

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
Year Ended December 31, 2017

Royce T. Scimemi, CPA, APAC
Oberlin, LA

CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITORS' REPORT	3-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	5-10
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	13
Statement of activities	14
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental funds	16
Reconciliation of government funds balance sheet to the statement of net position	17
Statement of revenues, expenditures and changes in fund balance – governmental funds	18
Reconciliation of governmental funds statement of revenues, expenditures, and changes in fund balance-governmental fund to the statement of activities	19
NOTES TO THE BASIC FINANCIAL STATEMENTS	20-27
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes to Fund Balance - Budgetary and Actual-General Fund	29
OTHER SUPPLEMENTARY INFORMATION	
Schedule of compensation, benefits and other payments to chief executive officer	31
COMPLIANCE AND INTERNAL CONTROL	
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 <i>Governmental Auditing Standards</i>	32-33
SCHEDULE OF FINDINGS AND RESPONSES	34
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (Unaudited)	35
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (Unaudited)	36

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

Independent Auditors' Report

Board of Commissioners
Allen Parish Mosquito Abatement District
Oakdale, LA

May 21, 2018

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the only major fund of the Allen Parish Mosquito Abatement District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the only major fund of the District as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-10, and page 29, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

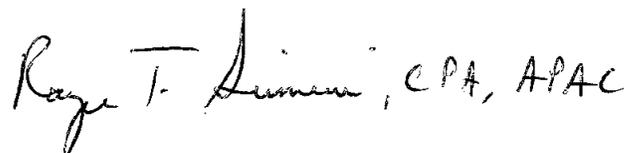
Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC

4  Royce T. Scimemi, CPA, APAC

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis

Within this section of the Allen Parish Mosquito Abatement District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2017. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$2,002,652 (net position) for the fiscal year reported.
- Total revenues of \$845,953 exceeded total expenses of \$780,648, which resulted in a current year surplus of \$65,305. The previous year revenues exceeded expenses by \$107,717.
- Total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$259,808 includes property and equipment, net of accumulated depreciation, and
 - (2) Unrestricted net position of \$1,742,844.
- The District's governmental funds reported a total ending fund balance of \$1,742,844 this year. This compares to the prior year ending fund balance of \$1,668,092, reflecting an increase of \$74,752 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,742,844, or 226% of total General Fund expenditures and 206% of total General Fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

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

Overview of the Financial Statements

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The District uses governmental funds as follows:

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

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

Notes to the basic financial statements

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

Other information

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

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

Financial Analysis of the District as a Whole

The District's net positions at fiscal year-end are \$1,937,347 and \$2,002,652 for 2016 and 2017, respectively. The following table provides a summary of the District's net position:

	<u>2016</u>	<u>2017</u>
Assets:		
Current assets	\$1,668,162	\$ 1,909,284
Capital assets	<u>269,255</u>	<u>259,808</u>
Total assets	1,937,417	2,169,092
Deferred outflows of resources	-	-
Liabilities:		
Current liabilities	<u>70</u>	<u>166,440</u>
Total liabilities	70	166,440
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Invested in capital assets, net	269,255	259,808
Unrestricted	<u>1,668,092</u>	<u>1,742,844</u>
Total net position	<u>\$1,937,347</u>	<u>\$2,002,652</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio was 23,831 to 1 for 2016 and 11.47 to 1 for 2017.

Note that approximately 13% of the governmental activities' net position is tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District reports net position of \$2,002,652. This amount is \$65,305 higher than last year. The District's overall financial position improved during fiscal year 2017.

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

	<u>2016</u>	<u>2017</u>
Program revenues		
Intergovernmental revenue	\$ -	\$ 113,151
General revenues:		
Ad valorem taxes	696,090	709,877
Rent income	20,400	20,400
Interest income	2,869	2,525
Other income	<u>20</u>	<u>0</u>
 Total Revenues	 719,379	 845,953
 Program expenses:		
Mosquito abatement	<u>611,662</u>	<u>780,648</u>
Total Expenses	<u>611,662</u>	<u>780,648</u>
 Change in net position	 107,717	 65,305
Beginning net position	<u>1,829,630</u>	<u>1,937,347</u>
Ending net position	<u>\$1,937,347</u>	<u>\$ 2,002,652</u>

Governmental Revenues

The District is heavily reliant on ad valorem taxes. These taxes provided 84% of the District's revenues during the current year.

