

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT

Financial Statements and Supplementary Information

For the fiscal year ended

December 31, 2025

**Salt Lake City Mosquito Abatement District
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INDEPENDENT AUDITOR'S REPORT



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

The Board of Trustees
Salt Lake City Mosquito Abatement District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Salt Lake City Mosquito Abatement District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the 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, and each major fund of the Salt Lake City Mosquito Abatement District, as of December 31, 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 Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the 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 the District's internal control over financial reporting and compliance.

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
June 15, 2026

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Salt Lake Mosquito Abatement District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements report functions of the District that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the District consist of mosquito abatement services.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District are governmental funds.

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Debt Service Fund all of which are major funds.

The District adopts an annual budget for both of its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

Below are some key financial highlights of the District:

- The assets of the District exceeded liabilities at the close of the most recent fiscal year by \$29,074,839 (net position). Of this amount, \$21,044,778 (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the District’s governmental funds reported combined ending fund balance of \$30,319,844. Approximately 34.6% of this total amount, \$10,479,563, is available for spending at the government’s discretion (unassigned fund balance).
- At the end of 2025, the District had \$1,265,000 in committed fund balance in the Capital Projects Fund. These committed balances are for the following: extra-ordinary control (\$300,000), vacation, sick leave, and retirement (\$310,000), long-term facility maintenance (\$75,000), emergency equipment/vehicle replacement (\$200,000), Facility building additions (\$30,000), and emergency helicopter repair (\$350,000).

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$29,074,839 at the close of the most recent fiscal year.

Approximately 10.27% of the District’s net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The balance of unrestricted net position, \$21,044,778, may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District can report positive balances in all categories of net position.

	Governmental Activities	
	2025	2024
Current and other assets	\$ 31,931,373	\$ 41,736,956
Capital assets, net	32,081,484	18,032,874
Total assets	64,012,857	59,769,830
Deferred outflows of resources	455,235	429,743
Long-term liabilities	32,583,353	33,981,053
Other liabilities	2,806,104	2,250,002
Total liabilities	35,389,457	36,231,055
Deferred inflows of resources	3,796	2,877
Net position		
Net investment in capital assets	2,985,086	1,381,482
Restricted	5,044,975	18,371,125
Unrestricted	21,044,778	4,213,034
Total net position	\$ 29,074,839	\$ 23,965,641

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 299,374	\$ 299,374
Operating grants and contributions	270,900	264,593
General revenues:		
Property taxes	10,551,417	8,893,782
Unrestricted investment earnings	1,557,827	1,264,586
Other revenue	9,627	169
Change in investment in joint venture	62,099	(12,028)
Gain on sale of capital assets	-	80,719
Total revenues	<u>12,751,244</u>	<u>10,791,195</u>
Expenses:		
Administration department	3,347,376	2,981,586
Shop and equipment maintenance	616,706	589,405
Spraying department	1,217,232	1,012,615
Contribution to other governments	1,147,152	1,142,937
Interest expense	<u>1,313,580</u>	<u>876,382</u>
Total expenses	<u>7,642,046</u>	<u>6,602,925</u>
Change in net position	5,109,198	4,188,270
Net position, beginning	<u>23,965,641</u>	<u>19,777,371</u>
Net position, ending	<u>\$ 29,074,839</u>	<u>\$ 23,965,641</u>

Governmental activities

Governmental activities increased the District’s net position by \$5,109,198. The prior year had an increase of \$4,188,270, an overall increase from the prior year of \$920,928. This increase was primarily the result of increases in property tax revenues and unrestricted investment earnings, which were offset by large increases in expenses in the Administration department, spraying department, and interest expense.

Financial Analysis of the Government’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District’s *governmental funds* is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$30,319,844. Approximately 34.6% of this total amount or \$10,479,563 constitutes unassigned, undesignated fund balance, which is available for spending at the government’s discretion.

The remainder of the fund balance is non-spendable, committed or assigned to indicate that it is not available for new spending because it has already been committed or assigned for a variety of other purposes or is not in a spendable form.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,479,563.

The fund balance of the District’s general fund increased by \$1,360,329 during 2025, compared to a decrease of \$2,623,195 during 2024. Key factors in this change are as follows:

- In 2025 \$4,500,000 was transferred out of the general fund and into the capital projects fund (\$1,755,475) and debt service fund (\$2,744,525), compared to the transfer of \$2,000,000 in the prior year.
- The amount of revenue from property tax and ‘fee-in-lieu’ increased in 2025 by \$1,657,635.
- The amount of revenue from grants increased in 2025 by \$135,036.

General Fund Budgetary Highlights

During the year the District amended its budget to decrease revenue by \$28,932, primarily for potential decreases in grant revenues of \$34,932, and decreased expected RDA tax revenues of \$13,000. Overall the amended budget decreased the expenditures by \$240,000. The majority of that decrease was a \$250,000 decrease in the budgeted expenditures for spraying materials. Other decreases in the expenditures budget were in grant research and related expenditures (\$35,000), and miscellaneous shot & equipment category (\$15,000), while some increases in budgeted expenditures were noted in insurance (\$12,000), equipment maintenance and repairs (\$10,000) were also included.

