

Annual Financial Report

Year Ended December 31, 2025

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, 2025

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METROPOLITAN MOSQUITO CONTROL DISTRICT
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INTRODUCTORY SECTION

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May 7, 2026

To the Honorable 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, 2025. 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, 2025, 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, 2025. 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 3.24 million citizens and 1.3 million households, in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties covering approximately 3,000 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 showed signs of continuous growth with businesses reporting moderate to significant growth, increasing consumer spending. The Minnesota unemployment rate remained lower than the national average and continued to create jobs but showed a slight decrease compared to 2024. Housing growth trends rose slightly, with prices increasing and inventory improving, though affordability remained a concern. 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.

In submitting this Annual Financial Report, management reaffirms its commitment to providing complete, reliable, and transparent financial information. We appreciate the Board's continued oversight and support and trust.

Respectfully,

Signed by:

FB3A10054E644AD...
Maria Mancilla-Diaz, Business Administrator

Metropolitan Mosquito Control Commission

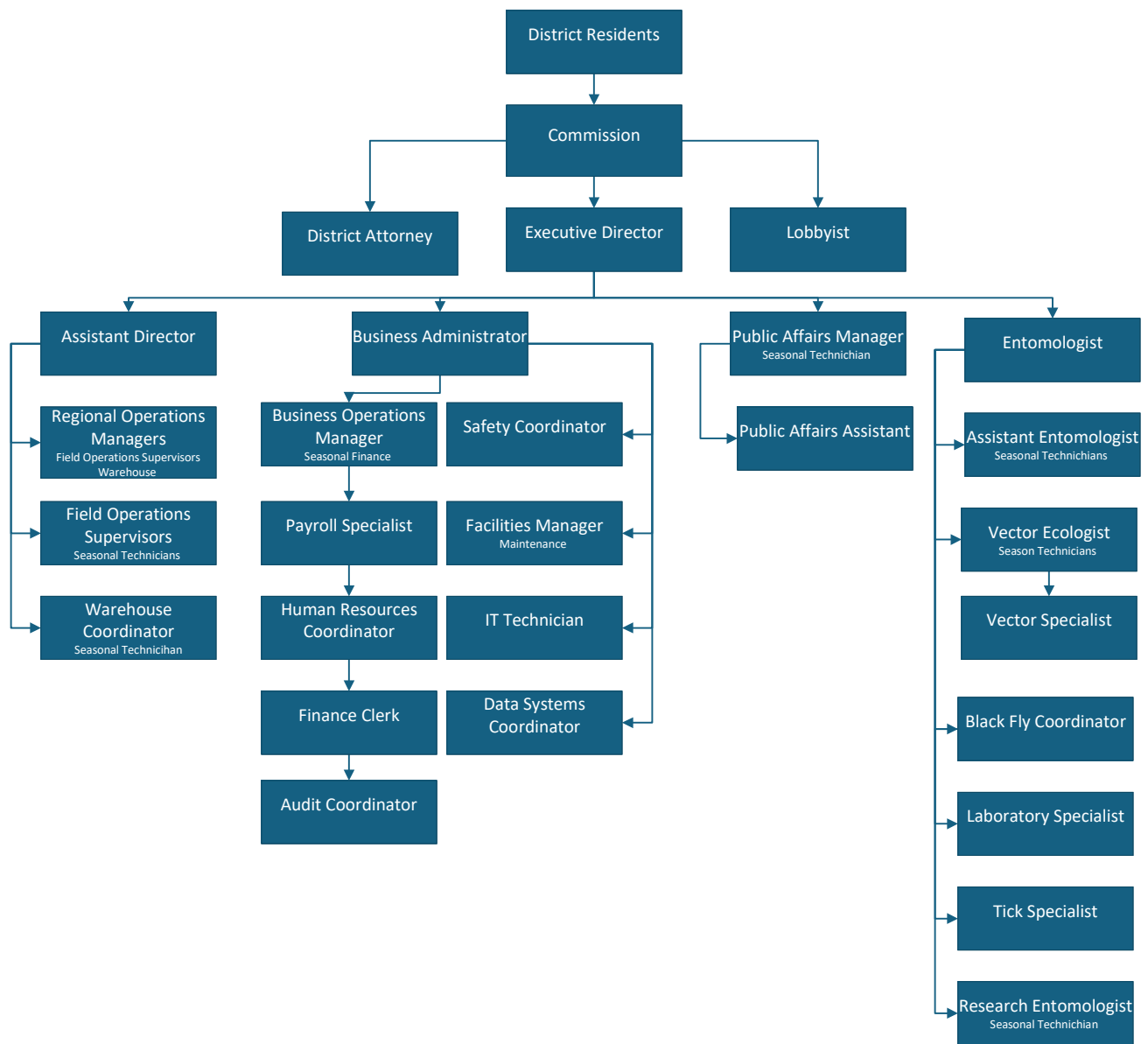
Anoka:	Jeff Reinert* Mandy Meisner John Heinrich
Carver:	Lisa Anderson John Fahey*
Dakota:	Mary Hamann-Roland Laurie Halverson Liz Workman*
Hennepin:	Kevin Anderson* Heather Edelson Angela Conley
Ramsey:	Rena Moran* (Chair) Garrison McMurtrey Kelly Miller
Scott:	Tom Wolf David Beer*
Washington:	Bethany Cox Fran Miron*

Financial Staff

Executive Director	Daniel Huff
Business Administrator	Maria Mancilla-Diaz

* Executive Committee members

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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, 2025, 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, 2025, and the respective changes in financial position and the budgetary comparison statement 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 May 7, 2026, 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

May 7, 2026

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Management's Discussion and Analysis

As management of the Metropolitan Mosquito Control District (District), we offer this narrative overview and analysis of the District's financial activities for the fiscal year ended December 31, 2025. This Management's Discussion and Analysis (MD&A) is intended to assist readers in understanding the District's financial position, results of operations, and significant economic and operational factors affecting the District.

