

Tangipahoa Mosquito Abatement District Number
One
of the Parish of Tangipahoa
Hammond, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2017
With Supplemental Information Schedules



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

**Tangipahoa Mosquito Abatement District Number One
Annual Financial Statements
As of and for the Year Ended December 31, 2017
With Supplemental Information Schedules**

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Annual Financial Statements
As of and for the Year Ended December 31, 2017
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Bruce C. Harrell, CPA

Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
Elizabeth P. Lafargue, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Auditor's Report

To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Tangipahoa Parish
Hammond, Louisiana 70404

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa, Louisiana (a component unit of the Tangipahoa Parish Government, Louisiana) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Tangipahoa Mosquito Abatement District Number One'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.

Auditor's 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.

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To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
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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, each major fund, and the aggregate remaining fund information of Tangipahoa Mosquito Abatement District Number One, as of December 31, 2017, and the respective changes in the financial position for the year then ended in conformity 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 8-13 and page 42, as well as the Schedule of the District's Proportionate Share of the Net Pension Liability on page 43 and the Schedule of the District's Contributions on page 44, 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 response 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.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Tangipahoa Mosquito Abatement District Number One's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information

The accompanying schedules listed as Other Supplemental Information in the table of contents are the responsibility of management and were derived from and relate 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 the 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 to 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, the accompanying schedules listed as Other Supplemental Information in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 based on our consideration of the Tangipahoa Mosquito Abatement District Number One's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Tangipahoa Mosquito Abatement District Number One's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
Kentwood, Louisiana

June 29, 2018

Required Supplemental Information (Part I)

Management's Discussion and Analysis

**Tangipahoa Mosquito Abatement District Number One
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Introduction

Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa (the "District") is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in Footnote 1 – *Summary of Significant Accounting Policies*.

The District's management discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this Management's Discussion and Analysis should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this Management's Discussion and Analysis.

Financial Highlights

- At December 31, 2017, the District's assets and deferred outflows of resources of \$7,127,717 exceeded its liabilities and deferred inflows of resources by \$6,586,011 (net position). The District's unrestricted net position of \$5,346,315 may be used to meet the District's ongoing obligations for mosquito protection.
- For the year ended December 31, 2017, the District's total net position increased by 578,517.
- At December 31, 2017, the District's government fund reported an ending fund balance of \$5,432,616 which represents an increase of \$521,997 for the year. Of this amount, \$5,032,522 is unassigned and available for spending for mosquito protection.
- Governmental Activities ad valorem taxes increased by \$96,455 from \$2,186,822 for the prior fiscal year to \$2,283,267 for the year ended December 31, 2017.
- Interest income for the year ended December 31, 2017 was \$19,233, an increase of \$7,922. This increase is primarily due to deposits on hand during the year and interest earned on ad valorem taxes.
- Governmental Activities total liabilities for the fiscal year ending December 31, 2017 decreased by \$92,969 or approximately fifteen percent due primarily to decreases in accounts payable, retainage payable, and net pension liability.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual fund. Both perspectives, government-wide and major fund, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Tangipahoa Mosquito Abatement District Number One
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the District's various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy of various governmental services.

In both of the Government-Wide Financial Statements, the District's activities are of a single type:

- Governmental activities- The District's basic services are reported here, and are financed primarily through ad valorem taxes.

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 and legal requirements. The District uses a single category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The basic governmental fund financial statements can be found on page 18 and 20 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison

**Tangipahoa Mosquito Abatement District Number One
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

between governmental funds and governmental activities. The reconciliation can be found on pages 19 and 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

Government-Wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

**Condensed Statement Net Position
2017 and 2016**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets:		
Current and Other Assets	\$ 5,639,255	\$ 5,172,999
Capital Assets	1,239,696	1,134,049
Total Assets	<u>6,878,951</u>	<u>6,307,048</u>
Deferred Outflows of Resources		
Pension Related	248,766	340,014
Total Deferred Outflows of Resources	<u>248,766</u>	<u>340,014</u>
Liabilities:		
Long-Term Debt Outstanding	358,748	398,121
Other Liabilities	149,507	203,103
Total Liabilities	<u>508,255</u>	<u>601,224</u>
Deferred Inflows of Resources		
Pension Related	33,451	38,344
Total Deferred Inflows of Resources	<u>33,451</u>	<u>38,344</u>
Net Position:		
Net Investment in Capital Assets	1,239,696	1,134,049
Unrestricted	5,346,315	4,873,445
Total Net Position	<u>\$ 6,586,011</u>	<u>\$ 6,007,494</u>

Approximately 19 percent of the District's net position reflects its investment in capital assets (furniture, equipment and building) net of any outstanding related debt used to acquire those capital assets (no debt in 2017). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

**Tangipahoa Mosquito Abatement District Number One
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Approximately 81 percent of the District's net position is unrestricted and may be used to meet the District's ongoing obligations to its citizens. At the end of the current fiscal year, the District was able to report positive balances in all categories of net position, governmental activities. The same held true for the prior fiscal year.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more information see the Statement of Activities included in this report.