During the year, there was a \$1,591,999 favorable variance between the final budgeted and actual expenditures. Following are the main components of this variance:

- Salaries and wages were \$183,594 below the final budget, while associated payroll taxes and benefits were \$54,469 below budget.
- Contributions to other governments, which are RDA taxes collected by the County and remitted directly to the RDA entities, was \$852,848 less than anticipated.
- Spraying materials expenditures were \$198,985 less than anticipated.
- Insurance expenditures were \$123,716 less than anticipated due to delays in the helicopter pad and related projects.

Capital Assets and Debt Administration

The District’s capital assets as of December 31, 2025, amounted to \$32,081,484 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and vehicles. The increase in the District’s capital assets for the current fiscal year, net of current year depreciation of \$662,077, was \$14,710,687.

Major capital asset events during the current fiscal year included the following:

- Construction in process additions of \$14,526,192 related to the helipad, and back area project, offset with the helicopter and headsets being placed in service for \$4,634,598, and \$18,808, respectively.
- A 2024 Toyota Tacoma was purchased for \$39,825.
- A 2025 Chevy 3500 was purchased for \$68,575.
- A 2024 Chevy 1500 was purchased for \$46,565.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

	Governmental Activities		
	2025	2024	Change
Land	\$ 2,374,023	\$ 2,374,023	\$ -
Construction in process	11,746,730	1,873,944	9,872,786
Buildings	15,172,015	15,172,015	-
Machinery and equipment	5,673,529	990,594	4,682,935
Vehicles	977,127	822,161	154,966
Less: Accumulated depreciation	(3,861,940)	(3,199,863)	(662,077)
Capital assets, net	<u>\$ 32,081,484</u>	<u>\$ 18,032,874</u>	<u>\$ 14,048,610</u>

Additional information about SLCMAD's capital assets can be found in Note 3.

The District currently holds three lease revenue bonds. A summary of the debt activity is below:

	2025	2024	Change
Revenue bonds	\$ 32,655,000	\$ 33,905,000	\$ (1,250,000)
Premiums on bonds	1,004,994	1,080,047	(75,053)
Total bonds, notes, and premiums	<u>\$ 33,659,994</u>	<u>\$ 34,985,047</u>	<u>\$ (1,325,053)</u>

Additional information about the District's debt and other long-term liabilities can be found in Note 5.

Economic Factors and Next Year's Budget

Next year's budget includes \$7.5 million in expenditures for the ongoing major construction project funded with the 2024 lease revenue bond issued in the previous year. Debt service (principal and interest) expenditures for the three lease revenue bonds outstanding for 2026 are budgeted at \$2,75,407. The District is also estimating property taxes and fee-in-lieu of \$8,889,833.

Requests for Information

This financial report is designed to provide a general overview of SLCMAD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, 2215 North 2200 West, Salt Lake City, Utah 84116.

Salt Lake City Mosquito Abatement District
Statement of Net Position
As of December 31, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 23,273,130
Taxes receivable	2,291,550
Accounts receivable	9,787
Grants receivable	25,000
Inventories	105,243
Prepaid expenses	137,251

Total current assets	25,841,961
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Noncurrent assets:

Capital Assets:

Not being depreciated	14,120,753
Being depreciated, net of accumulated depreciation	17,960,731

Total Capital assets, net	32,081,484
Restricted cash and cash equivalents	5,044,975
Investment in Davis Salt Lake Aerial Spray Authority (a joint venture)	1,044,437

Total noncurrent assets:	38,170,896
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Total assets	64,012,857
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Deferred outflows of resources

Deferred outflows related to pensions	455,235
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Total deferred outflows of resources	455,235
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Total assets and deferred outflows of resources	64,468,092
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Salt Lake City Mosquito Abatement District
Statement of Net Position (Continued)
As of December 31, 2025

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 567,092
Accrued interest payable	518,668
Compensated absences	255,291
Bonds payable	<u>1,465,053</u>
Total current liabilities	<u>2,806,104</u>

Noncurrent liabilities:

Compensated absences	123,329
Bonds payable	32,194,941
Net pension liability	<u>265,083</u>
Total noncurrent liabilities	<u>32,583,353</u>

Total liabilities	<u>35,389,457</u>
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Deferred inflows of resources

Deferred inflows relating to pensions	<u>3,796</u>
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Total deferred inflows of resources	<u>3,796</u>
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Net position

Net investment in capital assets	2,985,086
Restricted	5,044,975
Unrestricted	<u>21,044,778</u>
Total net position	<u>\$ 29,074,839</u>

Salt Lake City Mosquito Abatement District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Administration department	\$ 3,347,376	\$ -	\$ 270,900	\$ -	\$ (3,076,476)
Shop and equipment maintenance	616,706	-	-	-	(616,706)
Spraying department	1,217,232	299,374	-	-	(917,858)
Contributions to other governments	1,147,152	-	-	-	(1,147,152)
Interest expense	1,313,580	-	-	-	(1,313,580)
Total Government	\$ 7,642,046	\$ 299,374	\$ 270,900	\$ -	(7,071,772)
General Revenues:					
					10,312,396
Property taxes					239,021
RDA property taxes					1,557,827
Unrestricted interest earnings					9,627
Miscellaneous					62,099
Change in investment in joint venture					
Total General Revenues					12,180,970
Change in net position					5,109,198
Net Position, beginning of year					23,965,641
Net Position, end of year					\$ 29,074,839

