

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
Year Ended December 31, 2015

Royce T. Scimemi, CPA, APAC
Oberlin, LA

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Independent Auditors' Report

Board of Commissioners
Allen Parish Mosquito Abatement District
Oakdale, LA

June 20, 2016

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Allen Parish Mosquito Abatement District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC

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ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis

Within this section of the Allen Parish Mosquito Abatement District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2015. 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 \$1,829,630 (net position) for the fiscal year reported.
- Total revenues of \$724,851 exceeded total expenses of \$611,317, which resulted in a current year surplus of \$113,534. The previous year revenues exceeded expenses by \$20,899.
- Total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$278,702 includes property and equipment, net of accumulated depreciation, and
 - (2) Unrestricted net position of \$1,550,928.
- The District's governmental funds reported a total ending fund balance of \$1,550,928 this year. This compares to the prior year ending fund balance of \$1,427,947, reflecting an increase of \$122,981 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,550,928, or 258% of total General Fund expenditures and 214% of total General Fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

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

Overview of the Financial Statements

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The District uses governmental funds as follows:

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

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

Notes to the basic financial statements

The accompanying notes to the 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.

Other information

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

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

Financial Analysis of the District as a Whole

The District's net positions at fiscal year-end are \$1,829,630 and \$1,716,096 for 2015 and 2014, respectively. The following table provides a summary of the District's net position:

	<u>2014</u>	<u>2015</u>
Assets:		
Current assets	\$1,427,947	\$ 1,550,928
Capital assets	<u>288,149</u>	<u>278,702</u>
Total assets	1,716,096	1,829,630
Deferred outflows of resources	-	-
Liabilities:		
Current liabilities	-	-
Total liabilities	-	-
Deferred inflows of resources	-	-
Net position:		
Invested in capital assets, net	288,149	278,702
Unrestricted	<u>1,427,947</u>	<u>1,550,928</u>
Total net position	<u>\$1,716,096</u>	<u>\$1,829,630</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is incalculable since there were no current liabilities.

Note that approximately 15% of the governmental activities' net position is tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District reports net position of \$1,829,630. This amount is \$113,534 higher than last year. The District's overall financial position improved during fiscal year 2015.

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

	<u>2014</u>	<u>2015</u>
Program revenues	\$ -	\$ -
General revenues:		
Ad valorem taxes	682,452	701,732
Rent income	18,275	20,400
Interest income	1,916	2,228
Other income	<u>48</u>	<u>491</u>
 Total Revenues	 702,691	 724,851
Program expenses:		
Mosquito abatement	<u>681,792</u>	<u>611,317</u>
Total Expenses	<u>681,792</u>	<u>611,317</u>
 Change in net position	 20,899	 113,534
Beginning net position	<u>1,695,197</u>	<u>1,716,096</u>
Ending net position	<u>\$1,716,096</u>	<u>\$ 1,829,630</u>

Governmental Revenues

The District is heavily reliant on ad valorem taxes. These taxes provided 97% of the District's revenues during the current year.

Governmental Functional Expenses

The total function of the District is to abate, control, eradicate, and study mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. Of the total cost, depreciation on the capital assets was \$9,447 or 2% of total expenses.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an unassigned ending fund balance of \$1,550,928.

The unassigned fund balance increased by \$122,981 from the previous year.

Major Governmental Funds

The General Fund is the District's only operating fund and is the single source of day-to-day service delivery. The General Fund's fund balance increased by \$122,981.

Budgetary Highlights

The General Fund – When the budget was adopted, it was anticipated that the total revenues were going to be 17% less than the previous fiscal year primarily due to an expected decrease in ad valorem taxes. The original budget also anticipated that total expenditures were going to decrease by 9% over the previous fiscal year primarily due to an expected increase in contract services. The budget was not amended during the year. Variances were positive overall.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2015, was \$278,702. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2014</u>	<u>2015</u>
Depreciable capital assets:		
Equipment	\$ 740	\$ 740
Furniture & fixtures	1,764	1,764
Buildings	<u>377,896</u>	<u>377,896</u>
Total depreciable assets	380,400	380,400
Less accumulated depreciation	<u>92,251</u>	<u>101,698</u>
Book value-depreciable assets	\$ <u>288,149</u>	\$ <u>278,702</u>
Percentage depreciated	<u>24%</u>	<u>27%</u>
Book value-all assets	\$ <u>288,149</u>	\$ <u>278,702</u>

At December 31, 2015, the depreciable capital assets for governmental activities were 27% depreciated.

