

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

ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2020

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## MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

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

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

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and maintenance.

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

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

### **Notes to the Basic Financial Statements**

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

## MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

### Management's Discussion and Analysis

Within this section of the Mosquito Abatement District No. 1 of Cameron Parish's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### Financial Highlights

- The District's assets exceeded its liabilities by \$9,418,668 (net position) for the fiscal year reported.
- Total revenues of \$2,979,864 were short of total expenditures of \$3,522,091, which resulted in a current year deficit of \$542,227, compared to a prior year excess of \$1,762,525.
- Total net position is comprised of the following:
  1. Net investment in capital assets of \$936,579 includes property and equipment, net of accumulated depreciation.
  2. Unrestricted net position of \$8,482,089 represents the portion available to maintain the District's continuing obligation to citizens and creditors.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

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

#### Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

#### Government-Wide Financial Statements

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

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

# MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

## Management's Discussion and Analysis (Continued)

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on pages 37 through 40 of this report.

### Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is \$9,418,668. The following table provides a summary of the District's net position:

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets	\$ 8,933,178	\$ 9,470,894
Capital assets	936,579	849,717
Other assets	<u>102,106</u>	<u>-</u>
Total assets	9,971,863	10,320,611
Deferred outflows of resources	<u>122,559</u>	<u>185,858</u>
Liabilities:		
Current liabilities	176,136	42,134
Long-term liabilities	<u>228,572</u>	<u>455,096</u>
Total liabilities	404,708	497,230
Deferred inflows of resources	<u>271,046</u>	<u>48,344</u>
Net position:		
Net investment in capital assets	936,579	849,717
Unrestricted	<u>8,482,089</u>	<u>9,111,178</u>
Total net position	<u>\$ 9,418,668</u>	<u>\$ 9,960,895</u>

The largest components of the District's total assets are: (1) investments of \$6,000,913 or 60% and receivables – ad valorem taxes, net of \$2,584,762 or 26%. Of the District's total liabilities, the largest component is OPEB liability of \$228,572 or 57%.

As noted earlier, net position (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's net position totaled \$9,418,668. A portion of the District's net position reflects its investments in capital assets (e.g., building, land and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the District's obligations. The unrestricted net position of the district is available for future use.

## MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

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

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

	<u>2020</u>	<u>2019</u>
Revenues	\$ 2,979,864	\$ 3,586,970
Expenses		
General government	<u>3,522,091</u>	<u>1,824,445</u>
Change in Net Position	(542,227)	1,762,525
Beginning Net Position	<u>9,960,895</u>	<u>8,198,370</u>
Ending Net Position	<u>\$ 9,418,668</u>	<u>\$ 9,960,895</u>

#### Governmental Revenues

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 90% of the District's total revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

#### Budgetary Highlights

The General Fund – When the budget was adopted, it was anticipated that the total revenues were going to be \$841,049 more than the prior year and expenditures were anticipated to be \$15,000 more than the previous fiscal year's budget.

The budget was amended once during the year, the revenues mainly for a decrease in the ad valorem taxes of \$191,049 and the expenditures an increase of \$1,057,000, mainly for operating services and materials and supplies.

The actual revenues were less than the final budget by \$353,593 or 11.9%, and the actual expenditures were less than the final budget by \$870,685 or 32.4%, mainly due to insurance.

#### Capital Assets and Debt Administration

##### Capital assets

The District's net investment in capital assets for governmental activities as of December 31, 2020, was \$936,579. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital assets activity.

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Management's Discussion and Analysis (Continued)

	<u>2020</u>	<u>2019</u>
Nondepreciable assets:		
Land	\$ 687,976	\$ 687,976
Depreciable assets:		
Buildings & improvements	65,132	65,132
Machinery and equipment	864,636	815,326
Transportation equipment	<u>336,166</u>	<u>299,306</u>
	1,265,934	1,179,764
Less accumulated depreciation	<u>1,017,331</u>	<u>1,018,023</u>
Net investment in fixed assets	<u>\$ 936,579</u>	<u>\$ 849,717</u>

At December 31, 2020, the depreciable capital assets for governmental activities were 80% depreciated, compared to 86% in 2019.

