

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2018

**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, 2018

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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, 2018

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, 2018. 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, 2018 by \$8,198,370 (net position).
- The District's net position decreased by \$21,152 as a result of this year's operations.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$830,284 which include land, chemical storage area, property, and equipment, net of accumulated depreciation.
 - (2) Unrestricted net position of \$7,368,086 represents the portion available to maintain the District's continuing obligations to citizens and creditors.
- At December 31, 2018, 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 \$7,683,076 an increase of \$31,370, including expenditures for capital assets. Of the total fund balance, \$7,314,913 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, 2018

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, 2018

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position at December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Assets:		
Current Assets	\$ 7,792,562	\$ 7,772,329
Capital Assets (net of accumulated depreciation)	830,284	873,223
Other	49,464	-
Total Assets	8,672,310	8,645,552
 Deferred Outflows of Resources	 61,339	 89,866
 Liabilities:		
Current and Other Liabilities	121,826	120,623
Long-Term Liabilities	306,982	120,007
Total Liabilities	428,808	240,630
 Deferred Inflows of Resources	 106,470	 15,330
 Net Position:		
Invested in Capital Assets (net of related debt)	830,284	873,223
Unrestricted	7,368,086	7,606,235
Total Net Position	\$ 8,198,370	\$ 8,479,458

The largest components of the District's total assets are: (1) investments of \$4,687,339 or 54% and (2) ad valorem taxes receivable of \$2,391,927 or 28%. Of the District's total liabilities, the largest component is (1) the OPEB liability of \$306,982 or 72%.

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 \$8,198,370. 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, 2018

The District's changes in net position for December 31, 2018 and 2017 are summarized as follows:

	2018	2017
General Revenues:		
Property Taxes	\$2,562,065	\$2,390,514
Intergovernmental Revenues:		
Federal Revenue Sharing	6,187	8,042
State Revenue Sharing	10,542	9,327
Interest Income	32,353	4,115
Miscellaneous Income	-	122
Net Gain on Disposal of Fixed Assets	2,925	12,006
Nonemployer Pension Contribution	4,992	4,820
Total Revenues	<u>2,619,064</u>	<u>2,428,946</u>
Expenses:		
Personnel	814,720	775,884
Operating Services	143,009	133,724
Materials and Supplies	1,616,929	974,669
Travel and Other Charges	2,644	3,246
Depreciation	62,914	65,583
Total Expenses	<u>2,640,216</u>	<u>1,953,106</u>
Change in Net Position	(21,152)	475,840
Net Position- Beginning	8,479,458	8,003,618
Prior Period Adjustment	(259,936)	-
Beginning of Year - as restated	<u>8,219,522</u>	<u>8,003,618</u>
Net Position - Ending	<u>\$ 8,198,370</u>	<u>\$ 8,479,458</u>

Governmental activities decreased net position by \$21,152 for the year ended December 31, 2018.

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 % of the District's total revenues.
- Total revenues increased by \$190,118, primarily due to an increase in property tax revenue of \$171,551 from the prior year and an increase in interest income of \$28,238.
- The District's operations are largely staff oriented. As a result, employee salaries and benefits make up approximately 31% of the total expenses.
- Operating Services comprise 5% 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 61% of total expenses.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2018

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, 2018, the District's General Fund balance (total assets less total liabilities) totaled \$7,683,076 of which \$368,013 was reserved for inventory and \$150 was reserved for prepaid expenses.

Total general revenues reflect a (8%) \$190,118 increase in 2018 as compared to 2017 due primarily to an increase in receipt of property tax of \$171,551.

Total expenses increased by \$687,110 from 2017 to 2018, primarily due to an increase in materials and supplies.

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 decreased the final budgeted amount of revenues to \$2,358,200 from the original budget of \$2,609,950 a difference of \$251,750. The reason for the decrease was the District expected to receive less ad valorem tax revenue than anticipated.

