

**MOSQUITO ABATEMENT DISTRICT - DAVIS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2021**

**MOSQUITO ABATEMENT DISTRICT - DAVIS
YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management of
Mosquito Abatement District - Davis
85 North 600 West
Kaysville, UT 84037

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major funds of Mosquito Abatement District - Davis, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Mosquito Abatement District - Davis'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 major funds of Mosquito Abatement District - Davis, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Mosquito Abatement District - Davis 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 Mosquito Abatement District - Davis'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 Mosquito Abatement District - Davis'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 Mosquito Abatement District - Davis'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, budgetary comparison schedules, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 4-9 and 39-42 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 27, 2022 on our consideration of the Mosquito Abatement District - Davis'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 Mosquito Abatement District - Davis'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 Mosquito Abatement District - Davis's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
June 27, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

**MOSQUITO ABATEMENT DISTRICT – DAVIS
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

As management of the Mosquito Abatement District-Davis (MAD-D), we offer readers of the MAD-D’s financial statements this narrative overview and analysis of the financial activities of the MAD-D for the fiscal year ended December 31, 2021.

Financial Highlights

- The net position of MAD-D increased by \$742,312 over the previous year. The revenues increased due primarily to an increase in property tax rates. The expenses also decreased due to mosquito populations being less prevalent in the fall of the year.
- As of the close of the current fiscal year, MAD-D’s governmental activities reported net position of \$8,450,254.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the MAD-D’s basic financial statements. The MAD-D’s basic financial statements comprise three components: 1) government-wide financial statements, 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 MAD-D’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the MAD-D’s assets and liabilities, with the difference between the two reported as net position.

The statement of activities presents information showing how the MAD-D’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.

The governmental activities of the MAD-D is to promote and provide safe and effective mosquito control to the taxpayers we serve.

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 MAD-D, like other state and local government units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**MOSQUITO ABATEMENT DISTRICT – DAVIS
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

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 financing requirements.

Because the focus of governmental funds is narrower than that of the 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 MAD-D adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statement

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

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 MAD-D, assets exceed liabilities by \$8,450,254 at the close of the fiscal year. The largest portion of the MAD-D’s net position reflects its unrestricted net position of \$4,455,492. The net investment in capital assets at year-end was \$3,994,762; this includes land, buildings, machinery, and equipment. The MAD-D uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**MOSQUITO ABATEMENT DISTRICT – DAVIS
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

MAD-D’s Net Position

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 4,629,403	\$ 4,477,030
Capital assets	<u>4,410,301</u>	<u>4,465,420</u>
Total assets	<u>9,039,704</u>	<u>8,942,450</u>
Deferred outflow of resources- pension	<u>75,231</u>	<u>76,699</u>
Total assets and deferred outflows	<u>9,114,935</u>	<u>9,019,149</u>
Current liabilities	312,853	323,548
Noncurrent liabilities	<u>252,892</u>	<u>937,351</u>
Total liabilities	<u>565,745</u>	<u>1,260,899</u>
Deferred inflows of resources - pension	<u>98,936</u>	<u>50,308</u>
Total liabilities and deferred inflows	<u>664,681</u>	<u>1,311,207</u>
Net position:		
Net investment in capital assets	3,994,762	3,447,966
Restricted	-	-
Unrestricted	<u>4,455,492</u>	<u>4,259,976</u>
Total net position	<u>\$ 8,450,254</u>	<u>\$ 7,707,942</u>

At the end of the current fiscal year, the MAD-D is able to report positive balances in all categories of net position.

Governmental Activities

The geographic areas serviced by the MAD-D received significant precipitation during the fall of the year which resulted in mosquito populations thriving. The MAD-D was forced to continue their prevention efforts for a longer season.

**MOSQUITO ABATEMENT DISTRICT – DAVIS
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Budget

Revenues collected by the District were \$142,096 higher than the final budget; this was mainly due to higher than budgeted property tax income. The property tax income for the year was \$180,905 above budget. The General Fund was \$386,521 under budget on its expenditures for 2021.

