

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 11 2013

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

**BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

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Required Supplemental Information (Part I):

Management's Discussion and Analysis

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2012

As Management of the Mosquito Abatement District No. 1 of Cameron Parish (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments* ("GASB No 34") issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2012 by \$6,339,885 (net position).
- The District's net position increased by \$648,272 as a result of this year's operations.
- Total net position are comprised of the following:
 - (1) Capital assets of \$1,048,836 which include land, chemical storage area, property, and equipment, net of accumulated depreciation.
 - (2) Unrestricted net position of \$5,291,049 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- At December 31, 2011, the District's governmental funds consist solely of the District's general fund. The District's governmental funds reported a total ending fund balance of \$5,233,237 an increase of \$649,034, including expenditures for capital assets. Of the total fund balance, \$4,517,744 is unrestricted and available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. In accordance with GASB No. 34, the District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the District's net position changed during the year. The change in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2012

Government-wide Financial Statements. (continued)

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are presented on pages 11 and 12 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the District's financial report. This schedule demonstrates compliance with the District's adopted and final revised budget.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the current calendar year ended December 31, 2012. Over time, as we accumulate year-to-year financial information on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at December 31, 2012 and 2011 are summarized as follows:

Summary of Net Position

	2012	2011
Assets:		
Current Assets	\$ 5,390,697	\$ 4,748,314
Capital Assets (net of accumulated depreciation)	1,048,836	1,066,168
Total Assets	6,439,533	5,814,482
Deferred outflows of resources	-	-
Liabilities:		
Current and Other Liabilities	93,551	116,189
Long-Term Liabilities	6,097	6,680
Total Liabilities	99,648	122,869
Deferred inflows of resources	-	-
Net Position:		
Invested in Capital Assets (net of related debt)	1,048,836	1,066,168
Unrestricted	5,291,049	4,625,445
Total Net Position	\$ 6,339,885	\$ 5,691,613

The largest components of the District's total assets are: (1) cash of \$1,932,636 or 30.01% (2) capital assets (e.g., land, building, and improvements and equipment, (net of accumulated depreciation) of \$1,048,836 or 16.29%; and (3) ad valorem taxes receivable of \$2,739,290 or 42.54%. Of the District's total liabilities, the largest component is (1) the contribution to the pension fund of \$91,715 or 92.04%.

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 \$6,339,885. A portion of the District's net position reflects its investments in capital assets (e.g., building, land and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the District's obligations. The unrestricted net position of the district is available for future use.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2012

Summary Statement of Changes in Net Position

	2012	2011
General Revenues:		
Property Taxes	\$3,019,697	\$2,719,164
Intergovernmental Revenues:		
Federal Revenue Sharing	5,387	5,870
State Revenue Sharing	4,917	5,763
Interest Income	5,962	5,626
Miscellaneous Income	9,946	200
Net Gain on Disposal of Fixed Assets	-	2,268
Total Revenues	3,045,909	2,738,891
Expenses:		
Personnel	493,158	422,462
Operating Services	153,925	156,830
Materials and Supplies	1,640,560	1,649,332
Travel and Other Charges	4,219	4,454
Depreciation	105,775	94,025
Total Expenses	2,397,637	2,327,103
Change in Net Position	648,272	411,788
Net Position- Beginning	5,691,613	5,279,825
Net Position - Ending	\$ 6,339,885	\$ 5,691,613

Governmental activities increased net position by \$648,272 for the year ended December 31, 2012.

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

- The District is heavily dependent on property taxes to support its operations. Property taxes provided 99.14% of the District's total revenues.
- Total revenues increased by \$307,018, primarily due to an increase in property tax revenue of \$300,533 from the prior year.
- The District's operations are largely staff oriented. As a result, employee salaries and benefits make up approximately 20.57% of the total expenses.
- Operating Services comprise 6.42% of total expenses.
- The District relies heavily on chemicals as well as other materials and supplies for the abatement of mosquitoes and other arthropods. Materials and supplies comprise 68.42% of total expenses.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

At December 31, 2012, the District's General Fund balance (total assets less total liabilities) totaled \$5,233,237 of which \$678,421 was reserved for inventory and \$37,072 was reserved for prepaid expenses.

Total general revenues reflect a 11.29% (\$307,018) increase in 2012 as compared to 2011 due primarily to an increase in receipt of property tax of \$300,533.

