

Manatee County Mosquito Control District

Palmetto, Florida

Financial Statements

For the Fiscal Year Ended
September 30, 2021

Manatee County Mosquito Control District
 Financial Statements
 For the Fiscal Year Ended September 30, 2021

Table of Contents	Page
Financial Section	
Independent Auditors' Report	1- 2
Management's Discussion and Analysis	3-12
 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
 Fund Financial Statements	
Balance Sheet – General Fund	15
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund	18
Notes to Financial Statements	19-37
 Required Supplementary Information	
Schedule of Funding Progress - OPEB	38
Schedule of Changes in Liability – OPEB	39
Schedule of District's Proportionate Share of the Net Pension Liability (FRS)	40
Schedule of District Contributions (FRS)	41
Schedule of District's Proportionate Share of the Net Pension Liability (HIS)	42
Schedule of District Contributions (HIS)	43
 Compliance Section	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44-45
Independent Auditors' Management Letter	46-49
Independent Auditors' Report – Investment Compliance	50



STUART G. HISTON, CPA
FLOYD J. HOLWAY, CPA

ROB WILKINS, CPA
BENJAMIN D. BRAXTON, *Partner emeritus*

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Manatee County Mosquito Control District
Palmetto, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Manatee County Mosquito Control District, (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the District, as of September 30, 2021, and the respective changes in financial position, and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–12 and the schedule of funding progress (OPEB), schedule of changes in OPEB liability, schedule of District's proportionate share of the net pension liability (FRS), schedule of District contributions (FRS), schedule of District's proportionate share of the net pension liability (HIS), and the schedule of District contributions (HIS) on pages 38-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2022, on our consideration of the 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 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 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 the District's internal control over financial reporting and compliance.



Braxton & Holway, P.A.
Bradenton, Florida
March 4, 2022

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021
(Unaudited)

Our discussion and analysis of the Manatee County Mosquito Control District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the auditor's report beginning on page 1 and the District's financial statements which begin on page 13.

With the implementation of GASB 68 and 75 in prior years, pension plan liabilities (managed primarily by the Florida Retirement System) are included in the Government-Wide financial analysis. These values continue to be included in the current year.

As the District's operations and budgeting differ markedly from that utilized by other governmental entities, this report contains an overview of the operational factors contributing to the District's particular method of budgeting.

FINANCIAL HIGHLIGHTS

- The net position of the District at the close of its most recent fiscal year was \$7,279,772, an increase of \$2,277,848 (when compared to the net position figure for September 30, 2020, of \$5,001,924). This is primarily due to the cash and investment build-up of \$700,000, a capital asset and inventory increase of \$780,000, pay-down of the leases and related debt of about 905,000, a decrease of \$50,000 of payables and compensated absences of about \$50,000. It also includes a build-up of about \$165,000 in net pension obligations as a "Pension (expense)/(liability) with the continued adherence with GASB 68 and 75 adopted in prior years.
- As of the close of the current fiscal year, the District reported an ending fund balance of \$4,674,468, an increase of \$771,109 in comparison with the prior year's ending fund balance. The increase can be attributed to the increase in cash and investments, prepaid expenses, and changes in chemical inventory, plus the decrease in accounts payable and accrued expenses. The unassigned amount of ending fund balance (\$3,624,680) is available for spending at the District's discretion.
- At the end of the current fiscal year, unassigned fund balance was \$3,624,680 or 64% of total general fund expenditures. Last year this number was \$2,875,865, or 62% of total general fund expenditures. This positive unassigned fund balance is a function of the District's philosophy of budgeting with the expectation of a busier-than-average mosquito season. Low to moderate mosquito seasons, such as have occurred in the recent past, result in under spending in various budget categories. This ending unassigned fund balance can then be used to supplement taxes in the following year's budget, allowing the District to keep tax rates low (at or below the rolled-back rate in 8 of the past 12 fiscal years).

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position, page 13, and the Statement of Activities, page 14, provide information about the activities of the District and present a longer-term view of the District's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The Fund Financial Statements begin on page 15. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliations on pages 15 and 17 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the entity-wide financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

THE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future.

The statement of net position presents information on all of the District's assets. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial 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.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

(Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 19.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A significant portion of the District's net position (68% or \$4,953,540 of \$7,279,772) reflects its investment in capital assets (e.g., land, buildings, equipment, leased vehicles and helicopters). The District uses these capital assets to provide mosquito control services to the citizens of the District.

	2021	2020
Current and other assets	\$ 4,760,974	\$ 4,026,982
Capital assets	4,953,540	4,204,234
Total assets	<u>\$ 9,714,514</u>	<u>\$ 8,231,216</u>
Deferred Outflows	<u>\$ 415,082</u>	<u>\$ 605,904</u>
Long-term liabilities	\$ 1,424,575	\$ 2,894,636
Other liabilities	277,307	806,358
Total liabilities	<u>\$ 1,701,882</u>	<u>\$ 3,700,994</u>
Deferred Inflows	<u>\$ 1,147,942</u>	<u>\$ 134,202</u>
Net position		
Net investment in capital assets	\$ 4,953,540	\$ 4,204,234
Unrestricted	<u>2,326,232</u>	<u>797,690</u>
Total net position	<u>\$ 7,279,772</u>	<u>\$ 5,001,924</u>

At the end of the current fiscal year, the District is able to report a positive balance in the total net position.

Of particular significance this year, as will be frequently noted throughout the following discussions, are the helicopters acquired in the prior year's remain in service, the District continues to pay-down the associated lease purchase debt, and the District has purchased additional land for future expansion of operations.

The Unrestricted Net Position showed an increase of about \$1,529,000 from the previous year, primarily reflecting the tax revenue increase offset by the pay down of a significant portion of the helicopter lease purchase debt and other obligations.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021
(Unaudited)

For the year ending 2021 long-term liabilities are stated as \$1,424,575, a decrease of about \$1,400,000 over the 2020 figures. This decrease is primarily due to the repayment of the helicopter and leased truck debt, and the net pension liability decrease in Florida Retirement Plans, offset by an increase in compensated absences payable.

Other liabilities not impacted by GASB 68 and 75, primarily made up of outstanding annual and compensatory leave balances owed to employees, remain small (\$277,307 or about 2.9%) when compared to the total value of the District's assets.

	2021	2020
Revenues		
General revenues		
Property taxes	\$ 6,345,383	\$ 5,926,412
Investment income	15,518	59,216
Gain on sale of capital assets	130,608	28,575
Miscellaneous revenue	-	120
Total revenues	6,491,509	6,014,323
Expenses		
Mosquito Control	4,213,661	4,635,744
Total expenses	4,213,661	4,635,744
Change in net position	2,277,848	1,378,579
Net position at beginning of year	5,001,924	3,623,345
Net position at end of year	\$ 7,279,772	\$ 5,001,924

Total revenues increased by about \$477,000 (7.9%), during the current fiscal year. Property taxes increased by about \$419,000 (7.1%) and capital asset sales increased by about \$102,000. The trend for property taxes will probably continue into the future, since these types of taxes are based on property values, which continue to recover.

Expenses show a decrease (\$422,083 or 9.1%) over the previous year (FY 2019-20), which is not considered significant. This will be covered in more detail in the following **Budgetary Discussions** section.

