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ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS
Year Ended December 31, 2007

Royce T. Scimemi, CPA, APAC
Oberlin, LA

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 7-16-08

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ROYCE T. SCIMEMI, CPA, APAC



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Independent Auditor's Report

Board of Directors
Allen Parish Mosquito Abatement District
Oakdale, LA

I have audited the accompanying financial statements of the governmental activities and each major fund of the Allen Parish Mosquito Abatement District as of and for the year ended December 31, 2007, a component unit of the Allen Parish Police Jury, as listed in the table of contents. These financial statements are the responsibility of the Allen Parish Mosquito Abatement District. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

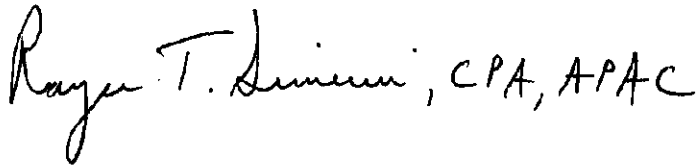
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Allen Parish Mosquito Abatement District as of December 31, 2007, and the changes of financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 16, 2008, on my consideration of the Allen Parish Mosquito Abatement District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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 and should be read in conjunction with this report in considering the results of my audit.

Royce T. Scimemi, CPA, APAC
Independent Auditor's Report
Allen Parish Mosquito Abatement District
June 16, 2008
Page 2

The Management's Discussion and Analysis and the required supplementary information on page 28 through 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

Royce T. Scimemi, CPA, APAC
June 16, 2008

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

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, 2007. 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 \$931,524 (net assets) for the fiscal year reported.
- Total revenues of \$606,452 exceeded total expenses of \$477,993, which resulted in a current year surplus of \$128,459. This is comparable to last year, when revenues exceeded expenditures by \$103,726.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$149,936 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Unrestricted net assets of \$781,588.
- The District's governmental funds reported total ending fund balance of \$781,588 this year. This compares to the prior year ending restated fund balance of \$705,310, reflecting an increase of \$76,278 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$781,588, or 154% of total General Fund expenditures and 134% 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 Assets*. 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 assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base 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 assets 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 12 through 13 of this report.

Fund Financial Statements

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

The District 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 15 through 18 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 19 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information". These schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on pages 28 through 29 of this report.

Financial Analysis of the District as a Whole

The District's net assets at fiscal year-end are \$931,524. The following table provides a summary of the District's net assets:

	<u>2007</u>	<u>2006</u>
Assets:		
Current assets	\$ 781,623	\$ 700,805
Other assets	3,262	3,893
Capital assets	<u>356,621</u>	<u>366,568</u>
Total assets	<u>1,141,506</u>	<u>1,071,266</u>
Liabilities:		
Current liabilities	42,655	60,874
Long-term liabilities	<u>167,327</u>	<u>207,327</u>
Total liabilities	<u>209,982</u>	<u>268,201</u>
Net assets:		
Invested in capital assets, net	149,936	123,134
Unrestricted	<u>781,588</u>	<u>\$ 679,931</u>
Total net assets	<u>\$ 931,524</u>	<u>\$ 803,065</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

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

	<u>2007</u>	<u>2006</u>
General revenues	\$ 606,452	\$ 1,041,892
Mosquito abatement	469,974	928,528
Interest	<u>8,019</u>	<u>9,638</u>
Total Expenses	<u>477,993</u>	<u>938,166</u>
Change in Net Assets	128,459	103,726
Beginning Net Assets	<u>803,065</u>	<u>699,339</u>
Ending Net Assets	<u>\$ 931,524</u>	<u>\$ 803,065</u>

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2007, was \$356,621. 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>2007</u>	<u>2006</u>
Depreciable capital assets:		
Equipment	\$ 740	\$ 740
Furniture & fixtures	2,759	2,759
Buildings	<u>377,896</u>	<u>377,896</u>
Total depreciable assets	381,395	381,395
Less accumulated depreciation	<u>24,774</u>	<u>14,827</u>
Book value-depreciable assets	\$ <u>356,621</u>	\$ <u>366,568</u>
Percentage depreciated	<u>6%</u>	<u>4%</u>
Book value-all assets	<u>\$356,621</u>	<u>\$366,568</u>

At December 31, 2007, the depreciable capital assets for governmental activities were 6% depreciated.

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

Long-term debt

At the end of the fiscal year, the District had total long-term debt obligations outstanding of \$207,327. During the year, the District retired \$40,000 under normal payment requirements. See Note D for additional information regarding long-term debt.