Total operating expenses, including depreciation, increased by 3.03% (\$70,534) from 2011 to 2012. The most significant increase in expenses occurred in Personnel. The total increase in these expenses from 2011 to 2012 was \$70,696 (16.73%).

GENERAL BUDGETARY POLICY/HIGHLIGHTS

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

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGET

The District increased the final budgeted amount of revenues to \$2,880,473 from the original budget of \$2,862,473, a difference of \$18,000. The reason for the increase was the receipt of \$9,943 proceeds on sale of (3) three trucks, and \$7,642 in various refunds from worker's compensation dividend, reduction in airplane insurance and cancellation of auto insurance on the (3) three trucks sold during the year.

The District increased budgeted expenditures from the original budgeted amount of \$2,304,250 to the final budgeted amount of \$2,367,400, a increase of \$63,150. An increase in the amount expended for capital outlay represented \$31,000 of the increase. Additional increases occurred in personnel services and fuel cost due to the mild winter and longer spray season.

Mosquito Abatement District No. 1
Of Cameron Parish

Management's Discussion and Analysis
For the Year Ended December 31, 2012

CAPITAL ASSETS AND LONG-TERM OBLICATIONS

Capital Assets

At the end of December 31, 2012, the District had invested in various capital assets, including equipment, furniture, and vehicles. The capital assets are summarized below:

	Governmental Activities	
	2012	2011
Nondepreciable Assets:		
Land	\$ 72,200	\$ 72,200
Site Improvements	615,776	615,776
Total Nondepreciable Assets	687,976	687,976
Depreciable Assets:		
Equipment	917,357	934,765
Chemical Storage Area	34,217	34,217
Total Depreciable Assets	951,574	968,982
Less Accumulated Depreciation	590,714	590,790
Book Value - Depreciable Assets	360,860	378,192
Total Capital Assets	<u>\$1,048,836</u>	<u>\$1,066,168</u>

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District's budgeted revenues and expenditures for 2013 are comparable to 2012's actual revenues and expenditures, with the exception of budgeted collection increases in ad valorem taxes and expenditures needed for chemicals. Barring any unforeseen events, the District currently expects that next years revenues, along with monies from the fund balance will be sufficient to cover expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and major fund of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of December 31, 2012 and the year then ended, and the related notes to the financial statements, which collectively comprise the 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.

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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Mosquito Abatement District No. 1 as of December 31, 2012, and the respective changes in financial position, thereof 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 3 through 8 and 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain *limited procedures to the required supplementary information* in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2013, on our consideration of the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our *testing of internal control over financial reporting and compliance* and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mosquito Abatement District No. 1 of Cameron Parish's internal control over financial reporting and compliance.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPA

Sulphur, Louisiana

June 18, 2013

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

December 31, 2012

	General Fund	Adjustments (Note 1)	Statement of Net Position
ASSETS			
Cash and Cash Equivalents	\$ 1,932,636	\$ -	\$ 1,932,636
Advalorem Taxes Receivable, net	2,678,659	60,631	2,739,290
State Revenue Sharing Receivable	-	3,278	3,278
Inventory	678,421	-	678,421
Prepaid Insurance	36,922	-	36,922
Rent Deposit	150	-	150
Capital Assets, (net of accumulated depreciation)	-	1,048,836	1,048,836
Total Assets	5,326,788	1,112,745	6,439,533
Deferred Outflows of Resources	-	-	-
LIABILITIES			
Current:			
Accounts Payable	93,551	-	93,551
Total Current Liabilities	93,551	-	93,551
Long-Term Liabilities:			
Accrued Compensated Absences	-	6,097	6,097
Total Long -Term Liabilities	-	6,097	6,097
Total Liabilities	93,551	6,097	99,648
Deferred Inflows of Resources	-	-	-
FUND BALANCES			
Nonspendable:			
Inventories	678,421	(678,421)	-
Prepaid Expense	37,072	(37,072)	-
Unassigned	4,517,744	(4,517,744)	-
Total Fund Balances	5,233,237	(5,233,237)	-
Total Liabilities and Fund Balances	\$ 5,326,788		
NET POSITION			
Invested in Capital Assets,(net of related debt)		1,048,836	1,048,836
Unrestricted		5,291,049	5,291,049
Total Net Position		\$ 6,339,885	\$ 6,339,885

