with the League of Minnesota Cities Insurance Trust, essentially a self-insured pool. MMCD will continue to work at reducing workers compensation and liability risk and continue to incorporate new safety tactics in pursuit of a Director's initiative to improve safety at MMCD. Auto claims and work-related injuries have been minor incidents and MMCD continues to see a slight decrease in claims. MMCD continues to assess risks which may affect the objectives of the Commission in this changing economic environment.

Respectfully,

Arleen Schacht

Arleen Schacht,
Business Administrator

Metropolitan Mosquito Control Commission

Anoka:	Mike Gamache* Mandy Meisner Julie Jeppson
Carver:	Gayle Degler Tom Workman* (Secretary)
Dakota:	Liz Workman* Mary Hamann-Roland Laurie Halverson
Hennepin:	Kevin Anderson* Marion Greene Angela Conley
Ramsey:	Mai Chong Xiong Nicole Frethem Rena Moran* (Vice Chair)
Scott:	David Beer* Tom Wolf
Washington:	Fran Miron* (Chair) Gary Kriesel

Financial Staff

Executive Director	Open
Business Administrator	Arleen Schacht

* Executive Committee members

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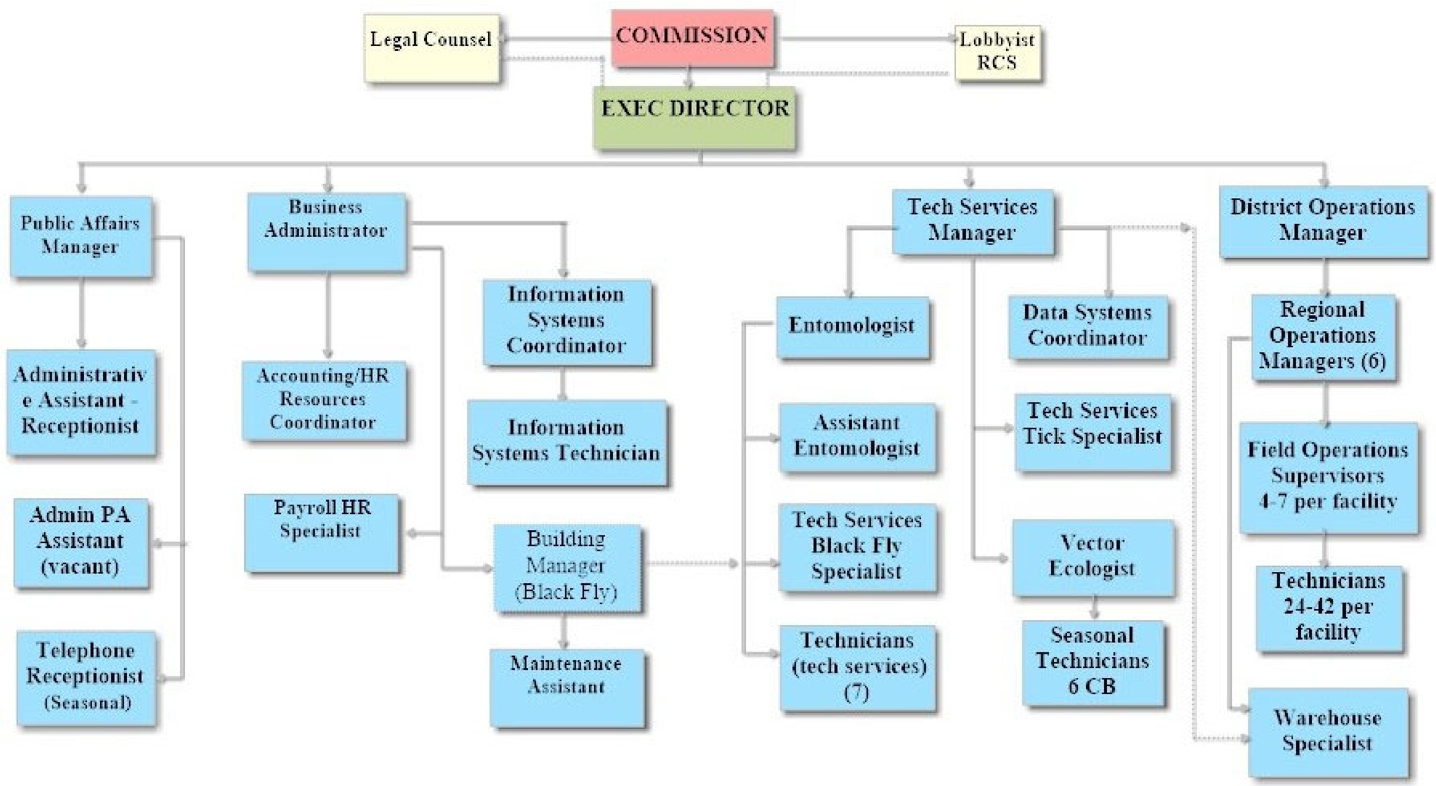
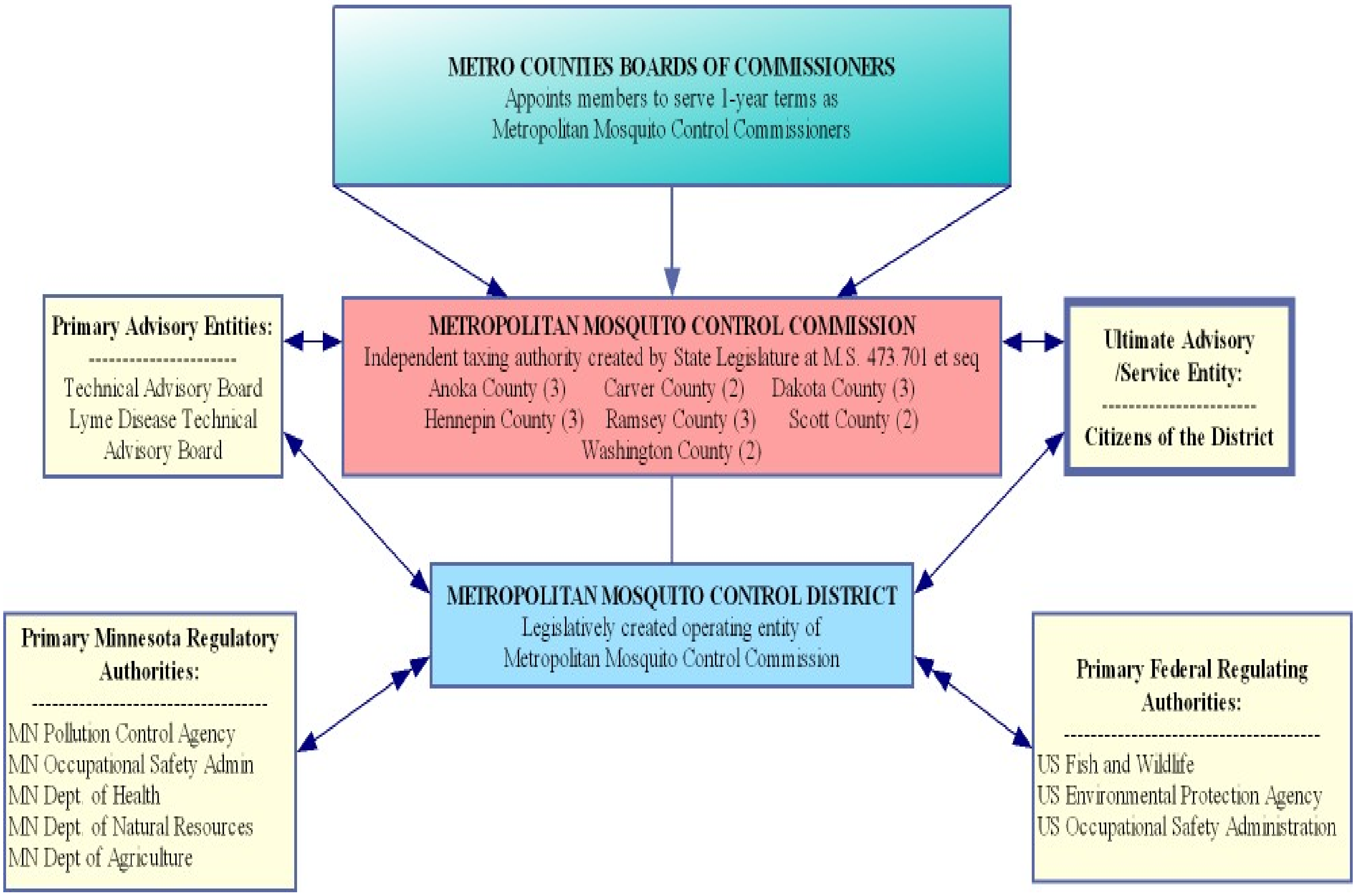
METROPOLITAN MOSQUITO CONTROL DISTRICT
Organizational Structure