Salt Lake City Mosquito Abatement District
Balance Sheet – Governmental Funds
December 31, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets				
Cash	\$ 8,223,149	\$ 15,049,981	\$ -	\$ 23,273,130
Taxes receivable	2,291,550	-	-	2,291,550
Accounts receivable	9,787	-	-	9,787
Grants receivable	25,000	-	-	25,000
Inventories	105,243	-	-	105,243
Prepaid expenses	137,251	-	-	137,251
Restricted cash and cash equivalents	-	-	5,044,975	5,044,975
Total Assets	<u>\$ 10,791,980</u>	<u>\$ 15,049,981</u>	<u>\$ 5,044,975</u>	<u>\$ 30,886,936</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 69,923	\$ -	\$ 497,169	\$ 567,092
Total Liabilities	<u>69,923</u>	<u>-</u>	<u>497,169</u>	<u>567,092</u>
Fund Balances				
Non-spendable:				
Inventories	105,243	-	-	105,243
Prepaid expenses	137,251	-	-	137,251
Committed:				
Extra-ordinary control	-	300,000	-	300,000
Vacation, sick leave, retirement	-	310,000	-	310,000
Long-term facility maintenance	-	75,000	-	75,000
Emergency equipment replacement	-	200,000	-	200,000
Facility building additions	-	30,000	-	30,000
Emergency helicopter repair	-	350,000	-	350,000
Assigned:				
Capital projects	-	13,784,981	-	13,784,981
Debt service	-	-	4,547,806	4,547,806
Unassigned	10,479,563	-	-	10,479,563
Total Fund Balances	<u>10,722,057</u>	<u>15,049,981</u>	<u>4,547,806</u>	<u>30,319,844</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,791,980</u>	<u>\$ 15,049,981</u>	<u>\$ 5,044,975</u>	<u>\$ 30,886,936</u>

See Independent Auditor's Report and Notes to Financial Statements

Salt Lake City Mosquito Abatement District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2025

Total Governmental Fund Balances	\$ 30,319,844
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	32,081,484
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The equity interest in the Davis Salt Lake Aerial Spray Authority joint venture is not a financial resource, and therefore, is not reported in the funds.	1,044,437
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Deferred inflows and outflows of resources related to the District's pension plans do not represent resources or uses of resources, and therefore, are not reported in the funds.

Deferred outflows of resources relating to pensions	455,235	
Deferred inflows of resources relating to pesnions	(3,796)	451,439

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore, not reported in the funds.

Compensated absences	(378,620)	
Bonds Payable	(33,659,994)	
Accrued Interest	(518,668)	
Net pension liability	(265,083)	(34,822,365)

Net Position of Governmental Activities	<u><u>\$ 29,074,839</u></u>
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Salt Lake City Mosquito Abatement District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues				
Property taxes	\$ 10,312,396	\$ -	\$ -	\$ 10,312,396
RDA taxes	239,021	-	-	239,021
Fee for services provided	299,374	-	-	299,374
Grant revenues	342,920	-	-	342,920
Interest	373,187	479,310	705,330	1,557,827
Other revenues	9,627	-	-	9,627
Total Revenues	<u>\$ 11,576,525</u>	<u>\$ 479,310</u>	<u>\$ 705,330</u>	<u>\$ 12,761,165</u>
Expenditures				
Current:				
Administration department	2,641,125	-	-	2,641,125
Shop and equipment maintenance	516,292	-	-	516,292
Spraying department	1,227,132	-	-	1,227,132
Contributions to other governments	1,147,152	-	-	1,147,152
Debt service:				
Principal	-	-	1,250,000	1,250,000
Interest	-	-	1,496,982	1,496,982
Capital outlays				
Shop and equipment maintenance	184,495	-	-	184,495
Spraying department	-	-	14,526,192	14,526,192
Total Expenditures	<u>\$ 5,716,196</u>	<u>\$ -</u>	<u>\$ 17,273,174</u>	<u>\$ 22,989,370</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 5,860,329</u>	<u>\$ 479,310</u>	<u>\$ (16,567,844)</u>	<u>\$ (10,228,205)</u>
Other Financing Sources (Uses)				
Transfers in (out)	(4,500,000)	1,755,475	2,744,525	-
Total Other Financing Sources (Uses)	<u>\$ (4,500,000)</u>	<u>\$ 1,755,475</u>	<u>\$ 2,744,525</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 1,360,329	\$ 2,234,785	\$ (13,823,319)	\$ (10,228,205)
Fund Balances, beginning of year	9,361,728	12,815,196	18,371,125	40,548,049
Fund Balances, end of year	<u>\$ 10,722,057</u>	<u>\$ 15,049,981</u>	<u>\$ 4,547,806</u>	<u>\$ 30,319,844</u>

See Independent Auditor's Report and Notes to Financial Statements

Salt Lake City Mosquito Abatement District
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to Statement of Activities
For the Year Ended December 31, 2025

Net Changes in Fund Balances - Total Governmental Funds \$ (10,228,205)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	14,710,687	
Depreciation expense	<u>(662,077)</u>	14,048,610

The issuance of long-term debt (e.g., bonds payable), including any premiums, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Debt service principal	1,250,000	
Bond premium amortization	<u>75,053</u>	1,325,053

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for the transactions that are not normally paid with expendable available financing resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, assets are not recognized in governmental funds unless they represent current financing resources but are recognized in the statement of activities as they accrue. The following differences, therefore, occurred between the statement of activities and the governmental funds.

