

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT  
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'  
REPORTS

Year Ended December 31, 2018

*Royce T. Scimemi, CPA, APAC*  
*Oberlin, LA*

**ALLEN PARISH MOSQUITO ABATEMENT DISTRICT  
FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018**

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Independent Auditors' Report

Board of Commissioners  
Allen Parish Mosquito Abatement District  
Oakdale, LA

June 17, 2019

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the only major fund of the Allen Parish Mosquito Abatement District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the only major fund of the District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-10, and page 29, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer on page 31 is presented as other supplementary information for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



Royce T. Scimemi, CPA, APAC

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis

Within this section of the Allen Parish Mosquito Abatement District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### **Financial Highlights**

- The District's assets exceeded its liabilities by \$2,301,382 (net position) for the fiscal year reported.
- Total revenues of \$914,957 exceeded total expenses of \$616,227, which resulted in a current year surplus of \$298,730. The previous year revenues exceeded expenses by \$65,305.
- Total net position is comprised of the following:
  - (1) Invested in capital assets, net of related debt, of \$250,361 includes property and equipment, net of accumulated depreciation, and
  - (2) Unrestricted net position of \$2,051,021.
- The District's governmental funds reported a total ending fund balance of \$2,051,021 this year. This compares to the prior year ending fund balance of \$1,742,844, reflecting an increase of \$308,177 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,002,021, or 330% of total General Fund expenditures and 219% of total General Fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### **Overview of the Financial Statements**

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

#### **Government-wide Financial Statements**

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 13 and 14 of this report.

#### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. The District only reports one fund in the fund financial statements.

The District uses governmental funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management’s Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

*Notes to the basic financial statements*

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 20 of this report.

*Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District’s budget presentations. The budgetary comparison schedule for the general fund is included as “required supplementary information”. This budgetary schedule demonstrates compliance with the District’s adopted and final revised budget. Required supplementary information can be found on pages 29 of this report.

As other supplementary information, the report also presents a schedule of compensation, benefits and other payments to the chief executive officer on page 31 of this report. This report is required by Louisiana statutes.

**Financial Analysis of the District as a Whole**

The District’s net positions at fiscal year-end are \$2,002,652 and \$2,301,382 for 2017 and 2018, respectively. The following table provides a summary of the District’s net position:

	<u>2018</u>		<u>2017</u>	
Assets:				
Current assets	\$2,051,116	89%	\$1,909,284	88%
Capital assets	<u>250,361</u>	<u>11%</u>	<u>259,808</u>	<u>12%</u>
Total assets	2,301,477	100%	2,169,092	100%
Deferred outflows of resources	-	-	-	-
Liabilities:				
Current liabilities	<u>95</u>	<u>100%</u>	<u>166,440</u>	<u>100%</u>
Total liabilities	95	100%	166,440	100%
Deferred inflows of resources	-	-	-	-
Net position:				
Invested in capital assets, net	250,361	11%	259,808	13%
Unrestricted	<u>2,051,021</u>	<u>89%</u>	<u>1,742,844</u>	<u>87%</u>
Total net position	<u>\$2,301,382</u>	<u>100%</u>	<u>\$2,002,652</u>	<u>100%</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio was 11.47 to 1 for 2017 and 21,590.69 to 1 for 2018.

Note that approximately 11% of the governmental activities' net position is tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District reports net position of \$2,301,382. This amount is \$298,730 higher than last year. The District's overall financial position improved during fiscal year 2018.

The following table provides a summary of the District's changes in net position:

	<u>2018</u>		<u>2017</u>	
Program revenues				
Intergovernmental revenue	\$ -	0%	\$ 113,151	13%
General revenues:				
Ad valorem taxes	891,805	98	709,877	84
Rent income	20,400	2	20,400	3
Interest income	<u>2,752</u>	-	<u>2,525</u>	-
Total Revenues	914,957	<u>100%</u>	845,953	<u>100%</u>
Program expenses:				
Mosquito abatement	<u>616,227</u>	<u>100%</u>	<u>780,648</u>	<u>100%</u>
Total Expenses	<u>616,227</u>	<u>100%</u>	<u>780,648</u>	<u>100%</u>
Change in net position	298,730		65,305	
Beginning net position	<u>2,002,652</u>		<u>1,937,347</u>	
Ending net position	<u>\$2,301,382</u>		<u>\$ 2,002,652</u>	

**Governmental Revenues**

The District is heavily reliant on ad valorem taxes. These taxes provided 98% of the District's revenues during the current year.