METROPOLITAN MOSQUITO CONTROL COMMISSION and DISTRICT

Legislative, Regulatory and Advisory Structure



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Chair and
Members of the Commission
Metropolitan Mosquito Control District
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Mosquito Control District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Metropolitan Mosquito Control District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Mosquito Control District, as of December 31, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metropolitan Mosquito 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Metropolitan Mosquito Control District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metropolitan Mosquito Control 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 Metropolitan Mosquito Control 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2024 on our consideration of Metropolitan Mosquito Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metropolitan Mosquito Control District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan Mosquito Control District's internal control over financial reporting and compliance.

Redpath and Company, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 7, 2024

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Management's Discussion and Analysis

As management of the Metropolitan Mosquito Control District, we offer readers of the Metropolitan Mosquito Control District's financial statements, this narrative overview and analysis of the financial activities of the Metropolitan Mosquito Control District for the fiscal year ending December 31, 2023.

Overview of the Financial Statements – The discussion and analysis are intended to serve as an introduction to Metropolitan Mosquito Control District's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Financial Highlights – At the close of the 2023 fiscal year, the District's general fund reported an ending fund balance of $33,820,779. The unassigned fund balance for the general fund was $27,551,650, enough to cover general fund expenditures prior to tax receipts. This amount is adequate for working capital needs of the following period. Approximately 89% of the total fund balance is available for use within the District's categorizations and policies.

Government-Wide Financial Statements – Government-wide financial statements are designed to provide readers with a broad overview of the Metropolitan Mosquito Control District's finances in a manner similar to private sector business.

The statement of net position provides information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in the net position can indicate whether the financial position of the Metropolitan Mosquito Control District is improving or deteriorating.

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

Government-wide financial statements of the Metropolitan Mosquito Control District represent the governmental activities of the District, which includes its general fund to control mosquitoes. The District does not record business-type activities.

The government-wide financial statements are reported in columnar manner, adjacent to the related fund statement with reconciliation of those statements included.

Fund Financial Statements – A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District has one governmental fund and one fiduciary fund.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating governmental near-term financial requirements.

Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide statements. By doing so, readers may better understand the long-term impact of the District's financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District develops an annual appropriated budget for its fund. A budgetary comparative statement has been provided for the fund to demonstrate compliance with this budget.

Fiduciary Fund – Fiduciary funds are used to report activities and resources held in a trust outside of the District. The accrual basis of accounting is used for fiduciary funds. The government-wide statements exclude fiduciary fund activities and balances, because these assets are restricted in purpose and cannot be used by the District to finance its operations. The District has one fiduciary fund to account for Other Post Employment Benefits (OPEB) held in trust.

The District does not have proprietary funds.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statement exhibits.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $40,911,808 at the close of the most recent fiscal year.

About 16% of the District's net position is reflected in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1
Metropolitan Mosquito Control District's Net Position
As of December 31, 2023 and 2022

	December 31,	
	2023	2022
Current and other assets	$39,600,487	$35,126,957
Capital assets	7,395,750	5,650,750
Total assets	$46,996,237	$40,777,707
Deferred outflows of resources	$823,976	$1,613,975
Current and other liabilities	$1,116,206	$709,895
Long-term liabilities	4,305,835	5,149,997
Total liabilities	$5,422,041	$5,859,892
Deferred inflows of resources	$1,486,364	$183,012
Net position:		
Net investment in capital assets	$6,656,698	$5,650,750
Restricted for OPEB	4,713,473	4,127,864
Unrestricted	29,541,637	26,570,164
Total net position	$40,911,808	$36,348,778

A portion of the District's net position represents resources that may be subject to restrictions on how they may be used. In 2023, the District had restricted net position of $4,713,473 related to the Net Other Post Employment Benefits asset. The balance of unrestricted net position, $29,541,637, may be used to meet the District's ongoing obligations to citizens and creditors.

Table 2
Metropolitan Mosquito Control District's Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
Revenues:		
Property tax	$19,333,107	$18,993,539
Other income	162,238	130,661
Investment income	1,351,413	363,770
Total revenues	20,846,758	19,487,970
Expenses:		
Commissioners	1,808	783
Administrative	953,164	978,536
Control	15,356,415	13,839,843
Interest	37,413	-
Total expenses	16,348,800	14,819,162
Gain (loss) on sale of capital assets	65,072	13,848
Increase (decrease) in net position	4,563,030	4,682,656
Net position - January 1	36,348,778	31,666,122
Net position - December 31	$40,911,808	$36,348,778

Fund Financial Analysis

The focus of the District's governmental or general fund is to provide information on near-term inflows, outflows, and balances of spendable resources (i.e. flow of financial resources). This information can be useful in assessing the District's financing requirements. The District's unassigned fund balance may serve as a useful measure of its net resources available for spending or working capital at the end of the fiscal year.

The District increased the 2023 property tax levy by 2% over 2022 and experienced an increase in other income of 24% over 2022 due to an increase in asset disposals and a vendor rebate program, and an increase in interest income of 272% as compared to 2022 due to an increase in interest rates. The District continues with short-term investment strategies and continues to research and develop operational strategies to support future planning.

At the end of this reporting fiscal year, the District's general fund reported an ending fund balance of $33,820,779, about 89% of which is spendable, however of this amount, 4% is committed for emergency and disease vector control and another 3% is assigned for specific uses leaving approximately 81% unassigned. The unassigned fund balance is necessary for working capital as noted in the financial statements, due to the property tax payment schedules which impact the District's cash flow. Property tax settlements are made in July and December of each year and the District must operate for six months prior to receipt of tax settlements. The remainder of the fund balance is non-spendable because it is committed to control materials already purchased.

