

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH
CREOLE, LOUISIANA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2017

**MOSQUITO ABATEMENT DISTRICT NO. 1
Of Cameron Parish
Creole, Louisiana**

BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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Management's Discussion and Analysis

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2017

As Management of the Mosquito Abatement District No. 1 of Cameron Parish (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2017 by \$8,479,458 (net position).
- The District's net position increased by \$475,840 as a result of this year's operations.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$873,223 which include land, chemical storage area, property, and equipment, net of accumulated depreciation.
 - (2) Unrestricted net position of \$7,606,235 represents the portion available to maintain the District's continuing obligations to citizens and creditors.
- At December 31, 2017, the District's governmental funds consist solely of the District's general fund. The District's governmental funds reported a total ending fund balance of \$7,651,706 an increase of \$501,423, including expenditures for capital assets. Of the total fund balance, \$6,498,250 is unassigned and available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements of the District report information about the District using accounting methods similar to those used by private companies. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations.)

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

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the District's net position changed during the year. The change in net position is 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 government-wide financial statements are presented on pages 11 and 12 of this report.

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

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2017

Fund Financial Statements. (continued)

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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund – the general fund. The District adopts an annual appropriated budget for the general fund, and a budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements are also presented on pages 11 and 12 of this report.

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

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 presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the District's financial report. This schedule demonstrates compliance with the District's adopted and final revised budget.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position at December 31, 2017 and 2016 are summarized as follows:

	2017	2016
Assets:		
Current Assets	\$ 7,772,329	\$ 7,252,346
Capital Assets (net of accumulated depreciation)	<u>873,223</u>	<u>873,897</u>
Total Assets	8,645,552	8,126,243
Deferred Outflows of Resources	<u>89,866</u>	<u>119,570</u>
 Liabilities:		
Current and Other Liabilities	120,623	113,103
Long-Term Liabilities	<u>120,007</u>	<u>114,815</u>
Total Liabilities	240,630	227,918
Deferred Inflows of Resources	<u>15,330</u>	<u>14,277</u>
 Net Position:		
Invested in Capital Assets (net of related debt)	873,223	873,897
Unrestricted	<u>7,606,235</u>	<u>7,129,721</u>
Total Net Position	<u>\$ 8,479,458</u>	<u>\$ 8,003,618</u>

The largest components of the District's total assets are: (1) cash of \$4,205,582 or 49.60% (2) inventory of \$1,117,892 or 13.18%; and (3) ad valorem taxes receivable of \$2,413,291 or 28.46%. Of the District's total liabilities, the largest component is (1) the contribution to the pension fund of \$86,512 or 35.95%.

As noted earlier, net position (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's net position totaled \$8,479,458. A portion of the District's net position reflects its investments in capital assets (e.g., building, land and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the District's obligations. The unrestricted net position of the district is available for future use.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2017

The District's changes in net position for December 31, 2017 and 2016 are summarized as follows:

	2017	2016
General Revenues:		
Property Taxes	\$2,390,514	\$2,522,907
Intergovernmental Revenues:		
Federal Revenue Sharing	8,042	7,039
State Revenue Sharing	9,327	3,444
Interest Income	4,115	10,363
Miscellaneous Income	122	97
Net Gain on Disposal of Fixed Assets	12,006	-
Nonemployer Pension Contribution	4,820	4,781
Total Revenues	<u>2,428,946</u>	<u>2,548,631</u>
Expenses:		
Personnel	775,884	727,117
Operating Services	133,724	152,573
Materials and Supplies	974,669	974,397
Travel and Other Charges	3,246	4,272
Depreciation	65,583	83,044
Total Expenses	<u>1,953,106</u>	<u>1,941,403</u>
Change in Net Position	475,840	607,228
Net Position- Beginning	8,003,618	7,428,743
Prior Period Adjustment	-	(32,353)
Beginning of Year - as restated	<u>8,003,618</u>	<u>7,396,390</u>
Net Position - Ending	<u>\$ 8,479,458</u>	<u>\$ 8,003,618</u>

Governmental activities increased net position by \$475,840 for the year ended December 31, 2017.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- The District is heavily dependent on property taxes to support its operations. Property taxes provided 98.42% of the District's total revenues.
- Total revenues decreased by \$119,685, primarily due to a decrease in property tax revenue of \$132,393 from the prior year.
- The District's operations are largely staff oriented. As a result, employee salaries and benefits make up approximately 39.73% of the total expenses.
- Operating Services comprise 6.85% of total expenses.
- The District relies heavily on chemicals as well as other materials and supplies for the abatement of mosquitoes and other arthropods. Materials and supplies comprise 49.90% of total expenses.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the District present its General Fund. The General Fund is the District's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is useful in assessing the resources available at the end of the year in comparison with upcoming requirements.