Equity investment in Davis Salt Lake Aerial Spray Authority	62,099	
Grant revenues - unavailable at the governmental fund level	(72,020)	
Compensated absences	(76,059)	
Accrued interest	<u>108,349</u>	22,369

In the statement of activities, pension expense reflects the change in the net pension asset, net pension liability, net of related deferred inflows and outflows of resources. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in the net pension asset, net pension liability, and related deferrals exceeded pension contributions.

(58,629)

Change in Net Position of Governmental Activities \$ 5,109,198

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

**Salt Lake City Mosquito Abatement District
Notes to Financial Statements**

NOTE 1: Organization and Summary of Significant Accounting Policies

A. Organization & Reporting Entity

The Salt Lake City Mosquito Abatement District provides mosquito control by a comprehensive program of water management, source reduction, use of mosquito fish, larvicide, and adulticide in the Salt Lake City area.

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not the only criterion for including a potential component unit within the reporting entity - is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability of fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application for this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The District has one component unit that meets the criteria set forth above. In 2017, the Local Building Authority of Salt Lake City Mosquito Abatement District was created with the purpose of issuing and servicing debt incurred for the acquisition and construction of a new site for the Salt Lake City Mosquito Abatement District. This Authority has been reported as a blended component unit of the District and is reported as a Debt Service Fund in the fund financial statements.

During 2008, the District entered into a joint venture with Mosquito Abatement District- Davis ("MAD-D") through an interlocal cooperation agreement to create the Davis-Salt Lake Aerial Spray Authority ("Authority"), which operates and maintains a hangar and storage facilities for the entities' respective aerial spray programs. The joint venture is governed by a six-member board, with two members from the District and four members from MAD-D. Each board member from the District has one vote, and each board member from MAD-D has one-half vote. Beginning in 2009, each member entity is required to contribute one-half of the annual budget of the Authority for capital activities and to fund its operations.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)**

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The government reports the following major governmental funds:

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

The *capital projects* fund accounts for the resources required for major capital improvements of the District.

The *debt service fund* was set up to account for the activity with the Local Building Authority of the Salt Lake City Mosquito Abatement District. This includes all bond service activity and construction expenses for new capital buildings.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D. Reconciliation of Government-wide and Fund Financial Statements

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between assets, liabilities, revenues and expense/expenditures reported on the fund financial statements and the government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

E. Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the District have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements.

A formal budget has been adopted and used as a control device during the year.

F. Deposits and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for short-term interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

H. Inventories and Prepaid Items

Tools, supplies, and insecticides classified as inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are expensed as used.

Payments made to vendors for goods and services that will benefit periods beyond December 31, 2025, are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements, fixed assets are treated as capital assets. Capital assets include land, buildings, machinery and equipment, and vehicles. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	39
Machinery and equipment	5-10
Vehicles	7

**Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)**

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

J. Equity

Fund Financial Statements

The fund balances of governmental funds may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance – Fund balances are reported as committed when the Board formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Board likewise formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the Board or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in a capital project fund are by their nature assigned to the purpose of that respective fund.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the District’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 1: Organization and Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used.

Employees can carry-over up to 240 hours of unused vacation from one year to the next. Employees may carry-over up to 960 hours of unused sick leave each year. After accumulation of 240 hours of sick leave, 24 hours of the yearly accrued but unpaid sick leave may be converted to vacation time at the end of the year. Upon termination, one-half of accrued sick leave up to 960 hours is paid to the employee. Accordingly, a liability for this amount is included in the government-wide financial statements.

L. Property Tax Revenues

Property taxes are levied on January 1st based on the assessed value of the property as listed on the previous May 31st. Assessed values are an approximate of market value. An evaluation of all real property must be made every year by the county assessor. Property taxes are delinquent after November 30th. The District's tax rate for 2025 was .000163. The District appropriates the entire amount to mosquito abatement. The statutory maximum set by the state for mosquito abatement is .0004. There is no statutory maximum for the reduction of general obligation bonds.

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

N. Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently reports deferred outflows of resources relating to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows of resources relating to pensions.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 2: Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as amounts invested with the State of Utah Public Treasurer's Investment Fund. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the District's funds. Deposits are not collateralized nor are they required to be by State statute.