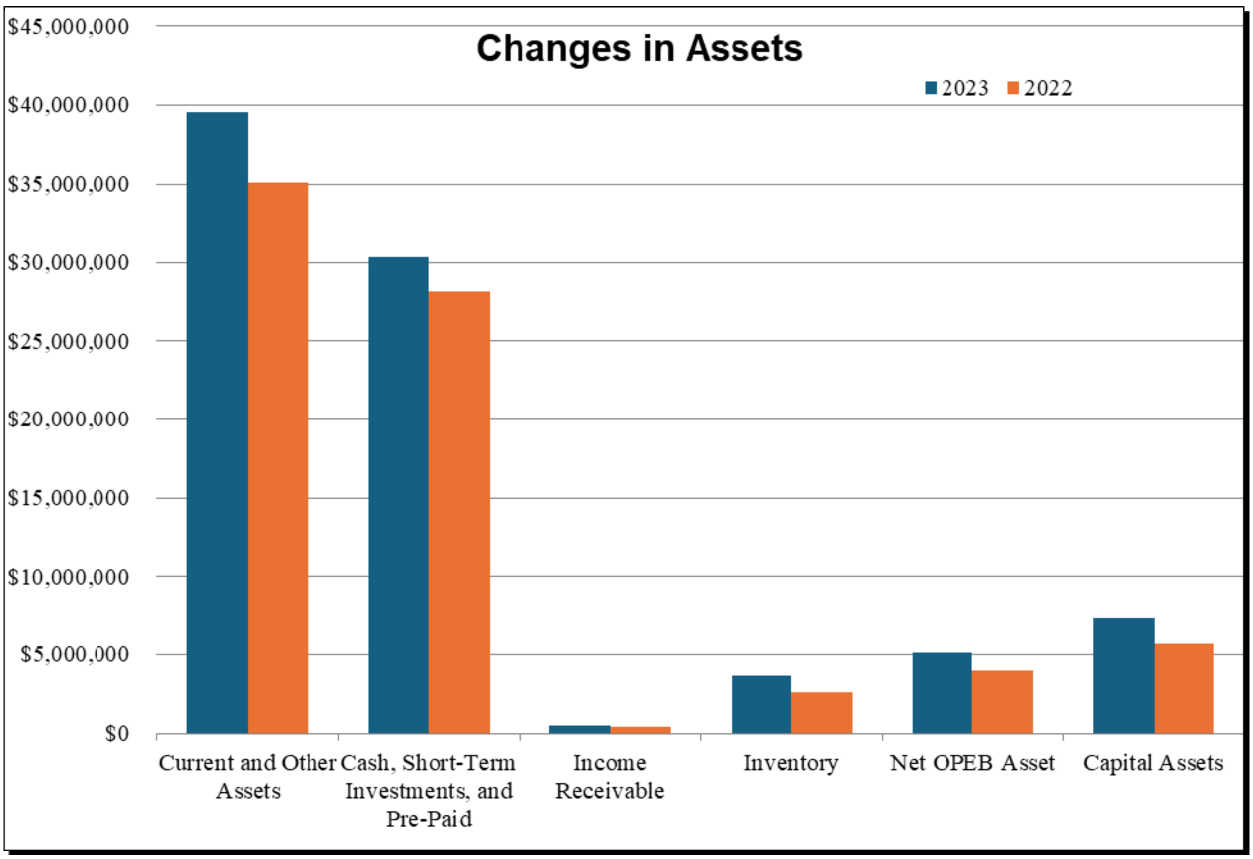
The general fund increased by $3,075,470 in 2023 (see Statement 3). The fund balance was budgeted to decrease by $164,404. The annual budget was approved with expenditures to exceed revenue but due to the increased investment income and the impact of drought conditions in 2023, revenues exceeded expenditures. The District has maintained $1,500,000 for emergency and vector-borne disease expenditures. In previous years, the emergency vector and disease funds have been used to respond to disease vectors and higher than normal mosquito production but due to drought conditions, the funds have not been utilized.

The District has established an Irrevocable Trust fund to provide resources to pay for other postemployment benefits for District employees. The Trust fund is reported as a fiduciary fund and has net position of $5,755,609 as of December 31, 2023.

Changes in Financial Position

During 2023, the District's current and other assets increased by $4,473,530 from $35,126,957 at the end of 2022 to $39,600,487 at the end of 2023, an increase of 13%. The District increased the amount of control materials purchased in advance, due to better pricing based on minimum annual purchases and to avoid the risk of production issues and control material not being available in the spring, bringing the inventory to a level higher than 2022 by $1,036,288.

The following table provides some visual comparison for the changes in assets from 2022 to 2023: Current and Other Assets show the $4,473,530 increase in 2023. The components of Current and Other Assets include Cash, Short Term Investments, Prepaid Items, Income Receivable, Inventory, and Net OPEB Asset. The table shows that Cash, Short Term Investments and Prepaid Items increased by $2,174,389, and Income Receivable had an increase of $85,278. The increase is due primarily to the drought conditions in the District's service area, having a substantial impact on services in 2023, and interest income earned. Inventory has increased by $1,036,288. The Net OPEB Asset increased by $1,177,575. Capital assets increased by $1,745,000, due to the COVID pandemic, and the supply chain issues, the inability to continue with the District's vehicle replacement plan. In 2023, the District purchased 30 vehicles, equipment and facility capital improvements that were necessary.



In 2023, the District treated 144,872 acres with larval control material and the lab staff identified over 13,063 larval samples. The acreage treated with larval control material in 2023 was 15,375 acres more than 2022, due to melting snow pack from the winter of 2022/2023 resulting in wet conditions in wetlands early in the 2023 season. Staff continued to maintain a high quality of control services, tick, and vector disease surveillance.

Expectations were for an increase in operating costs in 2023 of 33%. Actual operating costs were below the budgeted expenditure expectations by 7%. There was $3,683,822 more expenditures in 2023 in comparison to 2022, increasing expense related to pesticides of

$1,272,229. The expense increase was also impacted by employee wages and benefits, the purchase of vehicles and equipment necessary for operations, and facility capital improvements.

Capital Asset and Long-Term Liabilities

Capital Assets – The District's investment in capital assets as of December 31, 2023 amounts to $7,395,750 (net of accumulated depreciation and amortization). The investment includes land, buildings, vehicles and equipment including computer software as intangible assets.

Total capital assets increased by $1,745,000 (net of accumulated depreciation and amortization) or approximately 31% in 2023. The increase is due to vehicle purchases and necessary facility capital improvements. Also due in part to current depreciation and amortization specifically to buildings owned or leased by the District.

Table 3
Metropolitan Mosquito Control District's Capital Assets (Net of Depreciation)
As of December 31, 2023 and 2022

	December 31,	
	2023	2022
Land and improvements	$1,118,867	$1,118,867
Construction in progress	-	10,078
Building	2,632,125	2,496,063
Vehicles	2,572,233	1,749,964
Equipment	356,578	275,778
Right-to-use leased asset - building	715,947	-
Net capital assets	$7,395,750	$5,650,750

Long-Term Liabilities - At the end of 2023, the District had long-term liabilities in the amount of $1,141,882 for compensated absences, $3,153,825 for the Net Pension Liability, and $739,052 for the lease liability related to the Oakdale warehouse created under GASB Statement No. 87.

