

BEACH MOSQUITO CONTROL DISTRICT

BAY COUNTY, FLORIDA

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2025



Tipton, Marler, Garner & Chastain
The CPA Group

BEACH MOSQUITO CONTROL DISTRICT
BAY COUNTY, FLORIDA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2025

CONTENTS

	<u>PAGE</u>
Independent auditor's report	1
Management's discussion and analysis (Required Supplementary Information)	4
Basic financial statements –	
Statement of net position and governmental funds balance sheet with summarized financial information as of September 30, 2024	9
Statement of activities and governmental fund revenues, expenditures, and changes in fund balances with summarized financial information for the year ended September 30, 2024	10
Statement of revenues and expenditures budget and actual – all governmental fund types	11
Notes to financial statements	12
Required supplementary information other than management discussion and analysis –	
Schedules of proportionate share of net pension liability, Florida Retirement System	38

CONTENTS (Continued)

	<u>PAGE</u>
Schedules of contributions, Florida Retirement System	40
Schedules of proportionate share of net pension liability, Health Insurance Subsidy Program	42
Schedules of contributions, Health Insurance Subsidy Program	44
Schedules of changes in total OPEB liability and related ratios	46
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	48
Independent auditor's management letter for the Auditor General of the State of Florida	51
Statement of explanation pursuant to Rule 10.558(1)	54
Independent accountant's report on compliance with Section 218.415, Florida Statutes	56



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Beach Mosquito Control District
Bay County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of Beach Mosquito Control District ("the District"), Bay County, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Beach Mosquito Control District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Beach Mosquito Control District, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beach Mosquito Control District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 10 to the financial statements, in 2025, the District adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, and Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to these matters.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Beach Mosquito Control District’s financial statements, and we expressed an unmodified opinion on those financial statements in our report dated February 5, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 through 8 and the schedules on pages 38 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of Beach Mosquito Control District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beach Mosquito Control District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beach Mosquito Control District’s internal control over financial reporting and compliance.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
March 31, 2026



BEACH MOSQUITO CONTROL DISTRICT

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**Board of Commissioners
John Smith, Chairman
Brandon Caldwell, Secretary
Larry Couch, Treasurer**

**Director James F. Clauson
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BEACH MOSQUITO CONTROL DISTRICT Management's Discussion and Analysis For the year ended September 30, 2025

This discussion and analysis of the Beach Mosquito Control District's (BMCD) financial performance provides an overview of the BMCD's financial activities for the fiscal year ended September 30, 2025.

Please read it in conjunction with BMCD's financial statements, which follow this section.

The following are financial highlights for 2024/2025 fiscal year:

The District's net position remained virtually unchanged as a result of this year's operations with a decrease of \$81,514 (0.6%).

Ad valorem tax revenues totaled \$2,200,862, representing the District's primary source of funding. Tax revenues declined from the prior year primarily due to a reduction in the millage rate.

The District maintained a strong financial position with unrestricted net position of \$6,043,049, providing flexibility to support ongoing mosquito control operations and future needs.

Cash and cash equivalents increased to \$6,681,427 at year end, reflecting continued strong liquidity and prudent financial management.

Overview of the Basic Financial Statements

The first financial statement is the Statement of Net Position and Governmental Funds Balance Sheet. This statement includes all of the BMCD's assets, deferred outflows, deferred inflows, and liabilities using Governmental Accounting Standards (GAS). Total Net Position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – can be used to measure the BMCD's financial position.

BEACH MOSQUITO CONTROL DISTRICT
Management’s Discussion and Analysis

The second financial statement is the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances. This statement shows the increase or decrease in net position during the fiscal year. Over time, the increase or decrease in net position is useful to indicate whether the BMCD’s financial health is improving or deteriorating.

The third financial statement is the Statement of Revenues and Expenditures Budget and Actual – All Governmental Fund Types. This statement reports revenues and expenditures and indicates the variance between the actual revenues and expenditures and the budgeted amounts.

Condensed Financial Information

The following presents condensed data about net position and changes in net position:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets:			
Cash and cash equivalents	\$ 6,681,427	\$ 6,473,202	\$ 6,086,650
Accounts receivable (all considered collectible)	2,778	2,698	2,618
Accrued interest	34,464	47,734	0
Taxes receivable	0	0	22
Inventory	156,884	156,960	151,692
Prepaid expenses	9,492	5,448	8,373
Construction in progress	0	457,531	0
Capital assets – net	7,592,599	7,528,961	7,970,645
Total Assets	<u>14,477,644</u>	<u>14,672,534</u>	<u>14,220,000</u>
Deferred Outflows of Resources:			
OPEB related outflows	1,928	3,290	1,944
Pension related outflows	131,021	177,628	164,170
Total Deferred Outflows of Resources	<u>132,949</u>	<u>180,918</u>	<u>166,114</u>
Liabilities:			
Accounts payable	24,975	156,762	50,538
Compensated absences	126,800	49,742	60,553
Total OPEB liability	31,923	26,241	20,279
Net pension liability	605,923	786,909	824,804
Total Liabilities	<u>789,621</u>	<u>1,019,654</u>	<u>956,174</u>
Deferred Inflows of Resources:			
Pension related inflows	<u>185,324</u>	<u>116,636</u>	<u>79,276</u>

BEACH MOSQUITO CONTROL DISTRICT
Management's Discussion and Analysis

Net Position:

Net investment in capital assets	7,592,599	7,986,492	7,970,645
Unrestricted	<u>6,043,049</u>	<u>5,730,670</u>	<u>5,380,019</u>
Total Net Position	<u>\$ 13,635,648</u>	<u>\$ 13,717,162</u>	<u>\$ 13,350,664</u>
Revenues:			
Ad valorem taxes	\$ 2,200,862	\$ 2,547,581	\$ 2,663,589
Spraying services – other governments	16,665	16,180	15,708
Gain on sale of asset	0	4,777	0
Interest	224,222	256,846	121,386
Miscellaneous	<u>300</u>	<u>101</u>	<u>2,774</u>
Total Revenues	<u>2,442,049</u>	<u>2,825,485</u>	<u>2,803,457</u>
Operating Expenses	<u>(2,523,487)</u>	<u>(2,464,255)</u>	<u>(2,406,843)</u>
Change in Net Position	(81,438)	361,230	342,614
Beginning Net Position	13,717,162	13,350,664	13,005,253
Increase/decrease in reserve for inventory	<u>(76)</u>	<u>5,268</u>	<u>2,797</u>
Ending Net Position	<u>\$ 13,635,648</u>	<u>13,717,162</u>	<u>13,350,664</u>

Overall Financial Position and Results of Operations

The District's total net position decreased by \$81,514 (0.6%), from \$13,717,162 at September 30, 2024 to \$13,635,648 at September 30, 2025. This modest decrease reflects a combination of lower general revenues and slightly higher operating expenses during the fiscal year.

Total assets decreased \$194,890 (1.3%) from 2025 to 2024. The change was primarily the result of ongoing depreciation of capital assets.

Capital assets, net of accumulated depreciation, totaled \$7,592,599 at year-end compared with \$7,528,961 in 2024, an increase of 1%. This modest growth reflects current-year capital additions slightly exceeding depreciation expense.

Total liabilities decreased \$230,033 (22.6%) from 2025 to 2024, largely due to reductions in pension-related obligations and accounts payable. The District continues to maintain a relatively low level of long-term obligations relative to its total resources.