**Governmental Functional Expenses**

The total function of the District is to abate, control, eradicate, and study mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. Of the total cost, depreciation on the capital assets was \$9,447 or 1.5% of total expenses.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

#### **Financial Analysis of the District's Funds**

##### *Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an unassigned ending fund balance of \$2,002,021 and non-spendable fund balance of \$49,000.

The unassigned fund balance increased by \$259,177 from the previous year. The non-spendable fund balance increased by \$49,000.

##### *Major Governmental Funds*

The General Fund is the District's only operating fund and is the single source of day-to-day service delivery. The General Fund's fund balance increased by \$308,177.

#### **Budgetary Highlights**

*The General Fund* – When the budget was adopted, it was anticipated that the total revenues were going to be 9% more than the previous fiscal year's final budget primarily due to an expected increase in ad valorem taxes. The original budget also anticipated that total expenditures were going to increase by \$500 over the previous fiscal years final budget primarily due to an increase in contract services. The budget was amended during the year to reflect an anticipated increase in revenues by 17% and expenditures by 26%. Variances were positive overall with the exception of grant income.

#### **Capital Assets and Debt Administration**

##### *Capital assets*

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2018, was \$250,361. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity:

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

	<u>2018</u>	<u>2017</u>
Depreciable capital assets:		
Equipment	\$ 740	\$ 740
Furniture & fixtures	1,764	1,764
Buildings	<u>377,896</u>	<u>377,896</u>
Total depreciable assets	380,400	380,400
Less accumulated depreciation	<u>130,039</u>	<u>120,592</u>
Book value-depreciable assets	\$ <u>250,361</u>	\$ <u>259,808</u>
Percentage depreciated	<u>34%</u>	<u>32%</u>
Book value-all assets	\$ <u>250,361</u>	\$ <u>259,808</u>

At December 31, 2018, the depreciable capital assets for governmental activities were 34% depreciated.

There were no additions to capital assets during the current year. There were no retirements of capital assets during the current year.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District President, Mr. Melvin Bell, at (337) 738-2781.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Allen Parish Mosquito Abatement District**  
**Statement of Net Position**  
**December 31, 2018**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 1,170,505
Receivables - ad valorem	831,311
Utility deposit	300
Prepaid contract services	49,000
Capital assets, net	<u>250,361</u>
<i>Total Assets</i>	<u><u>2,301,477</u></u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
<i>Total Deferred Outflows of Resources</i>	<u><u>-</u></u>
 <b>LIABILITIES</b>	
Accounts Payable	<u>95</u>
<i>Total Liabilities</i>	<u><u>95</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
<i>Total Deferred Inflows of Resources</i>	<u><u>-</u></u>
 <b>NET POSITION</b>	
<i>Invested in capital assets, net of related debt</i>	250,361
<i>Unrestricted</i>	<u>2,051,021</u>
<i>Total Net Position</i>	<u><u>\$ 2,301,382</u></u>

The accompanying notes are an integral part of the basic financial statements.

**Allen Parish Mosquito Abatement District  
Statement of Activities  
For the Year Ended December 31, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>
<b>Primary Government Governmental Activities:</b>					
Mosquito abatement	\$ 616,227	\$ --	\$ --	\$ --	\$ (616,227)
<b>Total Primary Government</b>	<b>\$ 616,227</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ (616,227)</b>
		<b>General Revenues:</b>			
					891,805
					20,400
					2,752
					<b>Total General Revenues</b> 914,957
					<b>Change in Net Position</b> 298,730
					Net Position at Beginning of Period 2,002,652
					<b>Net Position at End of Period</b> \$ 2,301,382

The accompanying notes are an integral part of the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