Long-term Debt

The District has no debt at December 31, 2020.

**Economic Conditions Affecting the District**

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact Josh Hightower, Executive Director, at the District's office, 149 LeBlanc Rd., Creole, Louisiana 70632 or call at (337) 775-5942.

## INDEPENDENT AUDITORS' REPORT

September 8, 2021

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 an opinion on these basic 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 basic financial statements are free of 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 principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Mosquito Abatement District No. 1 of Cameron Parish as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplemental information on pages 3 through 7, and 37 through 40 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Mosquito Abatement District No. 1 of Cameron Parish's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was 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 schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2021, on our consideration of Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Dragon, Casiday, Skully*

## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Statement of Net Position

December 31, 2020

ASSETS	
Cash and equivalents	\$ 234,667
Investments	6,000,913
Receivables - ad valorem taxes, net	2,584,762
State revenue sharing receivable	3,716
Inventory	66,551
Prepaid insurance	42,419
Rent deposit	150
Net pension asset	102,106
Capital assets, net	936,579
Total assets	<u>9,971,863</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>122,559</u>
LIABILITIES	
Accounts payable	121,269
Accrued liabilities	54,867
Net OPEB obligation	228,572
Total liabilities	<u>404,708</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>271,046</u>
NET POSITION	
Net investment in capital assets	936,579
Net position - Unrestricted	8,482,089
	<u>\$ 9,418,668</u>

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

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

Statement of Activities

Year Ended December 31, 2020

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:				
General government	\$ 3,522,091	\$ -	\$ 11,637	\$ (3,510,454)
General Revenues:				
				2,695,294
				172,939
				5,574
				6,176
				44,612
				25,172
				18,460
				<u>2,968,227</u>
				<u>(542,227)</u>
				<u>9,960,895</u>
				<u>\$ 9,418,668</u>

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

## FUND FINANCIAL STATEMENTS

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

Balance Sheet - Governmental Fund

December 31, 2020

ASSETS	
Cash and cash equivalents	\$ 234,667
Investments	6,000,913
Receivable - ad valorem taxes, net	2,584,762
State revenue sharing receivable	3,716
Inventory	66,551
Prepaid insurance	42,419
Rent deposit	150
Total Assets	<u>8,933,178</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
TOTAL ASSETS AND DEFERRED	
OUTFLOWS OF RESOURCES	
	<u>\$ 8,933,178</u>
LIABILITIES	
Accounts payable	\$ 121,269
Accrued liabilities	54,867
Total Liabilities	<u>176,136</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
FUND BALANCE	
Nonspendable:	
Inventories	66,551
Prepaid expenses	42,419
Unassigned	8,648,072
Total Fund Balance	<u>8,757,042</u>
TOTAL LIABILITIES, DEFERRED INFLOWS	
OF RESOURCES AND FUND BALANCES	
	<u>\$ 8,933,178</u>

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

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

Reconciliation of the Balance Sheet-Governmental Fund to the  
Statement of Net Position

December 31, 2020

Total fund balance for governmental fund at December 31, 2020:			\$ 8,757,042
Total net position reported for governmental activities in the Statement of Net Position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,017,331			936,579
Deferred outflows and inflows for pension resources are not financial resources or currently payable:			
Deferred outflows related to pensions and OPEB	\$ 122,559		
Deferred inflows related to pensions and OPEB	<u>(271,046)</u>	(148,487)	
Long-term debt which is not included as a liability in the governmental fund type balance sheet:			
Net OPEB obligation	(228,572)		
Net pension asset (liability)	<u>102,106</u>	<u>(126,466)</u>	
Total net position of governmental activities at December 31, 2020			<u>\$ 9,418,668</u>