**Condensed Statement of Changes in Net Position
For the years ended December 31, 2017 and 2016**

	Governmental Activities		\$Change	%Change
	2017	2016		
Revenues:				
Program Revenues:				
Operating Grants and Contributions	\$ 80,015	\$ 6,552	73,463	1121%
General Revenues:				
Ad Valorem Taxes	2,283,267	2,186,822	96,445	4%
Interest Income	19,233	11,311	7,922	70%
Miscellaneous	23,797	21,156	2,641	12%
Total Revenues	<u>2,406,312</u>	<u>2,225,841</u>	180,471	8%
Expenses:				
Mosquito Abatement	1,827,795	1,881,909	(54,114)	-3%
Total Expenses	<u>1,827,795</u>	<u>1,881,909</u>	(54,114)	-3%
Change in Net Position	<u>578,517</u>	<u>343,932</u>	234,585	68%
Net Position, Beginning	<u>6,007,494</u>	<u>5,663,562</u>	343,932	6%
Net Position, Ending	<u>\$ 6,586,011</u>	<u>\$ 6,007,494</u>	578,517	10%

Governmental Activities

The District's governmental net position increased by \$578,517 or sixty-eight percent and approximately ten percent of the prior year ending net position, to \$6,586,011.

Changes in net position increased by \$234,585 compared to the prior year. Revenues increased by eight percent, \$180,471 and expenses decreased by three percent, \$54,114. The increase in revenues noted above is primarily related to an increase in ad valorem taxes as well as an operating grant in the current year. The decrease in expenses noted above is comprised of decreases in several categories of mosquito abatement expenses, most notably, chemicals expense, partially offset by increases in other is primarily comprised of increases in categories of mosquito abatement expenses.

**Tangipahoa Mosquito Abatement District Number One
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund type—governmental funds.

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

At the end of the current year, the District's single governmental fund reported an ending fund balance of \$5,432,616, ninety-three percent or \$5,032,552 was unassigned. This represents an increase of \$521,997, or approximately eleven percent of the prior year's ending fund balance.

Major Governmental Fund Budgetary Highlights

Tangipahoa Mosquito Abatement District Number One adopts an annual operating budget in accordance with requirements of the Local Government Budget Act. As required by state law, actual revenues and other sources were within five percent of budgeted revenues and actual expenditures did not exceed budgeted expenditures by five percent. The budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operation of the District. An amended budget was proposed and adopted as required by the Local Government Budget Act, for the year ended December 31, 2017. Schedule 1 detailing budget compliance is included as Required Supplementary Information, following the footnotes of the financial statements.

**Tangipahoa Mosquito Abatement District Number One
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2017**

Capital Assets and Debt Administration

Capital Assets

The District's net investment in capital assets for its governmental activities (net of depreciation) as of December 31, 2017 and December 31, 2016 respectively amounted to \$1,239,696 and \$1,134,049. Asset purchases in 2017 and 2016 respectively were \$190,500 and \$263,033.

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2017 and 2016**

Capital Assets	Governmental Activities	
	2017	2016
Building	\$ 1,333,065	\$ 952,023
Equipment	1,127,784	1,078,615
Furniture	277,279	258,398
Construction in Progress	-	258,592
Subtotal Capital Assets	2,738,128	2,547,628
Less: Accumulated Depreciation	<u>(1,498,432)</u>	<u>(1,413,579)</u>
Capital Assets, Net	\$ 1,239,696	\$ 1,134,049

During the year ending December 31, 2017, the District incurred \$122,450 in construction costs related to additions to its building. The construction was completed during the year ending December 31, 2017 and the total cost of \$381,042 was transferred to buildings. Additionally, the District had other capital outlay of \$68,050 primarily related to purchases of furniture and fixtures and office equipment for the building as well as the purchase of a new vehicle and other equipment.

Long-Term Debt

At December 31, 2017, the District had no long-term obligations outstanding, other than net pension liability and compensated absences liability.

Contacting the District's Financial Management

This financial report is designed to provide the District's users with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa, 15483 Club Deluxe Road, Hammond, Louisiana 70403. The District's telephone number is (985) 543-0454.

Basic Financial Statements

Government-Wide Financial Statements

Statement A
Tangipahoa Mosquito Abatement District Number One
Statement of Net Position
As of December 31, 2017

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 3,050,822
Receivables, Net:	
Ad Valorem Taxes	2,188,369
Inventory	366,437
Prepaid Insurance	33,627
Total Current Assets	5,639,255
Capital Assets:	
Land	-
Construction in Progress	-
Capital Assets, Net	1,239,696
Total Capital Assets	1,239,696
Total Assets	6,878,951
Deferred Outflows of Resources	
Pension Related	248,766
Total Deferred Outflows of Resources	248,766
Liabilities	
Current Liabilities:	
Accounts Payable	6,791
Retainage Payable	-
Other Accrued Payables	142,716
Total Current Liabilities	149,507
Long Term Liabilities:	
Compensated Absences Payable	172,136
Net Pension Liability	186,612
Total Long Term Liabilities	358,748
Total Liabilities	508,255
Deferred Inflows of Resources	
Pension Related	33,451
Total Deferred Inflows of Resources	33,451
Net Position	
Net Investment in Capital Assets	1,239,696
Unrestricted	5,346,315
Total Net Position	\$ 6,586,011

The accompanying notes are an integral part of this statement.