Governmental Functional Expenses

The total function of the District is to abate, control, eradicate, and study mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. Of the total cost, depreciation on the capital assets was \$9,447 or 1.1% of total expenses.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an unassigned ending fund balance of \$1,742,844.

The unassigned fund balance increased by \$74,752 from the previous year.

Major Governmental Funds

The General Fund is the District's only operating fund and is the single source of day-to-day service delivery. The General Fund's fund balance increased by \$74,752.

Budgetary Highlights

The General Fund – When the budget was adopted, it was anticipated that the total revenues were going to be 15% less than the previous fiscal year primarily due to an expected decrease in ad valorem taxes. The original budget also anticipated that total expenditures were going to increase by 3% over the previous fiscal year primarily due to an expected increase in capital outlays. The budget was not amended during the year. Variances were positive overall with the exception of contract services. Contract services were over budget because aerial spraying costs of \$166,400 were incurred but not budgeted.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2017, was \$259,808. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

	<u>2016</u>	<u>2017</u>
Depreciable capital assets:		
Equipment	\$ 740	\$ 740
Furniture & fixtures	1,764	1,764
Buildings	<u>377,896</u>	<u>377,896</u>
Total depreciable assets	380,400	380,400
Less accumulated depreciation	<u>111,145</u>	<u>120,592</u>
Book value-depreciable assets	<u>\$ 269,255</u>	<u>\$ 259,808</u>
Percentage depreciated	<u>29%</u>	<u>32%</u>
Book value-all assets	<u>\$ 269,255</u>	<u>\$ 259,808</u>

At December 31, 2017, the depreciable capital assets for governmental activities were 32% depreciated.

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Allen Parish Mosquito Abatement District
Statement of Net Position
December 31, 2017

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
ASSETS		
Cash	\$	1,129,761
Receivables - ad valorem		666,072
Due from other governments		113,151
Utility deposit		300
Capital assets, net		259,808
Total Assets		<u>2,169,092</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources		<u>--</u>
LIABILITIES		
Accounts Payable		166,440
Total Liabilities		<u>166,440</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources		<u>--</u>
NET POSITION		
<i>Invested in capital assets, net of related debt</i>		259,808
<i>Unrestricted</i>		1,742,844
Total Net Position	\$	<u>2,002,652</u>

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

**Allen Parish Mosquito Abatement District
Statement of Activities
For the Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government					
Governmental Activities:					
Mosquito abatement	\$ 780,648	\$ --	\$ 113,151	\$ --	\$ (667,497)
Total Primary Government	\$ 780,648	\$ --	\$ 113,151	\$ --	\$ (667,497)
General Purpose Revenues:					
Revenues					
					709,877
					20,400
					2,525
					732,802
					65,305
					1,937,347
					\$ 2,002,652

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

FUND FINANCIAL STATEMENTS

Allen Parish Mosquito Abatement District
Balance Sheet
Governmental Funds
December 31, 2017

	<u>Total Governmental Funds</u>
ASSETS	
Cash	\$ 1,129,761
Receivables - ad valorem	666,072
Due from other governments	113,151
Utility deposit	300
<i>Total Assets</i>	<u>1,909,284</u>
DEFERRED OUTFLOWS OF RESOURCES	
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 1,909,284</u>
LIABILITIES	
Accounts payable	\$ 166,440
<i>Total Liabilities</i>	<u>166,440</u>
DEFERRED INFLOWS OF RESOURCES	
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>166,440</u>
FUND BALANCE	
Unassigned	<u>1,742,844</u>
<i>Total Fund Balance</i>	<u>1,742,844</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 1,909,284</u>

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

Allen Parish Mosquito Abatement District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

Total Fund Balance - Governmental Funds	\$	1,742,844
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		259,808
Total Net Position-Governmental Funds	\$	<u>2,002,652</u>