The accompanying notes are an integral part of this statement

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

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

For the Year Ended December 31, 2012

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Governmental Activities:			
Mosquito Abatement:			
Current:			
Personnel Services	\$ 493,742	\$ (584)	\$ 493,158
Operating Services	153,925	-	153,925
Materials and Supplies	1,640,560	-	1,640,560
Travel and Other Charges	4,219	-	4,219
Capital Outlay	88,443	(88,443)	-
Depreciation	-	105,775	105,775
Total Expenditures	<u>2,380,889</u>	<u>16,748</u>	<u>2,397,637</u>
GENERAL REVENUES			
Ad Valorem	3,003,147	16,550	3,019,697
Intergovernmental Revenue:			
State Revenue Sharing	5,481	(564)	4,917
Federal Revenue Sharing	5,387	-	5,387
Interest Income	5,962	-	5,962
Net Gain on Disposal of Fixed Assets	-	9,946	9,946
Proceeds from Sale of Fixed Assets	9,946	(9,946)	-
Total General Revenues	<u>3,029,923</u>	<u>15,986</u>	<u>3,045,909</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	649,034	(762)	648,272
Change in Fund Balance \ Net Position	<u>649,034</u>	<u>(762)</u>	<u>648,272</u>
FUND BALANCE/NET POSITION			
Beginning of Year	<u>4,584,203</u>	<u>1,107,410</u>	<u>5,691,613</u>
End of Year	<u>\$ 5,233,237</u>	<u>\$ 1,106,648</u>	<u>\$ 6,339,885</u>

The accompanying notes are an integral part of this statement

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mosquito District No. 1 of Cameron Parish was created on April 4, 1972, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721, and was established for the abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance within the district. The District is governed by a board of 5 directors who are appointed by the Cameron Parish Police Jury.

NOTE A – 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. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the District's activities; and
- A change in the fund financial statements to focus on the major funds.
- GASB 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" is adopted for the fiscal year ended December 31, 2012. GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period and 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 elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also 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.
- GASB 65 – "Items Previously Reported as Assets and Liabilities" is adopted for the fiscal year ended December 31, 2012. GASB 65 establishes accounting and financial reporting standards that reclassify, as a 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. This Statement amends the financial statement element classification of certain items previously reported as net assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

NOTE B – REPORTING ENTITY

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

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

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

NOTE C- FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

NOTE C- FUND ACCOUNTING (continued)

Governmental Funds (continued)

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

NOTE D- CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. All of the fixed assets are based on actual historical costs. The district maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets and relative expenses are recorded in the Statement of Net Position and Statement of Activities, respectively, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

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

<u>Description</u>	<u>Estimated Lives</u>
Equipment	3-10 years
Modular Building	15 years

NOTE E - COMPENSATED BALANCES

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

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

As reflected on Statement A, at December 31, 2012, employees of the District have accumulated and vested \$6,097 of employee leave benefits, computed in accordance with GASB Codification Section C60.

NOTE F - 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.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

NOTE G - INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Inventories are valued at the lower of cost (first-in, first-out) or market.

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering: automobile liability and collision; surety bond coverage; workers' compensation insurance; airplane liability; and property insurance. In addition to the above policies, the District maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

NOTE I- MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end.

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

Revenues

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

In 2007, the District entered into a Cooperative Endeavor Agreement and payment in lieu of tax agreement with Sabine Pass LNG-GP, Inc. for a maximum annual tax amount of \$159,972 for 2012 through 2016.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

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

Revenues (continued)

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

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

Expenditures

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

Government-Wide Financial Statements (GWFS)

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

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

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

Reconciliation

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

Statement B

Net Change in Fund Balance - total \$ 649,034

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

Governmental funds report proceeds of sale of fixed assets as income. However, in the Statement of Activities, the excess of proceeds received over the cost of the asset less accumulated depreciation is reported as a gain on the sale:

Less: Net Loss on Sale of fixed assets	\$	9,946	
Less: Proceeds from the sale of fixed assets		9,946	-

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

Expenditures for capital assets	\$	88,443	
Less: Current year depreciation		105,775	(17,332)

Decrease in Accrual of Advalorem Taxes for 2012 Tax Levy beyond period considered available for current resources.			16,550
--	--	--	--------

Increase in Accrual of State Revenue Taxes for 2012 Tax Levy beyond period considered available for current resources.			(564)
--	--	--	-------

Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.			584
--	--	--	-----

Change in Net Position of Governmental Funds			\$ 648,272
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Statement A

Fund Balance			5,233,237
Difference in accrual of net Advalorem Taxes Receivable			60,631
Difference in accrual of net State Revenue Taxes Receivable			3,278
Reporting of net capital assets			1,048,836
Reporting of accrued compensated absences			(6,097)
Net Position			\$ 6,339,885

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

NOTE J – CASH AND CASH EQUIVALENTS

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

At December 31, 2012, the District has cash and cash equivalents (book balances) totaling \$1,932.636 of which \$1,932,485 was in demand accounts. Additionally, the District had \$150 of petty cash. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal the amount with the fiscal agent at all times.