**Allen Parish Mosquito Abatement District**  
**Balance Sheet**  
**Governmental Fund**  
**December 31, 2018**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 1,170,505
Receivables - ad valorem	831,311
Utility deposit	300
Prepaid contract services	49,000
<b>Total Assets</b>	<b>2,051,116</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,051,116</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 95
<b>Total Liabilities</b>	<b>95</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>95</b>
<b>FUND BALANCE</b>	
Nonspendable	49,000
Unassigned	2,002,021
<b>Total Fund Balance</b>	<b>2,051,021</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 2,051,116</b>

The accompanying notes are an integral part of the basic financial statements.

**Allen Parish Mosquito Abatement District**  
**Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position**  
**December 31, 2018**

Total Fund Balance - Governmental Fund	\$ 2,051,021
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Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	250,361
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<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>2,301,382</u></b>
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The accompanying notes are an integral part of the basic financial statements.

**Allen Parish Mosquito Abatement District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended December 31, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Ad valorem taxes (net)	\$ 891,805
Rent income	20,400
Interest income	2,752
<b><i>Total Revenues</i></b>	<b>914,957</b>
<b>Expenditures</b>	
Current:	
Advertising	700
Contract services	588,882
Insurance	3,363
Office expense	250
Professional fees	5,660
Repairs and Maintenance	2,042
Secretary fees	4,550
Travel	1,333
<b><i>Total Expenditures</i></b>	<b>606,780</b>
<b><i>Net Change in Fund Balance</i></b>	<b>308,177</b>
<i>Fund Balance at Beginning of Period</i>	1,742,844
<b><i>Fund Balance at End of Period</i></b>	<b>\$ 2,051,021</b>

The accompanying notes are an integral part of the basic financial statements.

**Allen Parish Mosquito Abatement District**  
**Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance to the Statement of Activities**  
**For the Year Ended December 31, 2018**

Total Net Change in Fund Balance - Governmental Fund	\$ 308,177
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(9,447)
<b>Changes in Net Position - Governmental Activities</b>	<u><u>\$ 298,730</u></u>

The accompanying notes are an integral part of the basic financial statements.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Mosquito Abatement District (District) was created by the Allen Parish Police Jury on June 17, 2002 as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721 et seq., for the purpose of abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. The District is governed by a board of five commissioners who are appointed by the Allen Parish Police Jury and are not compensated. The District encompasses all of Allen Parish and has approximately 25,000 citizens. As of December 31, 2018, the District has no employees. The District contracts with a private company to provide for mosquito control services.

The accounting and reporting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, Audits of State and Local Governments. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

#### 1. Reporting Entity

GASB Statement 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement 14, the District includes all funds that are within its oversight responsibility.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Allen Parish Police Jury to impose its will on that organization, and/or

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.
2. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, the District is a component unit of the Allen Parish Police Jury's reporting entity. The District itself has no component units. These financial statements represent the financial position and activity of the District alone and not that of the Allen Parish Police Jury.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. They include all funds of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

Program revenues include (a) fees and charges paid by the recipients of services offered by the District and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and rents, are presented as general revenues.

# ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

## Notes to the Basic Financial Statements December 31, 2018

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all governmental funds. The District has one fund, the General Fund, which is therefore considered its major fund.

#### 3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide statement of net position and statement of activities, the governmental activities are presented using the economic resources measurement focus.

The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. Equity is classified as net position.

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District operations.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The amounts reflected in the governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are normally collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which are 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. The governmental funds use the following practices in recording revenues and expenditures:

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues

The revenues susceptible to accrual are ad valorem taxes and grant income.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having an office in Louisiana.

As of December 31, 2018, the District had cash and interest-bearing deposits (book balances) totaling \$1,170,505. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 201, the District has \$1,171,119 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$1,171,119.

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. On or before the last meeting of each year, the budget is prepared by function and activity, with consideration being given to information on the past year and current year estimates.

The proposed budget is presented to the government's board of commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	7 Years
Furniture & fixtures	7 Years
Buildings	40 Years

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.

7. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

8. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

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

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

In the fund statements, governmental fund equity is classified as fund balance and is further classified follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board's adopted policy, only board members may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

In governmental funds, the District policy is to use restricted fund balances first, followed by committed and then assigned, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources and to defer the use of these other classified funds. All fund balances are currently unassigned, except for \$49,000 in nonspendable fund balance.

#### 9. Use of Estimates

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Long-Term Debts

All long-term debts to be repaid from governmental resources are reported as liabilities in the government-wide statements, if any.

Long-term debts for governmental funds, if any, are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

11. Subsequent Events

Management has evaluated subsequent events through June 17, 2019, the date the financial statements were available to be issued.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2018, taxes were levied on taxable assessed valuations of \$116,104,311 at a millage of 8.00. The millage expires December 31, 2021. Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

Total taxes levied were \$928,834. Total taxes collected were \$726,564.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/17 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	12/31/18 <u>Balance</u>
Governmental activities:				
Depreciable capital assets:				
Equipment	\$ 740	\$ -	\$ -	\$ 740
Furniture & fixtures	1,764	-	-	1,764
Building	<u>377,896</u>	-	-	<u>377,896</u>
Total	<u>380,400</u>	-	-	<u>380,400</u>
Less: Accumulated Depreciation				
Equipment 740	-	-	740	
Furniture & fixtures	1,764	-	-	1,764
Buildings	<u>118,088</u>	<u>9,447</u>	-	<u>127,535</u>
Total	<u>120,592</u>	<u>9,447</u>	-	<u>130,039</u>
Net capital assets	<u>\$ 259,808</u>	<u>\$ (9,447)</u>	<u>\$ -</u>	<u>\$ 250,361</u>

Depreciation expense in the amount of \$9,447 was charged to mosquito abatement.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements  
December 31, 2018

### NOTE D – 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; injuries to affiliates; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

### NOTE E – COMMITMENTS

The District has one major outstanding contract for professional and contract services with RKS, LLC. RKS, LLC purchased the contract from RAL Ventures, LLC during 2017. The company will provide control of the mosquito population in Allen Parish. The most recent contract agreement was for a period beginning March 1, 2014 and extended to December 31, 2021. Payments totaling \$588,000 per year are required under the contract. RKS, LLC also rents the building owned by the District. Payments of \$20,400 in rent income were received from RKS, LLC. during the year.

### NOTE F – TAX ABATEMENTS

Louisiana's State Constitution Article VII, Section 21 authorized the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment relating to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Allen Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2018, \$4,439,470 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$35,516 in ad valorem taxes.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Allen Parish Mosquito Abatement District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Ad valorem taxes (net)	\$ 650,000	\$ 650,000	\$ 891,805	\$ 241,805
Rent income	20,400	20,400	20,400	--
Intergovernmental	--	113,000	--	(113,000)
Interest Income	1,000	1,000	2,752	1,752
<b>Total Revenues</b>	<b>671,400</b>	<b>784,400</b>	<b>914,957</b>	<b>130,557</b>
<b>Expenditures</b>				
Current:				
Advertising	1,000	1,000	700	300
Bank charges	100	100	--	100
Contract services	588,000	755,100	588,882	166,218
Insurance	4,200	3,500	3,363	137
Office expense	750	750	250	500
Professional fees	5,500	6,000	5,660	340
Repairs and maintenance	1,000	3,000	2,042	958
Secretary fees	4,500	4,900	4,550	350
Travel	5,000	2,000	1,333	667
Capital Outlay	10,000	5,000	--	5,000
<b>Total Expenditures</b>	<b>620,050</b>	<b>781,350</b>	<b>606,780</b>	<b>174,570</b>
<b>Net Change in Fund Balance</b>	<b>51,350</b>	<b>3,050</b>	<b>308,177</b>	<b>305,127</b>
<i>Fund Balance at Beginning of Period</i>	1,742,844	1,742,844	1,742,844	--
<b>Fund Balance at End of Period</b>	<b>\$ 1,794,194</b>	<b>\$ 1,745,894</b>	<b>\$ 2,051,021</b>	<b>\$ 305,127</b>

The accompanying notes are an integral part of the basic financial statements.