The basic financial statements that follow this discussion include:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The MD&A should be read in conjunction with the District's basic financial statements and accompanying notes.

Financial Highlights – At the close of the 2025 fiscal year, the District's general fund reported an ending fund balance of \$35,404,280. The unassigned fund balance for the general fund was \$8,512,285, enough to cover general fund expenditures prior to tax receipts. This amount is adequate for working capital needs of the following period. Approximately 88% 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 on 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 \$45,183,434 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, 2025 and 2024

	December 31,	
	2025	2024
Current and other assets	\$44,929,332	\$44,911,289
Capital assets	7,665,057	7,610,421
Total assets	<u>\$52,594,389</u>	<u>\$52,521,710</u>
Deferred outflows of resources	<u>\$492,925</u>	<u>\$399,320</u>
Other liabilities	\$1,822,831	\$2,932,182
Long-term liabilities	3,478,152	3,741,709
Total liabilities	<u>\$5,300,983</u>	<u>\$6,673,891</u>
Deferred inflows of resources	<u>\$2,602,897</u>	<u>\$2,499,601</u>
Net position:		
Net investment in capital assets	\$7,269,034	\$7,036,627
Restricted for OPEB	7,465,300	6,535,190
Unrestricted	30,449,100	30,175,721
Total net position	<u>\$45,183,434</u>	<u>\$43,747,538</u>

A portion of the District's net position represents resources that may be subject to restrictions on how they may be used. In 2025, the District had restricted net position of \$7,465,300 related to the Net Other Post Employment Benefits asset. The balance of unrestricted net position, \$30,449,100, 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, 2025 and 2024

	December 31,	
	2025	2024
Revenues:		
Property tax	\$20,215,007	\$19,650,128
Other income	584,128	409,527
Investment income	1,208,650	1,468,673
Total revenues	22,007,785	21,528,328
Expenses:		
Commissioners	2,017	2,725
Administrative	1,398,238	1,036,606
Control	19,166,061	17,662,729
Interest	24,652	33,200
Total expenses	20,590,968	18,735,260
Gain (loss) on sale of capital assets	19,079	42,662
Increase (decrease) in net position	1,435,896	2,835,730
Net position - January 1	43,747,538	40,911,808
Net position - December 31	\$45,183,434	\$43,747,538

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 2025 property tax levy by 3% over 2024 and experienced an increase in other income of 43% over 2024 due to asset disposals, a vendor rebate program, and an OPEB withdrawal. 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 \$35,404,280, about 88% of which is spendable, however 4% is committed for emergency and disease vector control, 4% for employee benefit liability, 16% for treatment reserves, 40% capital improvement plan leaving approximately 24% 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 remaining 12% of the fund balance is non-spendable because it is committed to control materials already purchased and invoices already paid.

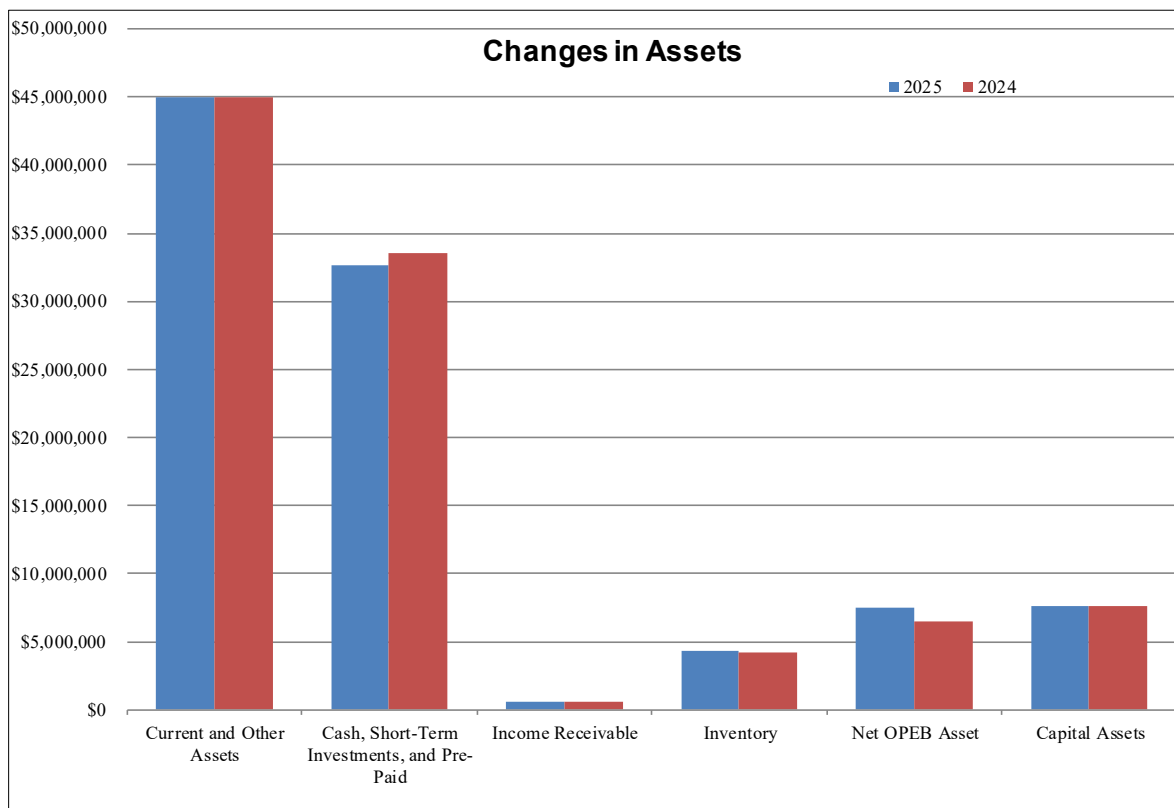
The general fund's fund balance increased by \$160,033 in 2025 (see Statement 3) for the year ended December 31, 2025.