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, 2012, the District had \$1,964,347 in deposits (collected bank balances). These deposits were secured by \$250,000 of federal deposit insurance and \$1,714,347 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

NOTE K – RESERVATIONS OF FUND BALANCE

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general fund for inventory. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

NOTE L - LEVIED TAXES

The District has an authorized tax millage of 10 mills for general maintenance and operation of the District. The total tax levied was \$2,801.633 on assessed property valued at \$291,598,410.

The following is a schedule of the 2012 property tax calendar that is applicable to the District:

1. Levy date – October 2012
2. Billing date – November 2012
3. Collection dates – December 2012 – January 2013
4. Due dates – on receipt
5. Delinquent date – December 31, 2012
6. Lien date – February 2013

NOTE M - UNCOLLECTIBLE ACCOUNTS

Ad valorem taxes receivable are stated net of an allowance for uncollectible accounts. The district estimated the allowance based on its historical experience of the relationship between the total taxes levied and the actual

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

NOTE M - UNCOLLECTIBLE ACCOUNTS (continued)

amount collected. The allowance for doubtful accounts was \$62,343 and \$59,477 at December 31, 2012 and 2011, respectively.

NOTE N - FUND EQUITY

Beginning with fiscal year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

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

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

2. AD VALOREM TAXES

The following are the principal taxpayers for the parish and their 2012 assessed valuation (amounts expressed in thousands):

	2012 Assessed Valuation	Percent
Natural Gas Pipeline	\$ 19,305,160	6.62%
Kinder Morgan Louisiana Pipeline, LLC	20,438,710	7.01%
Citgo Petroleum Co.	11,838,917	4.06%
Nautical Solutions, LLC	11,088,000	3.80%
ANR Pipeline Co.	7,294,330	2.50%
Apache Corporation	6,021,853	2.07%
Transcontinental Gas Pipeline	6,440,500	2.21%
Forza Operating, LLC	6,174,277	2.12%
Hilcorp Energy Company	5,870,922	2.01%
Gulfport Energy Corporation	4,924,161	1.69%
Tennessee Gas Pipeline Co.	4,480,190	1.54%
Moran Towing of Lake Charles, LLC	4,310,010	1.48%
Sam Gary & Associates	4,263,205	1.46%
Alpha Marine Services, LLC	4,075,631	1.40%
Cheniere Creole Trail Pipeline	4,032,720	1.38%
	\$ 120,558,586	41.34%
Remaining taxpayers	171,039,824	58.66%
Total assessed value	\$ 291,598,410	100.00%

3. RECEIVABLES

The General Fund receivables of \$2,678,659 at December 31, 2012, are as follows:

<u>Class of Receivable</u>		
Ad valorem taxes		\$2,678,659

For the government-wide financial statements, property taxes receivable are shown net of uncollectible taxes of \$62,343 at December 31, 2012.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

4. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in general fixed assets for the year ended December 31, 2012:

	<u>Balance</u> <u>January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u>
Capital Assets not being depreciated				
Land	\$ 72,200	\$ -	\$ -	\$ 72,200
Site Improvements	<u>615,776</u>	<u>-</u>	<u>-</u>	<u>615,776</u>
Total Capital Assets, not being depreciated	687,976	-	-	687,976
Capital Assets being depreciated				
Modular Buildings	34,217	-	-	34,217
Equipment	<u>934,765</u>	<u>88,443</u>	<u>(105,851)</u>	<u>917,357</u>
Total Capital Assets being depreciated	968,982	88,443	(105,851)	951,574
Less Accumulated Depreciation	<u>590,790</u>	<u>105,775</u>	<u>(105,851)</u>	<u>590,714</u>
Total Capital Assets being depreciated, net	<u>378,192</u>	<u>(17,332)</u>	<u>-</u>	<u>360,860</u>
Total Capital Assets	<u>\$ 1,066,168</u>	<u>\$ (17,332)</u>	<u>\$ -</u>	<u>\$ 1,048,836</u>

5. RETIREMENT SYSTEM

Substantially all employees of the District are members of the Parochial Employees Retirement System of Louisiana (System). The system is a multiple-employer (cost-sharing), defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and B, with separate assets and benefit provisions. Participating employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2.0 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3.0 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100 percent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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 70898-4619 or by calling (504) 928-1361.