MAD-D’s Change in Net Position

	<u>2021</u>	<u>2020</u>
General revenues		
Taxes	\$ 3,285,905	\$ 3,302,786
Interest income	9,234	25,675
Other revenues	78,968	71,065
Gain on sale of assets	-	30,131
	<u>3,374,107</u>	<u>3,429,657</u>
Total general revenues		
Expenses:		
Labor	775,996	884,434
Depreciation	249,776	228,468
Chemicals	802,748	633,051
Airplane loading facility	6,807	(10,542)
Public relations and education	-	6,844
Plane spraying	278,668	228,407
West Nile surveillance	35,400	40,933
Contributions to other governments	138,539	137,080
Interest expense	26,133	44,542
Operating costs	317,728	303,043
	<u>2,631,795</u>	<u>2,496,260</u>
Total expenses		
Change in net position	742,312	933,397
Beginning net position	<u>7,707,942</u>	<u>6,774,545</u>
Ending net position	<u>\$ 8,450,254</u>	<u>\$ 7,707,942</u>

**MOSQUITO ABATEMENT DISTRICT – DAVIS
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Financial Analysis of the Government’s Funds

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

Governmental Funds

The focus of the MAD-D’s funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the MAD-D’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.

As of the end of the current fiscal year, MAD-D’s governmental funds reported combined ending fund balances of \$3,603,492. Approximately 90% of this total amount or \$3,254,231 constitutes unassigned, undesignated fund balance, which is available for spending at the government’s discretion.

The remainder of the fund balance is non-spendable, restricted, 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 restricted purposes or is not in a spendable form.

The general fund is the chief operating fund of MAD-D. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,254,331.

The fund balance of MAD-D’s general fund increased by \$154,009 during 2021, compared to an increase of \$261,544 in 2020.

**MOSQUITO ABATEMENT DISTRICT – DAVIS
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Capital Assets

MAD-D’s investment in capital assets as of December 31, 2021 amounts to \$4,410,301 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and vehicles. The net decrease in MAD-D’s investment in capital assets for the current fiscal year was \$55,119.

Major capital asset events during the current fiscal year included the purchase of five new ATV’s (\$41,495), two new trucks (\$65,364), one drone (\$58,665), a fogger (\$15,980), and a fogger monitor system (\$13,153). The District sold five ATV’s, two foggers, and two trucks.

	<u>2021</u>	<u>2020</u>
Land	\$ 394,412	\$ 394,412
Construction in progress	-	-
Building	4,355,559	4,355,559
Vehicles	661,584	596,220
Machinery and equipment	<u>709,502</u>	<u>580,209</u>
Subtotal	6,121,057	5,926,400
Accumulated depreciation	<u>(1,710,756)</u>	<u>(1,460,980)</u>
Net capital assets	<u>\$ 4,410,301</u>	<u>\$ 4,465,420</u>

Additional information about MAD-D’s capital assets can be found in Note 3.

Joint Venture

The Lieutenant Governor approved the creation of a new entity in 2009 called the Davis-Salt Lake Aerial Spray Authority (DSLASA). This new entity is a joint venture between the Davis MAD and Salt Lake MAD to build an airplane hanger and chemical loading facility at the Ogden Airport. The District is responsible for 50% of the DSLASA’s financial activities.

Requests for Information

This financial report is designed to provide a general overview of the MAD-D’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 Mosquito Abatement District-Davis, 85 North 600 West, Kaysville, UT 84037

BASIC FINANCIAL STATEMENTS

MOSQUITO ABATEMENT DISTRICT - DAVIS
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	\$ 2,838,187
Inventory	112,313
Prepaid expenses	15,733
Taxes receivable	657,788
Total current assets	3,624,021
Noncurrent Assets:	
Investment in Davis Salt Lake Aerial Spray Authority (a joint venture)	1,005,382
Net pension asset	-
Capital Assets:	
Land	394,412
Construction in progress	-
Net depreciable capital assets	4,015,889
Total capital assets, net	4,410,301
Total assets	9,039,704
Deferred outflows of resources - pensions	75,231
Total assets and deferred outflows	9,114,935
LIABILITIES	
Current Liabilities:	
Accounts payable	12,586
Payroll liabilities	7,943
Noncurrent liabilities due within one year	292,324
Total current liabilities	312,853
Noncurrent Liabilities:	
Due in more than one year	252,892
Total noncurrent liabilities	252,892
Total liabilities	565,745
Deferred inflows of resources - pensions	98,936
Total liabilities and deferred inflows	664,681
NET POSITION	
Net investment in capital assets	3,994,762
Restricted debt proceeds	-
Unrestricted	4,455,492
Total net position	\$ 8,450,254