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

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

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2020

REVENUES	
Ad valorem taxes (net)	\$ 2,695,294
Payment in lieu of taxes	172,939
State revenue sharing	5,574
Federal revenue sharing	6,176
Investment income	44,612
Miscellaneous income	36,809
Total revenues	<u>2,961,404</u>
EXPENDITURES	
General Government	
Personnel services	839,723
Operating services	710,074
Materials and supplies	1,947,034
Travel and other charges	1,809
Capital outlay	153,541
Total Expenditures	<u>3,652,181</u>
OTHER FINANCING SOURCES	
Sale of assets	<u>19,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(671,718)
FUND BALANCE - BEGINNING	<u>9,428,760</u>
FUND BALANCE - ENDING	<u><u>\$ 8,757,042</u></u>

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

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

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2020

Total net changes in fund balance at December 31, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (671,718)
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The change in net position reported for governmental activities in the  
in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities, the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 153,541	
Proceeds from the sale of capital assets	(19,059)	
Gain (Loss) on sales of capital assets	18,460	
Depreciation expense for the year ended December 31, 2020	(66,080)	86,862

Net pension expense is reported in the governmental funds as  
expenditures as they are paid, however, in the statement of  
activities the net position expense is reported according to  
estimates required by GASB 68:

Pension expense paid	34,164	
Pension expense per GASB 68	(4,564)	29,600

In the Statement of Activities, post employment benefits are  
measured by the amounts incurred during the year. In the  
governmental funds, however, expenditures for this item are  
measured by the amount of financial resources used (essentially  
the amount actually paid).

13,029

Total changes in net position at December 31, 2020 per Statement of Activities	<u><u>\$ (542,227)</u></u>
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The accompanying notes are an integral part of the basic financial statements.

## MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

### Notes to Financial Statements

December 31, 2020

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

The Mosquito District of Cameron Parish was created on April 4, 1972, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721, and was established for the abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance within the district. The District is governed by a board of 7 directors who are appointed by the Cameron Parish Policy Jury.

##### 1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Mosquito Abatement District No. 1 of Cameron Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Mosquito Abatement District No. 1 of Cameron Parish.

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

# MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

## Notes to Financial Statements

December 31, 2020

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

Based upon the application of these criteria, Mosquito Abatement District No. 1 of Cameron Parish is a component unit of the Cameron Parish Police Jury's reporting entity.

#### 2. Basis of Presentation

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

#### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

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

#### Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

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

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

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

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. At December 31, 2020, the District had \$243,299 in deposits (collected bank balances), of which all was secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

# MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

## Notes to Financial Statements

December 31, 2020

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

#### 5. Investments

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

Investments held at December 31, 2020 consist of \$6,000,913 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at December 31, 2020 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

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

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

# MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

## Notes to Financial Statements

December 31, 2020

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

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

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

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

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.

#### 6. Inventory

Inventory is valued at cost, which approximates net realizable value, and is determined using the FIFO method. Inventory consists of chemicals used for mosquito control and are expensed as used.

#### 7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. The allowance for doubtful accounts was \$107,698 at December 31, 2020.

#### 8. Budgets

A budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

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

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Capital assets

Capital assets are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives is as follows, depending on the type of asset.

Buildings and improvements	15-40 years
Machinery and equipment	5-10 years
Transportation equipment	5 years

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

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At December 31, 2020 the District's liability for compensated absences is \$35,939.

11. Equity Classification

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of a cumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance - Includes fund balance amounts that are intended to be used for specific purposes based on generally outside actions.
- b. Assigned fund balance - Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance - Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

12. Use of Estimates

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

13. Revenues, Expenditures, and Expenses

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The District's primary expenditures include salaries, supplies and chemicals, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

# MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

## Notes to Financial Statements

December 31, 2020

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

#### 14. Subsequent Events

Management has evaluated subsequent events through September 8, 2021, the date the financial statements were available to be issued.

#### 15. Comparative Data

Comparative totals for the prior year have been presented in management's discussion and analysis in order to provide an understanding of changes in the government's financial position and operation.