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 \$8,034,426 as of December 31, 2025.

Changes in Financial Position

During 2025, the District's current and other assets increased by \$18,043 from \$44,911,289 at the end of 2024 to \$44,929,332 at the end of 2025, an increase of 0%. The District increased the amount of control materials purchased in advance, due to better pricing based on minimum annual purchases and rebates, bringing the inventory to a level higher than 2024 by \$79,916. The District will continue to make field equipment purchases, such as large material trucks, regular size trucks, and drones to expand the drone program, to name a few.

The following table provides some visual comparison for the changes in assets from 2024 to 2025: Current and Other Assets show the \$18,043 increase in 2025. 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 decreased by \$999,893, and Income Receivable had an increase of \$7,910. The increase is largely due to the interest income earned on cash and investments and miscellaneous income, which included but is not limited to material purchase rebates, leased space, and an increase in material inventory purchases, which increased by \$79,916. The Net OPEB Asset increased by \$930,110. Capital assets increased by \$54,636, due to purchasing several large material trucks and adding to the vehicle fleet, as well as the purchase of additional drones for the drone treatment program.



In 2025, the District treated 281,750 acres with larval control material and the lab staff identified over 22,793 larval samples. The acreage treated with larval control material in 2025 was 19,862 acres more than 2024, due to increased rainfall during the treatment 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 2025 of 6%. Actual operating costs were above the budgeted expenditure expectations by 2%. There was \$1,766,062 more expenditures in 2025 in comparison to 2024, including an increase to pesticide expenditures of \$1,475,402 and a decrease to capital expenditures of \$56,331. 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, 2025 amounts to \$7,665,057 (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 \$54,636 (net of accumulated depreciation and amortization) or approximately 1% in 2025. The increase is due to purchasing necessary field equipment and vehicles.

Table 3
Metropolitan Mosquito Control District’s Capital Assets (Net of Depreciation)
As of December 31, 2025 and 2024

	December 31,	
	2025	2024
Land and improvements	\$1,118,867	\$1,118,867
Building	2,300,013	2,395,830
Vehicles	3,521,249	3,194,898
Equipment	366,955	363,866
Right-to-use leased asset - building	357,973	536,960
Net capital assets	<u>\$7,665,057</u>	<u>\$7,610,421</u>

Long-Term Liabilities - At the end of 2025, the District had long-term liabilities in the amount of \$1,244,924 for compensated absences, \$1,837,205 for the Net Pension Liability, and \$396,023 for the lease liability related to the Oakdale warehouse created under GASB Statement No. 87.

Currently Known Facts, Decisions, and Conditions

The District’s financial and operational position continues to be influenced by several ongoing factors. The District’s operations remain highly dependent on weather conditions, which directly affect mosquito populations, treatment acreage, material usage, and related operating costs. In 2025, increased rainfall contributed to substantially higher treatment activity and higher pesticide expenditures. The timing of property tax settlements continues to affect cash flow planning, making maintenance of adequate unassigned fund balance important for working capital.

The District also continues to monitor employee wage and benefit costs, vehicle and equipment replacement needs, material pricing, and facility improvement needs as part of long-term financial and operational planning.

Requests for Information

This financial report is designed to provide a general overview of the Metropolitan Mosquito Control District’s finances for taxpayers, member governments, and other interested readers. Questions concerning any of the information provided in this report should be directed to the Metropolitan Mosquito Control District.

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BASIC FINANCIAL STATEMENTS

METROPOLITAN MOSQUITO CONTROL DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
December 31, 2025