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. Bryan Tilley, at (337) 639-4054.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Statement of Net Assets

December 31, 2007

ASSETS	
Cash	\$ 219,524
Receivables	
Ad valorem taxes	561,520
Other	579
Bond issue costs, net	3,262
Capital assets, net	<u>356,621</u>
TOTAL ASSETS	<u>\$ 1,141,506</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 35
Accrued interest payable	2,620
Long-term liabilities:	
Due within one year	40,000
Due after one year	<u>167,327</u>
Total liabilities	<u>209,982</u>
NET ASSETS	
Invested in capital assets, net of related debt	149,936
Unrestricted	<u>781,588</u>
Total net assets	<u>\$ 931,524</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
Statement of Activities
Year Ended December 31, 2007

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Mosquito abatement	\$ 469,974	\$ -	\$ -	\$ (469,974)	
Interest	<u>8,019</u>	<u>-</u>	<u>-</u>	<u>(8,019)</u>	
Total Governmental Activities	<u>\$ 477,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(477,993)</u>	

General Revenues:

Ad valorem tax revenue	568,356
Interest	17,696
Rent	<u>20,400</u>
Total general revenues	<u>606,452</u>
Change in net assets	128,459
Net assets – December 31, 2006,	<u>803,065</u>
Net assets – December 31, 2007	<u>\$ 931,524</u>

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

FUND FINANCIAL STATEMENTS

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Balance Sheet - Governmental Fund

December 31, 2007

	<u>2007</u>
ASSETS	
Cash	\$ 219,524
Receivables	
Ad valorem taxes	561,520
Other	<u>579</u>
TOTAL ASSETS	<u>\$ 781,623</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	<u>\$ 35</u>
TOTAL LIABILITIES	<u>35</u>
FUND EQUITY	
Fund Balance	
Unreserved and undesignated	<u>781,588</u>
TOTAL FUND EQUITY	<u>781,588</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 781,623</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

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

December 31, 2007

Total fund balance for governmental fund at December 31, 2007: \$ 781,588

Total net assets reported for governmental activities in the statement
of net assets different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.
Those assets consist of:

Equipment, net of \$265 accumulated depreciation	\$ 475	
Furniture & Fixtures, net of \$891 accumulated depreciation	1,868	
Buildings, net of \$23,618 accumulated depreciation	<u>354,278</u>	356,621

Other assets used in governmental activities that are not
financial resources and therefore are not reported in
the governmental funds. Those assets consist of:

Bond issue costs, net		3,262
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Long-term liabilities including bonds payable are not due and
payable in the current period and therefore are not reported
in the governmental funds.

Accrued interest payable	(2,620)	
Bonds, notes, and loans payable	<u>(207,327)</u>	<u>(209,947)</u>

Total net assets of governmental activities at December 31, 2007 \$ 931,524

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 Fund

Year Ended December 31, 2007

	<u>2007</u>
REVENUES	
Ad valorem taxes (net)	\$ 546,103
Interest	17,696
Rent	<u>20,400</u>
TOTAL REVENUES	584,199
EXPENDITURES	
Current:	
Advertising	125
Bank Charges	85
Contract labor	100
Contract services	450,000
Insurance	4,449
Professional fees	3,000
Travel	1,306
Debt service:	
Principal retirement	40,000
Interest	8,525
Paying agent fees	<u>331</u>
TOTAL EXPENDITURES	<u>507,921</u>
EXCESS OF REVENUES OVER EXPENDITURES	76,278
BEGINNING FUND BALANCE –AS ORIGINALLY PRESENTED	637,085
PRIOR PERIOD ADJUSTMENT (SEE NOTE E)	<u>68,225</u>
BEGINNING FUND BALANCE–AS RESTATED	<u>705,310</u>
FUND BALANCE-ENDING	<u>\$ 781,588</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

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

Year Ended December 31, 2007

Total net changes in fund balances at December 31, 2007 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 76,278
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ -
Depreciation expense for the year ended December 31, 2007	<u>(9,947)</u> (9,947)
<p>Governmental funds report bond issue costs as expenditures. However, in the statement of activities, these costs are allocated over the life of the associated bonds and reported as amortization expense.</p>	
Amortization expense for the year ended December 31, 2007	(631)
Decrease in estimate of allowance for uncollectible ad valorem tax receivables	22,253
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable on the statement of net assets	40,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>506</u>
Total changes in net assets at December 31, 2007 per Statement of Activities	<u>\$ 128,459</u>

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allen Parish Mosquito Abatement 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, and was established for the purpose of abatement control, eradication, and the 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 directors 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, 2007, the District has no employees. The District contracts with a private company to provide the services for mosquito control.