### NOTE B – AD VALOREM TAXES

For the year ended December 31, 2020, taxes were levied on taxable assessed valuations of \$466,951,228 at a millage of 5.97.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

### NOTE C—CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Buildings and improvements	\$ 65,132	\$ -	\$ -	\$ 65,132
Machinery and equipment	815,326	57,843	8,533	864,636
Transportation equipment	299,306	95,698	58,838	336,166
Land	<u>687,976</u>	<u>-</u>	<u>-</u>	<u>687,976</u>
Totals at cost	1,867,740	153,541	67,371	1,953,910
Less accumulated depreciation for:				
Buildings and improvement	36,040	4,342	-	40,382
Machinery and equipment	779,880	19,587	7,934	791,533
Transportation equipment	<u>202,103</u>	<u>42,151</u>	<u>58,838</u>	<u>185,416</u>
Total accumulated depreciation	<u>1,018,023</u>	<u>66,080</u>	<u>66,772</u>	<u>1,017,331</u>
Governmental activities:				
Capital assets – net	<u>\$ 849,717</u>	<u>\$ 87,461</u>	<u>\$ 599</u>	<u>\$ 936,579</u>

## MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

### Notes to Financial Statements

December 31, 2020

#### NOTE D – RISK MANAGEMENT

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

#### NOTE E - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

##### Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan B. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week and not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees hired prior to January 1, 2007 can retire at any age with 30 or more years of creditable service, age 55 with 25 years of creditable service, age 60 with 10 years of creditable service, or age 65 with 7 years of creditable service. Employees hired after January 1, 2007 can retire at age 55 with 30 or more years of creditable service, age 62 with 10 years of creditable service, or age 67 with 7 years of creditable service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 3% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.5% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2020 totaled \$34,164.

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE E - RETIREMENT COMMITMENTS – CONTINUED

At December 31, 2020, the District reported net pension liability (asset) of \$(102,106) for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2020, the District's proportion was .3977230%.

For the year ended December 31, 2020, the District recognized pension expense of \$29,600 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,481. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,477	\$ 2,929
Difference between expected and actual investment	-	120,672
Difference between expected and actual assumption	17,486	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	264	6,527
Contributions subsequent to the measurement date	34,164	-
Total	<u>\$ 58,391</u>	<u>\$ 130,128</u>

\$34,164 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE E - RETIREMENT COMMITMENTS – CONTINUED

Year ended June 30:	Amount
2021	\$ (28,848)
2022	(7,245)
2023	(39,430)
2024	(18,532)
2025	-
Thereafter	-

*Actuarial methods and assumption.* The total pension liability in the December 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	Plan B – 4.25% (2.30% Inflation)
Cost of Living Adjustments	The present values 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 amortized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE E - RETIREMENT COMMITMENTS - CONTINUED

The discount rate used to measure the total pension liability was 6.40% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, 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 and 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 7.43% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for major asset class included in the System's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real assets	2%	0.11%
Total	100%	5.00%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.00%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent of the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE E - RETIREMENT COMMITMENTS - CONTINUED

*Sensitivity to changes in discount rate.* The following presents the net pension liability of the District calculated using the discount rate of 6.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% than the current rate.

	Changes in Discount Rate 2020		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 95,455	\$ (102,106)	\$ (267,194)

NOTE F – OTHER POST EMPLOYEMENT BENEFITS PLAN

**General Information about the OPEB Plan**

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

*Benefits Provided* – Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

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

*Employees covered by benefit terms* – At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	6
	<u>8</u>

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE F – OTHER POST EMPLOYMENT BENEFITS PLAN - CONTINUED

**Total OPEB Liability**

The District's total OPEB liability of \$228,572 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	3.0%, including inflation
Discount rate	2.74% annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

**Changes in the Total OPEB Liability**

Balance at December 31, 2019	\$ 344,126
Changes for the year:	
Service cost	5,966
Interest	9,511
Differences between expected and actual experience	(136,086)
Changes in assumptions	24,773
Benefit payments and net transfers	(19,718)
Net changes	(115,554)
Balance at December 31, 2020	\$ 228,572

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.12%)	Current Discount Rate (2.12%)	1.0% Increase (3.12%)
Total OPEB liability	\$ 262,702	\$ 228,572	\$ 200,237