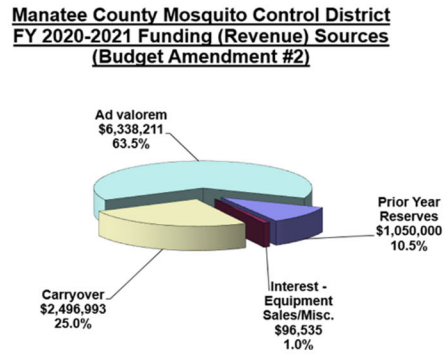
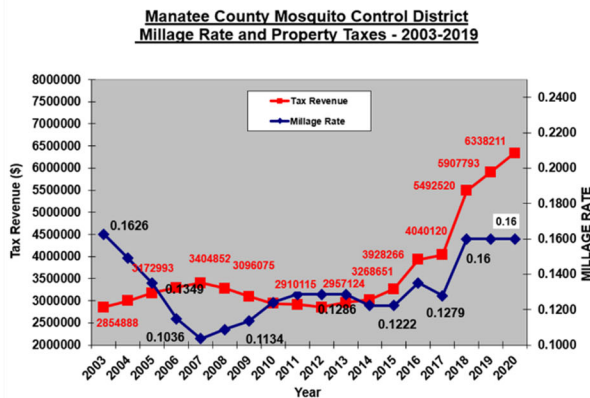
BUDGETARY DISCUSSIONS

The District's primary responsibility is to provide the citizens of Manatee County relief from excessive populations of both pestiferous and disease bearing mosquitoes by utilizing safe effective and environmentally responsible mosquito control techniques. The peak time of the year, "mosquito season," extends from May through November, depending on meteorological conditions (primarily rainfall and warm temperatures). Populations, and associated mosquito control operations, are not predictable for more than a week in advance. With uncertainty, budgets are developed with the capacity of covering a "worst case" season, with the intended result that during low mosquito seasons the District ends the year with a budget surplus.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021
(Unaudited)

Property taxes continue as our primary source of revenue. The County saw an overall property value increase in the 2020-21 FY by \$3.7b compared to the previous FY (\$41.6b vs. \$37.9b); worth noting the County increased in value by \$1.77b in the FY19-20 compared to FY18-19 (\$36.11b to \$37.88b). The District adopted a 0.1600 millage rate for FY 20-21. Even though the millage rate remained unchanged, this considered to be a 4.9% tax increase over the roll-back rate of 0.1525. This slight increase was similar to the rate increase imposed by other taxing agencies within Manatee County. This budget provided an estimated tax revenue of \$ 6,338,211 (actual collected \$6,345,383) for the FY2020-2021. **Equipment sales**, normally comprise \$40,000 - 50,000 of the annual budget but was an unusually small \$46,535 in FY2020-2021.



Usage of prior year reserves was the second largest revenue source. The \$3.55m carried forward as a funding source for FY 2020-2021 was significantly more than the \$1.05m in FY19-20 and \$750k in FY 2018-2019. This \$3.55m consisted of \$1.05m in budgeted reserves and \$2.49m in additional excess from unspent funds from the previous FY and an unexpectedly “slow” mosquito season in FY19-20. The use of significant reserve fund levels to supplement taxing revenues is a planned strategy, in most years providing a buffer against having to significantly raise taxes in the event of an unusually busy season that may result in an “over expenditure” of budgeted funds. The District is fortunate in that these unusually large prior year reserve balances coincided with a precipitous drop of 32% in the taxable value of the County over the five years from 2007 to 2012. In fact, it was only during this tax year (2018) that the taxable value of the county actually reached and slightly exceeded the peak taxable value seen at the beginning of FY 2007-08 (\$34.5 billion). The reserve fund buffer strategy allowed the District to lower the taxes charged to the residents of Manatee County (red line on the chart above) while maintaining the necessary budget to provide effective services during the “property value crash” years of 2008 through 2012.

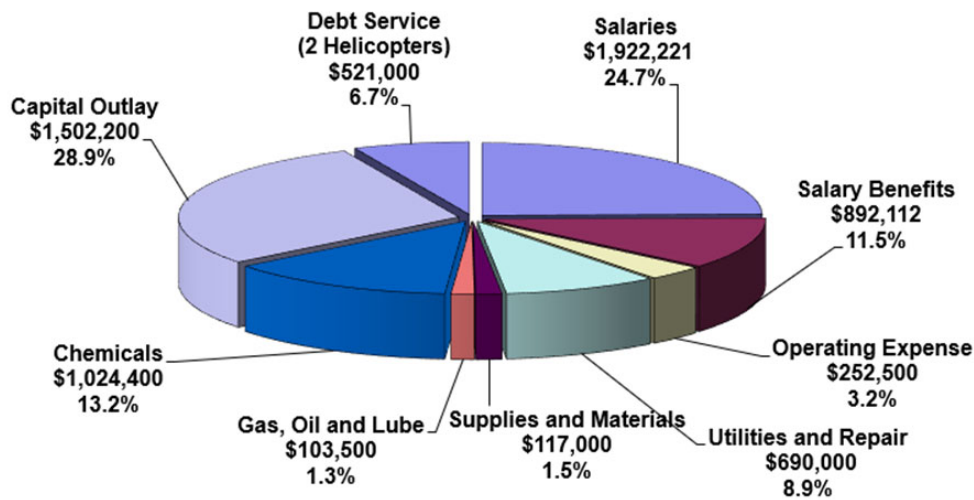
The District also obtains funding from interest earnings on invested funds, although this source is typically small, usually totaling less than 1% of the overall revenue.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021
(Unaudited)

Budgeted Expenses: As can be seen from the budget breakdown below, chemicals (for spraying mosquitoes) make up a significant portion of the budget (14.3% of expenditures). Salaries and benefits comprise almost 40% of the overall expenses but it should be noted that 4 empty positions exist in the budget with \$316k remaining in these expense-lines at the end of the fiscal year. Additionally, the mosquito season was relatively light in 2020-21 resulting in \$534k remaining in chemicals (48%). Capital outlay is typically 5-10% of the budget (7.2% in FY 2018-19) although the loan/lease-purchases of the helicopters in 2018 for \$3.4m increased the total capital outlay to 21.9% of the overall budget. Helicopter loan was paid in full several years early in December 2020. Additionally, the District finalized the cash-purchase of 30-acres of land for \$1m in January 2021. Other budgeted expense categories do not vary significantly from year to year but may be supplemented from contingency funds should exceptional unforeseen circumstances occur during the year that may require such action.

**Manatee County Mosquito Control District
FY 2020-2021 (Amend #2) Budget Expense Categories**



Comparing this year (ending 2021) to previous years provides good comparative data on the variability of mosquito populations from year-to-year and the impact this can have on budgets/spending.

The 2015 season started off very slowly but was extremely busy during the months of August and September, resulting in 85% of the chemical budget being spent, the highest expenditure on chemicals relative to that budgeted since 2004. 2015 was noteworthy for unforeseen maintenance issues on the expensive but vitally important turbine helicopters that resulted in expending over 200% of that budgeted for repairs in the FY 2014-15 budget. This required significant use of contingency funds and resulted in a far lower than normal unexpended carryover into FY 2015-16, depleting the levels of reserve funds normally supplemented in the amended budget.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021
(Unaudited)

The 2016 mosquito season was also very busy with almost 87% of the chemical budget being expended, although some of the higher-than-normal operational activity and expenses can be attributed to the public's lower tolerance for mosquito bites in light of the daily media coverage of the threat of the mosquito-borne zika virus.

The 2017 season was similar to those in 2013 and 2014, with very heavy rains in early June sparking off mosquito populations not normally seen until mid-summer, particularly in the new urban areas of the county centered on Lakewood Ranch. All this mosquito activity resulted in the District expending over 80% of its chemical budget. 2017 also saw other unanticipated maintenance issues with two of the three helicopters, with over 200% of that initially budgeted being spent on repairs (after being supplemented from the contingency fund).