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

**MOSQUITO ABATEMENT DISTRICT - DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Functions/programs	Expenses	Program Revenues			Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
mosquito abatement	\$ 2,631,795	\$ -	\$ -	\$ -	\$ (2,631,795)
Total government	\$ 2,631,795	\$ -	\$ -	\$ -	(2,631,795)
General Revenues:					
					3,285,905
					9,234
					78,968
					-
					<u>3,374,107</u>
					742,312
					<u>7,707,942</u>
					<u>\$ 8,450,254</u>

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

MOSQUITO ABATEMENT DISTRICT - DAVIS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 2,616,972	\$ 221,215	\$ 2,838,187
Inventory	112,313	-	112,313
Prepaid expenses	15,733	-	15,733
Taxes receivable	657,788	-	657,788
Total assets	\$ 3,402,806	\$ 221,215	\$ 3,624,021
LIABILITIES			
Accounts payable	\$ 12,586	\$ -	\$ 12,586
Payroll liabilities	7,943	-	7,943
Total liabilities	20,529	-	20,529
FUND BALANCES			
Non-spendable:			
Inventories	112,313	-	112,313
Prepaid expenses	15,733	-	15,733
Committed:			
Collision self insurance	-	-	-
Emergency spray	-	-	-
Airplane loading facility	-	-	-
Employee benefits	-	-	-
Assigned:			
Capital projects	-	221,215	221,215
Unassigned	3,254,231	-	3,254,231
Total fund balances	3,382,277	221,215	3,603,492
Total liabilities and fund balances	\$ 3,402,806	\$ 221,215	\$ 3,624,021

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

**MOSQUITO ABATEMENT DISTRICT - DAVIS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

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

Total fund balances--total governmental funds		\$ 3,603,492
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		
Land	394,412	
Construction in progress	-	
Buildings, net	3,514,123	
Vehicles, net	264,305	
Machinery and equipment, net	<u>237,461</u>	4,410,301
The equity interest in the Davis Salt Lake Aerial Spray Authority is not reported in the funds		1,005,382
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		-
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		(98,936)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		75,231
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position.		
Net pension liability	(13,476)	
Real property lease payable	(415,539)	
Compensated absences	<u>(116,201)</u>	<u>(545,216)</u>
Net position of governmental activities		\$ <u>8,450,254</u>

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

MOSQUITO ABATEMENT DISTRICT - DAVIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 3,285,905	\$ -	\$ 3,285,905
Interest	7,162	2,072	9,234
Other revenues	52,708	26,260	78,968
Total revenues	<u>3,345,775</u>	<u>28,332</u>	<u>3,374,107</u>
EXPENDITURES			
Current Operating:			
Labor	796,635	-	796,635
Chemicals	802,748	-	802,748
Public relations and education	-	-	-
Airplane loading facility	-	31,000	31,000
Plane spraying	278,668	-	278,668
West Nile surveillance	35,400	-	35,400
Operating costs	317,728	-	317,728
Capital outlay	-	194,657	194,657
Bond payment	-	628,048	628,048
Total expenditures	<u>2,231,179</u>	<u>853,705</u>	<u>3,084,884</u>
Excess of revenues over (under) expenditures	<u>1,114,596</u>	<u>(825,373)</u>	<u>289,223</u>
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	(822,048)	822,048	-
Contributions to other governments	(138,539)	-	(138,539)
Proceeds from sale of fixed assets	-	-	-
Total other financing sources (uses)	<u>(960,587)</u>	<u>822,048</u>	<u>(138,539)</u>
Net change in fund balances	154,009	(3,325)	150,684
Fund balance at beginning of year	<u>3,228,268</u>	<u>224,540</u>	<u>3,452,808</u>
Fund balance at end of year	<u>\$ 3,382,277</u>	<u>\$ 221,215</u>	<u>\$ 3,603,492</u>