At December 31, 2017, the District's General Fund balance (total assets less total liabilities) totaled \$7,651,706 of which \$1,117,892 was reserved for inventory and \$35,564 was reserved for prepaid expenses.

Total general revenues reflect a (5%) \$119,685 decrease in 2017 as compared to 2016 due primarily to a decrease in receipt of property tax of \$132,393.

Total expenses increased by \$11,703 from 2016 to 2017.

GENERAL BUDGETARY POLICY/HIGHLIGHTS

The District employs formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual (Budgetary Basis) include the original adopted budget amounts and the final amended budget amounts. Original budgets for each year are adopted on or before December 31 of the year proceeding the budget year. The original budget is based on estimated revenues, estimated expenses, and other financial information known to the District at the time of the adoption of the budget. Amendments to the original budget are made throughout the year as changes in operations, in expected funding levels, and in estimated expenditures occur. The final amended budget is prepared at the time the District anticipates no additional significant increases or decreases in revenues and expenses for the year and no expected changes in operations.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGET

The District increased the final budgeted amount of revenues to \$2,233,000 from the original budget of \$2,423,614, a difference of \$190,614. The reason for the increase was the District received less ad valorem tax revenue than anticipated.

The District increased budgeted expenditures from the original budgeted amount of \$2,035,586 to the final budgeted amount of \$2,071,186, an increase of \$35,600. The larger increases occurred in Personnel Services for \$35,000.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2017, the District had invested in various capital assets, including equipment, furniture, and vehicles. The capital assets are summarized below:

	Governmental Activities	
Nondepreciable Assets:	<u>2016</u>	<u>2017</u>
Land	\$ 72,200	\$ 72,200
Site Improvements	<u>646,691</u>	<u>646,691</u>
Total Nondepreciable Assets	718,891	718,891
Depreciable Assets:		
Equipment	1,078,699	1,095,861
Chemical Storage Area	<u>34,217</u>	<u>34,217</u>
Total Depreciable Assets	1,112,916	1,130,078
Less Accumulated Depreciation	<u>957,906</u>	<u>975,746</u>
Book Value - Depreciable Assets	<u>155,010</u>	<u>154,332</u>
Net Investment in Capital Assets	<u>\$ 873,901</u>	<u>\$ 873,223</u>

Debt Administration

The District had no debt at December 31, 2017.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District's budgeted revenues and expenditures for 2017 are comparable to 2016 actual revenues and expenditures, with the exception of budgeted collection increase in ad valorem taxes and decrease in expenditures needed for chemicals. Barring any unforeseen events, the District currently expects that next years revenues, along with monies from the fund balance will be sufficient to cover expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Josh Hightower, Executive Director, at the District's Office, 149 LeBlanc Rd., Creole, Louisiana 70632 or call at (337) 775-5942.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2017 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 auditors' 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 opinion.

Opinion

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 fund of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 2017, 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, budgetary comparison information, schedule of funding progress, schedule of employer's share of net pension liability, schedule of employer contributions, and notes to retirement system schedules as listed in the table of contents 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Mosquito Abatement District No. 1 of Cameron Parish's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 25, 2018, on our consideration of the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mosquito Abatement District No. 1 of Cameron Parish'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 Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana

June 25, 2018

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH
Creole, Louisiana
Governmental Funds Balance Sheet/Statement of Net Position**

December 31, 2017

	General Fund	Adjustments (Note 1)	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 4,205,582	\$ -	\$ 4,205,582
Advalorem Taxes Receivable, net	2,413,291	-	2,413,291
Inventory	1,117,892	-	1,117,892
Prepaid Insurance	35,414	-	35,414
Rent Deposit	150	-	150
Capital Assets (net of accumulated depreciation)	-	873,223	873,223
Total Assets	7,772,329	873,223	8,645,552
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	-	89,866	89,866
LIABILITIES			
Current Liabilities:			
Accounts Payable and Other Accrued Liabilities	120,623	13,485	134,108
Long-Term Liabilities:			
Other Payroll Benefit	-	54,750	54,750
Net Pension Liability	-	51,772	51,772
Total Liabilities	120,623	65,257	240,630
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	-	15,330	15,330
FUND BALANCES			
Nonspendable:			
Inventories	1,117,892	(1,117,892)	-
Prepaid Expense	35,564	(35,564)	-
Unassigned			
Total Fund Balances	7,651,706	(7,651,706)	-
Total Liabilities and Fund Balances	\$ 7,772,329		
NET POSITION			
Invested in Capital Assets (net of related debt)		873,223	873,223
Unrestricted		7,606,235	7,606,235
Total Net Position		\$ 8,479,458	\$ 8,479,458