The accounting and reporting policies of the Allen Parish Mosquito Abatement District, conform to generally accepted accounting principles 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 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 No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Welsh Gravity Drainage District No. 1 includes all funds, account groups, et cetera, that are within the oversight responsibility of the Allen Parish Mosquito Abatement District

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 nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the 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 Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the 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 of significance of the relationship.

Based upon the application of these criteria, Allen Parish Mosquito Abatement District is a component unit of the Allen Parish Police Jury's reporting entity.

2. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Assets 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 Basic Financial Statements December 31, 2007

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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The 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 Allen Parish Mosquito Abatement District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is 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 reconciled, through adjustment, to a government-wide view of Allen Parish Mosquito Abatement 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, 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 Allen Parish Mosquito Abatement 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 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:

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues

Those 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.

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, 2007, the District has \$219,533 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$119,533 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

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

The proposed budget is presented to the government's Board of Directors 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.

Expenditures may not legally exceed budgeted appropriations at the activity level.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements
December 31, 2007

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 Allen Parish Mosquito Abatement District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net assets and statement of activities. 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 Allen Parish Mosquito Abatement District's Office as an extension of formal budgetary integration in the funds.

8. Equity Classification

In the government-wide statements, equity is classified as net assets 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 assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors,

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

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 Debt

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

Long-term debt for governmental funds is 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.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2007, taxes were levied on taxable assessed valuations of \$72,489,743 at a millage of 8.

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.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements
December 31, 2007

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>12/31/06</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/07</u> <u>Balance</u>
Governmental activities:				
Depreciable capital assets:				
Equipment	\$ 740	\$ -	\$ -	\$ 740
Furniture & fixtures	2,759	-	-	2,759
Building	<u>377,896</u>	-	-	<u>377,896</u>
Total	<u>381,395</u>	-	-	<u>381,395</u>
Less: Accumulated Depreciation				
Equipment	159	106	-	265
Furniture & fixtures	497	394	-	891
Buildings	<u>14,171</u>	<u>9,447</u>	-	<u>23,618</u>
Total	<u>14,827</u>	<u>9,947</u>	-	<u>24,774</u>
Net capital assets	\$ <u>366,568</u>	\$ <u>9,947</u>	\$ -	\$ <u>356,621</u>

Depreciation expense in the amount of \$9,947 was charged to mosquito abatement.

NOTE D - LONG-TERM DEBT

1. Debt Outstanding

Bonds payable at December 31, 2007, is comprised of the following issue:

\$400,000 certificate of indebtedness dated December 1, 2002; due in annual installments of \$32,327 to \$45,000 through March 1, 2012; accrued interest is paid semiannually; interest at 3.75%. \$ 207,327

The following is a summary of the long-term debt transactions during the year ending December 31, 2007:

	<u>Bonded</u> <u>Debt</u>
Long-term debt payable at December 31, 2006	
\$247,327	
Additions	-
Payments	<u>40,000</u>
Long-term debt payable at December 31, 2007	\$ <u>207,327</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements
December 31, 2007

NOTE D - LONG-TERM DEBT- Continued

2. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of December 31, 2007, including interest, are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 40,000	\$ 7,025	\$ 47,025
2009	45,000	5,431	50,431
2010	45,000	3,744	48,744
2011	45,000	2,056	47,056
2012	<u>32,327</u>	<u>606</u>	<u>32,933</u>
	<u>\$207,327</u>	<u>\$18,862</u>	<u>\$226,189</u>

NOTE E – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2007, the District changed the method of accruing ad valorem taxes receivable. The new method of calculating the receivable more closely estimates the ad valorem taxes to be collected after year end. As a result, ad valorem taxes receivable at December 31, 2006 was understated by \$68,225 and prior years ad valorem tax revenues were understated by that same amount. This adjustment affected only the fund financial statements. The government-wide financial statements were not affected by this prior period adjustment. Also, the pension plan payable out of ad valorem tax revenues has been netted against the ad valorem tax receivable account at December 31, 2007.

NOTE F – RISK MANAGEMENT

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

NOTE G – COMMITMENTS

The District has one major outstanding contract for professional and contract services with Vector Disease Control, Inc. The company will provide control of the mosquito population in Allen Parish. The original contract agreement was for a period beginning April 28, 2003 and ending December 31, 2007. On December 17, 2007, the contract was extended for the four years from January 1, 2008 through December 31, 2011. Payments totaling \$450,000 per year are required under the contract extension.