The District's net investment in capital assets totaled \$7,592,599, while unrestricted net position amounted to \$6,043,049, which provides resources available to support future operations and mosquito control programs.

BEACH MOSQUITO CONTROL DISTRICT

Management's Discussion and Analysis

For the year ended September 30, 2025, total revenues decreased approximately \$383,436 (13.6%) while expenses increased \$59,232 (2.4%). The decrease in revenues was primarily attributable to lower ad valorem tax revenues, which declined due to a decrease in millage rate.

Overall, the District continues to maintain a strong financial position with significant unrestricted net position and stable operating revenues to support its mosquito control programs.

General Fund Budgetary Highlights

The District's budget consists of one funding source, the Local Fund. The Local Fund is generated through the assessment of a millage upon the taxpayers within our district, and carryover from the previous fiscal year.

The District's final General Fund budget anticipated a deficit of \$849,436, primarily due to planned capital outlay and contingency appropriations. Actual operations resulted in a surplus of \$240,741, producing a favorable variance of \$1,090,177 compared to the final budget.

Several factors contributed to this favorable variance:

- Capital outlay expenditures were lower than budgeted as certain planned equipment and vehicle purchases were deferred.
- Operating expenditures such as supplies, fuel, and travel were lower than anticipated, resulting in overall expenditure savings.
- Interest earnings exceeded budgeted expectations due to stronger-than-anticipated investment returns.
- The District budgets contingency funds each year to address unforeseen events such as emergency repairs, storm-related damage, or other unexpected operational needs. During the current fiscal year, contingency funds were not required.

Overall expenditures totaled \$2,201,308 compared with the final budget of \$3,345,406, reflecting conservative spending and the District's continued emphasis on fiscal responsibility.

The general fund is affected each year by carryover funds that are not precisely known when our budget is approved by our Board of Commissioners and the Florida Department of Agriculture and Consumer Services (FDACS). When the exact amount is known, at the conclusion of our fiscal year, a budget amendment is usually required to reflect the actual amount of our budget.

Capital Assets, Deferred Outflows of Resources, Long-Term Debt, and Deferred Inflows of Resources Activity

Capital Assets: The District's major capital assets include land, its headquarters facility, and a new chicken house facility located at the District's headquarters site. Other significant capital assets are the District's Bell 505 helicopter and spray navigation accessories purchased in 2021, as well as the original helicopter and spray navigation accessories that are still used in business operations.

BEACH MOSQUITO CONTROL DISTRICT

Management's Discussion and Analysis

Deferred Outflows of Resources: GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68*, requires a government to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the employer to recognize deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions. GASB statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, requires the employer to recognize deferred outflows of resources related to other postemployment benefits (OPEB) for its employer contributions subsequent to the measurement date.

Deferred Inflows of Resources: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the employer to recognize deferred inflows of resources related to pensions for its proportionate shares of collective deferred inflows of resources related to pensions.

Long-Term Debt Activity: The District does not currently have any Long-Term Debt in relation to loan obligations and does not anticipate any need for Long-Term Debt in the foreseeable future. As a result, the District maintains significant financial flexibility and avoids the additional costs associated with debt financing. The District does have Long-Term Debt in relation to compensated absences. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires that employers and non-employer contributing entities report a net pension liability as determined by the plans under the requirements contained in GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, requires that employers with unfunded plans report total OPEB liability.

Additional information on the District's capital assets and long-term debt can be found in the notes to the financial statements.

Economic Factors

The District's financial condition remains stable, supported primarily by ad valorem tax revenues and prudent financial management. We are currently unaware of any situations that could adversely affect the District's financial position or results of operations in the near future. The District will continue to evaluate operational needs and available financial resources to ensure the continued effectiveness of mosquito control programs while maintaining a strong financial position.

Request for Information

The financial report is designed to provide citizens, creditors and other interested parties with a general overview of the District's finances. If you have questions about this report or need any additional information, contact Mr. James Clauson, Executive Director, Beach Mosquito Control District, 509 Griffin Blvd, Panama City Beach, FL 32413, or call (850) 233-5030. We would also encourage you to visit our website at www.pcbeachmosquito.org.

**BEACH MOSQUITO CONTROL DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF SEPTEMBER 30, 2024**

	General Fund	Adjustments	September 30, 2025 Statement of Net Position	September 30, 2024 Financial Information
ASSETS				
Cash and cash equivalents	\$ 6,681,427	\$ -	\$ 6,681,427	\$ 6,473,202
Accounts receivable (all considered collectible)	2,778		2,778	2,698
Accrued interest	34,464		34,464	47,734
Inventory	156,884		156,884	156,960
Prepaid expenses	9,492		9,492	5,448
Construction in progress				457,531
Capital assets, net of accumulated depreciation		7,592,599	7,592,599	7,528,961
Total assets	<u>6,885,045</u>	<u>7,592,599</u>	<u>14,477,644</u>	<u>14,672,534</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related outflows		1,928	1,928	3,290
Pension related outflows		131,021	131,021	177,628
Total deferred outflows of resources		<u>132,949</u>	<u>132,949</u>	<u>180,918</u>
LIABILITIES				
Accounts payable	24,975		24,975	156,762
Long-term liabilities:				
Due within one year	90,125		90,125	
Due after one year		674,521	674,521	862,892
Total liabilities	<u>115,100</u>	<u>674,521</u>	<u>789,621</u>	<u>1,019,654</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related inflows		185,324	185,324	116,636
Fund Balances:				
Non-Spendable:				
Inventory	156,884	(156,884)		
Unassigned	6,613,061	(6,613,061)		
Total fund balances	<u>\$ 6,769,945</u>	<u>(6,769,945)</u>		
Net Position:				
Net investment in capital assets		7,592,599	7,592,599	7,986,492
Unrestricted		6,043,049	6,043,049	5,730,670
Total Net Position		<u>\$ 13,635,648</u>	<u>\$ 13,635,648</u>	<u>\$ 13,717,162</u>

See the independent auditor's report and the accompanying notes.

**BEACH MOSQUITO CONTROL DISTRICT
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Adjustments	September 30, 2025 Statement of Activities	September 30, 2024 Financial Information
Expenditures/Expenses:				
Current operating -				
Personnel services	\$ 834,901	\$ (13,068)	\$ 821,833	\$ 745,631
Personnel services benefits	531,299	(58,646)	472,653	474,461
Operating expenses	65,528		65,528	127,807
Travel and per diem	50,831		50,831	47,881
Communication services	6,684		6,684	6,801
Freight and postage	705		705	564
Utility services	47,357		47,357	54,242
Rentals and leases	386		386	1,831
Insurance	165,873		165,873	169,781
Repair and maintenance services	141,990		141,990	104,842
Printing and binding	1,600		1,600	351
Promotional activities	48,506		48,506	56,673
Other current charges and obligations	366		366	342
Supplies and materials	56,401		56,401	50,790
Gasoline, oil, and lubricants	19,270		19,270	26,079
Chemicals, solvents, additives	144,695		144,695	121,089
Publications, subscriptions, and memberships	21,887		21,887	23,097
Training	9,933		9,933	10,309
Capital outlay	53,096	(53,096)		
Depreciation		446,989	446,989	441,684
Total expenditures/expenses	<u>2,201,308</u>	<u>322,179</u>	<u>2,523,487</u>	<u>2,464,255</u>
General Revenues:				
Ad valorem taxes	2,200,862		2,200,862	2,547,581
Spraying services - other governments	16,665		16,665	16,180
Interest	224,222		224,222	256,846
Miscellaneous	300		300	101
Total general revenues	<u>2,442,049</u>		<u>2,442,049</u>	<u>2,820,708</u>
Excess of revenues over expenditures	<u>240,741</u>	<u>(240,741)</u>		
Other Financing Sources:				
Gain on sale of asset				4,777
Change in net position		(81,438)	(81,438)	361,230
Fund balances/net position:				
Beginning of the year	6,529,280	7,187,882	13,717,162	13,350,664
Decrease in reserve for inventory	(76)		(76)	5,268
End of the year	<u>\$ 6,769,945</u>	<u>\$ 6,865,703</u>	<u>\$ 13,635,648</u>	<u>\$ 13,717,162</u>

See the independent auditor's report and the accompanying notes.