Tangipahoa Mosquito Abatement District Number One
Statement of Activities
For the year ended December 31, 2017

	Program Revenues					Net (Expenses) Revenues and Changes
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Net (Expenses) Revenues	Governmental Activities
Governmental Activities						
Mosquito Abatement	\$ 1,827,795	\$ -	\$ 80,015	\$ -	\$ (1,747,780)	\$ (1,747,780)
Total Governmental Activities	1,827,795	-	80,015	-	(1,747,780)	(1,747,780)
General Revenues:						
Ad Valorem Taxes						2,283,267
Interest Income						19,233
Miscellaneous						23,797
Total General Revenues						2,326,297
Change in Net Position						578,517
Net Position - Beginning						6,007,494
Net Position - Ending						\$ 6,586,011

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

**Tangipahoa Mosquito Abatement District Number One
Balance Sheet, Governmental Funds
As of December 31, 2017**

Statement C

	<u>Fund</u>
Assets	
Current Assets	
Cash and Equivalents	\$ 3,050,822
Receivables, Net:	
Ad Valorem Taxes	2,188,369
Inventory	366,437
Prepaid Insurance	33,627
Total Assets	<u>\$ 5,639,255</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities:	
Accounts Payable	\$ 6,791
Retainage Payable	-
Other Accrued Liabilities	142,716
Total Liabilities	<u>149,507</u>
 Deferred Inflows of Resources	
Ad Valorem Revenue	57,132
Total Deferred Inflows of Resources	<u>57,132</u>
 Fund Balances:	
Nonspendable	400,064
Unassigned	5,032,552
Total Fund Balances	<u>5,432,616</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,639,255</u>

The accompanying notes are an integral part of this statement.

**Tangipahoa Mosquito Abatement District Number One
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2017**

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

Fund Balances, Total Governmental Funds (Statement C)	\$	5,432,616
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Governmental capital assets net of depreciation		1,239,696
Ad valorem taxes collected after year-end, but not available soon enough to pay for current expenditures.		57,132
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences Payable		(172,136)
Net Pension Liability		(186,612)
Deferred outflows and inflows of resources pertaining to pension are not reported in governmental funds:		
Deferred Outflows of Resources		248,766
Deferred Inflows of Resources		(33,451)
Net Position of Governmental Activities (Statement A)	\$	<u>6,586,011</u>

The accompanying notes are an integral part of this statement.

Statement E

Tangipahoa Mosquito Abatement District Number One
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2017

	General Fund
Revenues	
Ad Valorem Taxes	\$ 2,285,412
Intergovernmental	
Grant Funds	73,322
Interest	19,233
Miscellaneous	23,797
Total Revenues	2,401,764
Expenditures	
Mosquito Abatement	
Salaries	640,197
Benefits	211,496
Payroll Taxes	15,209
Chemicals	356,987
Insurance	119,167
Other operating	80,795
Professional Fees	17,075
Repairs and Maintenance	82,411
Telephone	14,290
Utilities	13,980
Vehicle Expenses	50,352
Statutory Payments to Assessor	87,308
Capital Outlays	190,500
Total Expenditures	1,879,767
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	521,997
Other Financing Sources (Uses)	
Operating Transfers In	-
Operating Transfers (Out)	-
Proceeds from Sale of Fixed Assets	-
Total Other Financing Sources (Uses)	-
Net Change in Fund Balances	521,997
Fund Balances, Beginning	4,910,619
Fund Balances, Ending	\$ 5,432,616

The accompanying notes are an integral part of this statement.

**Tangipahoa Mosquito Abatement District Number One
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2017**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 521,997

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$	190,500	
Less:			
Current year depreciation		(84,853)	105,647

Some expenses do not require the use of current financial resources and, therefore, are not recorded as an expenditure in the governmental funds, but are recorded as an expenditure in the statement of activities:

Increase in compensated absences		(11,055)
Pension Expense		(42,620)

Some revenues in the statement of activities do not provide current financial resources and are not reported as revenue in the governmental funds:

Deferred inflows of resources for ad valorem taxes collected after year end, but not available soon enough to pay for current expenditures changed by the following amount		(2,145)
Non-employer contributions to cost-sharing pension plan		6,693

Change in Net Position of Governmental Activities, Statement B \$ 578,517

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Introduction

The Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa (hereinafter referred to as “the District”), was created by the Tangipahoa Parish Council by Tangipahoa Parish Ordinance Number 01-18 on June 25, 2001, under the authority conferred by Chapter 23 of Title 33 of the Louisiana Revised Statutes of 1950, and thereby constitutes a political subdivision of the State of Louisiana. The District is governed by a board of commissioners consisting of seven (7) members. Five (5) of the commissioners are appointed by the Tangipahoa Parish Council, and one (1) commissioner is to be appointed by the governing authority of the City of Hammond, and one (1) commissioner is to be appointed by the governing authority of the City of Ponchatoula. Commissioners receive no compensation for serving on the District board. The board has the authority to purchase, maintain, and operate machinery and equipment necessary or useful in the eradication, abatement, or control of mosquitoes and other arthropods of public health importance, and to maintain an adequate administrative staff.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Tangipahoa Mosquito Abatement District Number One is considered a component unit of the Tangipahoa Parish Government. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit. Under provisions of this statement, there are no component units of the District.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District does not have any business-type activities and reports only governmental activities. The District has only one fund and as such, there is no interfund activity. The District has no component units.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management’s Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as a change in net position.

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GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Balance*. As required by the GASB, the District implemented GASB Statement No. 63 during the year ending December 31, 2012. The District had deferred outflows and deferred inflows of resources related to pension of \$248,766 and \$33,451, respectively, at December 31, 2017.

During the year ended December 31, 2012, the District also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in *Footnote I – Long-Term Obligations*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements. The District reports only one fund: a governmental fund – the general fund.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund (none in the current year).

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) program-specific operating grants and contributions; and, 3) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

C. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

The state investment pool (LAMP), operates in accordance with state laws and regulations and is considered a cash equivalent demand deposit. The reported value of the pool is the same as the fair value of the pool shares. Investments for the District are reported at fair market value. In accordance with state law, the District limits its investments to those allowed under R.S. 33:2955.