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BASIC FINANCIAL STATEMENTS

METROPOLITAN MOSQUITO CONTROL DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
December 31, 2023

Statement 1

	General Fund	Statement of Net Position	Reconciliation	
Assets:				
Cash and investments	$30,319,922	$30,319,922	$ -	
Inventory at cost	3,627,247	3,627,247	-	
Income receivable	498,207	498,207	-	
Land	-	1,118,867	1,118,867	Capital assets and right-to-use leased assets used in governmental activities are
Equipment/vehicles/furniture,				not financial resources and, therefore, are not reported in the General Fund.
net of accumulated depreciation	-	2,928,811	2,928,811	
Building, net of accumulated depreciation	-	2,632,125	2,632,125	
Right-to-use leased asset - building,				
net of accumulated amortization	-	715,947	715,947	
Net OPEB asset	-	5,155,111	5,155,111	The net OPEB asset is not a current financial resource and, therefore, is
				not reported in the General Fund.
Total assets	34,445,376	46,996,237	12,550,861	
Deferred outflows of resources:				
Pension related	-	817,318	817,318	Deferred outflows of resources - pension and OPEB related are not current
OPEB related	-	6,658	6,658	financial resources and, therefore, are not reported in the General Fund.
Total deferred outflows of resources	0	823,976	823,976	
Total assets and deferred outflows of resources	$34,445,376	$47,820,213	$13,374,837	
Liabilities:				
Accounts payable	$137,855	$137,855	$ -	
Due to other governments	72,311	72,311	-	
Employee benefits payable:				
Short-term	-	563,666	563,666	Long-term liabilities for compensated absences are not due and payable
Long-term	-	578,216	578,216	in the current period and, therefore, are not reported in the General Fund.
Accrued salary and wages	177,116	177,116	-	
Net pension liability - long-term	-	3,153,825	3,153,825	Long-term liabilities for pensions are not due and payable in the current period and,
Lease liability:				therefore, are not reported in the General Fund.
Short-term	-	165,258	165,258	Long-term liabilities for leases are not due and payable in the current period and,
Long-term	-	573,794	573,794	therefore, are not repoted in the General Fund.
Total liabilities	387,282	5,422,041	5,034,759	
Deferred inflows of resources:				Long-term assets not available to pay for current period expenditures and,
Unavailable revenue	237,315	-	(237,315)	therefore, are deferred in the General Fund. Deferred inflows of resources
Pension related	-	1,038,068	1,038,068	- pension and OPEB related are associated with long-term liabilities that
OPEB related	-	448,296	448,296	are not due and payable.
Total deferred inflows of resources	237,315	1,486,364	1,249,049	
Fund balance/net position:				
Fund balance:				
Nonspendable:				
Control materials in stock	3,627,247	-	(3,627,247)	
Committed:				
Emergency & disease vector control	1,500,000	-	(1,500,000)	
Assigned:				
Employee benefits payable	1,141,882	-	(1,141,882)	
Unassigned for working capital	27,551,650	-	(27,551,650)	
Total fund balance	33,820,779	0	(33,820,779)	
Net position:				Capital assets net of related debt used in government activities are not current
Net investment in capital assets	-	6,656,698	6,656,698	financial resources and, therefore, are not reported in the General Fund.
Restricted for OPEB	-	4,713,473	4,713,473	The net OPEB asset is not a current financial resource and, therefore, is not
Unrestricted	-	29,541,637	29,541,637	reported in the General Fund.
Total net position	0	40,911,808	40,911,808	
Total liabilities, deferred inflows of resources and fund balance/net position	$34,445,376	$47,820,213	$13,374,837	

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

METROPOLITAN MOSQUITO CONTROL DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Year Ended December 31, 2023

Statement 2

	General Fund	Statement of Activities		Reconciliation
General revenues:				
Property taxes:				
Anoka County	$1,858,989	$1,872,702	$13,713	
Carver County	701,089	706,261	5,172	
Dakota County	2,536,238	2,554,947	18,709	Property tax in the General Fund represents the amounts actually collected. The Statement of Activities is net of changes to receivables.
Hennepin County	8,750,581	8,815,128	64,547	
Ramsey County	2,767,971	2,788,389	20,418	
Scott County	914,350	921,095	6,745	
Washington County	1,662,323	1,674,585	12,262	
Investment income	1,351,413	1,351,413	-	
Miscellaneous	161,847	162,238	391	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the General Fund.
Total general revenues	20,704,801	20,846,758	141,957	
Expenditures:				
Board of commissioners:				
Salaries	-	-	-	
Travel	1,808	1,808	-	
Administrative	984,898	953,164	(31,734)	Depreciation and amortization expense not included in funds, less other adjustments. See Note 1N.
Control	14,884,159	15,356,415	472,256	
Capital expenditures	2,596,205	-	(2,596,205)	Capital outlay is recorded in funds as a flow of financial resources. See Note 1N.
Debt service expenditures:				
Principal	155,882	-	(155,882)	Principal payments are recorded in funds as a flow of financial resources. See Note 1N.
Interest	37,413	37,413	-	
Total expenditures	18,660,365	16,348,800	(2,311,565)	
Revenues over expenditures / change in net position	2,044,436	4,497,958	2,453,522	
Other financing sources:				
Lease issuance	894,934	-	(894,934)	In the Statement of Activities, the issuance of a lease is recorded as a lease liability. However, in the General Fund, the lease issuance is reported as an other financing source.
Sale of capital assets	136,100	65,072	(71,028)	In the Statement of Activities, only the gain (loss) on sale of capital assets is reported. However, in the General Fund, the proceeds from the sale increase financial resources.
Net change in fund balance / net position	3,075,470	4,563,030	1,487,560	
Fund balance / net position - January 1	30,745,309	36,348,778	5,603,469	
Fund balance / net position - December 31	$33,820,779	$40,911,808	$7,091,029	

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

METROPOLITAN MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE **Statement 3**
BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended December 31, 2023

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes:				
Anoka County	$1,837,080	$1,837,080	$1,858,989	$21,909
Carver County	683,585	683,585	701,089	17,504
Dakota County	2,528,413	2,528,413	2,536,238	7,825
Hennepin County	8,969,843	8,969,843	8,750,581	(219,262)
Ramsey County	2,846,891	2,846,891	2,767,971	(78,920)
Scott County	920,482	920,482	914,350	(6,132)
Washington County	1,633,176	1,633,176	1,662,323	29,147
Investment income	313,000	313,000	1,351,413	1,038,413
Miscellaneous	37,000	37,000	161,847	124,847
Total revenues	19,769,470	19,769,470	20,704,801	935,331
Expenditures:				
Board of commissioners:				
Salaries	-	-	-	-
Travel	3,600	2,802	1,808	994
Administrative	1,058,931	1,107,715	984,898	122,817
Control	18,343,823	18,295,837	14,884,159	3,411,678
Capital expenditures	527,520	527,520	2,596,205	(2,068,685)
Debt service expenditures:				
Principal	-	-	155,882	(155,882)
Interest	-	-	37,413	(37,413)
Total expenditures	19,933,874	19,933,874	18,660,365	1,273,509
Revenues over (under) expenditures	(164,404)	(164,404)	2,044,436	2,208,840
Other financing sources:				
Lease issuance	-	-	894,934	894,934
Sale of capital assets	-	-	136,100	136,100
Total other financing sources	0	0	1,031,034	1,031,034
Net change in fund balance	($164,404)	($164,404)	3,075,470	$3,239,874
Fund balance - January 1			30,745,309	
Fund balance - December 31			$33,820,779	

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

METROPOLITAN MOSQUITO CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
OTHER POST EMPLOYMENT BENEFITS HELD IN TRUST
December 31, 2023

Statement 4

	Other Post Employment Benefits Irrevocable Trust
Assets:	
Investments:	
Fixed income pool	$37,339
Equity pool	5,718,270
Total assets	$5,755,609
Liabilities	$ -
Net position:	
Restricted for post employment benefits other than pensions	$5,755,609

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

METROPOLITAN MOSQUITO CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST EMPLOYMENT BENEFITS HELD IN TRUST
For The Year Ended December 31, 2023

Statement 5

	Other Post Employment Benefits Irrevocable Trust
Additions:	
Employer contributions	$ -
Investment income (loss):	
Interest and dividends	88,505
Net increase (decrease)	
in fair value of investments	1,112,021
Total investment income (loss)	1,200,526
Less investment expenses	(958)
Net investment income (loss)	1,199,568
Total additions	$1,199,568
Deductions:	
Withdrawals - benefit payments	$62,434
Total deductions	62,434
Net increase (decrease) in net position	1,137,134
Net position restricted for post employment benefits other than pensions - January 1	4,618,475
Net position restricted for post employment benefits other than pensions - December 31	$5,755,609

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Mosquito Control District (the District) was established under Minnesota Laws 1959, Chapter 488 (Codified as *Minnesota Statutes* 2012, 473.701 to 473.716). The District operates under the Metropolitan Mosquito Control Commission representing the seven county metropolitan area. It was created to control mosquitoes and black gnats and to perform surveillance on Lyme ticks in the metropolitan area, which consists of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. A director is responsible for the supervision of the District and reports to the Commission.