2018 was a relatively quiet mosquito year with few periods of "normal summer mosquito activity" but no extremes. This is reflected in the fact that only 64% of the chemical budget was expended, and only 59% of the gasoline, oil and lubricants budget being expended (lower than average flight hours in the helicopters).

The 2019 mosquito season started off "normally" with average rains in June, but then exceptional rains (27 inches) occurred in July and August creating significant mosquito populations. However, probably due to a combination of the earlier intensive mosquito control efforts and the continuously flooded habitats, the months of August and September were relatively quiet. Although the District only saw 2-3 months of intensive mosquito spraying, it resulted in over 80% of the chemical budget being expended, over 90% of the repair and maintenance budget being used, as well as almost 90% of the gas, oil and lube budget.

The 2020 season was similar to 2018 with a wet spring/early summer producing many mosquitos and requiring a high amount of control activity but the northern marshes stayed wet due to frequent flooding preventing the wet/dry/wet cycle needed by our most problematic mosquito species. And, despite a wet fall and a late hurricane, the "inland" floodwater mosquito typically observed in Lakewood Ranch, Panther Ridge and Myakka never developed to the levels of historic. The expenditure of just 63% of the chemical budget and 56% of the fuel budget is reflective of this light year.

As the fiscal year ends in September, and taxes for the new fiscal year do not become available until November or December, allowance for significant funding sources must be made for the potentially busy mosquito-borne disease transmission months of October and November. This is achieved through specific reserve funds established in the previous fiscal year's budget, but not available until rolled over to the new fiscal year ("Reserves for Ending Cash Balance"). Typically, \$400,000 to \$600,000 is budgeted in the initial (July 10) budget but this is supplemented up to the requisite numbers (ideally close to \$1,000,000) with the unexpended carryover in a budget amendment, usually early in the new fiscal year.

FISCAL YEAR 2020-2021 BUDGET HIGHLIGHTS

Budget amendments made during the fiscal year included:

In November 2020, the unassigned carryover from Fiscal Year 2019-2020 was applied to increase beginning fund balance by \$2,496,994 with the balance primarily carried into capital outlay (\$1.98m) to pay the helicopter loan/lease and pay for the 30-acres of land. A second and much smaller amendment was executed in March 2021 to allocate unexpected revenues in surplus property and to increase capital outlay for 3 unexpected expenses (totaling \$21k).

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

(Unaudited)

Primary variances from final budget to actual included:

At the completion of the 2020-2021 FY, the District had a carryover of \$3,558,419 due to an unexpended capital budget designated for land purchase (\$1m which was delayed from 2019-2020 due to a slow-moving County permitting process likely related to Covid-19 but this closing was finished in January 2021) and a budget principle of \$480k related to the final payment of helicopter loan taking place in December 2020. Additionally, the District again had a light mosquito season resulting in an unexpended \$533,063 in chemical budget, \$306,905 in payroll and \$133,060 in benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of September 30, 2021, reflect an investment of \$4,953,540, net of accumulated depreciation. The following table provides a summary of net capital assets:

Governmental activities	2021	2020
Land	\$ 1,112,929	\$ 168,353
Buildings	1,654,963	1,416,878
Improvements other than buildings	180,005	180,005
Machinery and equipment - leased	3,579,132	3,579,132
Machinery and equipment	2,089,213	2,041,276
Total capital assets	<u>8,616,242</u>	<u>7,385,644</u>
Less accumulated depreciation	<u>(3,662,702)</u>	<u>(3,181,410)</u>
Total net capital assets	<u>\$ 4,953,540</u>	<u>\$ 4,204,234</u>

Capital additions included several pick-up trucks, and costs associated with the anticipated land purchase. For further information on capital assets please see NOTE E on page 33.

Debt

At September 30, 2021, the District had capital leases for vehicles (about \$54,000) but paid-off the helicopter leases during the current fiscal year.

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

During the early-to-mid 2000's Manatee County saw a rapid rise in property values (often experiencing double-digit property value percentage increases), reaching a peak of \$34.5 billion in 2007. During those "boom years" (2000-2007), the District was able to reduce its millage rate from 0.1612 to 0.1036 mils, often going to the "rolled-back rate" while still making the budget increases necessary to provide the additional services to residential developments expanding throughout the County. After reaching its peak in 2007, the next 5 years saw plummeting property values, losing almost one-third by 2012 when the property value estimate (used for determining fiscal year 2012-13 taxes) reached a low of \$23.3 billion. This was of significant concern to the District, particularly with its reliance on ad valorem taxes as its principal revenue source (99% of revenues, excluding reserves or carryover from the previous year).

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

(Unaudited)

Compounding the problem of the property value declines was the property tax reform legislation first enacted in 2007 which increased the Homestead Exemption for residential property owners by \$25,000, to \$50,000. Amendment 1, as this tax reform was referred to, resulted in an additional 6% reduction in the overall taxable value of Manatee County when it initially took effect several years ago. A further \$25,000 exemption was placed as a measure on the November 2018 General Election Ballot. If passed, this would have significantly reduced the taxable value of the County when it took effect on January 1, 2019, requiring the increase of the District's taxing rate in future years (starting in October 2019 for FY 2019-20) in order to obtain the same amount of taxing revenue.

The District weathered the storm of the falling property values without placing too much of a tax burden on the citizens of Manatee County thanks to the use of reserve funds as a buffer and generally lower than average mosquito seasons. And it has seen the rebound of the property values back to the "pre-market crash" levels. However, the combination of a heavy mosquito season and some significant unforeseen helicopter maintenance issues in FY 2014-15 caused a depletion in the reserve funds in the following years forcing the District to raise taxes significantly in FY 2016-17 (from 0.1222 to 0.1350, a 16.4% increase over the rolled back rate). This period also coincided with epidemics of Chikungunya and Zika throughout the Americas, increasing the disease threat in Manatee County where the vector mosquito, *Aedes aegypti*, is a common backyard species, another reason the District could not afford to reduce its operating budget in favor of lower taxes.

The District did feel comfortable enough with its financial situation at the end of FY 2016-17 to choose to go to the rolled back tax rate of 0.1279 mils for FY 2017-18. However, it was recognized that the increasing incidents of costly maintenance and the age of the existing helicopters (almost 40 years old) would require their replacement in the near future. In the FY 2016-17 audit it was stated:

"Gradual replacement of these helicopters with newer and more efficient/effective models capable of carrying larger loads and treating wider areas needs to be a major consideration of the District. This is particularly valid when considering the rapid expansion of the county's residential areas as a result of the population explosion that has seen an average annual growth of 3% each year since 2010, from 323,000 to 378,000 in 2016. Acquisition costs for these types of helicopters exceed \$1.5 million and would require a temporary increase in taxes above current levels in order to build sufficient capital."

Although the original intent of the District was to build sufficient funds in the Reserves for Future Capital line item over several years in order to purchase replacement helicopters, a perfect situation presented itself in the early summer of 2018 when Lee County MCD put up for sale its two Bell 407 helicopters (significantly larger and newer than the District's existing Hughes-500D helicopters, and suitably equipped with spray equipment). These helicopters (and associated equipment) were purchased for \$1.7 million each through a 7-year lease-purchase agreement. Although the District secured a 7-year loan/lease, the entire principal and interest was fully repaid in just over 2 years saving the taxpayers a considerable amount in interest fees.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021
(Unaudited)

The District completed a cash-purchase of 30-acres of land in January 2021 and new campus construction will begin in March 2022. This construction is now estimated to be \$12-13m. The District will establish a “leasing corporation” to utilize the lease-purchase financing option for construction costs. Professional fees associated with this construction will be paid with cash from capital outlay.