**BEACH MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED SEPTEMBER 30, 2025**

	GENERAL FUND			Variance Favorable (Unfavorable) (Unaudited)
	Original Budget (Unaudited)	Final Budget (Unaudited)	Actual	
Revenues:				
Ad valorem taxes	\$ 2,294,305	\$ 2,294,305	\$ 2,200,862	\$ (93,443)
Spraying services - other governments	16,665	16,665	16,665	
Interest	180,000	180,000	224,222	44,222
Miscellaneous			300	300
Total revenues	<u>2,490,970</u>	<u>2,490,970</u>	<u>2,442,049</u>	<u>(48,921)</u>
Expenditures:				
Health services -				
Personal services	802,441	802,441	834,901	(32,460)
Personal services benefits	583,337	583,337	531,299	52,038
Operating expenses	138,500	138,500	65,528	72,972
Travel and per diem	80,500	80,500	50,831	29,669
Communication services	7,000	7,000	6,684	316
Freight and postage	2,850	2,850	705	2,145
Utility services	71,750	71,750	47,357	24,393
Rentals and leases	4,500	4,500	386	4,114
Insurance	190,850	190,850	165,873	24,977
Repair and maintenance services	191,400	191,400	141,990	49,410
Printing and binding	3,500	3,500	1,600	1,900
Promotional activities	50,000	50,000	48,506	1,494
Other current charges and obligations	2,675	2,675	366	2,309
Supplies and materials	123,000	123,000	56,401	66,599
Gasoline, oil, and lubricants	38,773	38,773	19,270	19,503
Chemicals, solvents, and additives	187,000	187,000	144,695	42,305
Publications, subscriptions, and memberships	37,330	37,330	21,887	15,443
Training	40,000	40,000	9,933	30,067
Capital outlay	290,000	290,000	53,096	236,904
Contingency	500,000	500,000		500,000
Total expenditures	<u>3,345,406</u>	<u>3,345,406</u>	<u>2,201,308</u>	<u>1,144,098</u>
Excess (deficiency) of revenues over expenditures	<u>(854,436)</u>	<u>(854,436)</u>	<u>240,741</u>	<u>1,095,177</u>
Other Financing Sources:				
Gain on sale of asset	<u>5,000</u>	<u>5,000</u>		<u>(5,000)</u>
Net Change in Fund Balance	<u><u>\$ (849,436)</u></u>	<u><u>\$ (849,436)</u></u>	<u><u>\$ 240,741</u></u>	<u><u>\$ 1,090,177</u></u>

See the independent auditor's report and the accompanying notes.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The Beach Mosquito Control District (“the District”) is an independent special district operating under the provisions of Chapter 388, Florida Statutes, and regulations of the Florida Department of Agriculture and Consumer Services. The District is a political subdivision of the State of Florida and was legally created by the Laws of Florida, Chapter 388, on October 14, 1952. The District engages in arthropod control in Bay County, Florida.

This report includes financial statements of the funds required to account for those financial activities which are related to the District and are controlled by or dependent upon the District's legislative body, the Board of Commissioners. Control or dependence upon the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, or the District's obligation to fund any deficits that may occur.

Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards was reviewed to determine whether any additional local governmental entities (component units) should be included in the District's combined financial statements. The following criteria are considered in determining whether any component units should be included in the District's combined financial statements:

- 1) Financial accountability
- 2) Appointment of a voting majority
- 3) Imposition of will
- 4) Financial benefit to or burden on the primary government
- 5) Financial accountability as a result of fiscal dependency

Based on the above criteria, no component units are included in the District's financial statements.

Basis of Accounting and Financial Statement Presentation:

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Under this method, generally, revenues are recognized in the period in which they become available and measurable. 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 District considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes, for which the period is 60 days. Expenditures are recognized in the period in which the liability is incurred and becomes measurable, except for unmatured interest on general long-term debt, which is recognized when paid.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Bay County Tax Collector bills and collects property taxes for the District in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied.

The current property tax calendar is as follows:

Lien date	January 1
Levy date	October 1
Tax bills mailed	November 1
Payment due by	March 31
Delinquent date	April 1
Tax sale – delinquent property taxes	June 1

Payments made during November receive a discount of 4%. Discounts are reduced by 1% for each month taxes are paid prior to March 2026.

Revenue recognition criteria for property taxes under the GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2025 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

The financial transactions of the District are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Beach Mosquito Control District maintains the following funds in the normal course of its operations:

General Fund – to account for all financial resources except those required to be accounted for in other funds. The principal source of revenue is property taxes. Primary expenditures are for arthropod control measures.

Measurement Focus:

The General fund is accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable, or appropriable resources.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Source of Accounting Principles Applied:

The Beach Mosquito Control District complies with Generally Accepted Accounting Principles (GAAP). The District's reporting entity applied all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-wide and Fund Financial Statements:

The financial statements include a Statement of Net Position, Balance Sheet, Statement of Activities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances. The Statement of Net Position is presented in a net position format (assets less liabilities equal net position) and is shown with three components: amounts invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Statement of Activities reports functional categories of programs by the District and demonstrates how and to what degree those programs are supported by specific revenue. Certain financial information from the audit of the preceding fiscal year has been included on the Statement of Net Position and the Statement of Activities to aid the financial statement users in comparing the changes from September 30, 2024 to September 30, 2025.

Budgetary Basis:

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets for the General Fund are adopted at the beginning of each fiscal year by the Board of Commissioners.

Any amendment made to the budget must be approved by the Board of Commissioners. The Commissioners may amend the budget at any time during the year. Amounts shown in the financial statements represent the original budgeted amounts and all subsequent amendments. The budgets of the District are adopted on a basis consistent with generally accepted accounting principles.

Capital Assets:

Property and equipment having a useful life greater than one year with an initial cost of \$5,000 or more are recorded as expenditures at the time of purchase in the General Fund and are capitalized at cost. Gifts or contributions are recorded at fair market value when received. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are generally 7 to 40 years for buildings and improvements, 10 years for signs, and 3 to 20 years for machinery, equipment, and vehicles.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory:

The District accounts for its inventory of chemicals by the purchase method whereby purchases are recorded as expenditures when incurred. The inventory is valued at cost, with cost determined principally by the first in – first out method. Reported inventory is equally offset by a fund balance reserve which indicates that it does not constitute "available spendable resources" even though it is a component of net position.