**OTHER SUPPLEMENTARY INFORMATION**

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Compensation, Benefits and Other Payments to  
Chief Executive Officer

Year Ended December 31, 2018

Chief Executive Officer: Melvin Bell, President of the Board

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	311
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

As provided by Louisiana Revised Statutes 33:7723, the board members shall serve without compensation, but the members shall be reimbursed for reasonable expenses incurred in connection with their official duties. For the year ended December 31, 2018, the board members were reimbursed a total of \$1,333 using the federal standard mileage rates.

ROYCE T. SCIMEMI, CPA, APAC  
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

June 17, 2019

Board of Commissioners  
Allen Parish Mosquito Abatement District  
Oakdale, Louisiana

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 the only major fund of the Allen Parish Mosquito Abatement District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 17, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. This deficiency is identified as finding 2018-1 I/C.

#### **Compliance and Other Matters**

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

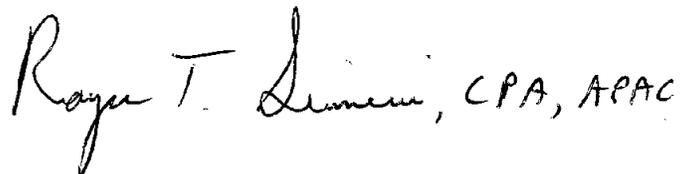
#### **Allen Parish Mosquito Abatement District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying management's corrective action plan on page 35. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **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. This report is intended solely for the information of management and use of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Scimemi, CPA, APAC





ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Corrective Action Plan for  
Current Year Audit Findings (Unaudited)

Year Ended December 31, 2018

Internal Control and Compliance Material to the Financial Statements

2018-1 I/C Segregation of duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Contact Person: Melvin Bell, President

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT  
Summary Schedule of Prior Year Audit Findings (Unaudited)  
Year Ended December 31, 2018

2017-1 I/C Segregation of duties:

Corrective Action Taken: This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

2017-2 C Local Governmental Budget Act Compliance

Corrective Action Taken: Budget was reviewed prior to year end and amended accordingly.

# ROYCE T. SCIMEMI, CPA, APAC



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Allen Parish Mosquito Abatement District  
Oakdale, Louisiana 71463

June 17, 2019

We have performed the procedures enumerated below, which were agreed to by management of the Allen Parish Mosquito Abatement District (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the District's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
***All addressed without exception.***
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
***All addressed without exception.***
  - c) ***Disbursements***, including processing, reviewing, and approving.  
***All addressed without exception.***
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

**All addressed without exception.**

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**The District has no employees and therefore, no need for such policies at this time.**

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

**All addressed without exception.**

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

**The District has no credit cards and therefore, no need for such policies at this time.**

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**All addressed without exception.**

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.  
Note: Ethics requirements are not applicable to nonprofits.

**All addressed without exception.**

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**The District has no long-term debts and therefore, no need for such policies at this time.**

**Board of Commissioners (or Finance Committee, if applicable)**

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**The minutes reflected that the managing board met monthly in accordance with enabling legislation except for the month of June (Exception).**

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the District's collections during the fiscal period.*

**Monthly income statements were provided to the board by handout. However, there were no references made of any monthly budget-to-actual comparisons (Exception).**

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**The general fund had a positive ending unrestricted fund balance at the prior year end and no discussion was needed.**

### **Bank Reconciliations**

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

***Bank accounts were reconciled within two months of the related statement closing date without exception.***

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

***A qualified member of management reviewed and approved bank reconciliations for 6 months of the twelve months of the year (Exception).***

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***There were no checks outstanding older than six months.***

### **Collections**

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

***The listing was provided by management. No actual cash is ever collected for the District. Checks are only received in the mail primarily for ad valorem taxes and monthly rent. All checks are received and deposited by the secretary without any approval.***

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

***There are no cash drawer collection sites.***

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

***The secretary who is responsible for collecting checks is also responsible for depositing them and for reconciling the related bank account (Exception).***

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

***The District's office has a formal process to reconcile cash collections by revenue source to the general ledger by the secretary who is also responsible for cash collections (Exception).***

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

***The secretary responsible for reconciling cash collections to the general ledger by revenue source is also responsible for collecting cash, but the bank reconciliations are verified by two board members.***

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**No evidence of exceptions was found during the testing.**

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

**The District does not utilize sequentially pre-numbered receipts as payments are only received by mail.**

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**No exceptions were noted during the testing.**

- c) Trace the deposit slip total to the actual deposit per the bank statement.