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

NOTE 5- RETIREMENT SYSTEM (continued)

Under Plan B, members are required by state statute to contribute 3.0 percent of their annual covered salary in excess of \$1,200 and the District is required to contribute at an actuarially determined rate. The current rate is 5.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute.

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year.

The District's contributions to the System under Plan B for the years ending December 31, 2012, 2011 and 2010 were \$29,520, \$26,575, and \$29,351 respectively, equal to the required contributions for each year.

6. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the District. The District's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid.

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following summary of changes in compensated absences for the year ended December 31, 2012:

	Compensated Absences
Long-term obligations - January 1, 2012	\$ 6,681
Additions	-
Deductions	(584)
Long-term Obligations - December 31, 2012	<u>\$ 6,097</u>

The following is a schedule of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term debt obligations as of December 31, 2012:

	Compensated Absences
Current Portion	\$ -
Long-Term Portion	6,097
Total	<u>\$ 6,097</u>

Mosquito Abatement District No. 1
Of Cameron Parish

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

8. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2012, nor is it aware of any unasserted claims that will exceed the amount at the District's liability insurance deductible.

9. OPERATING LEASE COMMITMENT

On February 19, 2011, the District entered into a sixty (60) month lease agreement for a 2008 Toyota Forklift at six (6) consecutive annual installments in the amount of \$6,390. Lease expense for the year ended December 31, 2012 was \$6,390. The following is a schedule by years of future minimum lease rentals under the lease at December 31, 2012:

Due December 31,

2013	6,390
2014	6,390
2015	6,390
	<u>\$ 19,170</u>

The District operates from the Cameron Barn Facility under agreement with the Cameron Parish Police Jury at no charge to the District.

10. SUBSEQUENT EVENT

Subsequent events were though June 12, 2013, which is the date the financial statements were available to be issued.

Required Supplemental Information (Part II)

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

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Cash Basis) and Actual
For the Year Ended December 31, 2012

REVENUES	Budgeted Amounts		Actual Amounts Cash Basis	Budgeted to Actual Cash Basis Differences Over (Under)
	Original	Final		
GENERAL REVENUES				
Property Taxes	2,844,473	2,844,473	2,898,636	54,163
Federal Revenue Sharing	6,000	6,000	5,387	(613)
State Revenue Sharing	6,000	6,000	5,481	(519)
Miscellaneous Income	-	18,000	17,584	(416)
Interest Income	6,000	6,000	5,963	(37)
Total General Revenues	<u>2,862,473</u>	<u>2,880,473</u>	<u>2,933,051</u>	<u>52,578</u>
Total Revenues	2,862,473	2,880,473	2,933,051	52,578
EXPENDITURES				
General Government-Taxation:				
Personnel Services	472,600	490,600	507,473	(16,873)
Operating Services	146,950	153,100	150,144	2,956
Materials & Supplies	1,605,000	1,613,000	1,371,960	241,040
Travel & Other Charges	9,700	9,700	4,217	5,483
Capital Outlay	70,000	101,000	93,206	7,794
Total Expenditures	<u>2,304,250</u>	<u>2,367,400</u>	<u>2,127,000</u>	<u>240,400</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	558,223	513,073	806,051	292,978
FUND BALANCE AT BEGINNING OF YEAR	<u>884,642</u>	<u>2,813,134</u>	<u>3,824,107</u>	<u>(678,907)</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,442,865</u>	<u>\$ 3,326,207</u>	<u>\$ 4,630,158</u>	<u>\$ (385,929)</u>

See accompanying notes to the required supplementary information.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012**