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH
Creole, Louisiana**

**Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/
Statement of Activities**

For the Year Ended December 31, 2017

	General Fund	Adjustments (Note 1)	Statement of Activities
EXPENDITURES/EXPENSES			
Governmental Activities:			
Mosquito Abatement:			
Current:			
Personnel Services	\$ 746,136	\$ 29,748	\$ 775,884
Operating Services	133,724	-	133,724
Materials and Supplies	974,669	-	974,669
Travel and Other Charges	3,246	-	3,246
Capital Outlay	64,928	(64,928)	-
Depreciation	-	65,583	65,583
Total Expenditures	<u>1,922,703</u>	<u>30,403</u>	<u>1,953,106</u>
GENERAL REVENUES			
Ad Valorem	2,390,514	-	2,390,514
Intergovernmental Revenue:			
State Revenue Sharing	9,327	-	9,327
Federal Revenue Sharing	8,042	-	8,042
Interest Income	4,115	-	4,115
Net Gain on Disposal of Fixed Assets	-	12,006	12,006
Proceeds from Sale of Fixed Assets	12,006	(12,006)	-
Miscellaneous Income	122	-	122
Nonemployer Pension Contribution	-	4,820	4,820
Total General Revenues	<u>2,424,126</u>	<u>4,820</u>	<u>2,428,946</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	501,423	(25,583)	475,840
Change in Fund Balance \ Net Position	<u>501,423</u>	<u>(25,583)</u>	<u>475,840</u>
FUND BALANCE/NET POSITION			
Beginning of Year	<u>7,150,283</u>	<u>853,335</u>	<u>8,003,618</u>
End of Year	<u>\$ 7,651,706</u>	<u>\$ 827,752</u>	<u>\$ 8,479,458</u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mosquito District No. 1 of Cameron Parish was created on April 4, 1972, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721, and was established for the abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance within the district. The District is governed by a board of 7 directors who are appointed by the Cameron Parish Police Jury.

NOTE A – REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish. The financial reporting entity consists of (a) the primary government (police jury), (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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Cameron 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Police Jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Police Jury does not appoint a voting majority but are fiscally dependent on the Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Police Jury appoints all board members of the District and can impose its will on the District, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

NOTE B – 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 Governmental Accounting Standards Board (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.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE B – BASIS OF PRESENTATION (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 financial management by segregating transactions related to certain District functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The District's current operations require the use of only one governmental fund type. The governmental fund type is described as follows:

General Fund - The primary operating fund of the District, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy. The General Fund is therefore considered its major fund.

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 reporting entity. 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, are presented as general revenues.

NOTE C- MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or 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.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B 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 balances 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's operations.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE C- MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are 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 collected within 60 days after the fiscal year end.

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

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. Taxes not paid by the end of February are subject to lien. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year.

Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences, which are recognized when paid.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE C- MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and the Statement of Net Position (Statement A) are as follows:

Statement B

Net Change in Fund Balance - Total \$ 501,423

Amounts reported for governmental activities in Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 64,928	
Less: current year depreciation	<u>(65,583)</u>	(655)

Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. (2,445)

The effect of recording the net OPEB obligation, and net position liability, deferred outflows of resources, and deferred inflows of resources as it relates to the net pension liability:

Pension Expense	32,267	
Nonemployer pension contribution revenue	4,820	
OPEB Benefit	<u>(59,570)</u>	(22,483)

Change in Net Position of Governmental Funds \$ 475,840

Statement A

Fund Balance		7,651,706
Reporting of net capital assets		873,223
Reporting of accrued compensated absences		(13,485)
Reporting of deferred outflows of resources related to pensions		89,866
Reporting of deferred inflows of resources related to pensions		(15,330)
Other payroll benefit		(54,750)
Reporting of net pension liability		<u>(51,772)</u>
Net Position	\$	<u><u>8,479,458</u></u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE D – BUDGETS

A budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the District's Board of Directors 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.

NOTE E – CASH AND CASH EQUIVALENTS

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 within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

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 equal the amount with the fiscal agent at all times.

At December 31, 2017, the District had \$4,390,382 in deposits (collected bank balances). These deposits were secured by \$250,000 of federal deposit insurance and \$4,140,382 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds on demand.

NOTE F - UNCOLLECTIBLE ACCOUNTS

Ad valorem taxes receivable are stated net of an allowance for uncollectible accounts. The district estimated the allowance based on its historical experience of the relationship between the total taxes levied and the actual amount collected. The allowance for uncollectible accounts was \$100,554 and \$36,165 at December 31, 2017 and 2016, respectively.