The District increased budgeted expenditures from the original budgeted amount of \$2,363,100 to the final budgeted amount of \$2,372,000, an increase of \$8,900. The larger increases occurred in Personnel Services for \$8,500.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2018, the District had invested in various capital assets, including equipment, furniture, and vehicles. The capital assets are summarized below:

	Governmental Activities	
	<u>2017</u>	<u>2018</u>
Nondepreciable Assets:		
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	1,095,861	1,101,838
Chemical Storage Area	<u>34,217</u>	<u>34,217</u>
Total Depreciable Assets	1,130,078	1,136,055
Less Accumulated Depreciation	<u>975,746</u>	<u>1,024,662</u>
Book Value - Depreciable Assets	<u>154,332</u>	<u>111,393</u>
Net Investment in Capital Assets	<u>\$ 873,223</u>	<u>\$ 830,284</u>

Debt Administration

The District had no debt at December 31, 2018.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District's budgeted revenues and expenditures for 2018 are comparable to 2017 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

Report on the Financial Statements

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, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 27, 2019, 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 27, 2019

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

December 31, 2018

	General Fund	Adjustments (Note 1)	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 294,774	\$ -	\$ 294,774
Investments	4,687,339		4,687,339
Advalorem Taxes Receivable, net	2,391,927	-	2,391,927
State Revenue Sharing Receivable	2,646	-	2,646
Miscellaneous Receivable	14,323	-	14,323
Inventory	368,013	-	368,013
Prepaid Insurance	-	33,390	33,390
Rent Deposit	150	-	150
Capital Assets (net of accumulated depreciation)	-	830,284	830,284
Net Pension Asset	-	49,464	49,464
Total Assets	7,759,172	913,138	8,672,310
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	-	61,339	61,339
LIABILITIES			
Current Liabilities:			
Accounts Payable and Other Accrued Liabilities	76,096	45,730	121,826
Long-Term Liabilities:			
Other Payroll Benefit	-	306,982	306,982
Net Pension Liability	-	-	-
Total Liabilities	76,096	45,730	428,808
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	-	84,341	84,341
Deferred Inflows of Resources Related to OPEB	-	22,129	22,129
FUND BALANCES			
Nonspendable:			
Inventories	368,013	(368,013)	-
Prepaid Expense	150	(150)	-
Unassigned	7,314,913	(7,314,913)	-
Total Fund Balances	7,683,076	(7,683,076)	-
Total Liabilities and Fund Balances	\$ 7,759,172		
NET POSITION			
Invested in Capital Assets (net of related debt)		830,284	830,284
Unrestricted		7,368,086	7,368,086
Total Net Position		\$ 8,198,370	\$ 8,198,370

**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, 2018

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Governmental Activities:			
Mosquito Abatement:			
Current:			
Personnel Services	\$ 766,755	\$ 47,965	\$ 814,720
Operating Services	176,399	(33,390)	143,009
Materials and Supplies	1,616,929	-	1,616,929
Travel and Other Charges	2,644	-	2,644
Capital Outlay	19,975	(19,975)	-
Depreciation	-	62,914	62,914
Total Expenditures	<u>2,582,702</u>	<u>57,514</u>	<u>2,640,216</u>
GENERAL REVENUES			
Ad Valorem	2,562,065	-	2,562,065
State Revenue Sharing	10,542	-	10,542
Federal Revenue Sharing	6,187	-	6,187
Interest Income	32,353	-	32,353
Miscellaneous Income	-	4,992	4,992
Total General Revenues	<u>2,611,147</u>	<u>4,992</u>	<u>2,616,139</u>
OTHER FINANCING SOURCES			
Sale of Assets	<u>2,925</u>	<u>-</u>	<u>2,925</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES			
	31,370	(52,522)	(21,152)
Change in Fund Balance \ Net Position	<u>31,370</u>	<u>(52,522)</u>	<u>(21,152)</u>
FUND BALANCE/NET POSITION			
Beginning of Year, As Restated	<u>7,651,706</u>	<u>567,816</u>	<u>8,219,522</u>
End of Year	<u>\$ 7,683,076</u>	<u>\$ 515,294</u>	<u>\$ 8,198,370</u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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, 2018

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, 2018

1. 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, 2018

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 \$ 31,370

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	\$ 19,975	
Less: current year depreciation	<u>(62,914)</u>	(42,939)

Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current year:

Increase in prepaid expenses	<u>33,390</u>	33,390
------------------------------	---------------	--------