D. Receivables and Revenue

Property tax receivables are shown net of an allowance for uncollectible. The District uses approximately one half up to two and a half percent of the property tax receivable as an allowance for uncollectible depending on information available.

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Property taxes are levied on a calendar year basis and become due on January 1 of each year. The taxes are generally collected in December of the current year, and January and February of the ensuing year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Mosquito Abatement taxes due for acquiring, purchasing, maintaining and operating machinery, facilities, equipment and materials necessary or useful in the eradication, abatement or control of mosquitoes and other arthropods of public health importance.	5 mills	5 mills	2026

E. Inventory and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for a specified purpose are classified as restricted assets because their use is limited to specific expenditures. Such assets have been restricted by bond indenture, law, or contractual obligations.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. 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. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Machinery and Equipment	5 - 10 Years
Furniture and Fixtures	5 Years
Vehicles	5 - 10 Years
Building and Building Improvements	20 - 40 Years

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H. Compensated Absences

The District has the following policy related to vacation and sick leave:

All regular employees are entitled to annual vacation leave as follows:

	Minimum Years of Service		
	1 to 5	5 to 15	15+
Vacation Leave - Hours per Two week Pay Period	4	6	8
	4	6	8

Vacation leave is to be scheduled at the beginning of the year, subject to approval of the Director, based on seniority and known or anticipated workload.

At the time of retirement from the District, employees are to be paid for any unused vacation leave at the straight time rate of pay earned at the time of separation.

Any change from this policy is considered on a case-by-case basis and must be approved by the Director prior to the end of the calendar year and must be of benefit of the District.

Sick leave accumulates for regular, full-time employees at the rate of four hours per pay period. At the time of retirement or a reduction in force from the District, employees are to be paid for any unused sick leave at the straight time rate of pay earned at the time of separation up to one hundred eighty working days or 1,440 hours. Unused sick leave, in excess of one hundred eighty working days or 1,440 hours, may be utilized in computing benefits at the time of retirement in accordance with retirement system policy. No payment for unused sick leave will be permitted if any employee is discharged or leaves voluntarily prior to retirement. In addition, the District’s Board has instituted an extended sick leave compensation of a maximum of fifteen working days in any two year calendar period. This compensation may be extended past fifteen days due to dire circumstances such as terminal illness. This extended sick leave is intended to provide for those medical and health conditions involving hospitalization and/or physician directed rehabilitation involving a catastrophic type illness/injury.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized in the governmental funds as current-year expenditure when leave is actually taken. The total compensated absences payable balance is recorded in the government-wide financial statement of net position.

I. 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. Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, debt issuance costs, other than prepaid insurance costs, recorded in the current fiscal year are expensed. Any prepaid insurance costs on any new debt issuance should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. If applicable, bond premiums and discounts continue to be amortized over the life of the bonds, using the effective interest method, and bonds payable are reported net of the applicable bond premium or discount.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. At December 31, 2017 the District did not hold any long term debt, other than net pension liability and compensated absence liability.

J. Net Position and Fund Balance

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 for the government-wide financial statements requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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In the fund statements, governmental fund equity is classified as fund balance. The District adopted GASB 54 for the year ended December 31, 2011. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable reflects inventory of \$366,437 and prepaid insurance in the amount of \$33,627.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal vote of the Board, which is the highest level of decision making authority for the District.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

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M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

Budget Information

The Tangipahoa Mosquito Abatement District Number One uses the following budget practices:

1. The District prepares budgets on the modified accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).
2. The District's director prepares the proposed budget and submits it to the board of commissioners no later than fifteen (15) days prior to the beginning of each fiscal year. The proposed budget for 2017 was presented to the board of commissioners on October 12, 2016.
3. The proposed budget for 2017 was adopted on October 12, 2016.
4. Budgetary amendments require the approval of the board of commissioners. The final budget amendments for the 2017 budget were approved on December 13, 2017.
5. All budgetary appropriations lapse at year-end.
6. Periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in accompanying financial statements include the originally adopted budget amounts and all subsequent amendments legally adopted prior to year-end.
7. There were no budget variances that would result in unfavorable variances in violation of the Local Government Budget Act for the fiscal year ended December 31, 2017.

Tangipahoa Mosquito Abatement District Number One
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3. Cash and Cash Equivalents

At December 31, 2017, the District has cash and cash equivalents (book balances) as follows:

	December 31, 2017
Interest-bearing demand deposits	\$ 2,537,287
Louisiana Asset Management Pool (LAMP)	513,535
	\$ 3,050,822

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 had \$2,539,325 in bank deposits other than LAMP (collected bank balances) in one financial institution. These demand deposits are secured from risk by \$250,000 of federal deposit insurance per institution and the remaining \$2,289,325 is secured by pledged securities. The \$2,289,325 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are 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 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 upon demand.

At December 31, 2017, the District had additional deposits in the Louisiana Asset Management Pool (LAMP) recorded as cash of \$513,535.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

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Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

The only investments held by the District at December 31, 2017 are deposits in LAMP carried as cash and cash equivalents as noted in Note 3. The District reports its investments in LAMP (See Note 3) as cash due to the highly liquid nature of these deposits.

In accordance with GASB Codification Section I50.165, the investment in LAMP at December 31, 2017, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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 rate risk, and foreign currency risk for all public entity investments.

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

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. 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.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give 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 or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 43 days (from LAMP's monthly Portfolio Holding) as of December 31, 2017.
5. Foreign currency risk: Not applicable.