NOTE G - 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 market value at the date of donation. All of the fixed assets are based on actual historical costs. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE G- CAPITAL ASSETS (continued)

Capital assets and relative expenses are recorded in the Statement of Net Position and Statement of Activities, respectively, but are not reported in the fund financial statements. 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>Description</u>	<u>Estimated Lives</u>
Equipment	3-10 years
Modular Building	15 years

NOTE H - INVENTORY

Inventory is valued at cost using the first in, first out method. The costs of inventories are recorded as expenditures when used (consumption method).

NOTE I - COMPENSATED ABSENCES

Employees of the District may accumulate from 5 to 25 days of annual leave, depending on their length of service. Upon resignation or retirement, unused vacation leave is paid to the employee at the employee's current rate of pay. Employees may accumulate 18 days of sick leave each year, depending on their length of service. Sick leave may be accumulated without limitation. Any unused accumulated sick leave is forfeited by the employee at their time of resignation or retirement.

The cost of leave privileges, computed in accordance with the GASB Codification Section C60, is recognized as a current year expenditure in governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

As reflected on Statement A, at December 31, 2017, employees of the District have accumulated and vested \$13,485 of employee leave benefits.

NOTE J – LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

NOTE K - FUND BALANCE CLASSIFICATION

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" the District classified governmental fund balances as follows:

- Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE K - FUND BALANCE CLASSIFICATION (continued)

- Restricted fund balances – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District, using its highest level of decision-making authority (the Board of Directors). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose, Intent can be expressed by the Board of Directors or by an official or body to which the District delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the District through adoption or amendment of the budget as intended for specific purposes (such as the purchased of fixed assets, construction, debt service, or for other purposes).

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 of Directors has provided otherwise in its commitment or assignment actions.

NOTE L - 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.

2. AD VALOREM TAXES

The District has an authorized tax millage of 10 mills for general maintenance and operation of the District. The total tax levied was \$2,513,845 on assessed property valued at \$269,705,881.

The following are the principal taxpayers for the parish and their 2017 assessed valuation (amounts expressed in thousands):

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

2. AD VALOREM TAXES (continued)

	2017	
	Assessed Valuation	Percent
Chenier Creole Trail Pipeline	\$ 20,867,150	14.61%
Transcontinental Gas Pipeline	17,272,350	12.10%
Natural Gas Pipeline	11,203,860	7.85%
Citgo Petroleum Company	10,133,170	7.10%
Kinder Morgan Louisiana Pipeline, LLC	9,399,150	6.58%
Northstar Offshore Group, LLC	8,074,449	5.65%
Hilcorp Energy Company	7,829,922	5.48%
Bechtel Equipment Operations, Inc.	5,729,837	4.01%
Surf Subsea, Inc.	4,900,500	3.43%
Gulfport Energy Corporation	4,714,079	3.30%
	100,124,467	70.11%
Remaining taxpayers	42,676,516	29.89%
Total assessed value	\$ 142,800,983	100.00%

3. RECEIVABLES

The General Fund receivables of \$2,413,291 at December 31, 2017, are as follows:

Class of Receivable	
Ad valorem taxes	\$2,413,291

For the government-wide financial statements, property taxes receivable are shown net of uncollectible taxes of \$100,554 at December 31, 2017.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

4. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in capital assets for the year ended December 31, 2017:

	Balance January 1,	Additions	Deletions	Balance December 31,
Capital Assets not being depreciated				
Land	\$ 72,200	\$ -	\$ -	\$ 72,200
Site Improvements	<u>646,691</u>	<u>-</u>	<u>-</u>	<u>646,691</u>
Total Capital Assets, not being depreciated	718,891	-	-	718,891
Capital Assets being depreciated				
Modular Buildings	34,217	-	-	34,217
Equipment	<u>1,078,695</u>	<u>64,928</u>	<u>(47,762)</u>	<u>1,095,861</u>
Total Capital Assets being depreciated	1,112,912	64,928	(47,762)	1,130,078
Less Accumulated Depreciation	<u>957,906</u>	<u>65,583</u>	<u>(47,743)</u>	<u>975,746</u>
Total Capital Assets being depreciated, net	<u>155,006</u>	<u>(655)</u>	<u>(19)</u>	<u>154,332</u>
Total Capital Assets	<u>\$ 873,897</u>	<u>\$ (655)</u>	<u>\$ (19)</u>	<u>\$ 873,223</u>

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these 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 years.

6. RETIREMENT COMMITMENTS

The District contributes to Parochial Employees' Retirement System of Louisiana (PERS), which is a cost sharing multiple employer defined benefit pension plan. PERS was established and provided for by RS 11:1901 of the Louisiana Revised Statute (LRS). Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised PERS to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designed for those employers that remained in Social Security on the revision date. PERS provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of PERS. PERS issues an annual publicly available financial report that includes financial statements and required supplementary information which can be obtained at www.persla.org.