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

Pension expense	(33,540)	
Nonemployer pension contribution revenue	4,992	
OPEB benefit expense	<u>(14,425)</u>	(42,973)

Change in Net Position of Governmental Funds \$ (21,152)

Statement A

Fund Balance		7,683,076
Reporting of prepaid expenses		33,390
Reporting of net capital assets		830,284
Reporting of deferred outflows of resources related to pensions		61,339
Reporting of deferred inflows of resources related to pensions		(84,341)
Reporting of deferred inflows of resources related to OPEB		(22,129)
Other postemployment obligations liability		(306,982)
Net pension asset		<u>3,733</u>
Net Position	\$	<u><u>8,198,370</u></u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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, 2018, the District had \$301,970 in deposits (collected bank balances). These deposits were secured by \$250,000 of federal deposit insurance and \$51,970 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 – INVESTMENTS

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer. The financial statements of the Louisiana Asset Management Pool, Inc. (LAMP) can be obtained by accessing their website.

Investments held at December 31, 2018 consist of \$4,687,339 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at December 31, 2018 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE F – INVESTMENTS (continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955.

GASB Statement No.40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest, and foreign currency risk for all public held entity investments.

Lamp is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days of 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA – R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE F – INVESTMENTS (continued)

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE G - 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 \$99,664 and \$100,554 at December 31, 2018 and 2017, respectively.

NOTE H - 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.

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 I - 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 J - 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

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE J - COMPENSATED ABSENCES (continued)

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, 2018, employees of the District have accumulated and vested \$10,555 of employee leave benefits.

NOTE K – 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 L - 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.
- 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.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTE M - CHANGE IN ACCOUNTING PRINCIPLE

During the year ending December 31, 2018, the District adopted GASB Statement No. 75 *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”* The statement’s objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statement No. 45, *“Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.”* This resulted in a restatement of previously reported net position as follows:

	<u>Governmental Activities</u>
Total Net position, December 31, 2017, as previously reported	\$ 8,479,458
Change in accounting principle:	
Net effect of implementing GASB Statement No. 75	<u>(259,936)</u>
Total Net position, December 31, 2017, as Restated	\$ 8,219,522

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District follows GASB Statement 75 *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,”* which requires the accrual of other postemployment benefits for retired employees. The District has recorded a liability for other postemployment benefits. In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other post employment expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

NOTE O - 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.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 \$2,491,591 on assessed property valued at \$269,467,732.

The following are the principal taxpayers for the parish and their 2018 assessed valuation (amounts expressed in thousands):

	2018 <u>Assessed Valuation</u>	<u>Percent</u>
Chenier Creole Trail Pipeline	\$ 37,461,620	25.52%
Transcontinental Gas Pipeline	17,516,080	11.93%
Natural Gas Pipeline	10,613,150	7.23%
Kinder Morgan Louisiana Pipeline, LLC	9,006,680	6.14%
Citgo Petroleum Company	7,783,923	5.30%
Hilcorp Energy Company	6,832,044	4.65%
Gulfport Energy Corporation	4,400,720	3.00%
Targa Midstream Services, LLC	4,271,511	2.91%
Bechtel Equipment Operations, Inc.	4,058,280	2.76%
Enlink-Bridgeline Hildings, L.P.	<u>3,673,885</u>	<u>2.50%</u>
	105,617,893	71.95%
Remaining taxpayers	<u>41,173,123</u>	<u>28.05%</u>
Total assessed value	<u>\$ 146,791,016</u>	<u>100.00%</u>

3. RECEIVABLES

The General Fund receivables of \$2,391,927 at December 31, 2018, are as follows:

<u>Class of Receivable</u>	
Ad valorem taxes	\$2,391,927

For the government-wide financial statements, property taxes receivable are shown net of uncollectible taxes of \$99,664 at December 31, 2018.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

4. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in capital assets for the year ended December 31, 2018:

