

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
Year Ended December 31, 2020

Royce T. Scimemi, CPA, APAC
Oberlin, LA

**ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020**

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Independent Auditors' Report

Board of Commissioners
Allen Parish Mosquito Abatement District
Oakdale, LA

August 17, 2021

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the only 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the only fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-10 and page 30, 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.

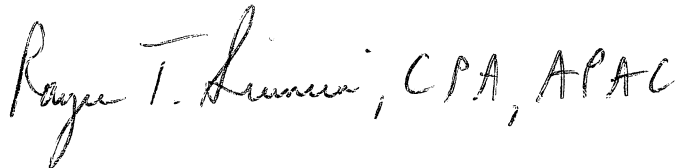
Other Supplementary Information

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 32 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2021 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 solely 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 effectiveness of the District's 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



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, 2020. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$2,320,795 (net position) for the fiscal year reported.
- Total revenues of \$1,043,477 were exceeded by total expenses of \$1,366,012, which resulted in a current year deficit of \$322,535. The previous year's revenues exceeded expenses by \$341,948.
- Total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$236,313 includes property and equipment, net of accumulated depreciation, and
 - (2) Unrestricted net position of \$2,084,482.
- The District's governmental funds reported a total ending fund balance of \$2,084,482 this year. This compares to the prior year ending fund balance of \$2,396,727, reflecting a decrease of \$312,245 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,035,482, or 150% of total General Fund expenditures and 195% of total General Fund revenues.
- Overall, the District deteriorated slightly but 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, which 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 General Fund, which is classified as a governmental fund.

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 basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic 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 30 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 32 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 \$2,320,795 and \$2,643,330 for 2020 and 2019, respectively. The following table provides a summary of the District's net position:

	<u>2020</u>		<u>2019</u>	
Assets:				
Current assets	\$2,084,667	90%	\$2,396,792	91%
Capital assets	<u>236,313</u>	<u>10%</u>	<u>246,603</u>	<u>9%</u>
Total assets	2,320,980	100%	2,643,395	100%
Deferred outflows of resources	-	-	-	-
Liabilities:				
Current liabilities	<u>185</u>	<u>100%</u>	<u>65</u>	<u>100%</u>
Total liabilities	185	100%	65	100%
Deferred inflows of resources	-	-	-	-
Net position:				
Invested in capital assets, net	236,313	10%	246,603	9%
Unrestricted	<u>2,084,482</u>	<u>90%</u>	<u>2,396,727</u>	<u>91%</u>
Total net position	<u>\$2,320,795</u>	<u>100%</u>	<u>\$2,643,330</u>	<u>100%</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 was 11,268 to 1 for 2020 and 36,874 to 1 for 2019.

Note that approximately 10% 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 \$2,320,795. This amount is \$322,535 less than last year. The District's overall financial position deteriorated during fiscal year 2020.

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

	<u>2019</u>		<u>2020</u>	
Program revenues:				
Intergovernmental	\$	-	-	%
			\$ 268,805	26%
General revenues:				
Ad valorem taxes	923,558	97	739,327	71
Rent income	20,400	2	20,400	2
Interest income	9,827	1	14,902	1
Miscellaneous income	<u>880</u>	<u>-</u>	<u>43</u>	<u>-</u>
Total revenues	<u>954,665</u>	<u>100%</u>	<u>1,043,477</u>	<u>100%</u>
Program expenses:				
Mosquito abatement	<u>612,717</u>	<u>100%</u>	<u>1,366,012</u>	<u>100%</u>
Total expenses	<u>612,717</u>	<u>100%</u>	<u>1,366,012</u>	<u>100%</u>
Change in net position	341,948		(322,535)	
Beginning net position	<u>2,301,382</u>		<u>2,643,330</u>	
Ending net position	<u>\$2,643,330</u>		<u>\$ 2,320,795</u>	

Governmental Revenues

The District is heavily reliant on ad valorem taxes. These taxes provided 71% 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 \$10,290 or 1% 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. The governmental fund reported an unassigned ending fund balance of \$2,035,482 and a nonspendable fund balance of \$49,000.