Statement 1

	General Fund	Statement of Net Position		Reconciliation
Assets:				
Cash and investments	\$32,584,568	\$32,584,568	\$ -	
Inventory at cost	4,292,870	4,292,870	-	
Income receivable	586,594	586,594	-	
Capital assets:				
Land	-	1,118,867	1,118,867	Capital assets and right-to-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund.
Equipment/vehicles/furniture, net of accumulated depreciation	-	3,888,204	3,888,204	
Building, net of accumulated depreciation	-	2,300,013	2,300,013	
Right-to-use lease asset - building, net of accumulated amortization	-	357,973	357,973	
Net OPEB asset	-	7,465,300	7,465,300	The net OPEB asset is not a current financial resource and, therefore, is not reported in the General Fund.
Total assets	<u>37,464,032</u>	<u>52,594,389</u>	<u>15,130,357</u>	
Deferred outflows of resources:				
Pension related	-	434,026	434,026	Deferred outflows of resources - pension and OPEB related are not current financial resources and, therefore, are not reported in the General Fund.
OPEB related	-	58,899	58,899	
Total deferred outflows of resources	<u>0</u>	<u>492,925</u>	<u>492,925</u>	
Total assets and deferred outflows of resources	<u>\$37,464,032</u>	<u>\$53,087,314</u>	<u>\$15,623,282</u>	
Liabilities:				
Accounts payable	\$1,613,405	\$1,613,405	\$ -	
Due to other governments	120,233	120,233	-	
Employee benefits payable:				
Short-term	-	790,437	790,437	Long-term liabilities for employee benefits are not due and payable in the current period and, therefore, are not reported in the General Fund.
Long-term	-	454,487	454,487	
Accrued salary and wages	89,193	89,193	-	
Net pension liability - long-term	-	1,837,205	1,837,205	Long-term liabilities for pensions are not due and payable in the current period and, therefore, are not reported in the General Fund.
Lease liability:				
Short-term	-	191,013	191,013	Long-term liabilities for leases are not due and payable in the current period and, therefore, are not reported in the General Fund.
Long-term	-	205,010	205,010	
Total liabilities	<u>1,822,831</u>	<u>5,300,983</u>	<u>3,478,152</u>	
Deferred inflows of resources:				
Unavailable revenue	236,921	-	(236,921)	Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the General Fund. Deferred inflows of resources - pension and OPEB related are associated with long-term liabilities that are not due and payable.
Pension related	-	1,197,562	1,197,562	
OPEB related	-	1,405,335	1,405,335	
Total deferred inflows of resources	<u>236,921</u>	<u>2,602,897</u>	<u>2,365,976</u>	
Fund balance/net position:				
Fund balance:				
Nonspendable:				
Control materials in stock	4,292,870	-	(4,292,870)	
Committed:				
Emergency & disease vector control	1,500,000	-	(1,500,000)	
Assigned:				
Employee benefits payable	1,244,924	-	(1,244,924)	
Treatment reserves	5,714,697	-	(5,714,697)	
Capital plan	14,139,504	-	(14,139,504)	
Unassigned for working capital budget reserve	8,512,285	-	(8,512,285)	
Total fund balance	<u>35,404,280</u>	<u>0</u>	<u>(35,404,280)</u>	
Net position:				
Net investment in capital assets	-	7,269,034	7,269,034	Capital assets net of related debt used in government activities are not current financial resources and, therefore, are not reported in the General Fund. The net OPEB asset is not a current financial resource and, therefore, is not reported in the General Fund.
Restricted for OPEB	-	7,465,300	7,465,300	
Unrestricted	-	30,449,100	30,449,100	
Total net position	<u>0</u>	<u>45,183,434</u>	<u>45,183,434</u>	
Total liabilities, deferred inflows of resources and fund balance/net position	<u>\$37,464,032</u>	<u>\$53,087,314</u>	<u>\$15,623,282</u>	

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, 2025

Statement 2

	General Fund	Statement of Activities	Reconciliation
General revenues:			
Property taxes:			
Anoka County	\$2,005,791	\$2,009,494	\$3,703
Carver County	760,371	761,775	1,404
Dakota County	2,688,380	2,693,343	4,963
Hennepin County	9,059,735	9,076,461	16,726
Ramsey County	2,744,802	2,749,869	5,067
Scott County	993,635	995,469	1,834
Washington County	1,925,042	1,928,596	3,554
Investment income	1,208,650	1,208,650	-
Employer reimbursement from OPEB Trust	283,288	283,288	-
			Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the General Fund.
Miscellaneous	307,638	300,840	(6,798)
Total general revenues	<u>21,977,332</u>	<u>22,007,785</u>	<u>30,453</u>
Expenditures:			
Board of commissioners:			
Salaries	-	-	-
Travel	2,017	2,017	-
Administrative	1,486,138	1,398,238	(87,900)
Control	19,246,280	19,166,061	(80,219)
Capital expenditures	949,703	-	(949,703)
Debt service expenditures:			
Principal	177,771	-	(177,771)
Interest	24,652	24,652	-
Total expenditures	<u>21,886,561</u>	<u>20,590,968</u>	<u>(1,295,593)</u>
Revenues over expenditures / change in net position	90,771	1,416,817	1,326,046
Other financing sources:			
			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.
Sale of capital assets	69,262	19,079	(50,183)
Net change in fund balance / net position	160,033	1,435,896	1,275,863
Fund balance / net position - January 1	<u>35,244,247</u>	<u>43,747,538</u>	<u>8,503,291</u>
Fund balance / net position - December 31	<u>\$35,404,280</u>	<u>\$45,183,434</u>	<u>\$9,779,154</u>