Deferred Inflows/Outflows of Resources:

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has five pension-related items and one OPEB-related item that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category, which are all pension-related items.

Vacation, Sick Leave, and Compensatory Time-off Policies:

Vacation

Employees with six months to five years of employment earn 3.75 hours bi-weekly, employees with five years to ten years of employment earn 4.75 hours bi-weekly, employees with more than ten years of employment earn 5.75 hours bi-weekly, employees with more than 15 years of employment earn 6.5 hours bi-weekly, employees with more than 20 years earn 7.5 hours bi-weekly, and employees with more than 25 years earn 8.5 hours bi-weekly. Employees with less than ten years of employment can accumulate up to 240 hours and employees with more than ten years of employment can accumulate up to 360 hours annual leave per calendar year. Accumulated annual leave up to 320 hours will be paid upon termination of employment. Accumulated vacation is accrued when earned.

Each calendar year, employees may participate in the District's option to sell back up to 40 hours of annual leave to be paid at the employee's current payrate. To qualify for participation, employees must have a remaining balance of 160 leave hours after selling back up to 40 hours annual leave time.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick Leave

Only regular full-time employees are eligible to accrue sick leave; part-time employees are not eligible. Sick leave begins accruing on the employee's anniversary date at the rate of 3.75 hours per pay period (bi-weekly) and may be carried over and accumulated from year to year. An employee must accrue 80 hours of sick leave to be eligible to participate as a sick leave pool contributor. Sick leave is not paid upon termination of employment, however up to 480 hours will be paid upon retirement; therefore, sick leave expected to be paid at retirement is accrued in these financial statements.

Each calendar year, employees may participate in the District's option to sell back up to 80 hours of sick leave to be paid at the employee's current payrate. To qualify for participation, employees must have a remaining balance of 160 sick leave hours after selling back up to 80 sick leave hours.

Compensatory Time-Off

The District gives employees compensatory time-off instead of overtime pay for overtime hours worked. Nonexempt employees required to work more than 40 hours per week will be credited compensatory time at the rate of one and one-half (1½) hours for each hour of overtime worked. Exempt employees are credited compensatory time on an hour for hour basis. The maximum amount of compensatory time-off an employee can accumulate is 160 hours per calendar year. Employees are required to use all accumulated compensatory time-off prior to using annual leave. All compensatory time-off will be paid upon termination of employment. Accumulated compensatory time-off is accrued when earned.

Use of Estimates:

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Prepaid Expenses:

Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items on the Statement of Net Position. These items will be expensed over the applicable usage period.

Net Position:

Net investment in capital assets represents total capital assets less accumulated depreciation.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Position represents the net residual assets not subject to external restrictions and not invested in capital assets. These resources may be used at the government's discretion to meet ongoing obligations

Classification of Fund Balance:

GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the governmental fund type definitions.

The following are the types of fund balances defined:

1. Non-spendable – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaid items, and advances to other funds.
2. Restricted – includes amounts for which external constraints are placed on the use of resources that are either:
 - a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulation of other governments; or
 - b. imposed by law through constitutional provisions or enabling legislation.
3. Committed – includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action (motion passed without dissent) of the government’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the District taking the same formal action (motion passed without dissent) that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.
4. Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Intent is expressed by (a) the Board of Commissioners or (b) a body (for example: a budget or finance committee) or official to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The Board of Commissioners has not delegated authority to a body or official.
5. Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

These classifications reflect not only the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to a negative residual fund balance. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Cash and Cash Equivalents:

The District defines cash and cash equivalents to include cash on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less.

New Accounting Pronouncements:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement outlines new regulations regarding governmental accounting, focusing on enhancing the effectiveness of the financial reporting model for state and local governments. The targeted improvements contained in this statement establish or modify existing accounting and financial reporting requirements related to (1) management’s discussion and analysis, (2) unusual or infrequent items, (3) presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, (4) major component unit information, and (5) budgetary comparison information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District is evaluating the impact, if any, that adoption of this statement will have on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District is evaluating the impact, if any, that adoption of this statement will have on its financial statements.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are effective for fiscal years beginning after June 15, 2026. The District is evaluating the impact, if any, that adoption of this statement will have on its financial statements.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 2 – RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

Fund balances	\$ 6,769,945
Capital assets used in government activities are not financial resources and are therefore not reported on the balance sheet	7,592,599
Compensated absences not due and payable within the next fiscal year are not reported as a liability on the balance sheet	(36,675)
Deferred outflows for pension related items	131,021
Deferred outflows for OPEB related items	1,928
Deferred inflows for pension related items	(185,324)
Total OPEB liabilities are not due and payable in the current period, and therefore, are not reported in the funds	(31,923)
Net pension liabilities are not due and payable in the current period, and therefore, are not reported in the funds	<u>(605,923)</u>
Net position	<u>\$ 13,635,648</u>

NOTE 3 – RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Net change in fund balances	\$ 240,741
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 long-term compensated absences	13,068
Change in employer pension related costs	65,690
Change in employer OPEB related costs	(7,044)
Governmental funds do not report capital assets on the Balance Sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is depreciated over the estimated useful lives of the assets:	
Expenditures for capital assets	53,096
Less current year depreciation	<u>(446,989)</u>
Change in net position	<u>\$ (81,438)</u>

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN

Florida Retirement System:

General Information – All of the District’s eligible 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 Department of Management Services, Division of Retirement, Research and Education Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the web site: http://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 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 1.60% 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 1.60% of their final average compensation based on the five highest years of salary, for each year of credited service. Senior Management Service 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 2.00% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

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 3.00% (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. 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 three percent 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 three percent 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 an 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 three percent 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 actuarially determined employer contribution rates for each class of employee as listed below:

Class	Contribution Rates (10/01/24 – 06/30/25)	Contribution Rates (07/01/25 – 09/30/25)
Regular	13.63%	14.03%
Senior Management Senior Class	34.52%	33.24%
Elected Officials – County	58.68%	54.57%
Deferred Retirement Option Plan (DROP)	21.13%	22.02%

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

These employer contribution rates include 2.00% HIS Plan subsidy for the periods October 1, 2024 through September 30, 2025.

The District’s contributions, including employee contributions, to the Pension Plan totaled \$87,224 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the District reported a liability of \$394,345 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District’s proportionate share of the net pension liability was based on the District’s 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the District’s proportionate share was .001270640 percent, which was an decrease of .000076469 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of \$21,400. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 42,120	
Change of assumptions	45,794	
Net difference between projected and actual earnings on Pension Plan Investments		\$ 65,840
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	88	46,069
District Pension Plan contributions subsequent to the measurement date	18,397	
Total	\$ 106,399	\$ 111,909

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$18,397 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2026	\$ (13,484)
2027	(8,591)
2028	(2,808)
2029	1,051
2030	<u>(75)</u>
Total	<u>\$ (23,907)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with scale MP-2021.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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:

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

<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	1.00%	3.20%	3.20%	1.10%
Fixed Income	29.00%	5.50%	5.40%	4.00%
Global Equity	45.00%	8.50%	6.90%	18.30%
Real Estate (Property)	12.00%	8.40%	7.10%	16.80%
Private Equity	11.00%	12.40%	8.80%	28.40%
Strategic Investments	<u>2.00%</u>	6.50%	6.10%	8.70%
Total	<u>100.00%</u>			
Assumed Inflation – Mean			2.40%	1.50%

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

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. 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 calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District’s Proportionate Share of the Net Pension 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 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
District’s proportionate share of the net pension liability	\$ 773,896	\$ 394,345	\$ 76,135

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, 2025, 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, 2025.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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.