	Balance January 1,	Additions	Deletions	Balance December 31,
Capital Assets not being depreciated				
Land	\$ 72,200	\$ -	\$ -	\$ 72,200
Site Improvements	646,691	-	-	646,691
Total Capital Assets, not being depreciated	718,891	-	-	718,891
Capital Assets being depreciated				
Modular Buildings	34,217	-	-	34,217
Equipment	1,095,861	19,975	(13,998)	1,101,838
Total Capital Assets being depreciated	1,130,078	19,975	(13,998)	1,136,055
Less Accumulated Depreciation	975,746	62,914	(13,998)	1,024,662
Total Capital Assets being depreciated, net	154,332	(42,939)	-	111,393
Total Capital Assets	\$ 873,223	\$ (42,939)	\$ -	\$ 830,284

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, 2018

6. RETIREMENT COMMITMENTS (continued)

Retirement Benefits (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.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. RETIREMENT COMMITMENTS (continued)

Deferred Retirement Option Plan(continued)

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 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, 2017, the actuarially determined contribution rate was 6.75% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2017 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, 2018, the District reported liabilities/(assets) in its financial statements of \$49,464 for its proportionate share of the net pension liabilities/(assets) of PERS. The net pension liabilities/(assets) were measured as of December 31, 2017 and the total pension liability/(assets) 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, 2017, the District's proportional share of PERS was .3932%, which was a decrease of .005% from its portions measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized a net pension expense of \$33,363 in its activities.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. RETIREMENT COMMITMENTS (continued)

At December 31, 2018, 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	\$ -	\$ 25,760
Net difference between projected and actual earnings on pension plan investments	-	58,216
Changes of assumptions about future or demographic factors	29,103	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7	365
Employer contributions subsequent to the measurement date	32,228	-
	\$ 61,338	\$ 84,341

The \$32,228 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, 2019. 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	
2018	(2,969)
2019	(8,019)
2020	(21,684)
2021	(22,559)
	\$ (55,231)

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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, 2018 are as follows:

	<u>Parochial Employees' Retirement System of Louisiana Plan A</u>
Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.75%, 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 6.75% 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

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. RETIREMENT COMMITMENTS (continued)

Actuarial Assumptions (continued)

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 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 7.62% for the year ended December 31, 2017.

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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

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 6.75%, 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 5.75% or one percentage point higher 7.75% that the current rate.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. RETIREMENT COMMITMENTS (continued)

Sensitivity to Changes in Discount Rate (continued)

	Changes in Discount Rate: 2017			
	1%	Current		
	Decrease	Discount	1%	Increase
	5.75%	Rate 6.75%	7.75%	
Net Pension Liability (Asset)	\$ 105,339	\$ 49,464	\$ (180,096)	

Changes in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2018 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 \$25,760 for the year ended December 31, 2018.

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 \$58,216 for the year ended December 31, 2018.

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 \$29,103 for the year ended December 31, 2018.

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 \$7 for the year ended December 31, 2018 and a deferred inflow of \$365 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.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. POSTEMPLOYMENT HEALTHCARE PLAN

General Information about the OPEB Plan

Plan description – The District provides certain continuing health care and life insurance benefit for its retired employees. The District’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Boards (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions – Reporting For Benefits Not Provided Through Trust That Meet Specified Criteria – Defined Benefit*.

Benefits provided – Medical and life insurance benefits are provided through comprehensive plans are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P entry) provisions are as follows: Employees are covered by the Parochial Employees’ Retirement System of Louisiana, whose retirement eligibility (D.R.O.P entry) provisions 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, 20017 retirement eligibility (D.R.O.P) 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.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. A level \$20,000 amount of insurance coverage while active is continued after retirement.

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	8
	<hr/>
	11

Total OPEB Liability

The District’s total OPEB liability of \$306,982 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increase	3.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2018, the end of the applicable measurement period.

Mortality rates were based on RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

Balance at December 31, 2017	\$	342,674
Changes for the year:		
Service Cost		4,405
Interest		11,864
Differences between expected and actual experience		(2,963)
Changes in assumptions		(21,010)
Benefit payments and net transfers		<u>(27,988)</u>
Net changes		<u>(35,692)</u>
 Balance at December 31, 2018	 \$	 <u>306,982</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 339,300	\$ 306,982	\$ 279,577

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
Total OPEB liability	\$ 284,747	\$ 306,982	\$ 333,152

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. POSTEMPLOYMENT HEALTHCARE PLAN (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the District recognized OPEB expense of \$14,425. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,735)
Change in assumptions	-	(19,394)
Total	\$ -	\$ (22,129)