Deposits and investments for the District are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of District funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The District's deposits in the bank in excess of the FDIC insured amount are uninsured and are not collateralized, nor do State bank balance statutes require them to be. The District's deposits at December 31, 2025, were \$5,290,832, of which \$4,536,066 were uninsured.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District follows the Utah Money Management Act to mitigate the risk of custodial credit risk.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The District is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool approximates the value of the pool shares.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 2: Deposits and Investments (Continued)

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs

At December 31, 2025, the District had the following recurring fair value measurements:

Type of investment	Total	Investment maturities (in years)		
		Less than 1	1-5 years	More than 6
Utah Public Treasurer's Investment Fund (PTIF)	\$ 23,079,965	\$ 23,079,965	\$ -	\$ -
Total investments by maturity	\$ 23,079,965	\$ 23,079,965	\$ -	\$ -

Balances in the PTIF are recorded at amortized cost, which approximates the fair value.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the District's investments are noted in the table below:

Investments by fair value level	Total	Fair Value Measurements by Level		
		Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund (PTIF)	\$ 23,079,965	\$ -	\$ 23,079,965	\$ -
Total investments by fair value level	\$ 23,079,965	\$ -	\$ 23,079,965	\$ -

D. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At December 31, 2025, the District's investments had the following quality ratings:

Investment Type	AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund (PTIF)	\$ -	\$ -	\$ -	\$ 23,027,273
Total investments by quality rating	\$ -	\$ -	\$ -	\$ 23,027,273

Amounts invested with the Utah PTIF are not insured or collateralized, is unrated, and is not registered with the SEC.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 2: Deposits and Investments (Continued)

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

At December 31, 2025, the all of the District's investments are held in the PTIF, and therefore the District has no custodial credit risk.

Cash on hand and on deposit:	
Cash on deposit	\$ 5,290,832
PTIF investment	<u>23,027,273</u>
Total cash and investments	<u><u>\$ 28,318,105</u></u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash and cash equivalents	\$ 23,273,130
Restricted cash	<u>5,044,975</u>
Total cash and cash equivalents	<u><u>\$ 28,318,105</u></u>

NOTE 3: Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,374,023	\$ -	\$ -	\$ 2,374,023
Construction in process	1,873,944	14,526,192	(4,653,406)	11,746,730
Total capital assets not being depreciated	<u>4,247,967</u>	<u>14,526,192</u>	<u>(4,653,406)</u>	<u>14,120,753</u>
Capital assets being depreciated:				
Buildings	15,172,015	-	-	15,172,015
Machinery and equipment	990,594	4,682,935	-	5,673,529
Vehicles	822,161	154,966	-	977,127
Total capital assets being depreciated	<u>16,984,770</u>	<u>4,837,901</u>	<u>-</u>	<u>21,822,671</u>
Less accumulated depreciation for:				
Buildings	(1,992,901)	(390,369)	-	(2,383,270)
Machinery and equipment	(592,905)	(201,481)	-	(794,386)
Vehicles	(614,057)	(70,227)	-	(684,284)
Total accumulated depreciation	<u>(3,199,863)</u>	<u>(662,077)</u>	<u>-</u>	<u>(3,861,940)</u>
Total capital assets, being depreciated, net	<u>13,784,907</u>	<u>4,175,824</u>	<u>-</u>	<u>17,960,731</u>
Capital assets, net	<u><u>\$ 18,032,874</u></u>	<u><u>\$ 18,702,016</u></u>	<u><u>\$ (4,653,406)</u></u>	<u><u>\$ 32,081,484</u></u>

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 3: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration department	\$ 591,192
Shop and equipment maintenance	<u>70,885</u>
Total depreciation expense	<u><u>\$ 662,077</u></u>

NOTE 4: Equity Investment in Joint Venture

The District accounts for its 50% investment in Davis-Salt Lake Aerial Spray Authority (“Authority”) using the equity method of accounting. Summarized financial information of the Authority as of December 31, 2024, and for the year then ended is as follows:

	Total 2025	District's Interest in:
Total assets	\$ 2,109,776	\$ 1,054,889
Total deferred outflows of resources	-	-
Total liabilities	(3,151)	(1,576)
Total deferred inflows of resources	<u>(17,752)</u>	<u>(8,876)</u>
Total net position	<u><u>\$ 2,088,873</u></u>	<u><u>\$ 1,044,437</u></u>
Revenue	\$ 1,149,378	\$ 574,689
Change in net position	\$ 124,198	\$ 62,099

Financial statements are available at Davis-Salt Lake Aerial Spray Authority, 85 North 600 West, Kaysville, Utah 84037.

NOTE 5: Long-Term Liabilities

Long-term liabilities for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 302,561	\$ 76,059 *	\$ -	\$ 378,620	\$ 255,291
Net pension liability	181,881	83,202	-	265,083	-
2024 lease revenue bonds	20,000,000	-	(540,000)	19,460,000	655,000
2020 lease revenue bonds	6,550,000	-	(395,000)	6,155,000	405,000
2017 lease revenue bonds	7,355,000	-	(315,000)	7,040,000	330,000
Premium on lease revenue bonds	<u>1,080,047</u>	<u>-</u>	<u>(75,053)</u>	<u>1,004,994</u>	<u>75,053</u>
Totals	<u><u>\$ 35,469,489</u></u>	<u><u>\$ 159,261</u></u>	<u><u>\$ (1,325,053)</u></u>	<u><u>\$ 34,303,697</u></u>	<u><u>\$ 1,720,344</u></u>

* - indicates net increase to compensated absnce liability

Series 2017 Lease Revenue Bonds – On March 8, 2017, the District entered into an agreement authorizing the issuance and confirming the sale of the 2017 Lease Revenue Bonds through the Local Building Authority of Salt Lake City Mosquito Abatement District, in the amount of \$8,500,000. The bonds were issued at a premium in the amount of \$1,088,268. The purpose of the bond issue was to fund and defray the costs of land and building acquisition and construction for a new location of the District. The bonds have a coupon rate of 4.00% through February 15, 2028 at which point the coupon rate is increased to 5.00%.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 5: Long-Term Liabilities (Continued)