The unassigned fund balance decreased by \$312,245 from the previous year. The nonspendable fund balance of \$49,000 was unchanged 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 decreased by \$312,245.

Budgetary Highlights

The General Fund – When the budget was adopted, it was anticipated that the total revenues were going to be \$188,000 or 24% less than the previous fiscal year's final budget primarily due to an expected decrease in ad valorem taxes. The original budget also anticipated that total expenditures were going to decrease by \$796,750 or 128% more than the previous fiscal years final budget primarily due to an increase in contract services. The budget was amended once during the year primarily to increase intergovernmental revenues and contract services. These increases were the result of aerial application of chemicals to control mosquitoes partially funded by FEMA. Variances were positive overall.

Capital Assets

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2020, was \$236,313. 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:

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Discussion and Analysis (Continued)

	<u>2019</u>	<u>2020</u>
Depreciable capital assets:		
Equipment	\$ 6,640	\$ 6,640
Furniture & fixtures	1,764	1,764
Buildings	<u>377,896</u>	<u>377,896</u>
Total depreciable assets	386,300	386,300
Less accumulated depreciation	<u>139,697</u>	<u>149,987</u>
Book value-depreciable assets	\$ <u>246,603</u>	\$ <u>236,313</u>
Percentage depreciated	<u>36%</u>	<u>39%</u>
Book value-all assets	\$ <u>246,603</u>	\$ <u>236,313</u>

At December 31, 2020, the depreciable capital assets for governmental activities were 39% depreciated.

There were no additions to 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. Charles Harrison, at (337) 348-6700.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Allen Parish Mosquito Abatement District
Statement of Net Position
December 31, 2020

		<u>Primary Government</u>
		<u>Governmental Activities</u>
ASSETS		
Cash	\$	35,999
Receivable - ad valorem		722,970
Prepaid contract services		49,000
Investments		1,007,593
Due from other governments		268,805
Utility deposit		300
Capital assets, net		236,313
Total Assets		<u>2,320,980</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows		--
Total Deferred Outflows of Resources		<u>--</u>
 LIABILITIES		
Accounts Payable		185
Total Liabilities		<u>185</u>
 DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows		--
Total Deferred Inflows of Resources		<u>--</u>
 NET POSITION		
<i>Invested in capital assets, net of related debt</i>		236,313
<i>Unrestricted</i>		2,084,482
Total Net Position	\$	<u>2,320,795</u>

See accompanying notes.

**Allen Parish Mosquito Abatement District
Statement of Activities
For the Year Ended December 31, 2020**

<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 Governmental Activities</u>
Primary Government					
Governmental Activities:					
Mosquito abatement	\$ 1,366,012	\$ --	\$ 268,805	\$ --	\$ (1,097,207)
Total Primary Government	<u>\$ 1,366,012</u>	<u>\$ --</u>	<u>\$ 268,805</u>	<u>\$ --</u>	<u>\$ (1,097,207)</u>
General Revenues:					
					739,327
					14,902
					43
					20,400
					<u>774,672</u>
					(322,535)
					2,643,330
					<u>\$ 2,320,795</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

Allen Parish Mosquito Abatement District
Balance Sheet
Governmental Fund
December 31, 2020

	General Fund
ASSETS	
Cash	\$ 35,999
Receivable - ad valorem	722,970
Prepaid contract services	49,000
Investments	1,007,593
Due from other governments	268,805
Utility deposit	300
<i>Total Assets</i>	2,084,667
 DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
<i>Total Assets and Deferred Outflows of Resources</i>	\$ 2,084,667
 LIABILITIES	
Accounts Payable	\$ 185
<i>Total Liabilities</i>	185
 DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	185
 FUND BALANCE	
Nonspendable	49,000
Unassigned	2,035,482
<i>Total Fund Balance</i>	2,084,482
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 2,084,667

See accompanying notes.