Retirement Benefits

Any member of Plan B hired prior to January 1, 2007 can retire providing he/she meets one of the following criteria: age 55 with thirty (30) years of creditable service; age 60 with a minimum of ten (10) years of creditable services; age 65 with a minimum of seven (7) years of creditable service. For employees hired after January 1,

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. RETIREMENT COMMITMENTS (continued)

2007, he/she must meet the following criteria to retire: age 55 with 30 years of service; age 62 with 10 years of service; age 67 with 7 years of service. Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of an amount equal to 2% of the member's final average compensation multiplied by his/hers years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipts of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccounts after termination in the Plan will be

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. RETIREMENT COMMITMENTS (continued)

placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self – directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty – five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 8.00% for Plan B.

Non-employer Contributions

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also received revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the District reported liabilities in its financial statements of \$51,772 for its proportionate share of the net pension liabilities of PERS. The net pension liabilities were measured as of December 31, 2016 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected, contributions of all participating employers, actuarially determined. At December 31, 2016, the District's proportional share of PERS was .3985%, which was a decrease of .0016% from its portions measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized a net pension expense of \$50,196 in its activities.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. RETIREMENT COMMITMENTS (continued)

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 14,777
Net difference between projected and actual earnings on pension plan investments	51,687	-
Changes of assumptions about future or demographic factors	6,175	
Changes in proportion and differences between employer contributions and proportionate share of contributions	14	553
Employer contributions subsequent to the measurement date	31,989	-
	\$ 89,865	\$ 15,330

The \$31,989 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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	
2017	\$ 14,085
2018	17,521
2019	12,396
2020	(1,456)
	\$ 42,546

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. RETIREMENT COMMITMENTS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

	<u>Parochial Employees' Retirement System of Louisiana Plan A</u>
Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.0%, net of investment expense
Projected Salary Increases	5.25% (2.75% Merit, 2.50% Inflation)
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. 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 long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. RETIREMENT COMMITMENTS (continued)

asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Totals	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

The mortality rate assumptions used was set based upon an experience study performed on plan data for their period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the PERS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% that the current rate.

	<u>Changes in Discount Rate: 2016</u>			
	<u>1% Decrease 6.0%</u>	<u>Current Discount Rate 7.0%</u>	<u>1% Increase 8.0%</u>	
Net Pension Liability (Asset)	<u>\$ 196,824</u>	<u>\$ 51,772</u>	<u>\$ (70,672)</u>	

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

6. RETIREMENT COMMITMENTS (continued)

Changes in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2017 were recognized in the current reporting period as pension expense except as follows:

A. Difference between the expected and actual experience – Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$14,777 for the year ended December 31, 2017.

B. Difference between projected and actual investments earnings – Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight – line amortization method over a closed five – year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$51,687 for the year ended December 31, 2017.

C. The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of he expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources of \$6,175 for the year ended December 31, 2017.

D. Change in proportion – Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of \$14 for the year ended December 31, 2017 and a deferred inflow of \$553 for the year ended.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Parochial Employees’ Retirement System of Louisiana Annual Financial Report at www.persla.org.

7. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The District’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Most employees are covered by the Parochial Employees’ Retirement System of Louisiana, whose retirement eligibility (D.R.O.P entry) provision are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2008, retirement eligibility (D.R.O.P entry) provisions are as follows: age 55 and 30 years of service, age 62 and 10 years of service; or, age 67 and 7 years of service. For the few employees not covered by that system, the same retirement eligibility has been assumed.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

7. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2009, the District recognized the cost of providing post-employment medical benefits (Mosquito Control's portion of the retiree medical benefit premiums) as an expense when the benefit premiums, were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the District's portion of health care funding cost for retired employees totaled \$6,998 and \$6,480 respectively.

Effective January 1, 2009, Mosquito Control implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with (GASB Codification Section P50. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50 has been used for the post –employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal Cost	\$ 8,457	\$ 8,132
30-year UAL amortization amount	10,501	10,097
Annual required contribution (ARC)	\$ 18,958	\$ 18,229

Net Post-employment Benefit Obligation (Asset). The table below shows the District's Net Other Post-employment Benefit (OPEB) obligation for the fiscal years ending December 31:

	2017	2016
Beginning Net OPEB Obligation	\$ 43,567	\$ 32,395
Annual Required Contribution	18,958	18,229
Interest on Net OPEB Obligation	1,743	1,296
ARC Adjustment	(2,520)	(1,873)
OPEB Cost	18,181	17,652
Contribution	-	-
Current Year Retiree Premium	(6,998)	(6,480)
Change in Net OPEB Obligation	11,183	11,172
Ending Net OPEB Obligation	\$ 54,750	\$ 43,567