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, 2025

	Budgeted Amounts		2025 Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Amounts	
Revenues:				
Property taxes:				
Anoka County	\$2,023,558	\$2,023,558	\$2,005,791	(\$17,767)
Carver County	760,628	760,628	760,371	(257)
Dakota County	2,698,077	2,698,077	2,688,380	(9,697)
Hennepin County	9,254,651	9,254,651	9,059,735	(194,916)
Ramsey County	2,814,939	2,814,939	2,744,802	(70,137)
Scott County	1,004,603	1,004,603	993,635	(10,968)
Washington County	1,945,650	1,945,650	1,925,042	(20,608)
Investment income	571,000	571,000	1,208,650	637,650
Employer reimbursement from OPEB Trust	-	-	283,288	283,288
Miscellaneous	279,000	279,000	307,638	28,638
Total revenues	<u>21,352,106</u>	<u>21,352,106</u>	<u>21,977,332</u>	<u>625,226</u>
Expenditures:				
Board of commissioners:				
Salaries	-	-	-	-
Travel	2,800	2,800	2,017	783
Administrative	1,276,317	1,276,317	1,486,138	(209,821)
Control	18,734,389	18,734,389	19,246,280	(511,891)
Capital expenditures	1,338,600	1,338,600	949,703	388,897
Debt service expenditures:				
Principal	-	-	177,771	(177,771)
Interest	-	-	24,652	(24,652)
Total expenditures	<u>21,352,106</u>	<u>21,352,106</u>	<u>21,886,561</u>	<u>(534,455)</u>
Revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>90,771</u>	<u>90,771</u>
Other financing sources:				
Sale of capital assets	-	-	69,262	69,262
Total other financing sources	<u>0</u>	<u>0</u>	<u>69,262</u>	<u>69,262</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	160,033	<u>\$160,033</u>
Fund balance - January 1			<u>35,244,247</u>	
Fund balance - December 31			<u>\$35,404,280</u>	

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, 2025

Statement 4

	Other Post Employment Benefits Irrevocable Trust
Assets:	
Investments:	
Fixed income pool	\$37,756
Equity pool	7,996,670
Total assets	\$8,034,426
Liabilities	\$ -
Net position:	
Restricted for post employment benefits other than pensions	\$8,034,426

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, 2025

Statement 5

	Other Post Employment Benefits Irrevocable Trust
Additions:	
Employer contributions:	\$ -
Investment income (loss):	
Interest and dividends	99,036
Net increase (decrease) in fair value of investments	1,164,067
Total investment income (loss)	1,263,103
Less investment expenses	(1,218)
Net investment income (loss)	1,261,885
Total additions	\$1,261,885
Deductions:	
Withdrawals - benefit payments	\$68,403
Withdrawals - employer reimbursements from OPEB Trust	283,288
Total deductions	351,691
Net increase (decrease) in net position	910,194
Net position restricted for post employment benefits other than pensions - January 1	7,124,232
Net position restricted for post employment benefits other than pensions - December 31	\$8,034,426

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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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 2025 adopted annual budget for operations was \$21,352,106. There were no revisions to the 2025 adopted annual budget for operations, which affected total budgeted expenditures.

Expenditures that exceed budgeted appropriations are as follows:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Fund	\$21,352,106	\$21,886,561	\$534,455

E. CASH AND INVESTMENTS

Investments in external investment pools are stated at amortized cost in accordance with GASB Statement No. 79. All other investments are stated at fair value. 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, \$4,292,870 has been categorized as nonspendable for control materials inventory.

G. CAPITAL ASSETS AND REAL PROPERTY

Capital assets, which include vehicles, equipment, buildings, and intangible assets such as computer software, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 (except intangible assets for which the threshold is \$10,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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.

H. RIGHT-TO-USE LEASE ASSETS

Right-to-use lease assets are 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 lease 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 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 2025 was certified to the Minnesota Department of Revenue by December 20, 2024. 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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

The member counties receive collections and forward payment to the District. Payments for the May 15 due date are to be forwarded by July. All collections through November are due to the District in December. The balance of any current year collections are due the following January:

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 counties by December 31 (remitted to the District the following January) are classified property 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 (\$1,295,593) difference are as follows:

Pension contributions	(\$394,980)
Pension expense	(96,120)
OPEB expense	(641,339)
Depreciation and amortization expense	844,884
Capital outlay	(949,703)
Principal repayment	(177,771)
Change in benefits payable	<u>119,436</u>
Total	<u><u>(\$1,295,593)</u></u>
Breakdown by function:	
Administration	(\$87,900)
Control	(80,219)
Capital expenditures	(949,703)
Debt service expenditures	<u>(177,771)</u>
Total	<u><u>(\$1,295,593)</u></u>

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 and may only be removed 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.

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 equal to 55% of the subsequent year's budgeted expenditures modified by the value of any Control Materials in Stock that will be used prior to a tax settlement.

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 PLAN

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 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

The carrying amount of deposits included on the balance sheet as part of cash and investments is \$370,760. 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 \$134,082 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) Fund, an external investment pool which was created under a joint powers agreement pursuant to Minnesota Statute 471.59 and is regulated by the Board of Trustees of the MAGIC Fund. The MAGIC Fund offers the MAGIC Portfolio and the MAGIC Term Portfolio. The MAGIC Portfolio is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a stable \$1.00 per share net asset value. Investments are measured at amortized cost in accordance with GASB Statement No. 79. The MAGIC Portfolio is rated AAAM by S&P Global and the fair value of the position in the pool is the same as the value of pool shares. The MAGIC Portfolio has no redemption requirements. The MAGIC Term Portfolio offers investments with maturities ranging from 60 days to one year. It is rated AAAF by Fitch Ratings and its investments are measured at net asset value. The MAGIC Term Portfolio requires a minimum investment of \$100,000 and early withdrawal may result in substantial early redemption penalty. The fund's financial statements are 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. 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 \$8,034,426 is reported in the District's fiduciary fund. The fund's financial statements are available at www.sbi.state.mn.us.