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE F – OTHER POST EMPLOYMENT BENEFITS PLAN – CONTINUED

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 204,498	\$ 228,572	\$ 257,703

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

For the year ended December 31, 2020, the District recognized OPEB expense of \$19,718. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,064	\$ (124,756)
Changes in assumptions	60,104	(16,162)
Total	\$ 64,168	\$ (140,918)

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

Years ending December 31:	
2021	\$ (8,788)
2022	(8,788)
2023	(8,788)
2024	(8,788)
2025	(8,788)
Thereafter	(32,809)

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Notes to Financial Statements

December 31, 2020

NOTE H – TAX ABATEMENTS

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Cameron Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2020, \$3,733,600,622 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$22,289,596 in ad valorem taxes.

NOTE I – PER DIEM

Per Diem paid to board members for the year ended December 31, 2020 were as follows:

Delia Sanders	\$ 300
Greg Gary	150
Marck Smythe	250
Mitchell Kelley	300
Nathan Griffith	300
Thomas Cox	<u>250</u>
Total	<u>\$ 1,550</u>

NOTE J – COMMITMENT AND CONTINGENCIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the District's ongoing operations; however, the extent and severity of the potential impact is unknown at this time.

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. The full extent of damages to the District's facilities or effects on operations have not been determined.

#### REQUIRED SUPPLEMENTAL INFORMATION

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

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2020

	Budget		Actual	Budgeted to	Actual	Variance
	Original	Final	Cash Basis	Differences Over (Under)	GAAP Basis	Favorable (Unfavorable)
<b>REVENUES</b>						
Ad valorem taxes (net)	\$ 3,241,049	\$ 3,050,000	\$ 2,695,294	\$ -	\$ 2,695,294	\$ (354,706)
Payment in lieu of taxes	173,000	173,000	172,939	-	172,939	(61)
State revenue sharing	4,000	4,000	5,574	-	5,574	1,574
Federal revenue sharing	6,000	6,000	6,176	-	6,176	176
Investment income	110,000	67,000	44,612	-	44,612	(22,388)
Miscellaneous income	15,000	15,000	36,809	-	36,809	21,809
<b>TOTAL REVENUES</b>	<b>3,549,049</b>	<b>3,315,000</b>	<b>2,961,404</b>	<b>-</b>	<b>2,961,404</b>	<b>(353,596)</b>
<b>EXPENDITURES</b>						
General Government						
Personnel services	834,875	792,875	839,723	-	839,723	(47,048)
Operating services	194,200	748,700	710,074	-	710,074	38,626
Materials and supplies	1,608,500	1,608,500	980,343	(1) (966,691)	1,947,034	628,157
Travel and other charges	11,800	11,800	1,809	-	1,809	9,991
Capital outlay	390,000	394,500	153,541	-	153,541	240,959
<b>TOTAL EXPENDITURES</b>	<b>3,039,175</b>	<b>3,556,175</b>	<b>2,685,490</b>	<b>(966,691)</b>	<b>3,652,181</b>	<b>870,685</b>
<b>OTHER FINANCING SOURCES</b>						
Sale of assets	-	-	19,059	-	19,059	(19,059)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>509,874</b>	<b>(241,175)</b>	<b>294,973</b>	<b>966,691</b>	<b>(671,718)</b>	<b>536,148</b>
<b>FUND BALANCE - BEGINNING</b>	<b>9,428,760</b>	<b>9,428,760</b>	<b>9,428,760</b>	<b>-</b>	<b>9,428,760</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 9,938,634</b>	<b>\$ 9,187,585</b>	<b>\$ 9,723,733</b>	<b>\$ 966,691</b>	<b>\$ 8,757,042</b>	<b>\$ 536,148</b>