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

7. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

The following table shows the District's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for last year and this year.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Obligation</u>
December 31, 2017	\$ 18,181	38.49%	\$ 54,750
December 31, 2016	\$ 17,652	36.71%	\$ 43,567

Funded Status and Funding Process. In 2017 and 2016, the District made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year ended December 31, 2017 was \$188,842 which is defined as that portion, as determined by a particular actuarial cost method (Mosquito Abatement District No. 1 of Cameron Parish uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expense which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 188,842	\$ 181,579
<i>Actuarial Value of Plan Assets</i>		
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 188,842</u>	<u>\$ 181,579</u>
Funded Ration (Act. Val. Assets/AAL)	0.00%	0.00%
Coverd Payroll (active plan members)	\$ 398,665	\$ 397,012
UAAL as a percentage of covered payroll	47.37%	45.74%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumptions); and (6) the period to which the cost apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Mosquito Abatement District No. 1 of Cameron Parish and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Mosquito Abatement District No. 1 of Cameron Parish and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Mosquito Abatement District No. 1 of Cameron Parish and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

7. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost of retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average of approximately 5%.

Post employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P. , as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present valued of OPEB benefits to be paid. The employer pays a flat \$250 per month of the cost of the medical and life insurance combined for the retirees only (not dependents). Because of the combined nature of the flat monthly employer payment, we have valued only the medical benefits. Effective with the January 1, 2013 valuation, retirees with at least thirty years of service are entitled to 100% (95% effective with this January 1, 2015 valuation) of medical benefits paid by the employer for retiree only coverage, not dependents.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

7. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

Below is a summary of OPEB cost and contributions for the last three fiscal years.

	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 17,149	\$ 17,652	\$ 18,181
Contribution	-	-	-
Retiree Premium	<u>6,000</u>	<u>6,480</u>	<u>6,998</u>
Total Contribution and Premium	<u>6,000</u>	<u>6,480</u>	<u>6,998</u>
Change in Net OPEB Obligation	<u>\$ 11,149</u>	<u>\$ 11,172</u>	<u>\$ 11,183</u>
% of Contribution to Cost	0.00%	0.00%	0.00%
% of Contribution Plus Premium to Cost	34.99%	36.71%	38.49%

8. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2017, nor is it aware of any unasserted claims that will exceed the amount at the District's liability insurance deductible.

9. PER DIEM

Per Diem paid board members for the year ended December 31, 2017 were as follows:

Delia Sanders	\$ 100
Greg Gray	150
H. Edward Petersen	200
Karl Styron	150
Marck Smythe	100
Mitchell Kelley	400
Nathan Griffith	250
Thomas Cox	300
Total Compensation paid to Board Members	<u>\$ 1,650</u>

Board members receive \$50 for attendance of each board meeting in lieu of mileage reimbursement.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 25, 2018, which is the date the financial statements were available to be issued.

Required Supplemental Information

**MOSQUITO ABATEMENT DISTRICT NO.1
OF CAMERON PARISH
Creole, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Cash Basis) and Actual
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Budgeted to Actual Cash Basis</u>
	<u>Original</u>	<u>Final</u>	<u>Cash Basis</u>	<u>Differences Over (Under)</u>
REVENUES				
GENERAL REVENUES				
Property Taxes	2,384,614	2,200,000	2,390,514	190,514
Federal Revenue Sharing	8,000	8,000	8,042	42
State Revenue Sharing	6,000	6,000	9,327	3,327
Miscellaneous Income	15,000	15,000	12,128	(2,872)
Interest Income	10,000	4,000	4,115	115
Total General Revenues	<u>2,423,614</u>	<u>2,233,000</u>	<u>2,424,126</u>	<u>191,126</u>
Total Revenues	2,423,614	2,233,000	2,424,126	191,126
EXPENDITURES				
Personnel Services	662,786	697,786	746,136	48,350
Operating Services	166,000	165,100	133,724	(31,376)
Materials & Supplies	1,105,000	1,106,500	974,669	(131,831)
Travel & Other Charges	11,800	11,800	3,246	(8,554)
Capital Outlay	90,000	90,000	64,928	(25,072)
Total Expenditures	<u>2,035,586</u>	<u>2,071,186</u>	<u>1,922,703</u>	<u>(148,483)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	388,028	161,814	501,423	42,643
FUND BALANCE AT BEGINNING OF YEAR	<u>7,150,283</u>	<u>7,150,283</u>	<u>7,150,283</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,538,311</u>	<u>\$ 7,312,097</u>	<u>\$ 7,651,706</u>	<u>\$ 42,643</u>

MOSQUITO ABATEMENT DISTRICT NO.1
OF CAMERON PARISH
Creole, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

NOTE A- BUDGETARY POLICIES

The proposed budget for the General Fund, prepared on the cash basis of accounting, is published in the official journal at least ten days prior to the public hearing and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. A public hearing is held at the District's office for comments from taxpayers. The budget is then legally adopted by the District and amended during the year, as necessary. The budget is established and controlled by the District at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the District.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the budget comparison accompanying the financial statements include the original adopted budget amount and all subsequent amendments. Encumbrance accounting is not used by the District.