Amounts reported as deferred outflows of resources and deferred inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2019	(1,844)
2020	(1,844)
2021	(1,844)
2022	(1,844)
2023	(1,844)
Thereafter	(12,908)

8. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2018, 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, 2018 were as follows:

Delia Sanders	\$ 300
Greg Gary	200
Karl Styron	100
Marck Smythe	300
Mitchell Kelley	450
Nathan Griffith	150
Thomas Cox	350
Total Compensation paid to Board Members	\$ 1,850

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, 2018

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 27, 2019, 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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts Cash Basis</u>	<u>Budgeted to GAAP Differences Over (Under)</u>	<u>Actual Amounts GAAP Basis</u>	<u>Budgeted to Actual Cash Basis Differences Over (Under)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
GENERAL REVENUES						
Property Taxes	2,574,950	2,325,000	2,562,065	-	2,562,065	237,065
Federal Revenue Sharing	8,000	6,200	6,187	-	6,187	(13)
State Revenue Sharing	8,000	8,000	10,542	-	10,542	2,542
Miscellaneous Income	15,000	15,000	2,925	-	2,925	(12,075)
Interest Income	4,000	4,000	32,353	-	32,353	28,353
Total General Revenues	<u>2,609,950</u>	<u>2,358,200</u>	<u>2,614,072</u>	<u>-</u>	<u>2,614,072</u>	<u>255,872</u>
Total Revenues	2,609,950	2,358,200	2,614,072	-	2,614,072	255,872
EXPENDITURES						
Personnel Services	733,300	741,800	766,755	-	766,755	24,955
Operating Services	171,000	171,400	176,399	-	176,399	4,999
Materials & Supplies	1,107,000	1,107,000	867,049 (1)	749,880	1,616,929	(239,951)
Travel & Other Charges	11,800	11,800	2,644	-	2,644	(9,156)
Capital Outlay	340,000	340,000	19,975	-	19,975	(320,025)
Total Expenditures	<u>2,363,100</u>	<u>2,372,000</u>	<u>1,832,822</u>	<u>749,880</u>	<u>2,582,702</u>	<u>(539,178)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	246,850	(13,800)	781,250	(749,880)	31,370	795,050
FUND BALANCE AT BEGINNING OF YEAR	<u>7,538,311</u>	<u>7,312,097</u>	<u>7,651,706</u>	<u>-</u>	<u>7,651,706</u>	<u>339,609</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,785,161</u>	<u>\$ 7,298,297</u>	<u>\$ 8,432,956</u>	<u>\$ (749,880)</u>	<u>7,683,076</u>	<u>1,134,659</u>

Explanations of differences

(1) The District budgets for materials and supplies only to the extent expected to be paid, rather than on modified accrual basis.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

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 Employer's Share of Net Pension Liability
For the Year Ended December 31, 2018**

<u>Year Ended Dec 31</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pensions Liability (Asset) (a)</u>	<u>Employer's Covered Employee Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	0.3932%	(49,464)	420,458	11.80%	104.02%
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, 2018**

<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>
2018	32,228	32,228	-	420,458	7.50%
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, 2018**

Parochial Employees' Retirement System

Changes of benefit terms - There were no changes of benefit terms for the year ended December 31, 2018.

Changes of assumptions - There were no changes of benefit assumptions for the year ended December 31, 2018.

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

**Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2018**

Total OPEB Liability

Service Cost	4,405
Interest	11,864
Changes of benefit terms	-
Differences between expected and actual experience	(2,963)
Changes in assumptions	(21,010)
Benefit payments	(27,988)
Net change in total OPEB liability	(35,692)
Total OPEB liability - beginning	<u>342,674</u>
Total OPEB liability - ending	<u><u>\$ 306,982</u></u>
Covered-employee payroll	\$ 473,935
Net OPEB liability as percentage of covered-employee payroll	64.77%

Notes to Schedule:

Benefit Changes. There were not changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions. The discount rate as 12/31/2017 was 3.44% and it changed to 4.10% as of 12/31/2018.