The local economy remains strong and the tax base (taxable value of the county) continues to grow at an annual rate averaging over 8% over the last 5 years. This bodes well for the District which relies on ad valorem taxes as its main revenue source, but it also requires increasing the scope of the District’s operations in order to keep up with the expansion of residential developments into what had been formerly uninhabited rural agricultural lands that didn’t require dedicated mosquito control services.

While the District remains financially sound, continued effort must be made to build and maintain significantly high levels in reserve funds as a buffer to offset potential losses in ad valorem taxing levels, increased expenditures during busy mosquito seasons or even mosquito-borne disease outbreaks. As mentioned above, but it bears repeating, this is particularly relevant with the recent emergence of Dengue, Chikungunya and Zika viruses as mosquito-borne threats to Florida residents, requiring increasing funding for operational disease prevention activities. As it has shown in the past, the District will continue to strive to provide efficient and effective mosquito control services while minimizing the tax burden to the citizens of Manatee County.

Future Plans: Due to increasing demands for mosquito control services from a larger human population now calling Manatee County “home” and an expanding geographical area demanding mosquito control services, the District has functionally “out-grown” it’s current 4.2 acres headquarters in Palmetto, Florida where we have resided since 1964. The District has now purchased 30-acres of land (January 2021) in Ellenton, Florida (a few miles east of our current facility) for \$1 million. This land will allow for a better/safer heliport for our new, larger helicopters, improved chemical storage, improved workspaces and better research opportunities. The District purchased this property with money held in capital outlay.

While this report/audit/MD&A covers the 2020-2021 FY, the District did completely pay off the \$3.4m loan/lease/purchase agreement in December 2020. In the next millage cycle (FY21-22), the District hopes to slightly increase taxes, trim budget expenses in an attempt to increase funds in the “Reserves for Future Capital” for land development, infrastructure and buildings on the new property. These funds will complement a potential loan/lease such that land development can commence in the 2021-2022 Current Year.

REQUEST FOR INFORMATION

The District’s financial statements are designed to present users (citizens, customers, investors, and creditors) with a general overview of the District’s finances and to demonstrate the District’s accountability. If you have questions about this report or need additional information, contact the District’s Director at 2317 2nd Avenue West, Palmetto, Florida 34221.

Manatee County Mosquito Control District
Statement of Net Position
September 30, 2021

	Governmental Activities
Assets	
Cash	\$ 458,195
Investments	3,801,314
Interest receivable	1,677
Prepays	39,429
Inventories	460,359
Capital assets, non-depreciable	1,112,929
Capital assets, depreciable, net of accumulated depreciation	3,840,611
Total Assets	9,714,514
Deferred Outflows of Resources	
Deferred outflows - pensions	415,082
Liabilities	
Accounts payable	23,115
Accrued liabilities	63,391
Compensated absences - due within one year	154,583
Compensated absences - due in more than one year	51,528
Capital lease obligations - due within one year	36,218
Capital lease obligations - due in more than one year	18,209
Net pension liability	839,030
Net other post employment benefits obligation	515,808
Total Liabilities	1,701,882
Deferred Inflows of Resources	
Deferred inflows - pensions	1,147,942
Net Position	
Invested in capital assets	4,953,540
Unrestricted	2,326,232
Total net position	\$ 7,279,772

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

Manatee County Mosquito Control District
Statement of Activities
For the Fiscal Year Ended September 30, 2021

Functions/Programs	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
Governmental activities			
Mosquito Control	\$ 4,213,661	\$ -	\$ (4,213,661)
Total governmental activities	<u>\$ 4,213,661</u>	<u>\$ -</u>	(4,213,661)
General revenues:			
Property taxes			6,345,383
Unrestricted investment earnings			15,518
Scrap sales, asset dispositions and adjustments			130,608
Total general revenues			<u>6,491,509</u>
Changes in net position			2,277,848
Net position, beginning of year			<u>5,001,924</u>
Net position, end of year			<u>\$ 7,279,772</u>

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

**Manatee County Mosquito Control District
Balance Sheet – General Fund
September 30, 2021**

Assets		
Cash	\$	458,195
Investments		3,801,314
Interest receivable		1,677
Inventories		460,359
Prepaid items		39,429
Total Assets		<u>4,760,974</u>
Liabilities		
Accounts payable		23,115
Accrued liabilities		63,391
Total Liabilities		<u>86,506</u>
Fund Balance		
Non-spendable		
Inventories		460,359
Prepaid items		39,429
Assigned for budget appropriations		550,000
Unassigned		3,624,680
Total Fund Balance		<u>4,674,468</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the General Fund.		
Cost	\$	8,616,242
Less accumulated depreciation		<u>(3,662,702)</u>
		4,953,540
Net other post-employment benefit obligations are not due and payable in the current period and, therefore, are not reported in the General Fund.		
		(515,808)
Deferred outflows, deferred inflows, and net pension liability related to the District's pension plans are not expected to be liquidated with expendable available financial resources, and, therefore are not reported in the General Fund.		
		(1,571,890)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the General Fund.		
Capital leases - vehicles		(54,427)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the General Fund.		
Compensated absences		(206,111)
Net position of governmental activities	\$	<u>7,279,772</u>

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

**Manatee County Mosquito Control District
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund
For the Fiscal Year Ended September 30, 2021**

Revenues	
Taxes	\$ 6,345,383
Investment income	15,518
	<hr/>
Total Revenues	6,360,901
Expenditures	
Current	
Mosquito control	
Personal services	1,615,316
Personal service benefits	759,052
Operating expenditures	330,760
Travel, utilities, repairs and services	184,329
Gasoline, oil and lubricants	57,468
Chemicals	491,337
Other supplies and materials	47,065
Debt service - leased vehicles	36,495
Debt service - helicopters	883,974
Capital outlay - land purchase	944,576
Capital outlay	285,955
	<hr/>
Total expenditures	5,636,327
Excess of revenues over expenditures	724,574
Other Financing Sources	
Proceeds from sales of scrap and capital assets	46,535
Total other financing sources	46,535
	<hr/>
Net change in fund balance	771,109
FUND BALANCE - beginning of year	3,903,359
	<hr/>
FUND BALANCE - end of year	\$ 4,674,468
	<hr/> <hr/>

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

**Manatee County Mosquito Control District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund to the Statement of Activities
For the Fiscal Year Ended September 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - General Fund	\$	771,109
---	----	---------

The General Fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$	285,955	
Land purchase costs		944,576	
Depreciation expense		(565,298)	665,233

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.

Adjustment for capital assets			84,073
-------------------------------	--	--	--------

Debt proceeds provide current financial resources for governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of debt principal is an expenditure in the general fund, but repayment reduces long-term liabilities in the statement of net position.