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

Allen Parish Mosquito Abatement District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	Total Governmental Funds
Revenues	
Ad valorem taxes (net)	\$ 709,877
Rent income	20,400
Intergovernmental	113,151
Interest income	2,525
Total Revenues	845,953
Expenditures	
Current:	
Advertising	716
Bank charges	10
Contract services	754,400
Insurance	3,138
Office expense	187
Professional fees	4,581
Repairs and Maintenance	2,210
Secretary fees	4,100
Travel	1,859
Total Expenditures	771,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,752
Net Change in Fund Balance	74,752
<i>Fund Balance at Beginning of Period</i>	<i>1,668,092</i>
Fund Balance at End of Period	\$ 1,742,844

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

Allen Parish Mosquito Abatement District
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2017

Total Net Change in Fund Balance - Governmental Funds	\$ 74,752
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(9,447)
Changes in Net Position-Governmental Funds	<u>\$ 65,305</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Mosquito Abatement District (District) was created by the Allen Parish Police Jury on June 17, 2002 as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721 et seq., for the purpose of abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. The District is governed by a board of five commissioners who are appointed by the Allen Parish Police Jury and are not compensated. The District encompasses all of Allen Parish and has approximately 25,000 citizens. As of December 31, 2017, the District has no employees. The District contracts with a private company to provide for mosquito control services.

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

1. Reporting Entity

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

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

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Based upon the application of these criteria, the District is a component unit of the Allen Parish Police Jury's reporting entity. The District itself has no component units.

2. Basis of Presentation

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

Government-Wide Financial Statements

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

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Financial Statements

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

3. Measurement Focus/Basis of Accounting

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

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

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

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

Expenditures

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

4. Cash

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

As of December 31, 2017, the District had cash and interest-bearing deposits (book balances) totaling \$1,129,761. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2017, the District has \$1,130,205 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$414,679 and pledged securities of \$715,526.

5. Budgets

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

6. Capital Assets

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

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

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

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

7. Encumbrances

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

8. Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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

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

The District policy is to use restricted fund balances first, followed by committed and then assigned, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources and to defer the use of these other classified funds. All fund balances are currently unassigned.

9. Use of Estimates

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Long-Term Debts

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

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

11. Subsequent Events

Management has evaluated subsequent events through May 21, 2018, the date the financial statements were available to be issued.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2017, taxes were levied on taxable assessed valuations of \$92,999,471 at a millage of 8.00. The millage expires December 31, 2021. Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

Total taxes levied were \$743,996. Total taxes collected were \$754,402.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/16 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	12/31/17 <u>Balance</u>
Governmental activities:				
Depreciable capital assets:				
Equipment	\$ 740	\$ -	\$ -	\$ 740
Furniture & fixtures	1,764	-	-	1,764
Building	<u>377,896</u>	-	-	<u>377,896</u>
Total	<u>380,400</u>	-	-	<u>380,400</u>
Less: Accumulated Depreciation				
Equipment	740	-	-	740
Furniture & fixtures	1,764	-	-	1,764
Buildings	<u>108,641</u>	<u>9,447</u>	-	<u>118,088</u>
Total	<u>111,145</u>	<u>9,447</u>	-	<u>120,592</u>
Net capital assets	\$ <u>269,255</u>	\$ <u>(9,447)</u>	\$ -	\$ <u>259,808</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2017

NOTE D – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to affiliates; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE E – COMMITMENTS

The District has one major outstanding contract for professional and contract services with RKS, LLC. RKS, LLC purchased the contract from RAL Ventures, LLC during 2017. The company will provide control of the mosquito population in Allen Parish. The most recent contract agreement was for a period beginning March 1, 2014 and ending December 31, 2018. Payments totaling \$588,000 per year are required under the contract. RKS, LLC also rents the building owned by the District. Payments of \$20,400 in rent income were received from RKS, LLC. during the year.

NOTE F – TAX ABATEMENTS

Louisiana's State Constitution Article VII, Section 21 authorized the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment relating to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Allen Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2017, \$33,420,790 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$267,366 in ad valorem taxes.