This summary of significant accounting policies of the Metropolitan Mosquito Control District is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and have been consistently applied in the preparation of the financial statements.

A. FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles in the United States of America, the financial statements of the reporting entity includes those of the District (the primary government) and its component units. The District does not have any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information of all activities of the District, except for the fiduciary fund assets held in an irrevocable trust. The District reports all operating activities as governmental, supported by taxes, and does not report business-type activities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The District issues fund financial statements prepared on the modified accrual basis of accounting and the current financial resources measurement focus, and government-wide financial statements prepared using the accrual basis of accounting and the economic resources measurement focus. The financial statements are presented in a columnar format reconciling differences between them.

The District's General Fund is the general operating fund of the District and is used to account for all financial activities.

The fiduciary fund statements include assets held for the benefit of others and cannot be used for activities or operations of the District; therefore, they are excluded from the government-wide statements.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues and expenditures are recognized as follows:

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing or related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they become measurable and available. They are considered to be available when they are collectible within the current period or soon enough after to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due. Also, consumable inventory items are recognized as expenditures in the period used, rather than in the period purchased.

Property taxes and interest income are considered to be susceptible to be accrued as revenue in the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

The fiduciary fund is reported using the accrual basis of accounting.

D. BUDGETS

The Commission adopts an annual budget for the General Fund for the fiscal year commencing the following January. The budget is prepared on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). It includes the amounts that can be expended based on detailed budget estimates for individual expenditure accounts and the related anticipated revenues, as shown in the basic financial statements and supplementary information. The legal level of budgetary control is at the fund level.

All budget amounts lapse at the end of the year to the extent they have not been expended or encumbered.

The 2023 adopted annual budget for operations was $19,933,874. There were no revisions to the 2023 adopted annual budget for operations, which affected total budgeted expenditures.

E. CASH AND INVESTMENTS

Investments are stated at fair value, except for investments in external investment pools that meet GASB Statement No. 79 requirement, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

F. INVENTORY

Inventory is stated at historic cost using the first-in, first-out method. It consists of expendable supplies held for consumption in the next operating year. A portion of the fund balance, $3,627,247 has been categorized as nonspendable for control materials inventory.

G. CAPITAL ASSETS AND REAL PROPERTY

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The threshold for capitalization is $5,000. The District is recording depreciation on capital assets, as better information can be provided for decision making. The method of depreciation used is straight line. The estimated useful life of the assets is as follows:

Vehicles	12 yrs	Salvage value	15% of purchase
Equipment	10 yrs	Salvage value	5% of purchase
Computer & Application Equipment	5 yrs	Salvage value	0% of purchase
Buildings	30 yrs	Salvage value	0% of purchase

Equipment and vehicles in use more than six months are depreciated in the first year.

Buildings and improvements are not depreciated until after being in use for at least one year.

The District included, in 2010, computer software in the capital inventory which fits the category “intangible assets” and meets the requirements of GASB 51. A threshold of capitalization of ten thousand dollars is being used and a five year useful life for purposes of depreciation. There is no salvage value. Some of the software although not meeting the threshold when first used, has been built on or upgraded, over a period of a few years has met the requirements and are included. Although the useful life of some of the applications can be longer than five years, and some shorter, technology changes over time tend to make software obsolete if an upgrade is not applied at least every five years.

H. RIGHT-TO-USE LEASED ASSETS

Right-to-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. Right-to-use leased assets are amortized on a straight-line basis over the life of the related lease.

I. RISK MANAGEMENT

The District carries insurance to protect against risks of loss related to theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The District pays annual premiums to LMCIT for its property and casualty, workers compensation and liability insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. There have been no reductions in coverage and settled claims have not exceeded the District's coverage in any of the past three fiscal years.

J. PROPERTY TAXES

The property tax levy of the District is set by the Metropolitan Mosquito Control Commission. Distribution of the levy between the counties in the District is set by the Commissioner of Revenue, acting as the State Board of Equalization, and based on the budget established by the District. The levies are certified to Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The levies are limited to the District’s statutory levy limitation in each of the counties.

The District’s final levy for 2023 was certified to the Minnesota Department of Revenue by December 20, 2022. A lien is created when the levy is certified.

Property taxes are payable in equal installments by real property owners to the counties on May 15 and October 15. In general, the counties remit the collection to the District after each payment date.

The member counties make collections and forward payment to the District. Payments for the May 15 due date were to be forwarded by July 2023. In December 2023, all collections through November 2023 were due to the District. The balance of all 2023 collections was due by January 2024.

Government-wide Financial Statements
The District recognizes property tax revenue in the period for which the taxes were levied net of estimated uncollectible property taxes.

Governmental Funds Financial Statements
The District recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the District in July, December and the subsequent January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the District the following January) are classified as due from County taxes receivable. The portion of delinquent taxes not collected by the District in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

K. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

L. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

M. LITIGATION

Existing and pending lawsuits, claims and other actions in which the District is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the District management, remotely recoverable by plaintiffs.

N. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. An element of that reconciliation explains "Depreciation and amortization expense not included in funds, less other adjustments. Capital outlay is recorded in funds as a flow of financial resources. Principal payments are recorded in funds as a flow of financial resources." The details of this ($2,311,565) difference are as follows:

Pension contributions	($343,365)
Pension expense	484,547
OPEB expense	(585,609)
Depreciation and amortization expense	780,177
Capital outlay	(2,596,205)
Principal repayment	(155,882)
Change in benefits payable	104,772
Total	($2,311,565)
Breakdown by function:	
Administration	($31,734)
Control	472,256
Capital expenditures	(2,596,205)
Debt service expenditures	(155,882)
Total	($2,311,565)

O. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as inventory and prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the Metropolitan Mosquito Control Commission.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Commission and/or management. Pursuant to Commission Resolution, the District's Commission and/or the Executive Director or Director of Business Administration are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

P. MINIMUM UNASSIGNED FUND BALANCE POLICY

The Metropolitan Mosquito Control Commission has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – July and December. As such, it is the District's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 55% of the subsequent year's budgeted expenditures modified by a portion of any Control Materials in Stock that will be used prior to a tax settlement. The Commission has also included within the minimum unassigned fund balance 2% of the levy for delinquencies. At December 31, 2023, the unassigned fund balance of the General Fund was $27,551,650, which was $19,299,664 more than the targeted unassigned fund balance of $8,251,986.

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension related deferred outflows of resources and the OPEB related deferred outflows of resources reported in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Two of these are the pension and other postemployment benefit (OPEB) related deferred inflows of resources reported in the government-wide Statement of Net Position. The District also has a type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes.

R. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. The OPEB Plan's investments are in external investment pools with the State Board of Investment (SBI). The fair value of the position in the pool is the same as the value of pool shares.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

Deposits are held in US Bank N.A. and Royal Credit Union and are carried at fair value. The carrying amount of deposits included on the balance sheet as part of cash and investments is $536,326. Cash equivalents are short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Accrued interest of $48,154 is displayed on the balance sheet as part of Income Receivable. Minn. Stat. Section 118A.03 requires that deposits in financial institutions by municipalities, including special districts, be secured by depository insurance or a combination of depository insurance and collateral security. The statute further requires the total collateral computed at its fair market value shall be at least 10 percent more than the amount on deposit in excess of any insured portion. The District's deposits at year-end were appropriately secured by federal depository insurance and by perfected collateral.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the District to invest in United States securities, state and local securities, commercial paper, time deposits, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

The District participates in the Minnesota Association of Governments Investing for Counties (MAGIC) Trust Fund, an external investment pool which is created under a joint powers agreement pursuant to Minnesota Statute 471.59 and regulated by the Board of Trustees of the MAGIC Fund. The District's external investment pool investment MAGIC Fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of $1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost. The MAGIC Fund has no redemption requirements. The District's external investment pool investment MAGIC Term is an unrated pool and measures their investments at net asset value (NAV). The MAGIC Term requires a minimum investment of $100,000 and early withdrawal may result in substantial early redemption penalty. A copy of the funds statement is available at www.magicfund.org.

The District participates in pools of the Minnesota State Board of Investments, which is established by Article XI of the Minnesota Constitution. The fair value of the District's position in the pool is the same as the value of the pool shares. These pooled investments are not categorized because securities are not specifically held by the District in book entry form. The fund invests in instruments permitted by law consistent with Minnesota Statutes 11A.24. The assets of the District within the fund are held in the District's name. The carrying amount of $5,755,609 is reported in the District's fiduciary fund. A copy of fund statements is available at www.sbi.state.mn.us.

The following table summarizes the District's cash and cash equivalents.

Instrument	Carrying Amount
MAGIC Fund	$24,783,396
MAGIC Term	5,000,000
Deposits	536,326
Imprest petty cash	200
Total cash and investments	$30,319,922
State Board of Investment (SBI):	
Internal Fixed Pool	$37,339
Internal Equity Pool	5,718,270
Total fiduciary fund investments	$5,755,609

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable. The District does not have any investments that require categorization.

C. INVESTMENT RISKS

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the District will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The District's investment policy does not address custodial credit risk.

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to those listed on the preceding page. The District does not have a formal investment policy that further limits the ratings of their investments.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$1,118,867	$ -	$ -	$1,118,867
Construction in progress	10,078	-	10,078	-
Total capital assets, not being depreciated/amortized	1,128,945	0	10,078	1,118,867
Capital assets, being depreciated/amortized:				
Buildings	12,368,886	471,946	-	12,840,832
Motor vehicles	4,878,026	1,086,893	473,519	5,491,400
Furniture and equipment	1,659,572	152,510	-	1,812,082
Right-to-use leased asset - building	-	894,934	-	894,934
Total capital assets, being depreciated/amortized	18,906,484	2,606,283	473,519	21,039,248
Less accumulated depreciation/amortization for:				
Buildings	9,872,823	335,884	-	10,208,707
Motor vehicles	3,128,062	193,596	402,491	2,919,167
Furniture and equipment	1,383,794	71,710	-	1,455,504
Right-to-use leased asset - building	-	178,987	-	178,987
Total capital assets, being depreciated/amortized	14,384,679	780,177	402,491	14,762,365
Total capital assets being depreciated/amortized - net	4,521,805	1,826,106	71,028	6,276,883
Governmental activities capital assets - net	$5,650,750	$1,826,106	$81,106	$7,395,750

Depreciation and amortization expense was charged to functions of the primary government as follows:

Administrative	$9,325
Control	770,852
Total depreciation and amortization expense	$780,177

Note 4 LONG-TERM LIABILITIES

A. COMPENSATED ABSENCES

The District's long-term liabilities consist of compensated absences for employee vacation, sick leave and compensatory time benefits. These benefits are determined based on a formula with a maximum number of hours accumulated and are payable upon death, termination or retirement. Calculations include employer's share of Social Security and Medicare taxes. The current and long-term liabilities are reflected in the government-wide Statement of Net Position under the heading Employee Benefits Payable.

The following is a summary of employee benefit transactions of the District for the year ended December 31, 2023. Employees accumulate earned but unused vacation and sick leave, some of which is available for severance or retirement payments.

	Employee benefits payable at 01/01/2023	Net Change	Employee benefits payable at 12/31/2023	Short-term portion
Compensated absences	$1,037,110	$104,772	$1,141,882	$563,666

B. NOTE PAYABLE

During 2007, Anoka County issued certificates of participation in the amount of $2,705,000 to finance the expansion of the District's building in Andover, Minnesota. The District entered into an agreement with Anoka County to reimburse the County for debt service on the certificates of participation. The agreement required semi-annual payments of principal and interest from August 1, 2008 to February 1, 2023 with interest rates of 4.25% to 4.50%. The final principal payment in the amount of $240,000 was paid on February 1, 2023.

Subsequent to the final payment date of February 1, 2023, District management attempted to obtain documentation from Anoka County stating that the title of the building in Andover, Minnesota transferred to the District, however it was revealed that preceding lease documents may supersede the transfer of title to the District. Anoka County and the District are currently attempting to determine which party has legal title to the building. Until legal title is determined, the District has reported the building's net book value of $1,258,028 as a capital asset.

C. LEASE LIABILITY

The District entered into an agreement to lease building space and parking stalls effective January 1, 2023. The lease agreement qualifies as another than short-term lease under GASB 87 and, therefore, has been recorded at the present value of future minimum lease payments as of the date of lease commencement.

The lease requires 60 monthly lease payments ranging from $15,896 to $17,550. The lease liability is measured at a discount rate of 5%, which is the District's incremental borrowing rate.

As a result of the lease, the District has recorded a right-to-use leased asset with a net book value of $715,947 as of December 31, 2023.

A schedule of the District's lease liability activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Lease liability	$ -	$894,934	($155,882)	$739,052	$165,258

Total expense related to the right-to-use leased asset for the year ended December 31, 2023 is as follows:

Amortization expense by asset class:	
Right-to-use leased asset - building	$178,987
Variable lease expense	-
Interest on lease liability	37,413
Other lease expense	-
Total expense recognized in relation to right-to-use leased asset	$216,400

Principal and interest requirements to maturity for the lease liability as of December 31, 2023 is as follows:

	Building Lease Liability		
Year Ending December 31,	Principal Payments	Interest Payments	Total
2024	$165,258	$33,200	$198,458
2025	177,771	24,652	202,423
2026	191,013	15,463	206,476
2027	205,010	5,595	210,605
Total	$739,052	$78,910	$817,962

Note 5 INCOME RECEIVABLE

Detail of income receivable is as follows:

Interest receivable	$48,154
Due from other governments	3,500
Property taxes receivable	446,553
Total income receivable	$498,207

Significant receivable balances not expected to be collected within one year of December 31, 2023 relate to property tax receivables in the amount of $118,700.

Note 6 UNAVAILABLE REVENUE

Unavailable revenue at December 31, 2023 was $237,315, which is the portion of property taxes receivable not expected to be collected within 60 days of year-end. Unavailable revenue is only reported in governmental funds.