Series 2020 Lease Revenue Refunding Bonds – On June 24, 2020, the District entered into an agreement authorizing the issuance and confirming the sale of the 2020 Lease Revenue Refunding Bonds through the Local Building Authority of Salt Lake City Mosquito Abatement District, in the amount of \$7,995,000. These bonds were issued to refund the 2018 Lease Revenue Bonds at a premium of \$486,292 and a lower average coupon rate of 2.297%. The refunded 2018 Lease Revenue Bonds had an average coupon rate of 4.311% and the purpose of the 2018 Lease Revenue Bond issuance was to fund and defray the costs of construction for the new location of the District.

Series 2024 Lease Revenue Bonds – On July 10, 2014, the District entered into an agreement authorizing the issuance and confirming the sale of the 2024 Lease Revenue Bonds through the Local Building Authority of Salt Lake City Mosquito Abatement District, in the amount of \$20,000,000. The proceeds from these bonds will assist in the expansion of the District's current facilities and developing the new in-house aerial operations program. The bonds have a coupon rate of 4.59%.

The annual requirement to amortize these debts is as follows:

	Lease Revenue Bonds							
	Series 2017		Refunding - Series 2020		Series 2024		TOTALS	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 330,000	\$ 338,700	\$ 405,000	\$ 138,525	\$ 655,000	\$ 878,182	\$ 1,390,000	\$ 1,355,407
2027	340,000	325,300	415,000	126,225	685,000	847,429	1,440,000	1,298,954
2028	355,000	309,625	430,000	113,550	720,000	815,184	1,505,000	1,238,359
2029	375,000	291,375	445,000	100,425	755,000	781,333	1,575,000	1,173,133
2030	395,000	272,125	455,000	86,925	790,000	745,875	1,640,000	1,104,925
2031-2035	2,295,000	1,035,625	2,425,000	281,250	4,535,000	3,137,380	9,255,000	4,454,255
2036-2040	2,950,000	383,750	1,580,000	47,900	5,710,000	1,966,586	10,240,000	2,398,236
2041-2044	-	-	-	-	5,610,000	529,916	5,610,000	529,916
	<u>\$ 7,040,000</u>	<u>\$ 2,956,500</u>	<u>\$ 6,155,000</u>	<u>\$ 894,800</u>	<u>\$ 19,460,000</u>	<u>\$ 9,701,883</u>	<u>\$ 32,655,000</u>	<u>\$ 13,553,183</u>
	Interest Rate: 4.00 - 5.00%		Interest rate: 2.00 - 4.00%		Interest rate: 4.59%			

NOTE 6: Pension Plans

General Information About the Pension Plan

Plan Description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. Utah Retirement Systems (URS) is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 6: Pension Plans (Continued)

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Benefits Provided

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

* *Actuarial reductions are applied.*

** *All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2025, are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
Noncontributory System 15 Local Government	-	15.97	-	111	0.81	14.19	-	211	-	4.19	10.00

***Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 6: Pension Plans (Continued)

For the fiscal year ended December 31, 2025, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 82,409	\$ -
Tier 2 Public Employees System	113,544	5,854
Total Contributions	<u>\$ 195,953</u>	<u>\$ 5,854</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At December 31, 2025, the District reported a net pension liability of \$265,083 and a net pension asset of \$0.

<u>System</u>	<u>(Measurement Date): December 31, 2024</u>			Proportionate	Change
	Net Pension Liability	Net Pension Asset	Proportionate Share	Share 12/31/2023	(Decrease)
Noncontributory System	\$ 191,973	\$ -	0.0605382%	0.0581771%	0.0023611%
Tier 2 Public Employees System	73,110	-	0.0245138%	0.0241142%	0.0003996%
Total Net Pension Asset / Liability	<u>\$ 265,083</u>	<u>\$ -</u>			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2025, we recognized pension expense of \$254,582.

At December 31, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

<u></u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 145,995	\$ 504
Changes in assumptions	40,297	8
Net difference between projected and actual earnings on pension plan investments	62,498	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,492	3,284
Contributions subsequent to the measurement date	195,953	-
Total	<u>\$ 455,235</u>	<u>\$ 3,796</u>

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 6: Pension Plans (Continued)

\$195,953 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2025	\$ 116,516
2026	118,091
2027	(17,970)
2028	2,500
2029	16,222
Thereafter	20,127

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, the District recognized pension expense of \$174,846.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,389	\$ -
Changes in assumptions	15,880	-
Net difference between projected and actual earnings on pension plan investments	57,826	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,454
Contributions subsequent to the measurement date	82,409	-
Total	<u>\$ 270,504</u>	<u>\$ 2,454</u>

\$82,409 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2025	\$ 108,201
2026	105,188
2027	(23,463)
2028	(4,285)
2029	-
Thereafter	-

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 6: Pension Plans (Continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, the District recognized pension expense of \$79,736.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,606	\$ 504
Changes in assumptions	24,417	8
Net difference between projected and actual earnings on pension plan investments	4,672	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,492	830
Contributions subsequent to the measurement date	113,544	-
Total	<u>\$ 184,731</u>	<u>\$ 1,342</u>