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Allen Parish Mosquito Abatement District
Statement of Net Position
December 31, 2015

		<u>Primary Government</u>
		<u>Governmental Activities</u>
ASSETS		
Cash	\$	944,121
Receivables - Ad valorem		606,507
Utility Deposit		300
Capital assets, net		<u>278,702</u>
Total Assets		<u>1,829,630</u>
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows		<u>--</u>
Total Deferred Outflows of Resources		<u>--</u>
LIABILITIES		
Total Liabilities		<u>--</u>
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows		<u>--</u>
Total Deferred Inflows of Resources		<u>--</u>
NET POSITION		
<i>Invested in capital assets, net of related debt</i>		278,702
<i>Unrestricted</i>		<u>1,550,928</u>
Total Net Position	\$	<u>1,829,630</u>

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

**Allen Parish Mosquito Abatement District
Statement of Activities
For the Year Ended December 31, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
					<u>Governmental Activities</u>
Primary Government					
Governmental Activities:					
Mosquito abatement	\$ 611,317	\$ --	\$ --	\$ --	\$ (611,317)
Total Primary Government	\$ 611,317	\$ --	\$ --	\$ --	\$ (611,317)
General Purpose Revenues:					
Revenues					
					701,732
					20,400
					2,228
					491
					Total General Revenues 724,851
					Change in Net Position 113,534
					Net Position at Beginning of Period 1,716,096
					Net Position at End of Period \$ 1,829,630

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

FUND FINANCIAL STATEMENTS

Allen Parish Mosquito Abatement District

Balance Sheet

Governmental Funds

December 31, 2015

	<u>Total Governmental Funds</u>
ASSETS	
Cash	\$ 944,121
Receivables - Ad valorem	606,507
Utility Deposit	<u>300</u>
<i>Total Assets</i>	1,550,928
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	<u>--</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 1,550,928</u>
LIABILITIES	
<i>Total Liabilities</i>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	<u>--</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>
FUND BALANCE	
Unassigned	<u>1,550,928</u>
<i>Total Fund Balance</i>	<u>1,550,928</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 1,550,928</u>

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

Allen Parish Mosquito Abatement District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2015

Total Fund Balance - Governmental Funds	\$	1,550,928
 Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		
		278,702
Total Net Position-Governmental Funds	\$	<u>1,829,630</u>

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

Allen Parish Mosquito Abatement District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2015

	Total Governmental Funds
Revenues	
Ad valorem taxes (net)	\$ 701,732
Rent income	20,400
Other income	491
Interest income	2,228
Total Revenues	724,851
Expenditures	
Current:	
Advertising	700
Bank charges	62
Contract services	588,000
Insurance	3,522
Office expense	357
Professional Fees	4,225
Repairs and maintenance	598
Secretary fees	2,440
Travel	1,966
Total Expenditures	601,870
Excess (Deficiency) of Revenues Over (Under) Expenditures	122,981
Net Change in Fund Balance	122,981
<i>Fund Balance at Beginning of Period</i>	<i>1,427,947</i>
Fund Balance at End of Period	\$ 1,550,928

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

Allen Parish Mosquito Abatement District
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to Statement of Activities
For the Year Ended December 31, 2015

Total Net Change in Fund Balance - Governmental Funds	\$ 122,981
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(9,447)
Change in Net Position-Governmental Funds	\$ <u>113,534</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Mosquito Abatement District (District) was created by the Allen Parish Police Jury on June 17, 2002 as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721 et seq., for the purpose of abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. The District is governed by a board of five commissioners who are appointed by the Allen Parish Police Jury and are not compensated. The District encompasses all of Allen Parish and has approximately 25,000 citizens. As of December 31, 2015, the District has no employees. The District contracts with a private company to provide for mosquito control services.

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

1. Reporting Entity

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

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

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The 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.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Financial Statements

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

3. Measurement Focus/Basis of Accounting

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

The amounts reflected in the governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues

The revenues susceptible to accrual are ad valorem taxes.

Expenditures

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

4. Cash

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

As of December 31, 2015, the District had cash and interest bearing deposits (book balances) totaling \$944,121. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2015, the District has \$944,218 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$250,000 and pledged securities of \$694,218.