Note 7 NET POSITION/FUND BALANCES

Net position reported in the government-wide statement of net position at December 31, 2023 includes the following:

Governmental activities	
Net investment in capital assets:	
Land	$1,118,867
Equipment, net of accumulated depreciation	2,928,811
Building, net of accumulated depreciation	2,632,125
Right-to-used leased asset - building, net of accumulated amortization	715,947
Lease liability	(739,052)
Net investment in capital assets	$6,656,698
Restricted for OPEB:	
Net OPEB asset	$5,155,111
OPEB related deferred outflow of resources	6,658
OPEB related deferred inflow of resources	(448,296)
Restricted for OPEB	$4,713,473

At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

Nonspendable:	
Control materials in stock	$3,627,247
Committed:	
Emergency and disease vector control	1,500,000
Assigned:	
Employee benefits payable	1,141,882
Unassigned:	
See Note 1.P. for minimum fund balance policy	27,551,650
Total fund balance	$33,820,779

Note 8 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the District are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repalerd the statute delaying increases for memebrs retiring before full retirement age.

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the GERF for the year ended December 31, 2023 were $343,365. The District's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At December 31, 2023, the District reported a liability of $3,153,825 for its proportionate share of GERF's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $87,008.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0564% at the end of the measurement period and 0.0570% for the beginning of the period.

District's proportionate share of the net pension liability	$3,153,825
State of Minnesota's proportionate share of the net pension liability associated with the District	87,008
Total	$3,240,833

For the year ended December 31, 2023, the District recognized pension expense of $484,156 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $391 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the GERF.

At December 31, 2023, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$103,573	$21,611
Changes in actuarial assumptions	507,952	864,437
Difference between projected and actual investment earnings	-	114,921
Changes in proportion	32,285	37,099
Contributions paid to PERA subsequent to the measurement date	173,508	-
Total	$817,318	$1,038,068

The $173,508 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2024	$93,438
2025	(485,511)
2026	66,232
2027	(68,417)
2028	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 7.00% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERF.

Salary growth assumptions range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.
Mortality rates were based on the Pub-2010 General Employee Mortality Table, with slight adjustments to fit PERA's experience.
Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study was completed in 2022. The assumption changes were adopted by the Board and become effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Proportionate share of the GERF net pension liability	$5,579,369	$3,153,825	$1,158,722

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Note 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. In addition to providing pension benefits as noted above, the District's single-employer defined benefit OPEB plan, provides retirees, who meet defined requirements, payments for a portion of medical insurance premiums until they reach the age of 65. State Statute requires that retirees be provided access to medical insurance. The insurance is provided through the District's participation in its health care plan, and the District's OPEB benefits, benefit levels, employee contributions and employer contributions are governed by the Metropolitan Mosquito Control Commission (MMCC) and can be amended by the MMCC. The District has placed funds in an irrevocable trust (Administered by PERA) to address this obligation for the future and is presented separately in the fiduciary fund statements. The Plan does not issue a separate report.

Benefit provided. The District has had a long-standing practice of providing payment of a portion of health insurance premiums for some retirees until they reach age 65. In all cases, dependent coverage would be made available if it otherwise would have been, and the District would limit its payment of insurance premiums to the lesser of the actual premium cost or the monthly amount for insurance coverage up to that adopted in any Labor Agreement entered into with the Field Operations Supervisor bargaining unit and/or applied to non-bargaining unit active employees at the single employee contribution rate, until age 65.

Employees of the District who began employment with the District prior to January 1, 2008, may continue to receive health insurance benefit contributions from the District subject to the provisions outlined below:

1. Employees who at time of retirement from the District qualify for and apply for a full, unreduced retirement annuity from an approved public service retirement program such as the Public Employees Retirement Association (PERA) will be eligible to receive the above-defined individual insurance contribution.

2. Employees not meeting the criteria specified above will still qualify for the individual insurance contribution if they meet the following age and service requirements at retirement from the District:

Age at Time of Retirement	Years of Full-Time Equivalent Service
At least 58 but less than 62	20
At least 62 but less than 63	15
At least 63 but less than 64	14
At least 64 but less than 65	13

3. Employees not meeting the criteria specified in items 1 and 2 above will receive 50 percent of the individual insurance contribution provided their age and years of full-time equivalent service add up to the sum of 75 or greater at retirement from the District.

Employees covered by benefit terms. As of the valuation date of December 31, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently purchasing Medical insurance through the District	3
Active employees	30
Active employees waiving coverage	22
Total	55

Contributions. This District has assets designated for OPEB. These assets are in a qualified irrevocable trust. Since the District is fully funded, no more contributions will be made to the OPEB trust.

In addition to funding health insurance benefit contributions paid by the District, the cost associated with using a blended rate for actives and retirees (i.e. implicit subsidy) is also fully funded in the trust. The Commission may change the funding policy at any time.

B. NET OPEB LIABILITY (ASSET)

The District's net OPEB liability (asset) was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2022. Liabilities were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques per GASB 74/75.

Actuarial assumptions. The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Investment rate of return	7.5%, net of OPEB plan investment expense including inflation
Healthcare cost trend rates	7.60% for 2023, gradually decreasing over several decades to an ultimate rate of 3.70% in 2075 and later years.

Mortality rates were based on the Pub-2010 General Mortality Tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The following changes in actuarial assumptions occurred in 2023:

- The discount rate was changed from 6.75% to 7.50% based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections.
- The long-term investment return assumption was changed from 6.75% to 7.50% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the June 1, 2021 PERA General Employees Plan valuation to the rates used in the July 1, 2023 valuation.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 30% to 20% to reflect recent plan experience.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return.

The assumed asset weighting is based on target allocations in the plan's investment policy statement.

Expected future asset class returns were published in the 2023 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Estimated geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	99.35%	4.91%	7.41%
International equity	0.00%	5.32%	7.82%
Fixed income	0.65%	2.30%	4.80%
Real estate and alternatives	0.00%	3.97%	6.29%
Cash and equivalents	0.00%	0.77%	3.27%
Total	100.00%		7.51%
Reduction for assumed investment expense			(0.01%)
Net long-term expected investment return (rounded to 1/4%)			7.50%

Discount rate. The discount rate used to measure the total OPEB liability (asset) was 7.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions would be consistent with recent employer contribution history and their stated funding policy (if any). Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. CHANGES IN THE NET OPEB LIABILITY (ASSET)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at 12/31/22	$640,939	$4,618,475	($3,977,536)
Changes for the year:			
Service cost	21,554	-	21,554
Interest	42,611	-	42,611
Difference between expected and actual experience	(12,469)	-	(12,469)
Changes of assumptions	(29,703)	-	(29,703)
Changes of benefit terms	-	-	-
Employee contributions	-	-	-
Employer contributions	-	-	-
Net investment income	-	1,199,568	(1,199,568)
Benefit payments	(62,434)	(62,434)	-
Administrative expense	-	-	-
Net changes	(40,441)	1,137,134	(1,177,575)
Balances at 12/31/23	$600,498	$5,755,609	($5,155,111)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability (asset)	($5,112,993)	($5,155,111)	($5,193,669)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.6% decreasing to 2.9%) or 1-percentage-point higher (8.6% decreasing to 4.9%) than the current healthcare cost trend rates:

	1% Decrease (6.60% decreasing to 2.90%)	Healthcare Cost Trend Rates (7.6% decreasing to 3.90%)	1% Increase (8.60% decreasing to 4.90%)
Net OPEB liability (asset)	($5,210,083)	($5,155,111)	($5,090,329)

D. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2023, the District recognized OPEB expense of ($585,609). At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$51,548
Changes of assumptions	6,658	59,419
Net difference between projected and actual earnings on OPEB plan investments	-	337,329
Total	$6,658	$448,296

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2024	($196,284)
2025	(107,707)
2026	85,239
2027	(197,287)
2028	(11,637)
Thereafter	(13,962)

Note 10 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 99 *Omnibus 2022.* The provisions of this Statement contain multiple effective dates, the next implementation date being for fiscal years beginning after June 15, 2023.