**Mosquito Abatement District No. 1
of Cameron Parish**

**Schedule of Funding Progress
For the Year Ended December 31, 2017**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2015	-	174,595	174,595	-	389,760	44.80%
January 1, 2015	-	181,579	181,579	-	397,012	45.74%
January 1, 2015	-	188,842	188,842	-	399,131	47.32%

**Mosquito Abatement District No. 1
of Cameron Parish**

**Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2017**

Year Ended Dec 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pensions Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.3985%	51,772	399,131	12.97%	95.50%
2016	0.4000%	71,248	397,012	17.94%	92.23%
2015	0.3326%	924	384,621	0.24%	99.89%

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

**Mosquito Abatement District No. 1
of Cameron Parish**

**Schedule of Employer Contributions
For the Year Ended December 31, 2017**

<u>Year Ended Dec 31</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2017	31,989	31,989	-	399,131	8.00%
2016	31,761	31,761	-	397,012	8.00%
2015	34,616	34,616	-	384,621	9.00%

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

**Mosquito Abatement District No. 1
of Cameron Parish**

**Notes to Retirement System Schedules
For the Year Ended December 31, 2017**

Parochial Employees' Retirement System

Changes of benefit terms - There were no changes of benefit terms for the year ended December 31, 2017.

Changes of assumptions - There were no changes of benefit assumptions for the year ended December 31, 2017.

Other Information

**MOSQUITO ABATEMENT DISTRICT NO. 1
OF CAMERON PARISH**

**Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2017**

Agency Head Name: Joshua Hightower, Executive Director

Purpose	Amount
Salary	\$74,825
Benefits- Insurance	\$13,368
Benefits- Retirement	\$5,986
Benefits- Other	\$0
Car Allowance	\$0
Vehicle provided by government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$140
Conference travel	\$286
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$106

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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**

Board of Directors
Mosquito Abatement District No. 1
Of Cameron Parish
Creole, 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 each major fund of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Mosquito Abatement District No. 1 of Cameron Parish's basic financial statements and have issued our report thereon dated June 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mosquito Abatement District No. 1 of Cameron Parish'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 District'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 preceding paragraph 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. [2017-1 and 2017-2].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mosquito Abatement District No. 1 of Cameron Parish's financial statements are free from material misstatement, we performed tests of its

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compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mosquito Abatement District No. 1 of Cameron Parish's Response to Findings

The Mosquito Abatement District No. 1 of Cameron Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Mosquito Abatement District No. 1 of Cameron Parish'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 *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
June 25, 2018

Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2017

We have audited the financial statements of Mosquito Abatement District No. 1 of Cameron Parish for the year ended December 31, 2017, and have issued our report thereon dated June 25, 2018. 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 audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

Section I – Summary of Auditors’ Report

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Control Deficiencies not Considered Material Weakness	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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Compliance

Compliance Material to Financial Statements	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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Section II – Financial Statement Findings

2017-1 Inadequate Segregation of Duties

Condition: Because of the small size of the District, and the limited number of personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Effect: Without proper segregation of duties, errors, irregularities, or misstatements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Cause: Limited number of employees due to small size of the District.

Recommendation: Duties should be segregated as much as possible, with management supervision and review procedures in place, as well as involvement by the Board of Commissioners providing oversight and independent review functions.

2017-2 Inadequate Controls over Financial Reporting

Condition: The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the District’s financial transactions or preparing financial statements, including related notes.

Effect: Without proper controls over financial reporting, errors, irregularities, or misstatements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2017

Section II – Financial Statement Findings (continued)

Cause: Lack of qualified staff due to the size of the District and the cost.

Recommendation: None.

Section III – Federal Awards Findings and Questioned Cost

N/A

**Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana**

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2017

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:			
2016-1	Unknown	Because of the size of the District and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.	Unresolved
2016-2	Unknown	The District does not have a staff person who has the qualifications and/or training to apply GAAP in recording transactions or preparing financial statements.	Unresolved
2016-3	2016	The District did not properly amend its final budget as budgeted revenues were greater than actual revenues by more than 5% in the General Fund.	Resolved

Section II - Management Letter:

There were no prior year management letter comments.