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.

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.

If you have any questions, please feel free to contact LAMP administrative office at 800-249-5267

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5. Receivables

The following is a summary of receivables at December 31, 2017 :

Class of Receivable	2017
Ad Valorem taxes	\$ 2,199,882
Less Allowance for uncollectible Ad Valorem Taxes	(11,513)
Total	\$ 2,188,369

All receivable amounts are current.

6. Interfund Receivable/Payable

Interfund receivables and payables are recorded when one fund overpays or underpays its portion of an expenditure. The District had no interfund receivables and payables since it had only one fund.

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for governmental activities is as follows:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	258,592	122,450	(381,042)	-
Total Capital Assets Not Being Depreciated	258,592	122,450	(381,042)	-
Capital Assets Being Depreciated:				
Building	\$ 952,023	\$ 381,042	\$ -	\$ 1,333,065
Machinery & Equipment	1,078,615	49,169	-	1,127,784
Office Furniture and Equipment	258,398	18,881	-	277,279
Total Capital Assets Being Depreciated	2,289,036	449,092	-	2,738,128
Less Accumulated Depreciation for:				
Building	225,392	31,739	-	257,131
Equipment	947,631	43,524	-	991,155
Office Furniture and Equipment	240,556	9,590	-	250,146
Total Accumulated Depreciation	1,413,579	84,853	-	1,498,432
Total Capital Assets Being Depreciated, Net	875,457	364,239	-	1,239,696
Total Governmental Activities Capital Assets, Net	\$ 1,134,049	\$ 486,689	\$ (381,042)	\$ 1,239,696

Depreciation was charged to governmental activities as follows:

Mosquito Abatement	\$ 84,853
	\$ 84,853

During the year ending December 31, 2017, the District incurred \$122,450 in construction costs related to additions to its building. There is no capitalized interest and the project is funded through surplus funds from the general fund. The construction was completed during the year ending December 31, 2017 and the total cost of \$381,042 was transferred to buildings. Additionally, the District had other capital outlay of \$68,050 primarily related to purchases of furniture and fixtures and office equipment for the building

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as well as the purchase of a new vehicle and other equipment. The District did not have any disposals for the year ended December 31, 2017.

Depreciation expense for the year ended December 31, 2017 was \$84,853, which was charged to governmental activities.

8. Accounts, Salaries, and Other Payables

The payables at December 31, 2017 are as follows:

Governmental Funds Payable	2017
Accounts payable	\$ 6,791
Retainage payable	-
Accrued salaries	25,053
Accrued payroll withholdings and related payables	30,355
Deductions from ad valorem taxes payable	87,308
Total	\$ 149,507

9. Leases

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The District had no capital leases outstanding at December 31, 2017. The District began leasing a building from another governmental agency on February 26, 2003 for a five year term. The lease automatically renews after each year unless either party cancels the lease. The District does not pay any rental payments, but lets the lessor use a storage building rent free.

10. Long-Term Obligations

The District has no long-term debt outstanding at December 31, 2017. Long term obligations include net pension liability (See Note 11) and compensated absences liability on the government-wide Statement of Net Position. Compensated absences payable increased \$11,055 from \$161,081 at December 31, 2016 to \$172,136 at December 31, 2017.

11. Retirement System

Substantially all full-time employees of Tangipahoa Mosquito Abatement District Number One of Tangipahoa Parish are members of the Parochial Employees’ Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The District implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB 68. These standards require the District to record its proportional share of each of the pension plans’ net pension liability and report the following disclosures:

Plan Description: Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute (LRS). The System 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 the System.

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Substantially all full-time employees of the District are members of the Parochial Employees' Retirement System of Louisiana (System). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participating employees of the District are members of Plan A.

Eligibility Requirements:

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace and parish presidents may no longer join the Retirement System.

Retirement Benefits:

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

Deferred Retirement Option Plan (DROP) Benefits:

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 A 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 receipt 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.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

For individuals who become eligible to participate in the Deferred Retirement Option Plan (DROP) on or after January 1, 2004, all amounts which remain credited to the individuals subaccount 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 the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were 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 A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

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.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-47619, or by calling (225) 928-1361.

Funding Policy. Contributions for all members are established by state statute. Under Plan A, members are required to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, according to state statute. The current rate is 10.52 percent of annual covered payroll. Contributions to the System include one-fourth (1/4) of one percent of the ad valorem taxes collected within the respective parishes, except Orleans and East Baton Rouge Parishes. The System also receives 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-contributing entities.

Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended December 31, 2017. During the year ending December 31, 2017, the District recognized revenue as a result of support received from non-employer contributing entities of \$6,693 for its participation in Parochial Employees' Retirement System of Louisiana-Plan A.

The District's contributions to the System under Plan A for the years ending December 31, 2017 and 2016 were \$68,194 and \$69,838 respectively, each equal to the required contributions for that year.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

Actuarial Cost Method	Plan A-Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.0%, net of investment expense, including inflation
Projected Salary Increases	Plan A-5.25% (2.75% Merit/2.50% Inflation)
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 increases not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.5%

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine 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, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

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

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

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

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was 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 System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables was set back 4 years for males and 3 years for females was used.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, 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, or one percentage point higher than the current rate as of December 31, 2016:

	1% Decrease	Current Discount Rate	1% Increase
Rates	6.00%	7.00%	8.00%
District's Share of NPL	\$ 558,233	\$ 186,612	\$ (127,604)

12. 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 employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

13. Contingent Liabilities

At December 31, 2017, the District was not involved in any outstanding litigation or claims.