\$113,544 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (inflows) of Resources
2025	\$ 8,315
2026	12,903
2027	5,493
2028	6,785
2029	16,222
Thereafter	20,127

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50 – 9.50%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 6: Pension Plans (Continued)

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2024, valuation were based on an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
		Inflation	2.50%
		Expected arithmetic nominal return	8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return rate of 4.35% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 6: Pension Plans (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 811,891	\$ 191,973	\$ (327,936)
Tier 2 Public Employees System	218,361	73,110	(39,881)
Total	\$ 1,030,252	\$ 265,083	\$ (367,817)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plan

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal years ended December 31, were as follows:

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 76,452	\$ 67,106	\$ 55,183
Employee Contributions	70,326	68,616	52,719
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	22,326	-	6,208
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	42,466	30,496	31,196

Salt Lake City Mosquito Abatement District
Notes to Financial Statements (Continued)

NOTE 7: Committed Fund Balance

The board has elected to commit part of the Capital Projects Fund Balance to the following items:

Extra-ordinary control	\$ 300,000
Vacation, sick leave, retirement	310,000
Long-term facility maintenance	75,000
Emergency equipment replacement	200,000
Facility building additions	30,000
Emergency helicopter repairs	<u>350,000</u>
Totals	\$ 1,265,000

NOTE 8: Risk Management – Claims and Judgements

Salt Lake City Mosquito Abatement District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonable and foreseeable liability risks. Specific liability policies purchased include automobile, general liability, personal injury protection, underinsured and uninsured motorist. As of December 31, 2025, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

A list of insurance policies in force at December 31, 2025, is as follows:

<u>Coverage</u>	<u>Policy Limits</u>	<u>Insurer</u>	<u>Expiration Date</u>
General Liability	\$ 5,000,000	ULGT	Continuous until cancelled
Auto Bodily Injury	\$ 5,000,000	ULGT	Continuous until cancelled
Auto Property Damage	\$ 5,000,000	ULGT	Continuous until cancelled
Personal Injury Protection	Meet State Requirements	ULGT	Continuous until cancelled
Underinsured Motorist	\$ 100,000	ULGT	Continuous until cancelled
Uninsured Motorist	\$ 10,000	ULGT	Continuous until cancelled
Crime Coverage	\$ 5,000,000	ULGT	Continuous until cancelled

NOTE 9: Interfund Transfers

Transfers during the year ended December 31, 2025, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (4,500,000)
Capital Projects Fund	1,755,475	-
Debt Service Fund	<u>2,744,525</u>	<u>-</u>
Totals	<u>\$ 4,500,000</u>	<u>\$ (4,500,000)</u>

Transfers were made during the year to set aside funds for ongoing and future capital projects, and to cover debt service payments necessary for the year.

NOTE 10: Subsequent Events

Subsequent events have been evaluated up through June 15, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information

Salt Lake City Mosquito Abatement District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended December 31, 2025

	Original Budget	Amended Budget	Actual Results	Variance With Final Budget
Revenues				
Property taxes	\$ 9,289,062	\$ 9,289,062	\$ 10,312,396	\$ 1,023,334
RDA taxes	253,000	240,000	239,021	(979)
Fee for services provided	300,000	300,000	299,374	(626)
Grant revenues	297,500	262,568	342,920	80,352
Interest	360,000	370,000	373,187	3,187
Other revenues	1,000	10,000	9,627	(373)
Total Revenues	\$ 10,500,562	\$ 10,471,630	\$ 11,576,525	\$ 1,104,895
Expenditures				
Administration department:				
Salaries and wages	1,855,000	1,855,000	1,671,406	183,594
Payroll taxes and benefits	725,650	730,650	676,181	54,469
Travel and convention	88,000	88,000	65,718	22,282
Office supplies	60,000	65,000	46,166	18,834
Professional fees	24,000	22,000	19,345	2,655
Insurance	179,000	191,000	67,284	123,716
Board meetings	4,000	4,000	1,729	2,271
Telephone	37,000	41,000	39,267	1,733
Education	18,000	15,000	10,716	4,284
Contribution to other governments	2,000,000	2,000,000	1,147,152	852,848
Miscellaneous	23,000	35,000	43,313	(8,313)
Shop & equipment maintenance:				
Equipment maintenance and repairs	25,000	35,000	27,715	7,285
Gasoline, fuels, and oils	30,000	25,000	19,557	5,443
Shop supplies and equipment	223,000	238,000	221,577	16,423
Building maintenance and repairs	40,000	40,000	32,905	7,095
Utilities	101,000	108,000	87,280	20,720
Grant and research related expenditures	328,545	293,545	252,286	41,259
Miscellaneous	87,000	72,000	59,467	12,533
Spraying department:				
Spraying materials	1,390,000	1,140,000	941,015	198,985
Contracted airplane spraying	300,000	300,000	276,117	23,883
Davis-Salt Lake Aerial Spray Authority	10,000	10,000	10,000	-
Total Expenditures	\$ 7,548,195	\$ 7,308,195	\$ 5,716,196	\$ 1,591,999
Excess of Revenues Over (Under) Expenditures	\$ 2,952,367	\$ 3,163,435	\$ 5,860,329	\$ 2,696,894
Other Financing Sources (Uses)				
Transfers in (out)	\$ (3,300,000)	\$ (4,500,000)	\$ (4,500,000)	\$ -
Proceeds from the sale of capital assets	5,000	-	-	-
Total Other Financing Sources (Uses)	\$ (3,295,000)	\$ (4,500,000)	\$ (4,500,000)	\$ -
Net Change in Fund Balances	\$ (342,633)	\$ (1,336,565)	\$ 1,360,329	\$ 2,696,894
Fund Balances, beginning of year	9,361,728	9,361,728	9,361,728	-
Fund Balances, end of year	\$ 9,019,095	\$ 8,025,163	\$ 10,722,057	\$ 2,696,894