Repayment of capital lease principal - helicopters	(869,733)		
Repayment of capital lease principal - vehicles	(35,954)		905,687

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

Change in net pension expense and related accounts		143,277	
Change in OPEB payable		(307,794)	
Change in compensated absences		16,263	

Change in net position of governmental activities.		<u>\$</u>	<u>2,277,848</u>
--	--	-----------	------------------

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

Manatee County Mosquito Control District
Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget (GAAP Basis) and Actual – General Fund
For the Fiscal Year Ended September 30, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 6,338,211	\$ 6,345,383	\$ 6,345,383	\$ -
Investment income	50,000	50,000	15,518	(34,482)
Total Revenues	6,388,211	6,395,383	6,360,901	(34,482)
Expenditures				
Current				
Mosquito control				
Personal services	1,922,221	1,922,221	1,615,316	306,905
Personal service benefits	892,112	892,112	759,052	133,060
Operating expenditures	653,500	654,800	330,760	324,040
Travel, utilities, repairs and services	348,000	348,000	184,329	163,671
Gasoline, oil and lubricants	103,500	103,500	57,468	46,032
Chemicals	1,024,400	1,024,400	491,337	533,063
Other supplies and materials	58,000	58,000	47,065	10,935
Debt service - leased assets	521,000	883,974	920,469	(36,495)
Capital outlay - land purchase	-	944,576	944,576	-
Capital outlay	264,000	1,324,806	285,955	1,038,851
Total expenditures	5,786,733	8,156,389	5,636,327	2,520,062
Excess of revenues over expenditures	601,478	(1,761,006)	724,574	2,485,580
Other Financing Sources				
Other sources/contingencies	646,178	505,133	-	(505,133)
Proceeds from sale of capital assets	40,000	46,535	46,535	-
Total other financing sources	686,178	551,668	46,535	(505,133)
Net change in fund balance	1,287,656	(1,209,338)	771,109	1,980,447
FUND BALANCE - beginning of year	3,903,359	3,903,359	3,903,359	-
FUND BALANCE - end of year	\$ 5,191,015	\$ 2,694,021	\$ 4,674,468	\$ 1,980,447

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

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note A – Summary of Significant Accounting Policies

The financial statements of the Manatee County Mosquito Control District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Reporting Entity – The District is an independent special district in Manatee County, created by the Laws of Florida 24677 in 1947. This and succeeding special acts were subsequently repealed and codified in 2002, under a single special act, Chapter 2002-332. The District is responsible under Chapter 388, Florida Statutes for the abatement, suppression and eradication of mosquitoes and other arthropods within the legal boundaries of the county. It is governed by an elected Board of Commissioners serving staggered four-year terms and derives a significant portion of its revenues from property taxes levied upon the county-wide taxable value of real estate and personal property.

The District participates under inter-local agreements with various state and local government agencies to facilitate fiscal operations in such areas as pension and retirement plans, investment of idle funds and acquisition of routine supplies and materials. These financial statements do not reflect the financial position, results of operations or changes in fund balances of any of the inter-governmental activities noted above, but do include all operations and programs for which the District is responsible.

Criteria used to define the scope of the reporting entity include manifestations of oversight responsibility, accountability for fiscal matters and scope of public services. The District has no component units combined to form the reporting entity.

Government-wide and Fund Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The District has only governmental activities, which are supported primarily by taxes and are reported in the general fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note A – Summary of Significant Accounting Policies (continued)

The District has only governmental activities that are reported in the entity's general fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and *available*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The government reports the following major (and only) governmental fund:

The *general fund* is the government's primary operating fund and only fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Budget Process and Property Tax Recognition – The District operates under a fiscal budget certified by the Board of Commissioners prior to September 15 of each year, which is reviewed and approved by the Florida Department of Agriculture and Consumer Services (DACS). Any amendments to the budget must be approved by DACS. The District must provide its tax rate to be levied to the County Property Appraiser by September 30 of each year. The County Tax Collector opens the County tax roll in November with all property taxes due by the following March. A penalty of 3% is assessed in April with tax certificates sold on outstanding property taxes in May and June. All amounts collected by the Tax Collector are distributed prior to September 30; accordingly, there are no property tax receivables at the end of any fiscal year. Amounts outstanding for property taxes in litigation or bankruptcy are not significant and are recognized as revenue when received.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note A – Summary of Significant Accounting Policies (continued)

No expenditures in excess of total fund appropriations are allowable without Board of Commissioner approval. The Board may legally amend the budget. There were budgetary amendments during the current fiscal year. Budget appropriations lapse at year end.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash – Cash includes petty cash and amounts on deposit in banks. All funds on deposit are insured and fully collateralized as required by Chapter 280 of the Florida Statutes.

Investments – Investments consist of short-term and investments in pooled cash on deposit with Manatee County, Florida. The pooled cash includes certificates of deposits and various governmental securities. All investments approximate fair market value.

Inventory – The District’s inventory consists of chemicals and fuel and is valued at the lower of cost (first-in, first-out) or market. The cost of inventory is charged to an expenditure account when acquired. Inventory on hand at the end of the year is recorded as both an asset and as non-spendable fund balance (purchase method).

Prepaid Insurance – Insurance premium payments are recorded as expenditures when made. The balance of prepaid insurance and the offsetting non-spendable fund balance are adjusted as necessary at the end of each fiscal year.

Capital Assets – Capital assets of the District include land, buildings, improvements, and equipment and aircraft, and are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized.

Equipment is being depreciated using the straight-line method over the estimated useful lives, currently ranging from 3 to 10 years. Buildings and improvements estimated useful lives range from 20 to 40 years.

Compensated Absences – Accumulated unpaid vacation and compensatory time of the District’s employees that is expected to be liquidated with expendable available financial resources is reported as an expenditure and liability of the General Fund.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note A – Summary of Significant Accounting Policies (continued)

Fund Equity – Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

- ***Fund Balance:*** Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:
- ***Non-spendable:*** Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted:*** Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed:*** Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.
- ***Assigned:*** Fund balances are reported as assigned when amounts are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Currently, the Board of Commissioners is authorized to assign fund balances.
- ***Unassigned:*** Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in other funds should the District establish other funds at a later time.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District’s policy to use fund balance in the following order: (1) committed, (2) assigned, and (3) unassigned.

Deferred Outflows/Inflows of Resources – The District deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the District’s actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains and losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note A – Summary of Significant Accounting Policies (continued)

Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the District to the pension plan before year end but subsequent to the measurement date of the District's net pension liability are reported as deferred outflows of resources.

Note B - Cash

The District's cash balances at year end were either covered by the Federal Deposit Insurance Corporation limit of \$250,000 or were fully collateralized with securities by the District's financial institutions as required by Chapter 280, Florida Statutes.

Note C – Investments

Florida Statute 218.415 authorizes the District to invest surplus funds in the following:

1. The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories.
4. Direct obligations of the United States Treasury.
5. Federal agencies and instrumentalities.
6. Other investments authorized by law or by ordinance for a county or a municipality.
7. Other investments authorized by law or by resolution for a school district or a special district.

The District's investments during the year were in compliance with the authorized investments noted above.

The District has entered into an inter-local agreement with Manatee County Government to invest funds with the Manatee County Investment Pool (the "Pool"). The District's amount of investments in this pool at September 30, 2021 is \$3,801,314. The Pool is self-regulated and is not registered with the Securities and Exchange Commission. The County has not provided or obtained any legally binding guarantees for the pool during the fiscal year ended September 30, 2021. The Pool was not rated at September 30, 2021. For more information on the Manatee County Investment Pool, please contact the Manatee County Clerk of Circuit Court and Comptroller's office.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note C – Investments (Continued)

At September 30, 2021, the County’s pooled investments are valued in accordance with GASB 72 and GASB 79, as follows:

Type (Number of Investments)	Interest Rate	Maturity Range	Fair Value (Expressed in Thousands)	
			Total Pool	District's Share
Local Government Surplus Funds				
Trust Prime account (1)	0.080%	10/21	\$ 775,998	\$ 2,449
Institutional Cash Fund (1)	0.010%	10/21	34,566	109
Florida Local Government Investment Trust (1)	0.230%	10/21	46,457	147
Florida Local Government Day to Day Fund (1)	0.211%	10/21	32,188	101
U. S. Treasury Notes (4)	1.25%-1.50%	10/20-08/22	32,185	101
Federal Home Loan Bank (15)	0.25%-0.43%	8/23-08/24	116,400	367
Federal Home Loan Mortgage Corporation (6)	0.19%-0.30%	11/22-11/23	46,950	148
Federal National Mortgage Association (3)	0.28%-0.32%	10/23-12/23	23,985	76
Federal Farm Credit Bank (12)	0.16%-0.42%	3/22-07/24	95,921	303
			<u>\$ 1,204,650</u>	<u>\$ 3,801</u>