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

MOSQUITO ABATEMENT DISTRICT - DAVIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balance, total governmental funds	\$	150,684
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	194,657	
Depreciation expense	<u>(249,776)</u>	(55,119)
The change in the equity interest in the Davis Salt Lake Aerial Spray Authority does not provide current financial resources and is not reported in the funds.		
		24,193
Payment of compensated absences is an expenditure in the governmental fund financial statements. However, in the statement of activities, compensated absences are expensed as the liability is incurred. The corresponding obligation on the statement of net position is reduced as payments are made. This is the net change to compensated absences in the current period.		
		(11,586)
The statement of activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements.		
		32,225
The issuance of long-term debt (e.g., bonds, leases) 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 effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items are as follows:		
Repayment of principal	601,915	<u>601,915</u>
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. This is the amount that the proceeds from the sale exceeded the gain from the sale of capital assets.		
Proceeds from sale of assets	-	
Gain from sale of assets	<u>-</u>	<u>-</u>
Change in net position of governmental activities		<u><u>\$ 742,312</u></u>

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

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. ORGANIZATION AND REPORTING ENTITY

The Mosquito Abatement District - Davis is a special taxing district operating in Davis County. The purpose of the District is to control infestation of mosquitoes in the County. No other government entity is included in this report.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision not to include any potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB).

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The District's financial statements are prepared in The District has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the District has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Basic Financial Statements

The District's basic financial statements consist of the government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

Statement of Net Position - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government and exclude fiduciary activities. The statement of net position presents the financial condition of the governmental activities of the District at year end.

Statement of Activities - The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities of the District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

There are three categories of funds: governmental, proprietary, and fiduciary. The following fund types are used by the District:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources that are not specifically accounted for in another fund.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Capital Projects Fund

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's various departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time a liability is incurred.

Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the 'susceptible to accrual criteria' are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity

1. Cash & Cash Equivalents 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.

2. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables, payables, and transfers between funds within governmental activities are eliminated in the government-wide statements.

3. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

4. Inventories and Prepaid Items

The Inventories are valued at cost using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Both inventories and prepaid expenses are accounted for with the consumption method.

5. Capital Assets

Capital assets which include property, plant, and equipment are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and a useful life over three years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

5. Capital Assets (Continued)

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles	7
Operating Equipment	3-10
Office Equipment	7-10

Fund Financial Statements

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

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. One-third of unpaid accumulated sick leave may be converted to either cash or health insurance after retirement on a dollar-for-dollar basis for eligible employees. An eligible employee is one who has been with the District for at least 10 years. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Equity Classifications

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 any 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 in place 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."

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

7. Equity Classifications (Continued)

It is the District's policy to first apply restricted resources before applying unrestricted resources when an expense is incurred for purposes by which both restricted and unrestricted net position are available. The District only uses the restricted net position for their specified purposes, if applicable.

Fund Statements

In February 2009, GASB issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The fund balances 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.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

8. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, and reimbursement, are reported as operating transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

9. Property Tax

Property taxes are attached as an enforceable lien on property as of January 1st. The County collects these taxes and remits the proportionate share of taxes collected to the District.

Taxes are due and payable on November 1st and delinquent after twelve o'clock noon on November 30th of each year.

The combined tax rate to finance the district for the year ended December 31, 2021, was .000099% of tax valuation.

10. 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) and additions to/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.

11. Deferred Outflows of Resources

In addition to assets, the statement of financial position 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 or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. 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.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities and Equity (Continued)

12. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item reported under this category. The District participates in the Utah Retirement Systems and has deferred inflows of resources.