This schedule is prepared by management.

Mosquito Abatement District No. 1
of Cameron Parish
Creole, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended December 31, 2017

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
2017-1	Unknown	Because of the size of the District and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.	No	Management is aware of the internal control problem and determined it is not cost effective to achieve complete segregation of duties in the accounting department. For the size of the District, it has segregated as many duties as possible.	Josh Hightower	N/A
2017-2	Unknown	The District does not have a staff member with the qualifications and training to apply GAAP in recording transactions or preparing financial statements.	No	The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Josh Hightower	N/A

This schedule has been prepared by management.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors
Mosquito Abatement District No. 1 of Cameron Parish
Creole, Louisiana

We have performed the procedures enumerated below, which were agreed to by Mosquito Abatement District No. 1 of Cameron Parish 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, 2017 through December 31, 2017. The Entity'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 with 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
The District currently has policies and procedures to address the budgeting function.
 - 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.
The District currently has policies and procedures to address the purchasing function.
 - c) ***Disbursements***, including processing, reviewing, and approving
The District currently has policies and procedures to address the disbursements function.
 - d) ***Receipts***, including receiving, recording, and preparing deposits
The District currently has policies and procedures to address the receipts function.

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

The District currently has policies and procedures to address the payroll/personnel function.

- 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

The District currently has policies and procedures to address the contracting function.

- 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, and (5) monitoring card usage

The District currently has policies and procedures to address the credit card function.

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

The District currently has policies and procedures to address the travel and expense reimbursement function.

- 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 entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District currently has policies and procedures to address the ethics function.

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

The District currently has policies and procedures to address the debt service function.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The District's Board of Directors met at various monthly meetings throughout the fiscal year.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The District's minutes reference the monthly budget to actual comparisons throughout the fiscal year.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The District's minutes include approval of contracts and disbursements in at least one (1) meeting during the fiscal year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal year noting that bank reconciliations have been prepared.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

One (1) bank reconciliation did not include written evidence that a member of management or a board member reviewed the bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal year.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of the cash collection location and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

In the one location, the person responsible for collecting cash is bonded. In this location the person responsible for collecting cash can also deposit the cash in the bank, record the related transactions and reconcile the related bank accounts. The person does not share a cash register or drawer with any employees.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The District has no formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

In the one (1) location, one (1) deposit was not made within two (2) days of collection. The reason the collection was not deposited timely was because the deposit was a third party payment, of which the District had no control.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are supported by collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

The District does not have a process specifically defined to determine completeness of all collections by a person who is not responsible for cash collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained the general ledger listing of disbursements and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the twenty-five (25) disbursements selected and found that no purchases were initiated using a purchase order system, as the District does not use a purchase order/requisition system. All twenty-five (25) disbursements examined did have supporting documentation.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the twenty-five (25) disbursements selected and found that no purchases were initiated using a purchase order system, as the District does not use a purchase order/requisition system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the twenty-five (25) disbursements and found that all payments were processed with an approved invoice; however, receiving reports were not present in the supporting documentation for any of the disbursements. Receiving reports are not required as a matter of policy.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments can also add vendors to the District's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory District or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with signatory authority also can initiate and record purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory District and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory District have system access to print checks.

Inquiry and observation noted no exceptions.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Obtained a listing of all active credit cards, bank debit cards and fuel cards including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

The listing was obtained and selected all five (5) cards.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal District of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Selected the monthly statement with the largest dollar activity for each card and noted supporting documentation was not approved in writing by someone other than the authorized card holder. Written approval is not required as a matter of the District Policy.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

A late fee was noted on various monthly statements selected for testing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The District did not include documentation of the business/public purpose on each transaction.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained the general ledger which would list all travel and expense reimbursements and management's representation that the general ledger is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District does not have written policies related to travel and expense reimbursements. No amounts listed exceeded GSA Rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained the general ledger which listed all contract payments and management's representation that the general ledger is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Of the contracts selected subject to Louisiana Public Bid Law, the District complied with all legal requirements.

➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments noted.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained the listing of employees with their related salaries and obtained management's representation the listing is complete.

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The District does not have a formal written pay rate structure.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained a list of employees that terminated during the fiscal year and management's representation that the list is complete. The District made one (1) termination payments to an employee. The payment was made in strict accordance with the policy approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

All the employees of the District completed the required ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Based upon inquiries of management, no allegations were received during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the District had no misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The required notice is posted on the District's premises but not on its website, as the District has no website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

Management has reviewed and noted the exceptions above to the agreed upon procedures and will take steps necessary to implement procedures that are appropriate for the District.

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.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs, LLC

Sulphur, Louisiana
June 25, 2018