Tangipahoa Mosquito Abatement District Number One
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

14. Subsequent Events

Subsequent events have been evaluated by management through June 29, 2018, the date the financial statements were available for issuance. No events were noted that require recording or disclosure in the financial statements for the year ending December 31, 2017.

Required Supplemental Information (Part II)

Schedule 1

Tangipahoa Mosquito Abatement District Number One
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund
For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 2,075,225	\$ 2,075,225	\$ 2,285,412	\$ 210,187
Intergovernmental				
Grant Funds	-	-	73,322	73,322
Interest	10,000	10,000	19,233	9,233
Miscellaneous	4,000	4,000	23,797	19,797
Total Revenues	<u>2,089,225</u>	<u>2,089,225</u>	<u>2,401,764</u>	<u>312,539</u>
Expenditures				
Mosquito Abatement				
Salaries	635,557	635,557	640,197	(4,640)
Benefits	243,630	243,630	211,496	32,134
Payroll Taxes	8,346	8,346	15,209	(6,863)
Chemicals	600,000	600,000	356,987	243,013
Insurance	150,000	150,000	119,167	30,833
Other operating	150,000	150,000	80,795	69,205
Professional Fees	20,000	20,000	17,075	2,925
Repairs and Maintenance	100,000	100,000	82,411	17,589
Telephone	18,500	18,500	14,290	4,210
Utilities	20,000	20,000	13,980	6,020
Vehicle Expenses	100,000	100,000	50,352	49,648
Statutory Payments to Assessor	-	-	87,308	(87,308)
Capital Outlays	513,000	513,000	190,500	322,500
Total Expenditures	<u>2,559,033</u>	<u>2,559,033</u>	<u>1,879,767</u>	<u>679,266</u>
Excess Revenues (Expenditures)	<u>(469,808)</u>	<u>(469,808)</u>	<u>521,997</u>	<u>991,805</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(469,808)</u>	<u>(469,808)</u>	<u>521,997</u>	<u>991,805</u>
Fund Balances, Beginning	<u>4,730,193</u>	<u>4,730,193</u>	<u>4,910,619</u>	<u>180,426</u>
Fund Balances, Ending	<u>\$ 4,260,385</u>	<u>\$ 4,260,385</u>	<u>\$ 5,432,616</u>	<u>\$ 1,172,231</u>

See independent auditor's report.

Schedule 2

**Tangipahoa Mosquito Abatement District Number One
Schedule of the District's Proportionate Share of the Net Pension Liability
For the year ended December 31, 2017**

Parochial Employees' Retirement System of Louisiana:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.088522%	0.090051%	0.090610%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 24,203	\$ 237,040	\$ 186,612
Employer's Covered-Employee Payroll	\$ 517,892	\$ 516,319	\$ 537,372
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	4.6734%	45.9096%	34.7268%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.1464%	92.2301%	94.1489%

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

See Independent Auditor's Report.

Tangipahoa Mosquito Abatement District Number One
Schedule of the District's Contributions
For the year ended December 31, 2017

Parochial Employees' Retirement System of Louisiana:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 74,866	\$ 69,858	\$ 69,858
Contributions in relation to contractually required contributions	<u>74,866</u>	<u>69,858</u>	<u>69,858</u>
Contribution deficiency (excess)	-	-	-
Employer's Covered Employee Payroll	\$ 517,892	\$ 537,372	\$ 537,372
Contributions as a % of Covered Employee Payroll	14.4559%	12.9999%	12.9999%

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

See Independent Auditor's Report.

Other Supplemental Information

**Tangipahoa Mosquito Abatement District Number One
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2017**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expires</u>
Bruce Caliva, Chairman (985) 386-6262	307 W. Magnolia St. Ponchatoula, LA 70454	\$ -	July 2019
Bill Wheat, Vice Chairman (985) 507-1710	40316 Happywoods Road Hammond, LA 70403	-	July 2018
Deek Deblieux, Secretary (985) 634-8046	42532 S. Range Road Hammond, LA 70403	-	July 2019
Larry "Pete" Jones, Board Member (985) 386-9002	39521 John Wilde Road Ponchatoula, LA 70454	-	July 2019
Sunny Ryerson, Board Member (985) 386-8342	23569 Fletcher Isle Road Ponchatoula, LA 70454	-	July 2018
Phillip Graziano, Board Member (985) 345-2028	20070 River Crest Drive Hammond, LA 70403	-	July 2019
Chris Chappell, Board Member (225) 279-6963	P.O. Box 1991 Hammond, LA 70404	-	July 2019
		\$ <u> </u> <u> </u> <u> </u> -	

See Independent Auditor's Report.

Schedule 5

**Tangipahoa Mosquito Abatement District Number One
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For the year ended December 31, 2017**

Agency Head Name: Dennie Walette, Jr., Director

Purpose	Amount
Salary	\$ 108,210
Benefits-Retirement	13,526
Benefits-Insurance	7,796
Employer Paid Medicare & Social Security	1,569
Travel	881
Travel - Per Diem	1,224
	<u>\$ 133,206</u>

See Independent Auditor's Report.

Bruce C. Harrell, CPA

Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
Elizabeth P. Lafargue, CPA

INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

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

To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Tangipahoa Parish
Hammond, Louisiana 70404

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Mosquito Abatement District Number One, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Tangipahoa Mosquito Abatement District Number One's basic financial statements and have issued our report dated June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Mosquito Abatement District Number One'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 Tangipahoa Mosquito Abatement District Number One's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tangipahoa Mosquito Abatement District Number One'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal

To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Page 2

control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Mosquito Abatement District Number One's, financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2017-C1.