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. 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 time deposits. 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.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of District funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2021, \$0 of the District's bank balances was uninsured and uncollateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the District's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

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:

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

- *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, 2021 the District had the following recurring fair value measurements:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 2,843,676	\$ -	\$ 2,843,676	\$ -
Total debt securities	\$ 2,843,676	\$ -	\$ 2,843,676	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the December 31, 2021 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management 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 on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

As of December 31, 2021, the District's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	2,843,676	2,843,676	-	-	-
	2,843,676	2,843,676	-	-	-

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, 2021 the District's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	2,843,676	-	-	-	2,843,676
	2,843,676	-	-	-	2,843,676

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 for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this 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 or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Cash on hand and on deposit:	
Cash overdraft/deficit	\$ (5,489)
Petty cash	-
PTIF investment	<u>2,843,676</u>
Total cash and investments	<u>\$ 2,838,187</u>

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

Cash	<u>\$ 2,838,187</u>
Total cash and investments	<u>\$ 2,838,187</u>

B. Receivables

Receivables at year end for the District consist of property tax receivables in the General Fund. The balance at year end was \$657,788 and the allowance for uncollectibles had a balance of \$0.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

C. Capital Assets

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 394,412	\$ -	\$ -	\$ 394,412
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>394,412</u>	<u>-</u>	<u>-</u>	<u>394,412</u>
Capital assets, being depreciated				
Buildings	4,355,559	-	-	4,355,559
Vehicles	596,220	65,364	-	661,584
Machinery and equipment	580,209	129,293	-	709,502
Total capital assets, being depreciated	<u>5,531,988</u>	<u>194,657</u>	<u>-</u>	<u>5,726,645</u>
Accumulated depreciation for:				
Buildings	(754,040)	(87,396)	-	(841,436)
Vehicles	(319,760)	(77,519)	-	(397,279)
Machinery and equipment	(387,180)	(84,861)	-	(472,041)
Total accumulated depreciation	<u>(1,460,980)</u>	<u>(249,776)</u>	<u>-</u>	<u>(1,710,756)</u>
Total capital assets, being depreciated, net	<u>4,071,008</u>	<u>(55,119)</u>	<u>-</u>	<u>4,015,889</u>
Governmental-type activities capital assets, net	<u>\$ 4,465,420</u>	<u>\$ (55,119)</u>	<u>\$ -</u>	<u>\$ 4,410,301</u>

D. Compensated Absences

Compensated absences had a balance of \$116,201 as of December 31, 2021. The estimated current-portion of compensated absences, based on historical trends is \$24,001.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

E. Real Property Capital Lease

The District entered into a real property lease agreement with Zions Bank on October 15, 2014 for \$2,423,000 and amended it in April 2015 to increase the principal amount by \$750,382 to finance the building expansion of the District's facilities. The real property lease bears interest at 2.74% and is a capital lease. The first payment is due October 15, 2015 and subsequent payments are due every six months until April 14, 2023.

Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2022	\$ 268,323	\$ 14,325	\$ 282,648
2023	147,216	2,125	149,341
Total	\$ 415,539	\$ 16,450	\$ 431,989

F. Long Term Debt Summary

Governmental Activities:	Outstanding 12/31/20	Additions	Reductions	Outstanding 12/31/21	Current Portion
Real Property Capital Lease	\$ 1,017,454	\$ -	\$ (601,915)	\$ 415,539	\$ 268,323
Compensated Absences	104,615	11,586	-	116,201	24,001
Net Pension Liability	95,797	-	(82,321)	13,476	-
Total Governmental Activities	\$ 1,217,866	\$ 11,586	\$ (684,236)	\$ 545,216	\$ 292,324

IV. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The budget officer prepares and files a tentative budget which is to be presented to the governing body by November 1st.
2. Tentative budgets are public record available for inspection for at least ten days prior to adoption.
3. Published notices are sent seven days prior to a public hearing on adoption of the budget.
4. Public hearings are held on the tentative budgets.
5. Final adjustments to the tentative budgets are made by the governing body after the public hearing.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

IV. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

6. By December 15th, the budget is adopted by resolution of the governing body and filed with the State Auditor.

Budgets may be increased by resolution of the board at any time during the year. A public hearing must be held regarding any proposed increase in funds appropriations.

Budget amendments are required only when excess expenditures occur at the departmental level. Utah state law allows for any undesignated fund balance in excess of 5% of total revenues of the general fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to one year's property tax plus the most recently adopted general fund budget.

All unused budget appropriations lapse at year end. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The accounting methods and policies used for budgetary purposes are the same as the methods and policies used in the fund financial statements. Therefore, no reconciliation is needed as the results are identical.

V. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has established a risk management program for workers' compensation. Premiums are paid out of the general fund.

Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An estimate of claims liability also may include amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Settlements have not exceeded coverages for each of the past three years. As of December 31, 2021, no liabilities were incurred due to such contingencies as discussed above.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

V. OTHER INFORMATION (CONTINUED)

B. Joint Venture

The Mosquito Abatement District – Davis is a participant along with Salt Lake City Mosquito Abatement District in a joint venture to operate the Davis Salt Lake Aerial Spray Authority (DSLASA). DSLASA was established according to Utah State Law to provide storage and loading facility at the Ogden Airport for the mosquito abatement districts. Board members of DSLASA are made up of board members from both mosquito abatement districts. The executive director and assistant executive director are the two managers of the mosquito abatement districts. Each mosquito abatement district is required to fund 50% of the revenues of DSLASA each year; as such, the DSLASA does not have the authority to levy its own funding through property taxes. The District is financially liable for the liabilities and contingencies of the DSLASA.

In 2013, DSLASA refinanced bonds for \$1,025,000 the original bonds were used to fund the construction of the Airport loading and storage facility of which the District is liable for 50% through a master operating lease agreement. A copy of DSLASA's financial statements may be obtained from Davis Salt Lake Aerial Spray Authority, 85 North 600 West, Kaysville, Utah 84037.

C. Subsequent Events

No significant subsequent events have occurred since the date of the financial statements through June 27, 2022, which is the financial statement issuance date.

VI. EMPLOYEE RETIREMENT 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:

- 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 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 Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. 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. URS issues a publicly available

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VI. EMPLOYEE RETIREMENT PLANS (CONTINUED)

financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided:

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

Summary of Benefits by System

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.

Contributions:

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 URS 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, 2021 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer rate for 401(k) Plan
Contributory System			
111 - Local Government Div - Tier 2	N/A	16.07	0.62
Noncontributory System			
15 -Local Government Div - Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00

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

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VI. EMPLOYEE RETIREMENT PLANS (CONTINUED)

For fiscal year ended December 31, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 42,739	N/A
Tier 2 Public Employees System	5,621	-
Tier 2 DC Only Systems	4,073	N/A
Total Contributions	\$ 52,433	\$ -

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 of Resources and Deferred Inflows of Resources relating to Pensions

At December 31, 2021, we reported a net pension asset of \$0 and a net pension liability of \$13,476.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 13,147	0.0256297%	0.0254580%	0.0003839%
Tier 2 Public Employees System	-	329	0.0022848%	0.0028822%	-0.0005974%
Total Net Pension Asset/Liability	\$ -	\$ 13,476			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, we recognized pension expense of \$20,166. At December 31, 2021, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,939	\$ 150
Changes in assumptions	416	1,731
Net difference between projected and actual earnings on pension plan investments	-	96,958
Changes in proportion and differences between contributions and proportionate share of contributions	4,442	97
Contributions subsequent to the measurement date	52,434	-
Total	\$ 75,231	\$ 98,936

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VI. EMPLOYEE RETIREMENT PLANS (CONTINUED)

\$52,434 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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,	Deferred Outflows (Inflows) of Resources
2021	\$ (18,564)
2022	(8,775)
2023	(33,479)
2024	(15,984)
2025	108
Thereafter	\$ 556

For the year ended December 31, 2021, we recognized pension expense of \$16,953. At December 31, 2021, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,636	\$ -
Changes in assumptions	-	1,719
Net difference between projected and actual earnings on pension plan investments	-	95,997
Changes in proportion and differences between contributions and proportionate share of contributions	3,843	-
Contributions subsequent to the measurement date	42,739	-
Total	\$ 64,218	\$ 97,716

\$42,739 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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,	Deferred Outflows (Inflows) of Resources
2021	\$ (18,396)
2022	(8,674)
2023	(33,252)
2024	(15,915)
2025	-
Thereafter	\$ -

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VI. EMPLOYEE RETIREMENT PLANS (CONTINUED)

For the year ended December 31, 2021, we recognized pension expense of \$3.213. At December 31, 2021, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 302	\$ 150
Changes in assumptions	416	12
Net difference between projected and actual earnings on pension plan investments	-	961
Changes in proportion and differences between contributions and proportionate share of contributions	600	97
Contributions subsequent to the measurement date	9,695	-
Total	\$ 11,013	\$ 1,220

\$9,695 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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,	Deferred Outflows (Inflows) of Resources
2021	\$ (168)
2022	(101)
2023	(227)
2024	(69)
2025	108
Thereafter	\$ 556

Actuarial assumptions:

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption 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.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VI. EMPLOYEE RETIREMENT PLANS (CONTINUED)

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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 Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 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. The discount rate remained unchanged at 6.95 percent.