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, 2025, the HIS contribution was 2.00%. The District contributed 100.00% 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 \$14,750 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the District reported a liability of \$211,578 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share was .001650704 percent, which was a decrease of .00012106 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized pension expense of \$4,594. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,263	\$ 336
Change of assumptions	1,873	51,175
Net difference between projected and actual earnings on HIS Plan Investments		176
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	18,030	21,728
District HIS Plan contributions subsequent to the measurement date	<u>3,456</u>	
Total	<u>\$ 24,622</u>	<u>\$ 73,415</u>

The deferred outflows of resources related to the HIS Plan, totaling \$3,456 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2026	\$ (7,577)
2027	(8,880)
2028	(9,162)
2029	(9,435)
2030	(10,524)
Thereafter	<u>(6,671)</u>
Total	<u>\$ (52,249)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Municipal bond rate	5.20%

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

Mortality rates were based on the PUB-2010 base table with Scale MP-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023 of the FRS Pension Plan.

Discount Rate – The discount rate used to measure the total pension liability was 5.20%. 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 FRS Actuarial Assumption Conference. 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 Pension 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 5.20%, 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 (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District’s proportionate share of the net pension liability	\$ 238,588	\$ 211,578	\$ 188,925

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, 2025, 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, 2025.

Investment Plan:

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2024-2025 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.30%, Special Risk Administrative Support class 12.95%, Special Risk class 19.00%, Senior Management Service class 12.67% and County Elected Officers class 16.34%.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's contributions, including employee contributions, to the Investment Plan totaled \$46,560 for the fiscal year ended September 30, 2025.

The District's Investment Plan pension expense totaled \$38,687 for the fiscal year ended September 30, 2025.

Payables to the Pension Plan – At September 30, 2025, the District reported a payable in the amount of \$0 for outstanding contributions to the Investment Plan required for the fiscal year ended September 30, 2025.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 4 – RETIREMENT PLAN (Continued)

Aggregate Schedule of Retirement Plan Information:

For the fiscal year ended September 30, 2025, the District, in total, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 43,383	\$ 336
Change of assumptions	47,667	51,175
Net difference between projected and actual earnings on HIS Plan Investments		66,016
Changes in proportion and differences between District contributions and proportionate share of contributions	18,118	67,797
District contributions subsequent to the measurement date	<u>21,853</u>	
Total	<u>\$ 131,021</u>	<u>\$ 185,324</u>

For the fiscal year ended September 30, 2025, the District, in total, recognized pension expense of \$64,681 and reported a liability of \$605,923 for its proportionate share of the FRS Plan's net pension liability.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 5 – CAPITAL ASSETS

Details of changes in capital assets for the year ended September 30, 2025, are as follows:

	<u>Balance</u> <u>10/01/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>09/30/25</u>
Capital assets, not being depreciated:				
Land	\$ 978,376			\$ 978,376
Total capital assets, not being depreciated	<u>978,376</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>978,376</u>
Capital assets, being depreciated:				
Buildings	5,294,244	453,407		5,747,651
Sign	9,375			9,375
Vehicles, furniture, and equipment	<u>3,629,371</u>	<u>57,220</u>	<u>(4,485)</u>	<u>3,682,106</u>
Total capital assets, being depreciated	<u>8,932,990</u>	<u>510,627</u>	<u>(4,485)</u>	<u>9,439,132</u>
Less accumulated depreciation	<u>(2,382,405)</u>	<u>(446,989)</u>	<u>4,485</u>	<u>(2,824,909)</u>
Total capital assets, being depreciated, net	<u>6,550,585</u>	<u>63,638</u>	<u>0</u>	<u>6,614,223</u>
Total	<u>\$ 7,528,961</u>	<u>\$ 63,638</u>	<u>\$ 0</u>	<u>\$ 7,592,599</u>

NOTE 6 – GENERAL LONG-TERM DEBT

General long-term debt activity for the year ended September 30, 2025, is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due in</u> <u>One Year</u>
Net pension liability	\$ 786,909		\$ (180,986)	\$ 605,923	
Net OPEB liability	26,241	\$ 5,682		31,923	
Compensated absences, net	<u>49,742</u>	<u>77,058</u>		<u>126,800</u>	<u>\$ 90,125</u>
Total general long-term debt	<u>\$ 862,892</u>	<u>\$ 82,740</u>	<u>\$ (180,986)</u>	<u>\$ 764,646</u>	<u>\$ 90,125</u>

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 7 – DEPOSITS AND INVESTMENTS

Deposits – All cash resources of the District are placed in banks that qualify as a public depository, as required by law (Florida Security for Public Deposits Act). The State Treasurer is required by this law to ensure that the District’s funds are entirely collateralized throughout the fiscal year. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

At year-end, the carrying amount of the District’s deposits was \$6,681,427 and the respective bank balances totaled \$6,681,427.

Investments – Florida Statutes, Section 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 Interlocal 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 U.S. Treasury.

Credit Risk – Credit Risk exists when there is a possibility the issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District’s investing activities are managed by the Director and Board of Commissioners. Investing is performed in accordance with the investment policy set forth by the State of Florida Statutes.

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The District’s investment policy is limited to complying with the State’s investment statutes. The State law has not addressed an interest rate risk and therefore the District has not adopted an investment policy on that point.

Concentration of Credit Risk – The District places no limit on the amount it may invest in any one issuer. The District’s investments at September 30, 2025 consist of time deposits and savings accounts. The carrying amount and market value are the same.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, job-related illnesses or injuries to employees, and natural disasters. The District is a member of the Governmental Risk Insurance Trust, a public entity risk pool, which provides the District’s insurance including comprehensive, worker’s compensation, and automobile. The District pays the premium and is liable for the deductible on the comprehensive policy and the automobile policy. No settlements have exceeded insurance coverage for any of the past three fiscal years.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), during the fiscal year ended September 30, 2018, for certain postemployment healthcare benefits provided by the District. The valuation has been conducted using the Alternative Measurement Method, as prescribed under GASB Statement No. 75.

A. Plan Description – The Beach Mosquito Control District’s Retiree Health Care Plan (the Plan) is made available to eligible retirees in accordance with the requirements of Florida State Statutes, Section 112.0801. Pursuant to this statute, the District is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which the coverage is available for active employees. The Plan, which is administered by the District, is a single-employer defined benefit post-employment health care plan that provides medical, dental, life, and vision benefits. The postemployment portion of the Plan refers to these related benefits applicable to current and future retirees and their eligible dependents. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust. No stand-alone report is issued for this plan.

B. Membership – As of the most recent actuarial valuation of the OPEB liability, membership data is as follows:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	16
Total	16

C. Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. These contributions are neither mandated nor guaranteed. Eligible retirees pay the full cost of blended rate premiums associated with the healthcare plan elected, less any subsidies received through FRS (Florida Retirement System). To-date, the District has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs.

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

D. *Benefits Provided* – A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirements under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Upon reaching age 65, Medicare is assumed to become primary.