Tangipahoa Mosquito Abatement District Number One's Response to Findings

Tangipahoa Mosquito Abatement District Number One's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Tangipahoa Mosquito Abatement District Number One'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.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
Kentwood, Louisiana

June 29, 2018

**Tangipahoa Mosquito Abatement District Number One
Schedule of Findings and Responses
For the Year Ended December 31, 2017**

Section I Summary of Auditor's Results

Financial Statements

a. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified
Disclaimer Adverse

b. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control:

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance:

Noncompliance Material to Financial Statements Yes No

Federal Awards - NA

Internal Control over major federal Programs:

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of auditor's report issued on compliance for major federal programs:

Unmodified Qualified
Disclaimer Adverse

Are there findings required to be reported in accordance with 2 CFR 200.516(a)

Yes No

Was a management letter issued?

Yes No

Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

**Tangipahoa Mosquito Abatement District Number One
Schedule of Findings and Responses
For the Year Ended December 31, 2017**

Section II Financial Statement Findings

Finding Number: 2017-C1 Local Budget Act (noncompliance)

Criteria: The Local Budget Act, specifically LRS 39:1305, requires a comprehensive budget be presented for the general fund. The budget document must include a budget message and a statement. The budget message must be signed by the preparer and should include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features. The statement must show the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements must also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

Condition: The District prepared a detailed budget for 2017 and monitored the budget throughout the year. However, the District did not present its 2017 budget in the format prescribed by the above referenced statute nor did it include the required budget message.

Cause: Timing of the prior year audit finding and delays in application of the specific format as an understanding of such format was obtained.

Effect: Noncompliance with the above referenced statute.

Recommendation: The District should present its budget in accordance with the Local budget Act.

Management's Response: The District will prepare its budget in the format prescribed by the Local Budget Act in the future and has applied the prescribed format to its 2018 budget.

Section III Federal Award Findings and Questioned Costs

No Section III Finding

**Tangipahoa Mosquito Abatement District Number One
Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2017**

Section I Internal Control and Compliance Material to the Financial Statements

Finding Number: 2016-C1 Local Budget Act (noncompliance)

Criteria: The Local Budget Act, specifically LRS 39:1305, requires a comprehensive budget be presented for the general fund. The budget document must include a budget message and a statement. The budget message must be signed by the preparer and should include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features. The statement must show the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements must also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

Condition: The District prepared a detailed budget for 2016 and monitored the budget throughout the year. However, the District did not present its 2016 budget in the format prescribed by the above referenced statute, nor did it include the required budget message.

Cause: Oversight in regards to specific format required.

Effect: Noncompliance with the above referenced statute.

Recommendation: The District should present its budget in accordance with the Local budget Act.

Management's Response: The District will prepare its budget in the format prescribed by the Local Budget Act in the future.

Current Year Status: Finding repeated in the current year as Finding 2017-C1.

Section II Internal Control and Compliance Material to Federal Awards

No Section II Findings.

Section III Management Letter

No Section III Findings.

This schedule was prepared by management.

Tangipahoa Mosquito Abatement District Number
One
of the Parish of Tangipahoa
Hammond, Louisiana

Statewide Agreed-Upon Procedures

As of and for the Year Ended December 31, 2017



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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Bruce C. Harrell, CPA

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INTERNET
www.teamcpa.com

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs



BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Tangipahoa Mosquito Abatement District Number One
Tangipahoa Parish
Hammond, Louisiana 70404

We have performed the procedures enumerated below, which were agreed to by Tangipahoa Mosquito Abatement District Number One of the Parish of Tangipahoa, Louisiana (Entity) and the 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 01, 2017 through December 31, 2017. The Tangipahoa Mosquito Abatement District Number One's management is responsible for those C/C areas identified in the SAUP's.

This agreed-upon procedures engagement was performed 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 entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. A comprehensive budget was adopted for the year and monitored throughout the year.

- 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.

Written policies and procedures were obtained, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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

Written policies and procedures were obtained and address the functions noted, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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

Written policies and procedures were obtained and address the functions noted, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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

Written policies and procedures were obtained and address the functions noted, but these policies and procedures were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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

Written policies and procedures were obtained and address the functions noted with the following exceptions: (1) The policy was not formally adopted until after fiscal year end December 31, 2017; and (2) The policy does not specifically address the dollar threshold for lodging paid via the District's credit card. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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.

A comprehensive policy exists addressing each item, but policies were not formally adopted until after fiscal year end December 31, 2017. Additionally this policy did not specifically include the specific items noted in the agreed upon procedure. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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

NA – The District does not have debt. The District will adopt a comprehensive policy prior to any debt issue.

Board (or Finance Committee, if applicable)

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

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

Board regularly meets every other month with special meetings in the off month if business arises. The Board did not meet January, May, July, and November.

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

The client has provided copies of the financial reports, including budget-to-actual comparisons provided to the board members, but the board minutes do not reference or include monthly budget-to-actual comparisons.

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

Budget to actual comparisons do not show deficit spending.

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

The minutes reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

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

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

- a) Bank reconciliations have been prepared;

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

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

Bank reconciliations did not include evidence of review. The District notes that the Director reviews bank reconciliations, but he does not sign them. Additionally, the Director does have involvement in the

transactions associated with the bank account. Going forward, the District plans to designate one member of management or the board that is not involved in transactions associated with bank accounts to review and initial bank reconciliations at future board meetings.