**No exceptions were noted during the testing.**

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**All checks are mailed to the District. Checks appear to be deposited timely but was there was no documentation of the actual time of receipt for comparison to the date of deposit (Exception).**

- e) Trace the actual deposit per the bank statement to the general ledger.

**No exceptions were noted during the testing.**

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**The listing was provided by management without exception.**

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**No purchase order system was used by the District (Exception). Without such a system, there is no evidence that the system separates initiation from approval. The District has relatively few transactions that are all initiated with board approval and carried out by the secretary.**

- b) At least two employees are involved in processing and approving payments to vendors.

**No purchase orders were used with any of the transactions tested. There was no documentation that separated the person initiating the purchase to the one processing and approving the payment. (Exception).**

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**The secretary is responsible for accounts payable payment processing and adding/modifying vendor paper files (Exception). However, the board members approve all purchases at the meetings before payments are disbursed.**

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***The secretary does not have authority to sign checks and mails all payments. However, the secretary is the person responsible for accounts payable payment processing (Exception).***

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

***All selected disbursements matched the related original invoice/billing statement.***

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***Certain board members have signatory authority and the entire board authorizes disbursements. The secretary will initiate purchases, process accounts payable payments, and record purchases with the board's approval.***

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

***The District does not utilize any credit cards or other payment cards.***

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

***Since the District does not use credit cards, this test was not applicable.***

b) Observe that finance charges and late fees were not assessed on the selected statements.

***Since the District does not use credit cards, this test was not applicable.***

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

***Since the District does not use credit cards, this test was not applicable.***

#### ***Travel and Expense Reimbursement***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

***Board members were reimbursed mileage at standard GSA rates for appropriate year when they attend monthly meetings.***

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

**N/A.**

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

**Attendance at meetings verified with meeting minutes.**

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Each travel reimbursement is based on meeting attendance and written approval is achieved by a different board member signing the check.**

### **Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

**None of the contracts were subject to public bid law requirements as they are were all for services rendered.**

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

**All of the contracts were approved by the governing board.**

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

**None of the contracts were amended.**

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**All payments selected agreed to the invoice and related payment agreements.**

### **Payroll and Personnel**

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**The District had no employees or elected officials with related salaries during 2018.**

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Since there were no employees or elected officials, this test could not be performed.**

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

***Since there were no employees or elected officials, this test could not be performed.***

- c) Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

***Since there were no employees or elected officials, this test could not be performed.***

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

***Since there were no employees or elected officials, this test could not be performed.***

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

***Since there were no employees or elected officials, this test could not be performed.***

***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

***No prior year exceptions in this category. Testing not required.***

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

***N/A***

***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

***No debt was issued during the fiscal period.***

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***No outstanding debt existed during the fiscal year.***

***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

***Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.***

24. Observe that the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

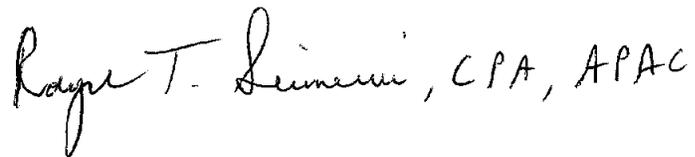
***The District did not have the required notice posted in a conspicuous place upon its premises and it does not maintain a website (Exception).***

Independent Accountants' Report on Applying Agreed-Upon Procedures-Continued  
Board of Commissioners  
Allen Parish Mosquito Abatement District  
June 17, 2019  
Year Ended December 31, 2018

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Royce T. Scimemi, CPA, APAC

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style with a large initial 'R'.