NOTE A- BUDGETARY POLICIES

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2012

NOTE B- EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Sources / Inflows of Resources	General Fund
Actual amounts (budgetary basis) "Total Revenues" from Schedule 1	\$ 2,933,051
<u>Differences - budget to GAAP:</u>	
The District budgets for property tax revenue on the cash basis, rather than on the modified accrual basis.	104,514
The District anticipated insurance refunds as revenue on the cash basis, rather than reporting as expense on the modified accrual basis.	(7,642)
Total revenues as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 3,029,923
 Uses / Outflows of Resources	
Actual amounts (budgetary basis) "Total Expenditures" from Schedule 1	\$ 2,127,000
<u>Differences - budget to GAAP:</u>	
The District budgets for personnel services on the cash basis rather than the modified accrual basis.	(10,574)
The District budgets on operating services on the cash basis rather than the modified accrual basis.	5,148
The District budgets insurance on the cash basis without regard to prepaid amounts.	(1,628)
The District budgets increases in inventory as materials and supplies.	268,585
The District anticipated insurance refunds as revenue on the cash basis rather than reporting as expense on the modified accrual basis.	(7,642)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,380,889

Required Supplemental Information (Part III)

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

**Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2012**

Board Member	Amount
Greg Gray	\$ 250
Karl Styron	150
Marck Smythe	300
Mitchell Kelley	450
Nathan Griffith	300
Paul Sellers	350
Thomas Cox	250
Total Compensation paid to Board Members	\$ <u>2,050</u>

The accompanying note is an integral part of this schedule.

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

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P.O. Box 202

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Sulphur, Louisiana 70663

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Fax (337) 625-5849

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Mosquito Abatement District No. 1 of Cameron Parish, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Mosquito Abatement District No. 1 of Cameron Parish's basic financial statements and have issued our report thereon dated June 18, 2013.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2012-1, 2012-2, 2012-3 and 2012-4].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mosquito Abatement District No. 1 of Cameron Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance 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 questioned costs as items [2012-4].

Mosquito Abatement District No. 1's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso CPAs

Sulphur, Louisiana
June 18, 2013

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

SCHEDULE OF FINDINGS

Year Ended December 31, 2012

We have audited the financial statements of Mosquito Abatement District No. 1 of Cameron Parish for the year ended December 31, 2012, and have issued our report thereon dated June 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

Section I – Summary of Auditor’s Report

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II – Financial Statement Findings

- 2012-1** Because of the size of the District and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.
- 2012-2** The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the District’s financial transactions or preparing its financial statements, including related notes.
- 2012-3** During the audit, we recommended several adjusting journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process. The Executive Director should determine that all transactions have been recorded and posted and review the transactions for completeness by scanning the ending balances and transactions posted to each general ledger account. The auditors will assist in preparing entries that were not performed.
- 2012-4** There was an occurrence when the District did not comply with the Local Government Budget Act (R.S. 39:1311). The District adopted a final budget for 2012, just prior to year end, in which federal and state revenue sharing line items in actual revenues fell below the budgeted revenues by more than five percent (5%). The District should ensure that any difference in actual revenues and budgeted revenues fall within the required five percent (5%) range to ensure compliance with the budget law.

This schedule as been prepared by management.

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2012

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:			
2011-1	Unknown	Because of the size of the District and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.	Unresolved
2011-2	Unknown	The District does not have a staff person who has the qualifications and/or training to apply GAAP in recording transactions or preparing financial statements.	Unresolved
2011-3	2010	We recommended several adjusting journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process. While the District made the recommended journal entries, several additional entries were again recommended in the current year.	Unresolved
Section II - Management Letter:			
ML 2011-1	2010	The District adopted a final budget for 2011, just prior to year end with large differences primarily due to a reduced property tax collections.	Partially Resolved

This schedule is prepared by management.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended December 31, 2012

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
2012-1:	Unknown	Because of the size of the District and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.	No	Management is aware of the internal control problem and determined it is not cost effective to achieve complete segregation of duties in the accounting department. For the size of the District, it has segregated as many duties as possible.	Josh Hightower	N/A
2012-2:	Unknown	The District does not have a staff member with the qualifications and training to apply GAAP in recording transactions or preparing financial statements.	No	The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Josh Hightower	N/A
2012-3:	2012	We recommended several journal entries. Substantially all of the entries were to make accruals and other adjustments required in the annual closing process.	No	The Bookkeeper will consult with the auditors in making accruals and other adjustments required in the annual closing process, prior to year end. The Executive Director will approve all journal entries.	Josh Hightower	6/30/2013
2012-4:	2012	The District adopted a final budget for 2012, just prior to year end with two line items in actual revenue fell below that budgeted revenues by more than five percent (5%).	No	The budget practices will be improved to ensure that the final budget meets the proper reporting requirements.	Josh Hightower	6/30/2013

This schedule has been prepared by management.