- 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.

No items outstanding for more than 6 months were noted; therefore, this is not applicable.

Collections

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

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

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

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

(1) The District does not carry any bonds on specific employees. The District does carry insurance with the following types of coverage: Liability Coverage that includes Director and Officers Liability as well as Employment Practices Liability and Crime coverage. Note also that the District's primary collections are Ad Valorem taxes remitted by another government in the form of a check through the mail. (2) The person responsible for cash collections is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. (3) Not applicable - no cash drawers at the District. Note that the District's primary collections are Ad Valorem taxes remitted by another government in the form of a check through the mail.

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

Written documentation was obtained and addresses the functions noted with no exceptions.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Using entity collection documentation, it appears that the deposits were made within one day of collection.

- 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 exceptions noted.

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

The process was so noted.

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

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

Listing of disbursements and management's representation that the listing is complete was obtained.

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

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

Examined supporting documentation for each of the 25 disbursements selected and found the following exception: 15 selections were disbursements for smaller items and were not accompanied by a purchase order in accordance with the District's new written policies and procedures adopted after fiscal year end. Per discussion with the client, currently, smaller items do not require a purchase order, but initiation and approval remain separate. The District's new written policy adopted after the fiscal year end does not distinguish among small and large purchases.

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

Same as 9a above.

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

Same as 9a above. Supporting documentation was present to support each disbursement. It was noted that invoices lacked evidence of approval as the client verbally approves invoices.

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

As previously noted, comprehensive policies were obtained and addressing each item, but policies were not formally adopted until after fiscal year end December 31, 2017. Additionally, the policy as written does not prohibit the person responsible for processing payments from adding vendors to the entity's purchasing/disbursement system. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board. Currently, the person responsible for processing payments is responsible for adding vendors to the entity's purchasing/disbursement system.

11. Using entity 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.

As previously noted, comprehensive policies were obtained and addressing each item, but policies were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board. Included in written informal financial reporting procedures as well as in procedure performed in procedure 9, it is noted that the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

No exception noted.

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.

No signature stamp or machine is used.

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.

Listing of all active credit cards, bank cards, and fuel cards, including the card numbers and name of person who maintain possession of cards, and management's representation that the listing is complete was obtained.

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

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.])

Ten cards selected. Credit card statements lacked evidence of review and approval. Client indicates that the statements are reviewed and verbally approved then attached to the disbursement check which is then reviewed and dual signed. Note that all credit cards, other than the fuel cards, are in the name of the Director or Manager, both reviewers of the statements, but checks are signed by at least one board member who is not a reviewer of the statements.

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

No finance charges or late fees were noted.

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)

Transactions supported; no exceptions noted.

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

Transaction supported; no exceptions noted.

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

As previously noted, invoices lacked evidence of review and approval. The District's new policy adopted after fiscal year end states that the Director is to review and approve (in writing) prior to payment.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Listing of all travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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

Comprehensive policies exist addressing each item, but policies were not formally adopted until after fiscal year end December 31, 2017. The District had policies and procedures in place which were followed during the year ending December 31, 2017, but they were not in a written format that was adopted by the Board.

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

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the

entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

b) Report whether each expense is supported by:

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

Expense supported; no exceptions noted.

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

Expense supported; no exceptions noted.

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

Expense supported; no exceptions noted.

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

No exceptions noted.

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

Documentation included evidence of review and approval by someone other than the person receiving the reimbursement.

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.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

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.

Selected five contract vendors from the listing and obtained the related contracts with the following exception: One contract vendor selected is a contractor for cleaning services for which a contract was signed years ago. It is not formally renewed each year, but the District continues to use this vendor as the primary cleaning service as the District is very happy with the services

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

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

Four selected contracts were subject to Louisiana Public Bid Law. No exceptions noted.

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

One contract vendor selected was not subject to Louisiana Public Bid Law or Procurement Code. This contract vendor is a contractor for cleaning services who was hired years ago. It is not formally renewed each year, but the District continues to use this vendor. The District continued the services as the primary cleaning service as the District is very happy with the services and has not solicited bids in the current year.

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

No amendments noted.

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

No noncompliance with the terms and conditions of the contract noted.

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

Board approval noted.

Payroll and Personnel

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

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

- 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.

Payments were noted as made in strict accordance with the pay rate structure; no exceptions noted.

- 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.

Changes were noted as approved in writing and in accordance with written policy; no exceptions noted.

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

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

Selected 6 employees (1/3 of employees). Selected employees documented their daily attendance and leave; no exceptions noted.

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

Written documentation of supervisor approval in writing noted.

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

Written documentation that the entity maintains written leave records noted.

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

Listing of employees/officials that terminated during the fiscal year and management's representation that the listing is complete was obtained. No termination payments noted.

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.

Obtained documentation; no exceptions noted.

Ethics (excluding nonprofits)

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

Documentation maintained to demonstrate that required ethics training was completed on selected employees.

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

Inquired; none noted.

Debt Service (excluding nonprofits)

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

No debt issued; therefore, this is not applicable.

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

No outstanding debt; therefore, this is not applicable.

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

No outstanding debt; therefore, this is not applicable.

Other

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

Inquired; none noted.

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

Notice so posted.

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

No exceptions noted.

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 the control or compliance. Accordingly, this report is not suitable for any other purposes. Under Louisiana Revised Statute R.S.24:513, this report is distributed by the LLA as a public document.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
Kentwood, Louisiana

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