REQUIRED SUPPLEMENTARY INFORMATION

Allen Parish Mosquito Abatement District
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem taxes (net)	\$ 595,000	\$ 595,000	\$ 709,877	\$ 114,877
Rent income	20,400	20,400	20,400	--
Intergovernmental	--	--	113,151	113,151
Interest Income	1,000	1,000	2,525	1,525
Total Revenues	616,400	616,400	845,953	229,553
Expenditures				
Current:				
Advertising	900	900	716	184
Bank charges	100	100	10	90
Contract services	588,000	588,000	754,400	(166,400)
Insurance	4,000	4,000	3,138	862
Office expense	750	750	187	563
Professional fees	4,800	4,800	4,581	219
Repairs and Maintenance	1,000	1,000	2,210	(1,210)
Secretary fees	3,000	3,000	4,100	(1,100)
Travel	7,000	7,000	1,859	5,141
Capital Outlay	10,000	10,000	--	10,000
Total Expenditures	619,550	619,550	771,201	(151,651)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,150)	(3,150)	74,752	77,902
Net Change in Fund Balance	(3,150)	(3,150)	74,752	77,902
<i>Fund Balance at Beginning of Period</i>	1,668,092	1,668,092	1,668,092	--
Fund Balance at End of Period	\$ 1,664,942	\$ 1,664,942	\$ 1,742,844	\$ 77,902

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

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
 Schedule of Compensation, Benefits and Other Payments to
 Chief Executive Officer
 Year Ended December 31, 2017

Chief Executive Officer: Melvin Bell, President of the Board

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	334
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

As provided by Louisiana Revised Statutes 33:7723, the board members shall serve without compensation, but the members shall be reimbursed for reasonable expenses incurred in connection with their official duties. For the year ended December 31, 2017, the board members were reimbursed a total of \$1,859 using the federal standard mileage rates.

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

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*

May 21, 2018

Board of Commissioners
Allen Parish Mosquito Abatement District
Oakdale, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the only major fund of the Allen Parish Mosquito Abatement District (District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 21, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. This deficiency is identified as finding 2017-1 I/C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and responses. This deficiency is identified as finding 2017-2 C.

Allen Parish Mosquito Abatement District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information of management and use of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Scimemi, CPA, APAC



ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Findings and Responses

Year Ended December 31, 2017

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Findings – Financial Statement Audit

Finding #2017-1 I/C:
Significant deficiency

Inadequate Segregation of Duties

Because of the lack of a large staff, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. We do note that this situation is inherent in most entities of this type and is difficult to resolve due to the funding limitations of the District. We recommend that the board take an active interest in the review of all of the financial information. This was also a prior year finding.

Finding #2017-2 C:

Local Governmental Budget Act Compliance

Criteria: The actual expenditures in the general fund exceeded budgeted amounts by more than 5%.

Cause: One-time aerial spraying was not considered during the budget process.

Effect: Possible violation of the Louisiana Local Governmental Budget Act.

Recommendation: Closely monitor contracts and consider one-time expenditures when preparing original and amended budgets.

Response: See Corrective Action Plan

Federal Award Findings and Questioned Costs

- None

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

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

Year Ended December 31, 2017

Internal Control and Compliance Material to the Financial Statements

2017-1 I/C Segregation of duties:

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

Contact Person: Melvin Bell, President

2017-2 C Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures including one-time expenditures and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

Contact Person: Melvin Bell, President

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
Summary Schedule of Prior Year Audit Findings (Unaudited)
Year Ended December 31, 2017

2016-1 I/C Segregation of duties:

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

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
405 Tiger Lane
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

May 21, 2018

We have performed the procedures enumerated below, which were agreed to by management of the Allen Parish Mosquito Abatement District (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
All addressed without exception.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
All addressed without exception.
 - c) **Disbursements**, including processing, reviewing, and approving.
All addressed without exception.
 - d) **Receipts**, including receiving, recording, and preparing deposits.
All addressed without exception.

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

The District has no employees' and policies regarding them would not be appropriate.

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

All addressed without exception.

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

The District has no credit cards and policies regarding them would not be appropriate.

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

All addressed without exception.

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

All address without exception.

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

The District has no long-term debts and policies regarding them would not be appropriate.

Board of Commissioner (or Finance Committee, if applicable)

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

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

The minutes reflected that the managing board met monthly in accordance with enabling legislation without exception.

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

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

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

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

At meetings on June 10, 2017 and September 11, 2017 contracts to be entered into after being signed by president were discussed and approved.

Bank Reconciliations

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

The listing was provided by management.

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

Bank accounts were being reconciled by the prior secretary who resigned in June of 2017. Subsequently the secretary did not prepare bank reconciliations (Exception).