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

The following table summarizes the District's cash and investments:

Instrument	Carrying Amount
MAGIC Portfolio	\$22,213,608
MAGIC Term Portfolio	10,000,000
Deposits	370,760
Imprest petty cash	200
Total cash and investments	<u>\$32,584,568</u>
State Board of Investment (SBI):	
Internal Fixed Income Pool	\$37,756
Internal Equity Pool	<u>7,996,670</u>
Total fiduciary fund investments	<u>\$8,034,426</u>

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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$1,118,867	\$ -	\$ -	\$1,118,867
Total capital assets, not being depreciated/amortized	1,118,867	0	0	1,118,867
Capital assets, being depreciated/amortized:				
Buildings	12,840,832	139,136	-	12,979,968
Motor vehicles	6,211,520	732,805	269,809	6,674,516
Furniture and equipment	1,723,829	77,762	-	1,801,591
Right-to-use lease asset - building	894,934	-	-	894,934
Total capital assets, being depreciated/amortized	21,671,115	949,703	269,809	22,351,009
Less accumulated depreciation/amortization for:				
Buildings	10,445,002	234,953	-	10,679,955
Motor vehicles	3,016,622	356,271	219,626	3,153,267
Furniture and equipment	1,359,963	74,673	-	1,434,636
Right-to-use lease asset - building	357,974	178,987	-	536,961
Total accumulated depreciation/amortization	15,179,561	844,884	219,626	15,804,819
Total capital assets being depreciated/amortized - net	6,491,554	104,819	50,183	6,546,190
Total capital assets - net	\$7,610,421	\$104,819	\$50,183	\$7,665,057

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

Administrative	\$9,507
Control	835,377
Total depreciation and amortization expense	<u>\$844,884</u>

Note 4 LONG-TERM LIABILITIES

A. EMPLOYEE BENEFITS PAYABLE

It is the District's policy to permit employees to accumulate earned but unused vacation, sick leave and compensatory time benefits. Such benefits which are attributable to services already rendered, accumulate, and are more likely than not to be used for time off or otherwise paid are accrued in the government-wide statement of net position. Calculations include the District's share of Social Security and Medicare taxes. A liability for these amounts is reported in the General Fund only if they have matured, for example, as a result of employee resignations or retirements.

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Employee benefits payable activity for the year ended December 31, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>	<u>Short-term portion</u>
Employee benefits payable	<u>\$1,125,488</u>	<u>\$119,436</u>	<u>\$1,244,924</u>	<u>\$790,437</u>

B. LEASE LIABILITY

The District entered into an agreement to lease building space and parking stalls effective January 1, 2023. The lease agreement qualifies as an other than short-term lease under GASB Statement No. 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%.

As a result of the lease, the District has recorded a right-to-use lease asset with a net book value of \$357,973 as of December 31, 2025.

A schedule of the District's lease liability activity for the year ended December 31, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease liability	<u>\$573,794</u>	<u>\$ -</u>	<u>(\$177,771)</u>	<u>\$396,023</u>	<u>\$191,013</u>

Total expense related to the right-to-use lease asset for the year ended December 31, 2025 is as follows:

Amortization expense by asset class:	
Right-to-use lease asset - building	\$178,987
Variable lease expense	-
Interest on lease liability	24,652
Other lease expense	-
Total expense recognized in relation to right-to-use lease asset	<u>\$203,639</u>

Principal and interest requirements to maturity for the lease liability as of December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<u>Building Lease Liability</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2026	\$191,013	\$15,463	\$206,476
2027	<u>205,010</u>	<u>5,595</u>	<u>210,605</u>
Total	<u>\$396,023</u>	<u>\$21,058</u>	<u>\$417,081</u>

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 5 INCOME RECEIVABLE

Detail of income receivable is as follows:

Interest receivable	\$134,082
Due from other governments	2,250
Property taxes receivable	<u>450,262</u>
Total income receivable	<u><u>\$586,594</u></u>

Significant receivable balances not expected to be collected within one year of December 31, 2025 relate to property tax receivables in the amount of \$118,500.

Note 6 UNAVAILABLE REVENUE

Unavailable revenue at December 31, 2025 was \$236,921, 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

Net position reported in the government-wide statement of net position at December 31, 2025 includes the following:

Governmental activities	
Net investment in capital assets:	
Land	\$1,118,867
Equipment, net of accumulated depreciation	3,888,204
Building, net of accumulated depreciation	2,300,013
Right-to-used lease asset - building, net of accumulated amortization	357,973
Lease liability	<u>(396,023)</u>
Net investment in capital assets	<u><u>\$7,269,034</u></u>
Restricted for OPEB:	
Net OPEB asset	<u><u>\$7,465,300</u></u>
Restricted for OPEB	<u><u>\$7,465,300</u></u>

Note 8 DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The District participates in the General Employees Retirement Plan (General Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). Plan provisions are established and administered according to Minnesota Statutes Chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

The General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989 receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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 1.00% and a maximum of 1.50%. The 2025 annual increase was 1.25%. 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 prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District’s contributions to the General Employees Fund for the year ended December 31, 2025, were \$394,980. The District’s contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At December 31, 2025, the District reported a liability of \$1,837,205 for its proportionate share of the General Employees Fund'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 \$44,319.