REQUIRED SUPPLEMENTAL INFORMATION

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Budgetary Comparison Schedule

Year Ended December 31, 2007

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Ad valorem taxes (net)	\$ 435,000	\$ 546,103	\$ 111,103
Interest	-	17,696	17,696
Rent	<u>20,400</u>	<u>20,400</u>	<u>-</u>
TOTAL REVENUES	455,400	584,199	128,799
EXPENDITURES			
Current:			
Advertising	700	125	575
Bank charges	-	85	(85)
Contract Labor	1,200	100	1,100
Contract services	450,000	450,000	-
Insurance	2,868	4,449	(1,581)
Professional fees	3,000	3,000	-
Travel	-	1,306	(1,306)
Debt service:			
Principal retirement	40,000	40,000	-
Interest	6,906	8,525	(1,619)
Paying agent fees	<u>-</u>	<u>331</u>	<u>(331)</u>
TOTAL EXPENDITURES	<u>504,674</u>	<u>507,921</u>	<u>(3,247)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(49,274)	76,278	125,552
BEGINNING FUND BALANCE – AS ORIGINALLY PRESENTED	637,085	637,085	-
PRIOR PERIOD ADJUSTMENT – (SEE NOTE E)	<u>-</u>	<u>68,225</u>	<u>68,225</u>
BEGINNING FUND BALANCE – AS RESTATED	<u>637,085</u>	<u>705,310</u>	<u>68,225</u>
FUND BALANCE – ENDING	<u>\$ 587,811</u>	<u>\$ 781,588</u>	<u>\$ 193,777</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Compensation Paid to Board Members

Year Ended December 31, 2007

As provided by Louisiana Revised Statute 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, 2007, the board members were reimbursed a total of \$1,306 using the federal standard mileage rates.

ROYCE T. SCIMEMI, CPA, APAC



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

June 16, 2008

Board of Directors
Allen Parish Mosquito Abatement District
Oakdale, Louisiana

I have audited the basic financial statements of Allen Parish Mosquito Abatement District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2007, and have issued my report thereon dated June 16, 2008. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Allen Parish Mosquito Abatement District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Parish Mosquito Abatement District's internal control over financial reporting. Accordingly, I do not express an opinion over the effectiveness of the Allen Parish Mosquito Abatement District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Board of Directors
Allen Parish Mosquito Abatement District
June 19, 2008
Page 2

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified one deficiency in internal control over financial reporting that I consider to be significant deficiency. I consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2007-1 I/C to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allen Parish Mosquito Abatement District's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* that is reported in the accompanying schedule of findings and questioned costs as finding 2007-1 C.

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

Royce T. Scimemi, CPA, APAC

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Findings and Questioned Costs

Year Ended December 31, 2007

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified? yes no
- Significant deficiencies(s) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Findings – Financial Statement Audit

Finding #2007-1 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. I do note that this situation is inherent in most entities of this type and is difficult to solve due to the funding limitations of the District. I recommend that the board take an active interest in the review of all of the financial information. This was also a prior year finding.

Public Participation in Budget Process

Finding #2007-1 C:
Noncompliance

Criteria: La. Rev. Stat. 39:1307 Public Participation states "Political subdivisions with total proposed expenditures of five hundred thousand dollars or more from the general fund and any special revenue fund shall afford the public an opportunity to participate in the budgetary process prior to adoption of the budget. The political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing. No proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal."

Condition: The District's proposed expenditures on the 2007 budget were in excess of five hundred thousand and the requisite notice was not published to make the budget available for public inspection. The budget was finalized or adopted without the required public hearing.

Cause: Administrative oversight

Recommendation: The District should comply with the notice and public participation requirement if proposed expenditures are in excess of five hundred thousand in the future.

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, 2007

Internal Control and Compliance Material to the Financial Statements

2007-1 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: Bryan Tilley, President

2007 - 1 C Public Participation in Budget Process

If the proposed expenditures on any future budget exceed five hundred thousand dollars, the District will publish the required notice and conduct the public meeting before December 15 of the year proceeding the budgeted year.

Contact Person: Bryan Tilley, President

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

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

Year Ended December 31, 2007

2006-1 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.

2006-1 I/C and 2006-1 C Budgetary Authority and Control:

Corrective Action Taken: No longer applicable