The Local Government Surplus Funds Trust Prime account, the Institutional Cash Fund, the Florida Local Government Investment Trust, and the Florida Local Government Day to Day Fund are cash equivalents and are valued using the cost, amortized cost, or current NAV shares fair value methods. The U. S. Treasury Notes, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Federal Farm Credit Bank investments are level 2 classifications and are valued using quoted market fair value methodologies which maximize the use of relevant observable inputs, including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

Custodial Credit Risk – At September 30, 2021, the District’s share of the pool had demand deposits of \$34,566. Balances in excess of the Federal Deposit Insurance Corporation insurance for demand and time deposits are fully collateralized by the multiple financial institutions’ collateral pool in accordance with Florida Statutes Section 280. U. S. Treasury notes and U.S. Treasury bills and all U. S. government agency and instrumentality securities are held by the County’s agent in the County’s name, in accordance with the County’s investment policy requiring third party custody and safekeeping.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note C – Investments (Continued)

Credit Risk – Credit quality risk results from potential default of investments that are not financially sound. The Prime account, the Institutional Cash Fund, the Florida Local Government Investment Trust and the Florida Local Government Day to Day Fund were rated AAAM, AAAM, AAAM and AAAM, respectively, by Standard and Poor’s.

Concentration of credit risk is the risk of loss attributable to the quantity of the government’s investment in a single issuer. To limit concentrations of credit risk, the County’s investment policy requires diversification of the portfolio with maximum limits that can be invested per investment type. Investments in single issuers that equal or exceed 5% of the District’s share of the pool have a reportable concentration of credit risk.

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Concentration Risk at Fair Value</u>	<u>Percentage of Total Pooled Investments</u>
Federal Home Loan Bank	AA+	\$ 367,000	9.66%
Federal Home Loan Mortgage Corporation	AA+	148,000	3.90%
Federal National Mortgage Association	AA+	76,000	1.99%
Federal Farm Credit Bank	AA+	303,000	7.96%
Total with concentration risk		<u>\$ 894,000</u>	<u>23.52%</u>

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The County’s investment policy recognizes that the longer a maturity of an investment, the greater its price volatility. The County’s policy limits risk for pooled investments by requiring all investments to have a maturity of three years or less from the date of purchase, with a weighted average to maturity of less than two years. At September 30, 2021 the pool’s weighted average to maturity was about .50 years, and none of the pooled investments have a maturity greater than two years.

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities</u>	
		<u>0-1 Year</u>	<u>1-2 Years</u>
Local Government Surplus Funds Trust Prime	\$ 2,449,000	\$ 2,449,000	\$ -
Institutional Cash Fund	109,000	109,000	-
Florida Local Government Investment Trust	147,000	147,000	-
Florida Local Government Day to Day Fund	101,000	101,000	-
U. S. Treasury Notes	101,000	101,000	-
Government Sponsored Enterprises	894,000	-	894,000
	<u>\$ 3,801,000</u>	<u>\$ 2,907,000</u>	<u>\$ 894,000</u>

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans

General Information – All of the District’s full-time employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“His Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32399-9000, or from the Web site: www.dms.myflorida.com/workforce/operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with a least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of the final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans (Continued)

Senior Management Service class members who retire at or after age 62 with a least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular - 10.00% and 10.82%; Special Risk Administrative Support – 35.84% and 40.76%; Special Risk – 24.45% and 28.89%; Senior Management Service – 27.29% and 32.01%; Elected Officers' – 39.73% and 43.91%; and DROP participants – 16.98% and 18.34%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans (continued)

The District’s contributions, including employee contributions, to the Pension Plan totaled \$96,399 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of \$296,335 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the District’s 2020-21 fiscal year contributions relative to the 2014-19 fiscal year contributions of all participating members. At June 30, 2021, the District’s proportionate share was 0.003922953 percent, which was an increase of 0.00371 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$96,399 for the plan. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,792	\$ -
Change of assumptions	202,767	-
Net difference between projected and actual earnings on Pension Plan investments	-	(1,033,837)
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	88,042	(47,123)
District Pension Plan contributions subsequent to measurement date	(42,454)	-
Total	<u>\$ 299,147</u>	<u>\$ (1,080,960)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$42,454 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25% average, including inflation
Investment rate of return	6.80% net of pension plan investment expense, including inflation
Mortality	PUB 2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report
Actuarial cost method	Individual Entry Age

Mortality rates were based on the PUB 2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in the respective valuation report.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash Equivalents	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Total	<u>100.0%</u>			

Assumed Inflation - Mean	2.4%	1.2%
--------------------------	------	------

(1) As outlined in the Pension Plan's investment policy

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.80%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for the calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
District's proportionate share of the net pension liability	\$ 1,325,228	\$ 296,335	\$ (563,705)

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2021, the District reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans (continued)

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021, and from July 1, 2021 through September 30, 2021, was 1.66% and 1.66%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District’s contributions to the HIS Plan totaled \$16,079 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of \$542,695 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the District’s 2019-21 fiscal year contributions relative to the 2017-20 fiscal year contributions of all participating members. At June 30, 2021, the District’s proportionate share was 0.00442402 percent, which was an increase of 0.000290 percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$16,079 for the plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,160	\$ (227)
Change of assumptions	42,644	(22,360)
Net difference between projected and actual earnings on HIS Plan investments	566	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	12,111	(44,395)
District HIS Plan contributions subsequent to measurement date	(6,827)	-
Total	<u>\$ 66,654</u>	<u>\$ (66,982)</u>

**Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021**

Note D – Retirement Plans (continued)

The deferred outflows of resources related to the HIS Plan, totaling \$6,672 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022.

Actuarial Assumptions – The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25% average, including inflation
Municipal bond rate	2.16%
Mortality	Generational PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report
Actuarial cost method	Individual Entry Age

Mortality rates were based on the PUB 2010 base table which varies by member category and sex, projected generationally with Scale MP – 2018 details in the valuation report.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
District's proportionate share of the net pension liability	\$ 627,408	\$ 542,695	\$ 473,292

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note D – Retirement Plans (continued)

Pension Plan Fiduciary Net Position – Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2021, the District reported a payable in the amount of \$0 for outstanding contributions to the HIS plan required for the fiscal year ended September 30, 2021.

Note E – Capital Assets

Changes in capital assets for the year ended September 30, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land and related costs	\$ 168,353	\$ 944,576	\$ -	\$ 1,112,929
Total	<u>168,353</u>	<u>944,576</u>	<u>-</u>	<u>1,112,929</u>
Capital assets being depreciated:				
Buildings	1,416,878	238,085	-	1,654,963
Improvements other than buildings	180,005	-	-	180,005
Machinery and equipment - leased	3,579,132	-	-	3,579,132
Machinery and equipment	2,041,276	47,870	67	2,089,213
Total	<u>7,217,291</u>	<u>285,955</u>	<u>67</u>	<u>7,503,313</u>
Less accumulated depreciation for:				
Buildings	(597,322)	(31,398)	-	(628,720)
Improvements other than buildings	(117,068)	(2,140)	-	(119,208)
Machinery and equipment - leased	(800,049)	(375,316)	-	(1,175,365)
Machinery and equipment	(1,666,971)	(156,444)	84,006	(1,739,409)
Total	<u>(3,181,410)</u>	<u>(565,298)</u>	<u>84,006</u>	<u>(3,662,702)</u>
Total capital assets being depreciated - net	<u>4,035,881</u>	<u>(279,343)</u>	<u>84,073</u>	<u>3,840,611</u>
Governmental activities capital assets - net	<u>\$ 4,204,234</u>	<u>\$ 665,233</u>	<u>\$ 84,073</u>	<u>\$ 4,953,540</u>

Depreciation expense of \$565,298 was charged to the mosquito control function of the District in the Statement of Activities.