District's proportionate share of the net pension liability	\$1,837,205
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>44,319</u>
Total	<u>\$1,881,524</u>

The net pension liability was measured as of June 30, 2025, 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 proportion 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0554% at the end of the measurement period and 0.0552% for the beginning of the period.

For the year ended December 31, 2025, the District recognized pension expense of (\$89,322) for its proportionate share of the General Plan's pension expense. In addition, the District recognized an additional (\$6,798) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, the District reported General Employees Fund 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	\$175,104	\$ -
Changes in actuarial assumptions	44,266	423,354
Net difference between projected and actual earnings on pension plan investments	-	732,392
Changes in proportion	9,912	41,816
Employer contributions subsequent to the measurement date	<u>204,744</u>	<u>-</u>
Total	<u>\$434,026</u>	<u>\$1,197,562</u>

The \$204,744 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2026	(\$224,983)
2027	(363,870)
2028	(248,834)
2029	(130,593)
2030	-
Thereafter	-

The net pension liability will be liquidated by the general fund.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability for the cost-sharing defined benefit plan was determined by an actuarial valuation as of June 30, 2025, using the 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 considered reasonable by the actuary. An investment return of 7.00% is within that range.

Benefit increases after retirement are assumed to be 1.50% for the General Plan.

Salary growth assumptions in the General Plan range in annual increments from 11.50% after one year of service to 3.00% after 27 years of service.

Mortality rates for the General Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Plan are reviewed every four years. The General Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The 1.00% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

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 2025 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 General Plan was projected to be available to make all projected future benefit payments of current plan members. 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	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the General Plan net pension liability	\$4,462,282	\$1,837,205	(\$292,324)

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 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:

<u>Age at Time of Retirement</u>	<u>Years of Full-Time Equivalent Service</u>
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, 2024, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently purchasing	
Medical insurance through the District	3
Active employees electing coverage	26
Active employees waiving coverage	<u>25</u>
Total	<u><u>54</u></u>

Funding policy. 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. The District is reimbursed for implicit and explicit subsidy payments each year. An additional amount of at least 4% of

the Fiduciary Net Position may be withdrawn to fund active employee health insurance benefits as long as the plan remains at least 120% funded. The Commission may change the funding policy at any time.

B. NET OPEB ASSET

The District’s net OPEB asset was measured as of December 31, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2024. 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, 2024 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	7.00%, net of OPEB plan investment expense and inflation
Healthcare cost trend rates	9.00% for 2025, gradually decreasing over several decades to an ultimate rate of 3.90% 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 and plan provisions occurred in 2025:

Changes in Actuarial Assumptions:

- The discount rate was changed from 7.50% to 7.00% 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 7.50% to 7.00% 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.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2023 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- The percent of future retirees not eligible for a explicit subsidy assumed to elect coverage at retirement changed from 30% to 20% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 20% to 15% to reflect recent plan experience.

Changes in Plan Provisions:

- Retiree premiums were updated to current levels.

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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
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Expected future asset class returns were published in the 2025 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	99.53%	4.60%	7.10%
International equity	0.00%	4.95%	7.45%
Fixed income	0.47%	2.70%	5.20%
Real estate and alternatives	0.00%	3.98%	6.48%
Cash and equivalents	0.00%	1.19%	3.69%
Total	100.00%		7.21%
Reduction for assumed investment expense			(0.10%)
Net long-term expected investment return (rounded to 1/4%)			7.00%

Discount rate. The discount rate used to measure the total OPEB liability was 7.00%. 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 ASSET

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (b) - (a)
Balances at 12/31/24	\$589,042	\$7,124,232	\$6,535,190
Changes for the year:			
Service cost	20,457	-	(20,457)
Interest	43,147	-	(43,147)
Difference between expected and actual experience	(81,078)	-	81,078
Changes of assumptions	65,961	-	(65,961)
Changes of benefit terms	-	-	-
Employee contributions	-	-	-
Employer contributions	-	-	-
Net investment income	-	1,261,885	1,261,885
Benefit payments	(68,403)	(68,403)	-
Employer reimbursements from OPEB Trust	-	(283,288)	(283,288)
Administrative expense	-	-	-
Net changes	(19,916)	910,194	930,110
Balances at 12/31/25	\$569,126	\$8,034,426	\$7,465,300

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Sensitivity of the net OPEB asset to changes in the discount rate. The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB asset	\$7,415,248	\$7,465,300	\$7,510,968

Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates. The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.00% decreasing to 2.90%) or 1-percentage-point higher (10.00% decreasing to 4.90%) than the current healthcare cost trend rates:

	1% Decrease (8.00% decreasing to 2.90%)	Healthcare Cost Trend Rates (9.00% decreasing to 3.90%)	1% Increase (10.00% decreasing to 4.90%)
Net OPEB asset	\$7,530,382	\$7,465,300	\$7,387,603

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

For the year ended December 31, 2025, the District recognized OPEB expense of (\$924,627). At December 31, 2025, 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	\$ -	\$110,671
Changes of assumptions	58,899	36,392
Net difference between projected and actual earnings on OPEB plan investments	-	1,258,272
Total	\$58,899	\$1,405,335

METROPOLITAN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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

Year Ending December 31,	OPEB Expense Amount
2026	(\$264,209)
2027	(546,735)
2028	(361,086)
2029	(154,815)
2030	(7,944)
Thereafter	(11,647)

Note 10 CONTINGENCIES

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 was fully paid off 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 \$1,122,287 as a capital asset.