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VI. EMPLOYEE RETIREMENT 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 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 227,923	\$ 13,147	\$ (165,901)
Tier 2 Public Employees System	5,530	329	(3,650)
Total	\$ 233,453	\$ 13,476	\$ (169,551)

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 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.

Davis Co. Mosquito Abate participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401 (k) Plan
- Roth IRA Plan

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

401(k) Plan	2021	2020	2019
Employer Contributions	\$ 24,283	\$ 22,597	\$ 19,252
Employee Contributions	21,265	21,749	19,178
Roth IRA Plan	2021	2020	2019
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3,963	\$ 370	\$ -

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

VII. TAX ABATEMENTS

The District participates in redevelopment activities that qualify as tax abatements, according to GASB 77 as authorized under the Interlocal Cooperation Act, Title 11, Chapter 13 of the Utah Code Annotated. The District assists redevelopment projects by providing a share of the tax increment from the project area. For the fiscal year ended December 31, 2021, the District provided tax increment funding totaling \$138,539 under these agreements, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 100 percent property tax abatement to Centerville City Parish Lane Gateway. The abatement amounted to \$14,697.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MOSQUITO ABATEMENT DISTRICT - DAVIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 3,105,000	\$ 3,105,000	\$ 3,285,905	\$ 180,905
Interest	28,000	28,000	7,162	(20,838)
Other revenues	30,700	70,679	52,708	(17,971)
Total revenues	<u>3,163,700</u>	<u>3,203,679</u>	<u>3,345,775</u>	<u>142,096</u>
Expenditures:				
Current:				
Labor	989,000	989,000	796,635	192,365
Chemicals	908,000	908,000	802,748	105,252
Public relations and education	20,000	20,000	-	20,000
Plane spraying	320,000	320,000	278,668	41,332
West Nile surveillance	44,000	44,000	35,400	8,600
Operating costs	336,700	336,700	317,728	18,972
Total expenditures	<u>2,617,700</u>	<u>2,617,700</u>	<u>2,231,179</u>	<u>386,521</u>
Other financing sources (uses):				
Unappropriated fund balance	124,000	236,069	-	(236,069)
Contributions to other governments	(165,000)	(125,000)	(138,539)	(13,539)
Transfer to capital projects fund	(670,000)	(822,048)	(822,048)	-
Total other financing sources (uses)	<u>(711,000)</u>	<u>(710,979)</u>	<u>(960,587)</u>	<u>(249,608)</u>
Excess (deficiency) of revenues over expenditures	<u>(165,000)</u>	<u>(125,000)</u>	<u>154,009</u>	<u>279,009</u>
Fund balance - January 1	<u>3,228,268</u>	<u>3,228,268</u>	<u>3,228,268</u>	<u>-</u>
Fund balance - December 31	<u>\$ 3,063,268</u>	<u>\$ 3,103,268</u>	<u>\$ 3,382,277</u>	<u>\$ 279,009</u>

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

MOSQUITO ABATEMENT DISTRICT - DAVIS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2021 WITH MEASUREMENT DATE OF DECEMBER 31, 2020
 Last 10 fiscal years*