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

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, 2018**

Agency Head Name: Joshua Hightower, Executive Director

Purpose	
Salary	\$77,818
Benefits- Insurance	\$15,122
Benefits- Retirement	\$5,836
Benefits- Other	\$0
Car Allowance	\$0
Vehicle provided by government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$165
Conference travel	\$297
Continuing professional education fees	\$0
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$126

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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, 2018 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 27, 2019.

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. [2018-1 and 2018-2]

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 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 27, 2019

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

SCHEDULE OF FINDINGS

Year Ended December 31, 2018

We have audited the financial statements of Mosquito Abatement District No. 1 of Cameron Parish for the year ended December 31, 2018, and have issued our report thereon dated June 27, 2019. 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, 2018 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

2018-1 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.

2018-2 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, 2018

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, 2018

<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:			
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.	Unresolved
2017-2	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

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, 2018

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
2018-1	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
2018-2	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.

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

Statewide Agreed-Upon Procedures Report

December 31, 2018

McMullen and Mancuso
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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Mosquito Abatement District No. 1 of Cameron Parish
Cameron 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, 2018 through December 31, 2018. 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 observe that they address each of the following categories and subcategories, 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/Collections***, including receiving, recording, and preparing deposits
The District currently has policies and procedures to address the receipts/collections function.

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Accountants

- 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 some of the ethics function. They are currently working on additional ethics polices in order to address all functions.

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

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

Board (or Finance Committee, if applicable)

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

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

The District Board of Commissioners met at various monthly meetings throughout the fiscal year.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget to actual comparisons, if budgeted) for major proprietary funds.

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

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

Observed the Districts prior year audit and the total net position did not have a negative ending balance.

Bank Reconciliations

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

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.

Obtained bank statements and reconciliations for all months in the fiscal year noting that bank reconciliations have been prepared within 2 months.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

The bank reconciliations did include written evidence that a member of management or a board member reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

There were no reconciling items that have been outstanding for more than (12) twelve months as of the end of the fiscal year.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared 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.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each location, and observe that job duties are properly segregated at each location such that:

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

In the one location, the person responsible for collecting cash is bonded. The person does not share a cash register or drawer with any employees.

- b) Each Employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to her deposit.

In this location, the person responsible for collecting cash/check/money order does not deposit the cash in the bank, but does record the related transaction or reconcile the related bank accounts which are reviewed by management.

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

In this location, the person responsible for collecting cash/check/money order does record the related transaction entries to the general ledger or subsidiary ledgers but it is reviewed by management.

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

In this location, the person responsible for reconciling cash/check/money order collections is also responsible for collecting cash also but another employee verifies the reconciliation.

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

All employees who have access to cash are covered with an insurance policy.

- 7. Randomly select two deposit dates for each of the bank accounts selected in procedure #3 under Bank Reconciliation. Obtain supporting documentation for each of the deposits and:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

It was noted one of the deposits tested was not deposited within one day, and while the collection location is less than 10 miles from depository, deposits were made within two days.

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

No exceptions noted.

Non-Payroll Disbursements

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

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

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

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

This function is handled by the Executive Director. The District does not use a purchase order/requisition system.

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

This function is handled by the Executive Director.

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

This function is handled by the Executive Director.

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

The employee/official responsible for signing checks gives the signed checks to another employee to mail who also has the authority to process the payments.

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

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

No exception noted.

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

Not applicable.

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

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

Obtained the list of all active credit cards and management's representation that the listing is complete.

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

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

Selected a monthly statement for each card and noted supporting documentation was approved in writing by someone other than the authorized card holder, even though written approval is not required by the District.

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

Late fees were noted on the June monthly statement selected for testing.

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

Reviewed the credit card transactions and noted while the original itemized receipt was attached, several receipts did not have the business purpose noted on the original receipt.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

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

As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

Payroll and Personnel

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

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

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

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

As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

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

As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

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

As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

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

As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

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

As the District did not have an exception in this AUP category tested during year 1, this category was not tested in year 2.

Ethics (excluding nonprofits)

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

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

No exceptions noted.

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

Observed signature verification that all employees had read the entity's ethics policy during the fiscal period. However, the board members did not have signature verification that they read the entity's ethics policy.

Debt Service

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

Not applicable.

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

Not applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) 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.

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

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

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 entity.

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 27, 2019