Statement No. 100 *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 102 *Certain Risk Disclosures.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2024.

Statement No. 103 *Financial Reporting Model Improvements.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION **Statement 6**
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Measurement Date June 30	Fiscal Year Ended December 31	District's Proportionate Share (Percentage) of the Net Pension Liability	District's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0621%	$3,218,344	$ -	$3,218,344	$3,756,945	85.7%	78.2%
2016	2016	0.0631%	5,123,407	66,993	5,190,400	3,918,610	132.5%	68.9%
2017	2017	0.0635%	4,053,798	50,961	4,104,759	4,089,867	100.4%	75.9%
2018	2018	0.0592%	3,284,173	107,653	3,391,826	3,977,387	85.3%	79.5%
2019	2019	0.0555%	3,068,471	95,496	3,163,967	3,930,520	80.5%	80.2%
2020	2020	0.0551%	3,303,497	101,870	3,405,367	3,932,946	86.6%	79.1%
2021	2021	0.0573%	2,446,967	74,662	2,521,629	4,123,604	61.2%	87.0%
2022	2022	0.0570%	4,514,419	132,189	4,646,608	4,266,282	108.9%	76.7%
2023	2023	0.0564%	3,153,825	87,008	3,240,833	4,486,373	72.2%	83.1%

The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION **Statement 7**
SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Fiscal Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	$286,452	$286,452	$ -	$3,819,360	7.5%
2016	305,612	305,612	-	4,074,827	7.5%
2017	295,546	295,546	-	3,940,613	7.5%
2018	291,808	291,808	-	3,890,773	7.5%
2019	294,702	294,702	-	3,929,360	7.5%
2020	301,537	301,537	-	4,020,493	7.5%
2021	312,957	312,957	-	4,172,766	7.5%
2022	327,235	327,235	-	4,363,133	7.5%
2023	343,365	343,365	-	4,578,200	7.5%

The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION **Statement 8**
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
For The Last Ten Years

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$21,554	$20,927	$24,387	$23,080	$21,600	$21,689	$20,871
Interest	42,611	43,355	51,648	51,659	54,750	57,664	57,196
Changes of benefit terms		-	-	-	-	-	-
Differences between expected and actual experience	(12,469)	(13,471)	(42,504)	-	(19,946)	-	-
Changes of assumptions	(29,703)	-	(52,174)	-	24,453	(41,759)	-
Benefit payments	(62,434)	(62,483)	(84,371)	(68,053)	(80,642)	(72,074)	(73,216)
Net change in total OPEB liability	(40,441)	(11,672)	(103,014)	6,686	215	(34,480)	4,851
Total OPEB liability - beginning	640,939	652,611	755,625	748,939	748,724	783,204	778,353
Total OPEB liability - ending (a)	$600,498	$640,939	$652,611	$755,625	$748,939	$748,724	$783,204
Plan fiduciary net position							
Contributions - employer	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net investment income	1,199,568	(1,028,535)	1,282,157	703,066	919,670	(133,247)	550,871
Benefit payments	(62,434)	(62,483)	(84,371)	(68,053)	(80,642)	(72,074)	(73,216)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,137,134	(1,091,018)	1,197,786	635,013	839,028	(205,321)	477,655
Plan fiduciary net position - beginning	4,618,475	5,709,493	4,511,707	3,876,694	3,037,666	3,242,987	2,765,332
Plan fiduciary net position - ending (b)	$5,755,609	$4,618,475	$5,709,493	$4,511,707	$3,876,694	$3,037,666	$3,242,987
Net OPEB liability (asset) - ending (a) - (b)	($5,155,111)	($3,977,536)	($5,056,882)	($3,756,082)	($3,127,755)	($2,288,942)	($2,459,783)
Plan fiduciary net position as a percentage of the total OPEB liability	958.5%	720.6%	874.9%	597.1%	517.6%	405.7%	414.1%
Covered-employee payroll	$4,593,439	$4,402,123	$4,200,775	$4,013,581	$4,021,414	$3,979,313	$3,940,613
Net OPEB liability as a percentage of covered-employee payroll	-112.2%	-90.4%	-120.4%	-93.6%	-77.8%	-57.5%	-62.4%

The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be added as they become available.

See accompanying notes to the required supplementary information.

Fiscal Year Ended December 31	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	20.0%
2018	(4.1%)
2019	30.4%
2020	18.2%
2021	28.5%
2022	(18.0%)
2023	26.0%

The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be added as they become available.

Note A PENSION INFORMATION

PERA – General Employees Retirement Fund

2023 Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 Changes in the Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Note B OTHER POSTEMPLOYMENT BENEFIT PLAN INFORMATION

2023 Changes in Actuarial Assumptions:

- The discount rate was changed from 6.75% to 7.50% based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections.
- The long-term investment return assumption was changed from 6.75% to 7.50% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the June 1, 2021 PERA General Employees Plan valuation to the rates used in the June 1, 2023 valuation.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 30% to 20% to reflect recent plan experience.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2022 Changes in Actuarial Assumptions:

- The index rate was changed from 1.84% to 4.05% for the 20-year, tax-exempt municipal bonds used in the discount rate determination.

2021 Changes in Actuarial Assumptions:

- The discount rate was changed from 7.00% to 6.75% based on updated investment return assumptions, and 20-year municipal bond rates, and updated asset sufficiency projections.
- The index rate was changed from 2.00% to 1.84% for the 20-year, tax-exempt municipal bonds used in the discount rate determination.
- The long-term investment return assumption was changed from 7.00% to 6.75% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the July 1, 2019 PERA General Employees Plan valuation to be the rates used in the July 1, 2021 valuation.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 65% to 30% to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 Changes in Actuarial Assumptions:
- The index rate was changed from 2.75% to 2.00% for the 20-year, tax-exempt municipal bonds used in the discount rate determination.

2019 Changes in Actuarial Assumptions:
- The discount rate was changed from 7.50% to 7.00% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- The long-term expected rate of return on OPEB plan investments was changed from 7.50% to 7.00% based on updated capital market assumptions.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan to the rates used in the 7/1/2019 valuation.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2018 Changes in Actuarial Assumptions:
- The assumed Healthcare Trend Rates increased from 6.8% to 6.9%.

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OTHER REQUIRED REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Chair and
Members of the Commission
Metropolitan Mosquito Control District
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Mosquito Control District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Metropolitan Mosquito Control District's basic financial statements, and have issued our report thereon dated, June 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metropolitan Mosquito Control District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metropolitan Mosquito Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of Metropolitan Mosquito Control District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metropolitan Mosquito Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metropolitan Mosquito Control District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metropolitan Mosquito Control District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Redpath and Company, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 7, 2024

MINNESOTA LEGAL COMPLIANCE REPORT

To the Chair and
Members of the Commission
Metropolitan Mosquito Control District
St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Metropolitan Mosquito Control District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Metropolitan Mosquito Control District's basic financial statements, and have issued our report thereon dated June 7, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that Metropolitan Mosquito Control District failed to comply with the provisions of contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions,* promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Metropolitan Mosquito Control District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Redpath and Company, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 7, 2024

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