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note F – Long-Term Liabilities

Changes in long term liabilities for the year ended September 30, 2021, are as follows:

	Beginning			Ending	Due	Due in
	Balance	Additions	Deletions	Balance	Within	More than
					One Year	One Year
Governmental activities						
Compensated absences	\$ 222,374	\$ 118,133	\$ (134,396)	\$ 206,111	\$ 154,583	\$ 51,528
Capital leases	960,114	-	(905,687)	54,427	36,218	18,209
Net pension liability	2,186,869	112,478	(1,460,317)	839,030	-	839,030
OPEB	208,014	327,711	(19,917)	515,808	-	515,808
Governmental activities						
long-term liabilities	<u>\$ 3,577,371</u>	<u>\$ 558,322</u>	<u>\$ (2,520,317)</u>	<u>\$ 1,615,376</u>	<u>\$ 190,801</u>	<u>\$ 1,424,575</u>

The compensated absences liability, net pension liability, and other post – employment benefits will be paid from the General Fund from which employees’ salaries are paid.

Note G – Capital Leases

Leased Vehicles – During a prior year, the District entered into several capital lease agreements with Enterprise Fleet Management, for vehicles totaling \$179,132. The leases require the District to provide insurance, fuel and upkeep for the vehicles. Monthly payments are required for 60 months, ranging from \$484 to \$582, including interest ranging from .87% to 1.3%. These leases are secured by the respective vehicle. Current depreciation expense and accumulated depreciation are \$35,316 and \$127,133 for these vehicles.

Lease Purchase Agreements for Helicopters – On September 12, 2018 the District entered into an agreement with Hancock Whitney Bank, for the lease-purchase for two helicopters for \$3,400,000. This equipment is to be utilized by the District in current and future operations. At September 30, 2021 this equipment is included in capital assets, and depreciation and accumulated depreciation is \$340,000 and \$1,048,333. The District, as owner, is required to maintain insurance, repairs, fuel, and other operational and maintenance costs related to the helicopters. These helicopter leases were paid-off during the current fiscal year.

Future maturities are:

	Vehicles		Totals	
	Principal	Interest	Principal	Interest
2022	\$ 36,218	\$ 278	\$ 36,218	\$ 278
2023	18,209	39	18,209	39
Total	<u>\$ 54,427</u>	<u>\$ 317</u>	<u>\$ 54,427</u>	<u>\$ 317</u>

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note H – Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in Note D, the District provides post-retirement health benefits to all full-time District employees enrolled in the District’s pension plan. The District administers a single-employer OPEB Plan. The purpose of this plan is to allow retirees the option of continuing participation in the medical, dental and life insurance plans. There are no separately issued financial reports for the Plan.

Membership – The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of October 1, 2021:

Active participants fully eligible	27
Retirees and beneficiaries receiving benefits	<u>2</u>
	<u><u>29</u></u>

Contributions – The annual required contribution amount is determined using actuarial methods and assumptions approved by the Commission. The Commission establishes and may amend the funding policy for the OPEB Health Care Plan.

The District’s actuarially required contribution, OPEB cost, and increase in net OPEB obligation for the year ended September 30, 2021 were computed as follows:

Annual required contribution - service cost	\$ 3,724
Interest on net OPEB obligation	11,214
Change in benefit terms (second director)	307,085
Differences between expected and actual experience	<u>15,085</u>
Annual OPEB cost	337,108
Change in assumptions (discount rate reduction, updated health care costs, and premiums, updated rate trends and mortality)	(9,397)
Actual contribution made as benefit payments	<u>(19,917)</u>
Increase (decrease) in net OPEB obligation	307,794
Net OPEB obligation, September 30, 2020	<u>208,014</u>
Net OPEB obligation, September 30, 2021	<u><u>\$ 515,808</u></u>

Fiscal Year Ended September 30	Annual OPEB Cost	Actual OPEB Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2021	\$ 337,108	\$ 19,917	100.00%	\$ 515,808
2020	23,516	11,121	100.00%	208,014
2019	11,180	11,180	100.00%	176,431
2018	10,304	10,304	100.00%	167,479
2017	19,247	19,247	100.00%	20,054
2016	19,247	12,735	66.20%	20,054
2015	12,425	9,003	72.50%	28,578
2014	12,425	6,120	49.30%	25,156
2013	16,420	6,108	37.20%	18,851
2012	16,420	9,911	60.40%	8,539

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note H – Other Post-Employment Benefits (OPEB) (continued)

OPEB Health Care Plan

As of the most recent valuation date, October 1, 2021, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Value of Assets	\$ -
Total OPEB liability	\$ 515,808
Unfunded OPEB liability	\$ (515,808)
Funded Ratio	-
Covered payroll	\$ 1,485,154
Unfunded Actuarial Accrued Liability as a percentage of covered payroll	34.7%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Calculations are based on the substantive plan in effect as of October 1, 2021.

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The assumptions used in the October 1, 2021, actuarial valuation, are as follows:

Funding Method	Entry Age Cost Method (level % of payroll)
Actuarial Value of Assets	Market Value
Mortality Rate	PubG-2010 Mortality Table using MP-2020
Discount Rate	2.43% Based on Bond Buyer Index
Health Care Inflation	7.00% in 2021, trending to 4.00% in 2075
Salary Increase Rate	2.50% Per Year
Inflation	2.50% Per Year
Health Care Participation	20% Assumed, with 50% coverage spouse
Termination Rates	Age 20 to Age 50, from 29.6% to 100%

Manatee County Mosquito Control District
Notes to the Financial Statements
September 30, 2021

Note I – Risk Management

The district is exposed to various risks of losses related to: torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for risks of losses, such as general property and liability insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note J – Commitments and Contingencies

Litigation – The District is not currently involved in any significant lawsuits.

Grant Contingencies – The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the District believes such disallowances, if any, will not be significant.

Note K – Land Purchase

On January 7, 2021 the District entered into a settlement agreement for the purchase of property in Ellenton, Florida. The Commission intends to relocate the District operations to the new site in the near future.

The price of the agreement was \$1,000,000.

All costs associated with this purchase have been capitalized in the entity-wide financial statements at September 30, 2021.

The District has arranged for the future funding of this project by creating the Manatee County Mosquito Control District Leasing Corporation, and establishing the Manatee County Mosquito Control District Certificate of Participation Series 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**Manatee County Mosquito Control District
 Required Supplementary Information
 Schedule of Funding Progress (Unaudited)**

OPEB Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
10-01-2009	\$ -	\$ 97,049	\$ 97,049	0.00%	\$ 1,146,983	8.5%
10/01/2011	-	109,137	109,137	0.00%	1,352,830	8.1%
10-01-2013	-	100,364	100,364	0.00%	1,362,737	7.4%
10-01-2015	-	159,052	159,052	0.00%	1,507,904	10.5%
10-01-2017	-	167,479	167,479	0.00%	1,634,350	10.2%
10-01-2018	-	176,431	176,431	0.00%	1,659,726	10.6%
10-01-2019	-	208,014	208,014	0.00%	1,623,785	12.8%
10-01-2020	-	515,808	515,808	0.00%	1,485,154	34.7%

NOTE: The amounts presented for each fiscal year were determined as of October 1. Ten years of data will be presented once it is accumulated. The 2009 valuation was the first year of implementation.