Explanations of differences

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

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

Schedule of Changes in Net OPEB Liability and Related Ratios

For the Year Ended December 31, 2020

	December 31, 2020	December 31, 2019	December 31, 2018
<b>Total OPEB Liability</b>			
Service cost	\$ 5,966	\$ 3,761	\$ 4,405
Interest	9,511	12,663	11,864
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(136,086)	4,877	(2,963)
Changes of assumptions	24,773	45,370	(21,010)
Benefit payments	(19,718)	(29,527)	(27,988)
<b>Net change in total OPEB liability</b>	(115,554)	37,144	(35,692)
 <b>Total OPEB liability - beginning</b>	 344,126	 306,982	 342,674
 <b>Total OPEB liability - ending (a)</b>	 <u>\$ 228,572</u>	 <u>\$ 344,126</u>	 <u>\$ 306,982</u>
 Covered-employee payroll	 \$ 367,891	 \$ 488,153	 \$ 473,935
 Net OPEB liability as a percentage of covered-employee payroll	 62.13%	 70.50%	 64.77%
 <b>Notes to Schedule:</b>			
<i>Benefit Changes.</i>	None	None	None
 <i>Changes of Assumptions:</i>			
<i>Discount Rate</i>	2.12%	2.74%	4.10%
<i>Mortality</i>	RP-2014	RP-2000	RP-2000
<i>Trend</i>	Variable	5.50%	5.50%

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

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

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended December 31, 2020

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Employer's portion of the net pension liability (asset)	0.39772%	0.41075%	0.39320%	0.39850%	0.40000%	0.33260%
Employer's proportionate share of the net pension liability (asset)	\$ (102,106)	\$ 110,970	\$ (49,464)	\$ 51,772	\$ 71,248	\$ 924
Employer's covered payroll	\$ 478,007	\$ 437,205	\$ 420,458	\$ 399,131	\$ 397,012	\$ 384,621
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-21.36%	25.38%	11.80%	12.97%	17.94%	0.24%
Plan fiduciary net position as a percentage of the total pension liability	104.00%	88.86%	104.02%	95.50%	92.23%	99.89%

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

\*The amounts presented have a measurement date of December 31, 2020.

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

Schedule of Employer Contributions

Year Ended December 31, 2020

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 34,616	\$ 34,616	\$ -	\$ 384,621	9.0%
2016	\$ 31,761	\$ 31,761	\$ -	\$ 397,012	8.0%
2017	\$ 31,989	\$ 31,989	\$ -	\$ 399,131	8.0%
2018	\$ 32,228	\$ 32,228	\$ -	\$ 420,458	7.7%
2019	\$ 32,790	\$ 32,790	\$ -	\$ 437,205	7.5%
2020	\$ 34,164	\$ 34,164	\$ -	\$ 478,007	7.1%

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

## OTHER INFORMATION

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

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

Year Ended December 31, 2020

Chief Executive Officer: Josh Hightower, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 95,824
Benefits-insurance	16,986
Benefits-retirement	6,070
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	140
Travel	439
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

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

September 8, 2021

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mosquito Abatement District No. 1 of Cameron Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or others matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses.

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

Mosquito Abatement District No. 1 of Cameron Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Mosquito Abatement District No. 1 of Cameron Parish's response was not subjected to the auditing procedures applied in the audit to the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dragon, Cassidy: Hillary*

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Schedule of Findings and Responses

Year Ended December 31, 2020

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Control deficiency(ies) identified that are  
not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements  
noted? ☐ yes ☒ no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in  
Accordance with Generally Accepted Governmental Auditing Standards

Finding 2020-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

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

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

MOSQUITO ABATEMENT DISTRICT NO. 1 OF CAMERON PARISH

Schedule of Findings and Responses-Continued

Year Ended December 31, 2020

Finding 2020-002:

Budgetary Authority and Control

Condition: Inadequate budgeting procedures resulted in revenues being under budget by 5% or more.

Criteria: Inadequate budgeting procedures.

Effect: Violation of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight.

Recommendation: The District should review actual revenues and expenditures on an interim basis and amend the budget if necessary.

Corrective Action Planned/Management Response: The District agrees with the finding and will implement the recommendations.

3. Federal Award Findings and Questioned Costs  
- N/A

4. Prior Year Audit Findings

Finding 2019-001: Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Status: Repeat finding in 2020.