The State of Florida prohibits the District from separately rating retirees and active employees. The District therefore assigns eligible active employees and eligible retirees an equal, blended premium. The actual costs of providing benefits considering the retirees experience rating would be higher. Inversely, the actual costs of providing benefits considering the active employee’s experience rating would be lower. This requirement creates an implicit rate subsidy. Although the retirees pay the full cost of their benefits, the District is in effect providing a benefit to the retiree with an implicit cost. With an implicit rate subsidy, the active employee premiums are subsidizing the retiree’s premiums, and that subsidization creates a liability that may need to be recognized. Although both groups are assigned the same blended rate premiums, governmental standards require the actuarial liability presented below to be calculated using age-adjusted premiums approximating claim costs for eligible retirees separate from active eligible members.

Retired plan members and beneficiaries currently receiving benefits contribute monthly contributions as follows:

Medical Insurance:

Blue Cross – Plan 14503

Retiree	\$	829
Retiree + spouse		1,659
Retiree + children		1,534
Retiree + family		2,363

Blue Cross – Plan 14104

Retiree	\$	829
Retiree + spouse		1,658
Retiree + children		1,534
Retiree + family		2,363

Blue Cross – Plan 14003

Retiree	\$	948
Retiree + spouse		1,897
Retiree + children		1,754
Retiree + family		2,703

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Dental Insurance:	
Retiree	\$ 25
Retiree + spouse	70
Retiree + children	70
Retiree + family	70
Vision Insurance:	
Retiree	\$ 7
Retiree + spouse	15
Retiree + children	15
Retiree + family	15
Life Insurance:	
*Group Term Life	\$.32

*Per \$1,000 of coverage

- E. Measurement Date and Valuation Date – The District’s Total OPEB Liability was measured as of September 30, 2024 for reporting period October 1, 2024 through September 30, 2025. The Net OPEB Liability is the difference between the Total OPEB Liability and the Plan’s Fiduciary Net Position. For unfunded plans, the OPEB Liability recorded on the employer’s balance sheet is equal to the Total OPEB Liability.
- F. Total OPEB Liability – The District’s Total OPEB Liability as of September 30, 2025 is \$31,923. The District does not plan to fund the program. Therefore, the contributions made to the program are assumed to be the benefits paid to retirees, if any, and administrative expenses.

Change in Total OPEB Liability:

Reporting period ending September 30, 2024,	\$ 26,241
Service cost	1,079
Interest	1,318
Changes of assumptions	3,825
Benefit payments	<u>(540)</u>
Net changes	<u>5,682</u>
Reporting period ending September 30, 2025	<u>\$ 31,923</u>

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes of assumptions reflect a change in the discount rate from 4.87% for the fiscal year ending September 30, 2024 to 4.06% for the fiscal year ending September 30, 2025. Also reflected as assumption changes are updated health care costs and premiums.

- G. OPEB Expense– For the year ended September 30, 2025, the District will recognize OPEB expense of \$8,972.

Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense.

Components of OPEB expense for the year ended September 30, 2025, are as follows:

Service cost	\$	1,079
Interest		1,318
Recognition of changes in Total OPEB liability		3,825
Administrative expenses		2,750
Total OPEB expense (revenue)	\$	8,972

On September 30, 2025, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Change of assumptions	0	0
Employer contributions subsequent to the measurement date	1,928	0
Total	\$ 1,928	\$ 0

- H. Actuarial Assumptions – The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2024, for reporting period September 30, 2025, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	2.50%

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount rate	4.06%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	51
Actuarial value of assets	Market Value
Retirement rates	100% at normal retirement eligibility
Marital status	100% assumed married, with male spouses 3 years older than female spouses
Health care participation	20% participation assumed, with 50% electing spouse coverage
Disability rates	None assumed
Funding method	Entry Age Cost Method (level % of pay)

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Given the District’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s, or AA by Fitch. If there are multiple ratings, the lowest rating is used.

- I. Sensitivity of the total OPEB Liability to changes in the Discount Rate – The following table presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% Increase (5.06%)
Total OPEB liability	\$ 37,585	\$ 31,923	\$ 27,284

- J. Sensitivity of the total OPEB Liability to changes in the Healthcare Cost Trend Rates – The following table presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00%-6.00%)	Healthcare Cost Trend Rates (4.00%-7.00%)	1% Increase (5.00%-8.00%)
Total OPEB Liability	\$ 26,731	\$ 31,923	\$ 38,337

**BEACH MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

NOTE 10 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement clarifies the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023. The District has implemented the provisions of GASB Statement No. 101 in this annual report.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides the users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess (1) whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and (2) whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. The District has implemented the provisions of GASB Statement No. 102 in this annual report, however, it does not have any current impact on the District.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated subsequent events requiring disclosure or recording in these financial statements through March 31, 2026, which is the date these financial statements were issued.

**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

	2025	2024	2023	2022
Beach Mosquito Control District's proportion of the net pension liability (asset)	0.001270640%	0.001347109%	0.001393500%	0.001414891%
Beach Mosquito Control District's proportionate share of the net pension liability (asset)	\$ 394,345	\$ 521,125	\$ 555,266	\$ 526,453
Beach Mosquito Control District's covered payroll	\$ 469,596	\$ 464,979	\$ 512,482	\$ 480,714
Beach Mosquito Control District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	83.98%	112.08%	108.35%	109.51%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%

¹ The amounts presented for each fiscal year were determined as of June 30.

² NPL at 2017 has been increased by \$171 due to implementation of GASB 75.

³ NPL at 2019 has been decreased by \$15.

Notes to Schedule

Valuation date	7/1/2025	7/1/2024	7/1/2023	7/1/2022
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Actuarial cost method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age
Asset valuation method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Actuarial assumptions:				
Inflation	2.40%	2.40%	2.40%	2.40%
Salary increases, including inflation	3.50%	3.50%	3.25%	3.25%
Discount rate	6.70%	6.70%	6.70%	6.70%
Long-term expected rate of return, net of investment expense	6.70%	6.70%	6.70%	6.70%
Cost of living adjustments	0%	0%	0%	0%
Mortality	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

<u>2021</u>	<u>2020</u>	<u>2019 ³</u>	<u>2018</u>	<u>2017 ²</u>	<u>2016</u>
0.001614547%	0.001612250%	0.001633129%	0.001613871%	0.001685233%	0.001629698%
\$ 121,961	\$ 698,773	\$ 562,412	\$ 486,106	\$ 498,652	\$ 411,500
\$ 514,066 23.72%	\$ 463,428 150.78%	\$ 444,843 126.43%	\$ 418,815 116.07%	\$ 428,833 116.28%	\$ 386,849 106.37%
96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

7/1/2021 6/30/2021 Individual Entry Age Fair Market Value	7/1/2020 6/30/2020 Individual Entry Age Fair Market Value	7/1/2019 6/30/2019 Individual Entry Age Fair Market Value	7/1/2018 6/30/2018 Individual Entry Age Fair Market Value	7/1/2017 6/30/2017 Individual Entry Age Fair Market Value	7/1/2016 6/30/2016 Individual Entry Age Fair Market Value
2.40%	2.40%	2.60%	2.60%	2.60%	2.60%
3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
6.80%	6.80%	6.90%	7.00%	7.10%	7.60%
6.80%	6.80%	6.90%	7.00%	7.10%	7.60%
0%	0%	0%	0%	0%	0%
PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

	2025	2024	2023	2022
Contractually required contribution	\$ 65,436	\$ 64,894	\$ 61,334	\$ 56,798
Contributions in relation to the contractually required contribution	(65,436)	(64,894)	(61,334)	(56,798)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Beach Mosquito Control District's covered payroll	\$ 469,596	\$ 462,651	\$ 496,766	\$ 505,188
Contributions as a percentage of covered payroll	13.93%	14.04%	12.36%	11.25%

¹ Actuarially determined contribution rates are calculated as of July 1, one year period to the end of the fiscal year in which contributions are reported.