Note 11 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. 103 *Financial Reporting Model Improvements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 104 *Disclosure of Certain Capital Assets*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 105 *Subsequent Events*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2026.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement 6

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
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%
2024	2024	0.0552%	2,042,427	52,813	2,095,240	4,675,827	44.8%	89.1%
2025	2025	0.0554%	1,837,205	44,319	1,881,524	5,021,053	37.5%	90.8%

See accompanying notes to the required supplementary information.

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)
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%
2024	363,522	363,522	-	4,846,960	7.5%
2025	394,980	394,980	-	5,266,400	7.5%

See accompanying notes to the required supplementary information.

METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET
OPEB ASSET AND RELATED RATIOS
For The Last Ten Years

	2025	2024	2023
Total OPEB liability			
Service cost	\$20,457	\$19,861	\$21,554
Interest	43,147	44,189	42,611
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(81,078)	(13,167)	(12,469)
Changes of assumptions	65,961	-	(29,703)
Benefit payments	(68,403)	(62,339)	(62,434)
Net change in total OPEB liability	(19,916)	(11,456)	(40,441)
Total OPEB liability - beginning	589,042	600,498	640,939
Total OPEB liability - ending (a)	\$569,126	\$589,042	\$600,498
Plan fiduciary net position			
Employer contributions	\$ -	\$ -	\$ -
Net investment income	1,261,885	1,430,962	1,199,568
Benefit payments	(68,403)	(62,339)	(62,434)
Employer reimbursements from OPEB Trust	(283,288)	-	-
Administrative expense	-	-	-
Net change in plan fiduciary net position	910,194	1,368,623	1,137,134
Plan fiduciary net position - beginning	7,124,232	5,755,609	4,618,475
Plan fiduciary net position - ending (b)	\$8,034,426	\$7,124,232	\$5,755,609
Net OPEB asset - ending (b) - (a)	\$7,465,300	\$6,535,190	\$5,155,111
Plan fiduciary net position as a percentage of the total OPEB liability	1412%	1209%	958%
Covered-employee payroll	\$5,412,934	\$4,917,533	\$4,593,439
Net OPEB asset as a percentage of covered-employee payroll	138%	133%	112%

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.

2022	2021	2020	2019	2018	2017
\$20,927	\$24,387	\$23,080	\$21,600	\$21,689	\$20,871
43,355	51,648	51,659	54,750	57,664	57,196
-	-	-	-	-	-
(13,471)	(42,504)	-	(19,946)	-	-
-	(52,174)	-	24,453	(41,759)	-
(62,483)	(84,371)	(68,053)	(80,642)	(72,074)	(73,216)
(11,672)	(103,014)	6,686	215	(34,480)	4,851
652,611	755,625	748,939	748,724	783,204	778,353
\$640,939	\$652,611	\$755,625	\$748,939	\$748,724	\$783,204
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(1,028,535)	1,282,157	703,066	919,670	(133,247)	550,871
(62,483)	(84,371)	(68,053)	(80,642)	(72,074)	(73,216)
-	-	-	-	-	-
-	-	-	-	-	-
(1,091,018)	1,197,786	635,013	839,028	(205,321)	477,655
5,709,493	4,511,707	3,876,694	3,037,666	3,242,987	2,765,332
\$4,618,475	\$5,709,493	\$4,511,707	\$3,876,694	\$3,037,666	\$3,242,987
\$3,977,536	\$5,056,882	\$3,756,082	\$3,127,755	\$2,288,942	\$2,459,783
721%	875%	597%	518%	406%	414%
\$4,402,123	\$4,200,775	\$4,013,581	\$4,021,414	\$3,979,313	\$3,940,613
90%	120%	94%	78%	58%	62%

See accompanying notes to the required supplementary information.

METROPOLITAN MOSQUITO CONTROL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION****Statement 9****SCHEDULE OF INVESTMENT RETURNS - OTHER POSTEMPLOYMENT BENEFIT PLAN**

For The Last Ten Years

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%
2024	24.9%
2025	17.8%

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.

Note A PENSION INFORMATION

PERA – General Employees Retirement Fund

2025 Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

2025 Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The 1.00% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2025

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 changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed 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 2.00% for the period July 1, 2020 through December 31, 2023, and 0.00% 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 Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2025

2018 Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2017 Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16 million in 2017 and 2018 and \$6 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21 million to \$31 million in calendar years 2019 to 2031. The State's contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

2016 Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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

2025 Changes in Actuarial Assumptions:

- The discount rate was changed from 7.50% to 7.00% 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 7.50% to 7.00% 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.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2023 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 30% to 20% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 20% to 15% to reflect recent plan experience.

2025 Changes in Plan Provisions:

- Retiree premiums were updated to current levels.

2024 Changes in Actuarial Assumptions:

- The index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in the discount rate determination was changed from 3.77% to 4.08%.

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.

METROPOLITAN MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2025

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, 2025, 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 May 7, 2026.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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

May 7, 2026

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, 2025, 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 May 7, 2026.

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 the 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

May 7, 2026



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