Salt Lake City Mosquito Abatement District
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Measurement Date December 31st
December 31, 2024
Last 10 Fiscal Years

For the year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a % of its covered- employee payroll	Plan fiduciary net position as a % of the total pension liability (asset)
Noncontributory Retirement System					
2025	0.0605382%	\$ 191,973	\$ 480,367	39.96%	96.0%
2024	0.0581771%	134,946	457,782	29.48%	96.9%
2023	0.0534497%	91,546	422,310	21.68%	97.5%
2022	0.0505689%	(289,613)	383,771	-75.47%	108.7%
2021	0.0483439%	24,846	368,910	6.73%	99.2%
2020	0.0480554%	181,114	359,712	50.35%	93.7%
2019	0.0493614%	363,484	373,383	97.35%	87.0%
2018	0.0458354%	200,819	348,198	57.67%	91.9%
2017	0.0470937%	302,399	378,099	79.98%	87.3%
2016	0.0496959%	281,204	402,938	69.79%	87.8%
Tier 2 Public Employees Retirement System					
2025	0.0245138%	\$ 73,110	\$ 726,331	10.07%	87.4%
2024	0.0241142%	46,935	623,437	7.53%	89.6%
2023	0.0207342%	22,577	450,792	5.01%	92.3%
2022	0.0197548%	(8,361)	367,062	-2.28%	103.8%
2021	0.0196954%	2,833	314,745	0.90%	98.3%
2020	0.0199846%	4,495	277,873	1.62%	96.5%
2019	0.0226058%	9,682	263,765	3.67%	9.8%
2018	0.0220370%	1,943	215,787	0.90%	97.4%
2017	0.0194801%	2,173	159,753	1.36%	95.1%
2016	0.0171819%	(38)	110,898	-0.03%	100.2%

Salt Lake City Mosquito Abatement District
Schedule of Contributions
Utah Retirement Systems
Last 10 Fiscal Years

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered Payroll	Contributions as a % of covered- payroll
Noncontributory System					
2025	\$ 82,409	\$ 82,409	\$ -	\$ 500,478	16.47%
2024	83,904	83,904	-	480,367	17.47%
2023	82,263	82,263	-	457,782	17.97%
2022	76,921	76,921	-	422,310	18.21%
2021	70,883	70,883	-	383,771	18.47%
2020	68,138	68,138	-	368,910	18.47%
2019	66,439	66,439	-	359,712	18.47%
2018	68,964	68,964	-	373,383	18.47%
2017	64,312	64,312	-	348,198	18.47%
2016	69,835	69,835	-	378,099	18.47%
Tier 2 Public Employees System*					
2025	\$ 113,544	\$ 113,544	\$ -	\$ 773,729	14.67%
2024	113,240	113,240	-	726,331	15.59%
2023	99,812	99,812	-	623,437	16.01%
2022	72,280	72,280	-	450,792	16.03%
2021	58,481	58,481	-	367,062	15.93%
2020	49,529	49,529	-	314,745	15.74%
2019	43,865	43,865	-	281,230	15.60%
2018	40,466	40,466	-	263,765	15.34%
2017	32,394	32,394	-	215,787	15.01%
2016	23,819	23,819	-	159,753	14.91%
Tier 2 Public Employees DC Only System*					
2025	\$ -	\$ -	\$ -	\$ -	0.00%
2024	-	-	-	-	0.00%
2023	-	-	-	-	0.00%
2022	-	-	-	-	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	1,572	1,572	-	23,498	6.69%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

** Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

**Salt Lake City Mosquito Abatement District
Notes to Required Supplementary Information**

Changes in Assumption

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

**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***



Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

Board of Trustees
Salt Lake City Mosquito Abatement District
Salt Lake City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Salt Lake City Mosquito Abatement District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
June 15, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***



Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

To the Board of Trustees, and Management
Salt Lake City Mosquito Abatement District
Salt Lake City, Utah

Report on Compliance

We have audited the Salt Lake City Mosquito Abatement District's (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended December 31, 2025.

State compliance requirements were tested for the year ended December 31, 2025, in the following areas:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Cash Management
- Utah Retirement Systems

Opinion on Compliance

In our opinion, Salt Lake City Mosquito Abatement District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the State Compliance Audit Guide (Guide). Our responsibilities under those standards and the State Compliance Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to Utah Code Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

K&C, CPAs

K&C, Certified Public Accountants
Woods Cross, Utah
June 15, 2026