		<u>Noncontributory System</u>	<u>Tier 2 Public Employees Retirement System</u>
Proportion of the net pension liability (asset)	2021	0.0256297%	0.0022848%
	2020	0.0252458%	0.0028822%
	2019	0.0246622%	0.0027439%
	2018	0.0226838%	0.0000000%
	2017	0.0222895%	0.0000000%
	2016	0.0217513%	0.0000000%
	2015	0.0246455%	0.0000000%
Proportion share of the net pension liability (asset)	2021	\$ 13,147	\$ 329
	2020	\$ 95,148	\$ 649
	2019	\$ 181,606	\$ 1,175
	2018	\$ 99,385	-
	2017	\$ 143,126	-
	2016	\$ 123,079	-
	2015	\$ 107,017	-
Covered employee payroll	2021	\$ 223,084	\$ 36,572
	2020	\$ 214,023	\$ 40,068
	2019	\$ 205,122	\$ 31,912
	2018	\$ 195,088	-
	2017	\$ 191,089	-
	2016	\$ 179,595	-
	2015	\$ 203,002	-
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2021	5.89%	0.90%
	2020	44.46%	1.62%
	2019	88.54%	3.68%
	2018	50.94%	0.00%
	2017	74.90%	0.00%
	2016	68.53%	0.00%
	2015	52.70%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	2021	99.2%	98.3%
	2020	93.7%	96.5%
	2019	87.0%	90.8%
	2018	91.9%	0.0%
	2017	87.3%	0.0%
	2016	87.8%	0.0%
	2015	90.2%	0.0%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past seven years.

See accompanying notes to required supplementary information

MOSQUITO ABATEMENT DISTRICT - DAVIS
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2020
 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 employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 36,334	\$ 36,334	\$ -	\$ 203,002	17.90%
	2015	33,171	33,171	-	179,595	18.47%
	2016	35,294	35,294	-	191,089	18.47%
	2017	36,033	36,033	-	195,088	18.47%
	2018	37,886	37,886	-	205,122	18.47%
	2019	39,530	39,530	-	214,023	18.47%
	2020	41,204	41,204	-	223,084	18.47%
	2021	42,739	42,739	-	231,399	18.47%
Tier 2 Public Employees System*	2014	\$ 5,717	\$ 5,717	\$ -	\$ 39,424	14.50%
	2015	3,433	3,433	-	22,985	14.93%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	4,905	4,905	-	31,912	15.37%
	2019	6,251	6,251	-	40,068	15.60%
	2020	5,750	5,750	-	36,572	15.72%
	2021	5,621	\$ 5,621	-	35,329	15.91%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	1,108	1,108	-	16,562	6.69%
	2016	2,790	2,790	-	41,706	6.69%
	2017	2,888	2,888	-	43,175	6.69%
	2018	3,210	3,210	-	47,982	6.69%
	2019	3,347	3,347	-	50,025	6.69%
	2020	3,481	3,481	-	52,039	6.69%
	2021	4,073	4,073	-	60,889	6.69%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rated due to rounding and other administrative issues.

See accompanying notes to required supplementary information

MOSQUITO ABATEMENT DISTRICT - DAVIS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2021

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

**AUDITOR'S REPORTS AND
SCHEDULE OF FINDINGS**



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

To the Board of Trustees and Management of
Mosquito Abatement District - Davis

Report On Compliance

We have audited Mosquito Abatement District - Davis’s 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, 2021.

State compliance requirements were tested for the year ended December 31, 2021 in the following areas:

- Budgetary Compliance
- Fraud Risk Assessment
- Fund Balance

Management’s Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor’s Responsibility

Our responsibility is to express an opinion on Mosquito Abatement District - Davis’s compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Mosquito Abatement District - Davis’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Mosquito Abatement District - Davis’s compliance with those requirements.

Opinion on Compliance

In our opinion, Mosquito Abatement District - Davis complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2021.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance.

Report On Internal Control over Compliance

Management of Mosquito Abatement District - Davis is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mosquito Abatement District - Davis's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mosquito Abatement District - Davis's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Child Richards CPAs & Advisors

Ogden, Utah
June 27, 2022



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

To the Board of Trustees and Management of
Mosquito Abatement District - Davis
85 North 600 West
Kaysville, UT 84037

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major funds of Mosquito Abatement District - Davis, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Mosquito Abatement District - Davis's basic financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mosquito Abatement District - Davis'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 Mosquito Abatement District - Davis's internal control. Accordingly, we do not express an opinion on the effectiveness of Mosquito Abatement District - Davis'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 Mosquito Abatement District - Davis'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.

Child Richards CPAs & Advisors

Ogden, Utah
June 27, 2022