Notes to Schedule

Valuation date	7/1/2025	7/1/2024	7/1/2023	7/1/2022
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age	Individual entry age
Amortization method	Level percent, closed, layered	Level percent, closed, layered	Level percent, closed, layered	Level percent, closed, layered
Amortization period	20 years	20 years	20 years	20 years
Asset valuation method	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value
Actuarial assumptions:				
Inflation	2.40%	2.40%	2.40%	2.40%
Payroll growth rate	3.50%	3.50%	3.25%	3.25%
Salary increases	Varies	Varies	Varies	Varies
Discount rate	6.70%	6.70%	6.70%	6.70%
Long-term expected rate of return, net of investment expense	6.70%	6.70%	6.70%	6.70%
Cost of living adjustments	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter
Retirement age	Varies	Varies	Varies	Varies
Turnover	Varies	Varies	Varies	Varies
Mortality	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

2021	2020	2019	2018	2017	2016
\$ 48,908	\$ 50,671	\$ 45,721	\$ 41,086	\$ 39,500	\$ 35,078
(48,908)	(50,993)	(45,621)	(41,086)	(39,500)	(35,078)
\$ 0	\$ (322)	\$ 100	\$ 0	\$ 0	\$ 0
\$ 482,092	\$ 471,671	\$ 448,305	\$ 420,102	\$ 436,201	\$ 390,683
10.14%	10.81%	10.18%	9.78%	9.06%	8.98%

7/1/2021 6/30/2021	7/1/2020 6/30/2020	7/1/2019 6/30/2019	7/1/2018 6/30/2018	7/1/2017 6/30/2017	7/1/2016 6/30/2016
Individual entry age	Individual entry age	Individual entry age	Ultimate Entry Age Normal	Ultimate Entry Age Normal	Ultimate Entry Age Normal
Level percent, closed, layered 20 years	Level percent, closed, layered 25 years	Level percent, closed, layered 30 years	Level percent, closed, layered 30 years	Level percent, closed, layered 30 years	Level percent, closed, layered 30 years
5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value	5 years, asymptotic 80-120% of fair market value
2.40%	2.40%	2.60%	2.60%	2.60%	2.60%
3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Varies	Varies	Varies	Varies	Varies	Varies
6.80%	6.80%	6.90%	7.00%	7.10%	7.60%
6.80%	6.80%	6.90%	7.00%	7.10%	7.60%
3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter
Varies	Varies	Varies	Varies	Varies	Varies
Varies	Varies	Varies	Varies	Varies	Varies
PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

	2025	2024	2023	2022
Beach Mosquito Control District's proportion of the net pension liability (asset)	0.001650704%	0.001771770%	0.001697193%	0.001623914%
Beach Mosquito Control District's proportionate share of the net pension liability (asset)	\$ 211,578	\$ 265,783	\$ 269,537	\$ 171,998
Beach Mosquito Control District's covered payroll	\$ 267,903	\$ 749,834	\$ 672,387	\$ 591,802
Beach Mosquito Control District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.98%	35.45%	40.09%	29.06%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%

¹ The amounts presented for each fiscal year were determined as of June 30.

Notes to Schedule

Valuation date	7/1/2024	7/1/2024	7/1/2023	7/1/2022
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Actuarial cost method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age
Asset valuation method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Actuarial assumptions:				
Inflation	2.40%	2.40%	2.40%	2.40%
Salary increases including inflation	3.50%	3.50%	3.25%	3.25%
Discount rate	5.20%	3.93%	3.65%	3.54%
Bond buyer general obligation 20-bond municipal bond index	5.20%	3.93%	3.65%	3.54%
Cost of living adjustments	0%	0%	0%	0%
Mortality	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.001715234%	0.001500718%	0.001578936%	0.001579882%	0.001703556%	0.001614719%
\$ 210,399	\$ 183,235	\$ 176,667	\$ 167,216	\$ 182,152	\$ 188,188
\$ 605,120	\$ 520,911	\$ 529,408	\$ 516,018	\$ 544,139	\$ 498,478
34.77%	35.18%	33.37%	32.41%	33.48%	37.75%
3.56%	3.00%	2.63%	2.15%	1.64%	0.97%
7/1/2021 6/30/2021	7/1/2020 6/30/2020	7/1/2019 6/30/2019	7/1/2018 6/30/2018	7/1/2017 6/30/2017	7/1/2016 6/30/2016
Individual Entry Age Fair Market Value	Individual Entry Age Fair Market Value	Individual Entry Age Fair Market Value	Individual Entry Age Fair Market Value	Individual Entry Age Fair Market Value	Individual Entry Age Fair Market Value
2.40%	2.40%	2.60%	2.60%	2.60%	2.60%
3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
2.16%	2.21%	3.50%	3.87%	3.58%	2.85%
2.16%	2.21%	3.50%	3.87%	3.58%	2.85%
0%	0%	0%	0%	0%	0%
PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

	2025	2024	2023	2022
Contractually required contribution	\$ 14,750	\$ 12,585	\$ 11,385	\$ 10,422
Contributions in relation to the contractually required contribution	(14,750)	(12,585)	(11,385)	(10,422)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Beach Mosquito Control District's covered payroll	\$ 737,498	\$ 758,147	\$ 685,826	\$ 627,816
Contributions as a percentage of covered payroll	2.00%	1.66%	1.66%	1.66%

¹ Actuarially determined contribution rates are calculated as of July 1, one year period to the end of the fiscal year in which contributions are reported.

Notes to Schedule

Valuation date	7/1/2024	7/1/2024	7/1/2023	7/1/2022
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age	Individual entry age
Actuarial assumptions:				
Inflation	2.40%	2.40%	2.40%	2.40%
Salary increases, including inflation	3.50%	3.50%	3.25%	3.25%
Discount rate	5.20%	3.93%	3.65%	3.54%
Bond buyer general obligation 20-bond municipal bond index	5.20%	3.93%	3.65%	3.54%
Cost of living adjustments	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter
Mortality	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2021	PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018

See the independent auditor's report.

**BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years ¹**

2021	2020	2019	2018	2017	2016
\$ 9,544	\$ 8,865	\$ 8,772	\$ 8,540	\$ 9,031	\$ 8,347
(9,544)	(8,900)	(8,749)	(8,540)	(9,031)	(8,347)
\$ 0	\$ (35)	\$ 23	\$ 0	\$ 0	\$ 0
\$ 574,933	\$ 534,016	\$ 528,470	\$ 514,474	\$ 544,014	\$ 502,816
1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

7/1/2021 6/30/2021 Individual entry age	7/1/2020 6/30/2020 Individual entry age	7/1/2019 6/30/2019 Individual entry age	7/1/2018 6/30/2018 Individual entry age	7/1/2017 6/30/2017 Individual entry age	7/1/2016 6/30/2016 Individual entry age
2.40%	2.40%	2.60%	2.60%	2.60%	2.60%
3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
2.16%	2.21%	3.50%	3.87%	3.58%	2.85%
2.16%	2.21%	3.50%	3.87%	3.58%	2.85%
3% for pre-July 2011 benefit service, 0% thereafter	3% for pre-July 2011 benefit service, 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter	3% for pre-July 2011 benefit service, 0% thereafter	3% for pre-July 2011 benefit service, 0% thereafter	3% for pre-July 2011 benefit service; 0% thereafter
PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables	Generational RP-2000 with Scale BB tables

See the independent auditor's report.

BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability				
Service cost	\$ 1,079	\$ 570	\$ 882	\$ 2,260
Interest	1,318	979	708	1,038
Changes in benefit terms	0	0	0	0
Differences between expected and actual experience	0	1,553	0	(5,586)
Changes of assumptions	3,825	3,504	(9,262)	(15,401)
Benefit payments	(540)	(644)	(599)	0
Net change in total pension liability	5,682	5,962	(8,271)	(17,689)
Total OPEB liability - beginning, as adjusted	26,241	20,279	28,550	46,239
Total OPEB liability - ending	<u>\$ 31,923</u>	<u>\$ 26,241</u>	<u>\$ 20,279</u>	<u>\$ 28,550</u>
Covered employee payroll*	\$ 699,647	\$ 682,582	\$ 530,402	\$ 517,465
Total OPEB Liability as a percentage of covered employee payroll	4.56%	3.84%	3.82%	5.52%

See the independent auditor's report.

BEACH MOSQUITO CONTROL DISTRICT
SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2025
Last 10 Fiscal Years

2021	2020	2019	2018
\$ 1,665	\$ 1,902	\$ 2,036	\$ 2,194
1,122	1,386	1,263	1,118
0	0	0	0
(130)	2,571	0	0
13,925	(6,428)	(2,771)	(3,237)
0	(2,014)	(1,852)	(1,703)
16,582	(2,583)	(1,324)	(1,628)
29,657	32,240	33,564	35,192
<u>\$ 46,239</u>	<u>\$ 29,657</u>	<u>\$ 32,240</u>	<u>\$ 33,564</u>
\$ 526,730	\$ 573,902	\$ 650,506	\$ 634,640
8.78%	5.17%	4.96%	5.29%

* Covered payroll is projected to the measurement date based on actual covered payroll as of the valuation date using applicable salary increase assumptions.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedules:

Employer's reporting date: September 30, 2025

Measurement date: September 30, 2024

For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2025:	4.06%
Fiscal Year Ending September 30, 2024:	4.87%
Fiscal Year Ending September 30, 2023:	4.77%
Fiscal Year Ending September 30, 2022:	2.43%
Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%
Fiscal Year Ending September 30, 2018:	3.64%

Benefit payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2025. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

See the independent auditor's report.



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

To the Board of Commissioners of
Beach Mosquito Control District
Bay County, 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 of Beach Mosquito Control District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Beach Mosquito Control District's basic financial statements and have issued our report thereon dated March 31, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Finding 2025-01 – Segregation of Duties

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. Material errors or irregularities may occur without being detected by employees or management during the normal course of their duties. Oversight provided by the Board of Commissioners has been a mitigating factor which prevents this from being a material weakness. As we have previously recommended, the Commissioners and Director review the deposits and expenditures on a monthly basis and include their approval and comments in the minutes of the Board meetings to help override the lack of segregation of duties. However, we still recommend that the segregation of duties be continuously reviewed and adjusted where possible to strengthen the system of internal control each year.

Report on Compliance and Other Matters

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

Beach Mosquito Control District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Beach Mosquito Control District's response to the findings identified in our audit and described in the Statement on page 54. Beach Mosquito Control District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
March 31, 2026



**INDEPENDENT AUDITOR'S MANAGEMENT LETTER
FOR THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Commissioners of
Beach Mosquito Control District
Bay County, Florida

Report on the Financial Statements

We have audited the financial statements of Beach Mosquito Control District, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 31, 2026.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 31, 2026, 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 financial audit report. In the audit reports for the preceding two years, the deficiency in internal controls caused by lack of sufficient staff was reported as Finding 2023-01 and Finding 2024-01. This same deficiency is included in the current year audit report as Finding 2025-01. The Board of Commissioners and Director have taken some corrective actions by reviewing the deposits and expenditures on a monthly basis and have included their approval and comments in the minutes of the Board meetings to help override the lack of segregation of duties as we recommended, however this continues to be a significant deficiency due to lack of sufficient staff.

In the audit report for the preceding year, the deficiency in internal controls caused by lack of proper controls over journal entries was reported as Finding 2024-02. The Board of Commissioners and Director have taken corrective action to address this finding and recommendation.

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. Beach Mosquito Control District was established by Laws of Florida Chapter 5341 (1903) on October 14, 1952. Beach Mosquito Control District has no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Beach Mosquito Control District 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 Beach Mosquito Control 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 Beach Mosquito Control District. It is management's responsibility to monitor Beach Mosquito Control District's financial condition, and our financial condition assessment was based in part on representations made by management and 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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. Beach Mosquito Control District is not a component unit and does not have any component units.

Specific Information

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

- a) The total number of district employees compensated in the last pay period of the District's fiscal year as 15.

- b) The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as 0.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$821,833.
- d) All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$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 is \$0.
- 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, as seen on page 11.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, Beach Mosquito Control District reported:

- a) The millage rate or rates imposed by the district as 0.1400.
- b) The total amount of ad valorem taxes collected by or on behalf of the district as \$2,200,862.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as \$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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the 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 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.

Lipton, Mauler, Garner & Chastain

Panama City, Florida
March 31, 2026



BEACH MOSQUITO CONTROL DISTRICT

**509 Griffin Blvd
Panama City Beach, FL 32413
Phone: (850)-233-5030
Fax: (850)-233-5033**

**Board of Commissioners
John Smith, Chairman
Brandon Caldwell, Secretary
Larry Couch, Treasurer**

Director James F. Clauson
E-mail: james@pcbeachmosquito.com

March 31, 2026

To the Board of Commissioners of
Beach Mosquito Control District
509 Griffin Blvd
Panama City Beach, Florida 32413

Ladies and Gentlemen:

The annual audit report of Beach Mosquito Control District for the year ended September 30, 2025, contained the following significant deficiency:

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. Material errors or irregularities may occur without being detected by employees or management during the normal course of their duties. This situation dictates that the Board of Commissioners remains involved in the financial affairs of the District to provide oversight and independent review functions. Management should continuously review segregation of duties and adjust where possible to strengthen the system of internal control each year.

It is not cost efficient to hire additional staff to provide a proper segregation of duties; however, the above condition is mitigated by having the Commissioners review the monthly deposits and expenditures of the District and including their approval and/or comments in the minutes of the board meetings.

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The concerns raised regarding proper documentation of review and approval of journal entries will be mitigated by implementing the recommendation that the Board of Commissioners or Director review the journal entries on a regular basis and include their approval and/or comments as evidence.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Clauson". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

James Clauson
Director



**INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES**

Board of Commissioners
Beach Mosquito Control District
Bay County, Florida

We have examined the Beach Mosquito Control District's ("the District") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2025.

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.

Tipton, Marler, Garner & Chastain

Panama City, Florida
March 31, 2026