**Manatee County Mosquito Control District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Other Post-Employment Benefits (OPEB) Plan (Unaudited)**

OPEB Health Care Plan

Total OPEB Liability	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ 3,086	\$ 3,258	\$ 3,724
Interest	6,899	6,721	11,214
Changes of assumptions	10,147	19,188	(9,397)
Change in benefit terms	-	-	307,085
Differences between expected and actual experience	-	13,537	15,085
Benefit payments	<u>(11,180)</u>	<u>(11,121)</u>	<u>(19,917)</u>
Net change in total OPEB liability	8,952	31,583	307,794
Total OPEB liability - beginning	<u>167,479</u>	<u>176,431</u>	<u>208,014</u>
Total OPEB liability - ending	<u><u>\$ 176,431</u></u>	<u><u>\$ 208,014</u></u>	<u><u>\$ 515,808</u></u>
District's covered payroll (calendar year period)	\$ 1,659,726	\$ 1,623,785	\$ 1,485,154
Total OPEB liability as a percentage of covered payroll	10.63%	12.81%	34.73%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the OPEB plan will present information for those years for which the information is available.

The above information was obtained from the District's actuarial reports. Changes of assumptions for the current year were minimal. There is no OPEB plan that is funded by the Manatee County Mosquito Control District at this time.

**Manatee County Mosquito Control District
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the FRS net pension liability	0.004104183%	0.004478819%	0.003566914%	0.003846073%	0.003986157%	0.003620887%	0.003717595%	0.003922953%
District's proportionate share of the FRS net pension liability	\$ 250,416	\$ 578,500	\$ 900,649	\$ 1,137,000	\$ 1,200,651	\$ 1,246,983	\$ 1,611,260	\$ 296,335
District's covered payroll	\$ 1,475,959	\$ 1,499,525	\$ 1,558,856	\$ 1,600,400	\$ 1,634,350	\$ 1,659,726	\$ 1,623,785	\$ 1,485,154
District's proportionate share of the net pension liability as a percentage of its covered payroll	16.97%	38.58%	57.78%	71.04%	73.46%	75.13%	99.23%	19.95%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.09%	92.00%	84.88%	84.30%	83.90%	82.61%	82.03%	8.70%

NOTE: The amounts presented for each fiscal year were determined as of June 30. Ten years of data will be presented once it is accumulated.

**Manatee County Mosquito Control District
Required Supplementary Information
Schedule of District Contributions –
Florida Retirement System Pension Plan**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required FRS contribution	\$ 89,899	\$ 109,197	\$ 103,088	\$ 107,972	\$ 118,272	\$ 162,075	\$ 179,204	\$ 96,399
FRS contributions in relation to contractually required FRS contribution	89,899	109,197	103,088	107,972	118,272	162,075	179,204	96,399
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 1,475,959	\$ 1,499,525	\$ 1,558,856	\$ 1,600,400	\$ 1,634,350	\$ 1,659,726	\$ 1,623,785	\$ 1,485,154
FRS contributions as a percentage of covered - employee payroll	6.09%	7.28%	6.61%	6.75%	7.24%	9.77%	11.04%	6.49%

NOTE: The amounts presented for each fiscal year were determined as of June 30. Ten years of data will be presented once it is accumulated.

**Manatee County Mosquito Control District
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability –
Health Insurance Subsidy Pension Plan**

	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the HIS net pension liability	0.004585162%	0.004776870%	0.004745387%	0.004890889%	0.004904138%	0.004627983%	0.004714303%	0.004424202%
District's proportionate share of the HIS net pension liability	\$ 428,724	\$ 487,166	\$ 553,055	\$ 522,956	\$ 519,059	\$ 517,825	\$ 575,609	\$ 542,695
District's covered payroll	\$ 1,475,959	\$ 1,499,525	\$ 1,558,856	\$ 1,600,400	\$ 1,634,350	\$ 1,659,726	\$ 1,623,785	\$ 1,485,154
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.05%	32.49%	35.48%	32.68%	31.76%	31.20%	35.45%	36.54%
HIS Plan fiduciary net position as a percent of the HIS total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%

NOTE: The amounts presented for each fiscal year were determined as of June 30. Ten years of data will be presented once it is accumulated.

**Manatee County Mosquito Control District
Required Supplementary Information
Schedule of District's Contributions
Health Insurance Subsidy Pension Plan**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required HIS contribution	\$ 15,707	\$ 18,260	\$ 24,323	\$ 26,568	\$ 26,595	\$ 27,033	\$ 29,900	\$ 16,079
HIS contributions in relation to the contractually required HIS contribution	15,707	18,260	24,323	26,568	26,595	27,033	29,900	16,079
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 1,475,959	\$ 1,499,525	\$ 1,558,856	\$ 1,600,400	\$ 1,634,350	\$ 1,659,726	\$ 1,623,785	\$ 1,485,154
HIS contributions as a percentage of covered employee payroll	1.06%	1.22%	1.56%	1.66%	1.63%	1.63%	1.84%	1.08%

NOTE: The amounts presented for each fiscal year were determined as of June 30. Ten years of data will be presented once it is accumulated.

COMPLIANCE SECTION

STUART G. HISTON, CPA
FLOYD J. HOLWAY, CPA

ROB WILKINS, CPA
BENJAMIN D. BRAXTON, Partner emeritus

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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***

Board of Commissioners
Manatee County Mosquito Control District
Palmetto, Florida

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 and major fund of the Manatee County Mosquito Control District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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.



Braxton & Holway, P.A.
Bradenton, Florida
March 4, 2022

MEMBERS

STUART G. HISTON, CPA
FLOYD J. HOLWAY, CPA

AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

ROB WILKINS, CPA
BENJAMIN D. BRAXTON, *Partner emeritus*

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Board of Commissioners
Manatee County Mosquito Control District
Palmetto, Florida

Report on the Financial Statements

We have audited the financial statements of the Manatee County Mosquito Control District, Palmetto, Florida (the "District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 4, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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*; Schedule of Findings and Questioned Costs; Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315; and our Independent Auditors' Report in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 4, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No audit findings were noted in the District's September 30, 2020, audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Manatee County Mosquito Control District is an independent special district in Manatee County, created by the laws of Florida 24677 in 1947. The District has no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Manatee County Mosquito Control District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information for an Independent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i) 6, Rules of the Auditor General, the Manatee County Mosquito Control District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year was 31.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year was -0-.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$1,615,316.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$-0-.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project were \$944,576.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6) Florida Statutes, was \$516,547.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Manatee County Mosquito Control District reported:

- a. The mileage rate or rates imposed by the district was .1600 mills.
- b. The total amount of ad valorem taxes collected by or on behalf of the district was \$6,345,383.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds was \$-0-.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal, state and other granting agencies, the Board of Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Braxton & Holway, P.A.
Bradenton, Florida
March 4, 2022

Current Year Findings and Recommendations

None

Prior Year Findings and Recommendations

None



STUART G. HISTON, CPA
FLOYD J. HOLWAY, CPA

ROB WILKINS, CPA
BENJAMIN D. BRAXTON, *Partner emeritus*

MEMBERS

**AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS**

**FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Manatee County Mosquito Control District
Palmetto, Florida

We have examined the Manatee County Mosquito Control District, Palmetto, Florida's (the "District") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Braxton & Holway, P.A.
Bradenton, Florida
March 4, 2022