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

The District provided no evidence of review or approval of the reconciliations by a board member who is not involved in all transactions associated with the only bank account. (Exception).

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

There were no checks outstanding older than six months.

Collections

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

The listing was provided by management.

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

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

The only collection location is the District's post office box. All checks are received by mail and collected by the secretary who is bonded. The secretary is responsible for depositing the cash in bank (Exception). She is also responsible for recording the transaction (Exception) and reconciling the related bank account (Exception).

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

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

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

The deposits for the highest week of cash collections were not made within one day of collection (Exception). That week contained one relatively large check and the number of days from receipt to deposit was 29 days.

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

No evidence of exceptions was found during the testing.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The District's policies include some of the processes specifically defined to determine completeness of all collections, but they are generally performed by the secretary who is also responsible for collections (Exception).

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

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

The listing was provided by management.

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

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

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

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

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

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Documentation of approved requisition and/or purchase orders was provided in none of the transactions tested (Exception) since there is no policy requiring them. All of the transactions tested were either recurring transactions with no goods being purchased or where no receiving report would normally be generated. Approved invoices were provided in all transactions that were nonrecurring.

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

The secretary has the ability and authority to perform accounts payable payment processing and add vendors to the District's system (Exception). However, only certain board members are allowed to sign checks (Compensating Control).

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

Certain board members have signatory authority and the entire board authorizes disbursements. The secretary will initiate and record purchases with the board's approval.

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

The District's checks are handwritten on preprinted check stock. The secretary maintains possession of the checks in her residence (Exception). The secretary does not have signatory authority.

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

The District does not use signature stamps. Checks are always maintained under the control of the secretary until mailed (Exception). They are signed at each monthly meeting by the appropriate board members and subsequently mailed by the secretary.

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

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

The District does not utilize any credit cards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Travel and Expense Reimbursement

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

Management provided the requisite list.

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

During 2017, the District's policy utilized the GSA standard mileage rate for all travel reimbursements to the secretaries and the board members.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person,

including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

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

All expense reimbursements tested were in accordance with the District's written policy.

- b) Report whether each expense is supported by:

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

The only travel reimbursements were for mileage to board meetings attended. Itemized receipts were not provided for any expenses tested (Exception).

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

Each expense was supported by attendance records at board meetings. There were no meal purchases during 2017.

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

There were no other travel reimbursements other than for mileage to board meetings.

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

The District's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

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

Each expense tested was not supported by documentation of review and approval in writing by someone other than the traveler (Exception).

Contracts

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

Management provided the listing.

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

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

Three of the five agreements tested were supported by written contracts including service arrangements and the amount paid without exception. The other two were for small contracts for secretarial services for which no contract was provided (Exception).

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

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

None of the contracts were subject to the Louisiana Public Bid Law or Procurement Code.

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

None of the contracts had solicited quotes documentation provided as a best practice (Exception).

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

None of the contracts were amended.

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

The largest payments from each of the five contracts were in compliance with the terms and conditions of the contracts without exception.

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

All five of the contracts tested were approved by the board and recorded in the minutes during the year of the contracts inception without exception.

Payroll and Personnel

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

The District had no employees or elected officials with related salaries during 2017.

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

Since there were no employees, this test could not be performed.

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

Since there were no employees, this test could not be performed.

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

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

Since there were no employees, this test could not be performed.

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

Since there were no employees, this test could not be performed.

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

Since there were no employees, this test could not be performed.

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

Since there were no employees, this test could not be performed.

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

Since there were no employees, this test could not be performed.

Ethics

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

All board members obtained documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).

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

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

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

No debt was issued during the fiscal period.

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

No outstanding debt existed during the fiscal year.

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

The District did not have tax millages related to debt service payments.

Other

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

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

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

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

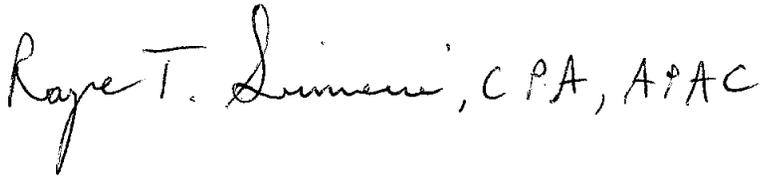
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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

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

Royce T. Scimemi, CPA, APAC

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