5. Budgets

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

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.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Capital Assets

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

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

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

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

7. Encumbrances

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

8. Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

9. Use of Estimates

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

10. Long-Term Debts

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

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Subsequent Events

Management has evaluated subsequent events through June 20, 2016, the date the financial statements were available to be issued.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2015, taxes were levied on taxable assessed valuations of \$91,112,584 at a millage of 8.00. The millage expires December 31, 2021.

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

Total taxes levied were \$728,901. Total taxes collected were \$772,339.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/14 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	12/31/15 <u>Balance</u>
Governmental activities:				
Depreciable capital assets:				
Equipment	\$ 740	\$ -	\$ -	\$ 740
Furniture & fixtures	1,764	-	-	1,764
Building	<u>377,896</u>	-	-	<u>377,896</u>
Total	<u>380,400</u>	-	-	<u>380,400</u>
Less: Accumulated Depreciation				
Equipment	740	-	-	740
Furniture & fixtures	1,764	-	-	1,764
Buildings	<u>89,747</u>	<u>9,447</u>	-	<u>99,194</u>
Total	<u>92,251</u>	<u>9,447</u>	-	<u>101,698</u>
Net capital assets	\$ <u>288,149</u>	\$ <u>(9,447)</u>	\$ -	\$ <u>278,702</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2015

NOTE D – RISK MANAGEMENT

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

NOTE E – COMMITMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Allen Parish Mosquito Abatement District
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
				Final to Actual
Revenues				
Ad valorem taxes (net)	\$ 565,000	\$ 565,000	\$ 701,732	\$ 136,732
Rent income	20,400	20,400	20,400	--
Other income	--	--	491	491
Interest Income	500	500	2,228	1,728
Total Revenues	585,900	585,900	724,851	138,951
Expenditures				
Current:				
Advertising	900	900	700	200
Bank charges	100	100	62	38
Contract services	588,000	588,000	588,000	--
Insurance	4,000	4,000	3,522	478
Office expense	500	500	357	143
Professional fees	3,500	3,500	4,225	(725)
Repairs and maintenance	1,000	1,000	598	402
Secretary fees	3,000	3,000	2,440	560
Travel	2,000	2,000	1,966	34
Capital Outlay	7,500	7,500	--	7,500
Total Expenditures	610,500	610,500	601,870	8,630
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(24,600)	(24,600)	122,981	147,581
<i>Fund Balance at Beginning of Period</i>	<u>1,427,947</u>	<u>1,427,947</u>	<u>1,427,947</u>	<u>--</u>
Fund Balance at End of Period	\$ 1,403,347	\$ 1,403,347	\$ 1,550,928	\$ 147,581

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

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

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

Year Ended December 31, 2015

Chief Executive Officer: Melvin Bell, President of the Board

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	328
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

As provided by Louisiana Revised Statutes 33:7723, the board members shall serve without compensation, but the members shall be reimbursed for reasonable expenses incurred in connection with their official duties. For the year ended December 31, 2015, the board members were reimbursed a total of \$1,870 using the federal standard mileage rates.

ROYCE T. SCIMEMI, CPA, APAC



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Member
Society of Louisiana
Certified Public Accountants

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

June 20, 2016

Board of Commissioners
Allen Parish Mosquito Abatement District
Oakdale, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Allen Parish Mosquito Abatement District (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 20, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. This deficiency is identified as finding 2015-1 I/C.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

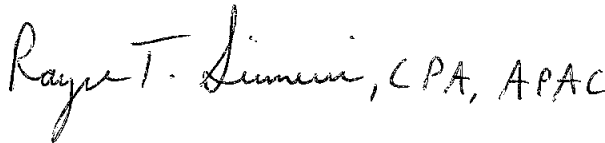
Allen Parish Mosquito Abatement District's Response to Findings

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

Purpose of this Report

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

Royce T. Scimemi, CPA, APAC



ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Findings and Responses

Year Ended December 31, 2015

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? yes no

Findings – Financial Statement Audit

Finding #2015-1 I/C:
Significant deficiency

Inadequate Segregation of Duties

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

Federal Award Findings and Questioned Costs

- None

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

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

Year Ended December 31, 2015

Internal Control and Compliance Material to the Financial Statements

2015-1 I/C Segregation of duties:

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

Contact Person: Melvin Bell, President

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
Summary Schedule of Prior Year Audit Findings (Unaudited)
Year Ended December 31, 2015

2015-1 I/C Segregation of duties:

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