Allen Parish Mosquito Abatement District
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2020

Total Fund Balance - Governmental Fund	\$	2,084,482
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.		236,313
Total Net Position - Governmental Activities	\$	<u>2,320,795</u>

See accompanying notes.

Allen Parish Mosquito Abatement District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2020

	General Fund
Revenues	
Ad valorem taxes (net)	\$ 739,327
Interest income	14,902
Intergovernmental	268,805
Miscellaneous income	43
Rent income	20,400
<i>Total Revenues</i>	1,043,477
 Expenditures	
Current:	
Advertising	1,915
Bank charges	35
Contract services	1,337,238
Insurance	3,481
Office expense	1,189
Professional fees	6,387
Repairs and Maintenance	49
Secretary fees	4,550
Travel	878
<i>Total Expenditures</i>	1,355,722
 <i>Net Change in Fund Balance</i>	 (312,245)
<i>Fund Balance at Beginning of Period</i>	<i>2,396,727</i>
<i>Fund Balance at End of Period</i>	\$ 2,084,482

See accompanying notes.

Allen Parish Mosquito Abatement District
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance to Statement of Activities
For the Year Ended December 31, 2020

Total Net Change in Fund Balance - Governmental Fund	\$ (312,245)
Depreciation expense is reflected in entity-wide statements, but not reflected in governmental fund statements.	(10,290)
Change in Net Position - Governmental Activities	<u>\$ (322,535)</u>

See accompanying notes.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2020

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, 2020, 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 issued 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.

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- 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. These financial statements represent the financial position and activity of the District alone and not that of the Allen Parish Police Jury.

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 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 District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. On the government-wide statement of net position and statement of activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. Equity is classified as net position.

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

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 normally 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

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

**Notes to the Basic Financial Statements
December 31, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

following practices in recording revenues and expenditures:

Revenues

The revenues susceptible to accrual are ad valorem taxes and grant income.

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. Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. Under Louisiana law, the District may deposit funds in demand deposits and interest-bearing demand deposits. As of December 31, 2020, the District had cash and interest-bearing deposits (book balances) totaling \$35,999. 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 or exceed 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, 2020, the District has \$35,999 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

5. Investments

Louisiana Revised Statute 33:2955 authorizes the District to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having an office in Louisiana or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation created pursuant to Article 7, Section 14(C) of the Louisiana Constitution and Local Services Law, LSA-R.S. 33:1321-1360 as a pooled investment program. At December 31, 2020, the District's investments were as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One-Five Years</u>
Governmental Activities:				
Louisiana Asset Management Pool (LAMP)	<u>100%</u>	<u>\$1,007,593</u>	<u>\$1,007,593</u>	<u>\$ _____</u>

The District participates in the Louisiana Asset Management Pool (LAMP). LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana are authorized to invest in

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

accordance with LA-R.S. 33:2955. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. LAMP is intended to improve administrative efficiency and increase yield of participating public entities. The objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds. Because LAMP is not a money market fund, it has no obligation to conform to this rule.

The fair value of investments is determined on a weekly basis by LAMP, and the fair value of the District's investment in LAMP is the same as the value of the pool shares. LAMP's separately issued financial statements can be obtained by visiting their website at www.lamppool.com, by telephone at (504) 525-5267, or by mail at 650 Poydras Street Suite 2220, New Orleans, LA 70130.

Credit Risk– Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LAMP has been assigned a fund rating of AAAM by Standard & Poor's.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District requires all investments to be in the District's name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the District. LAMP participants' investments in the pool are evidenced by shares of the pool. The investment in LAMP is not exposed to custodial credit risk and is not categorized in the three categories provided by GASB Codification Section I50.I64 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk – Pooled investments are excluded from the five percent (5%) disclosure requirements.

Interest Rate Risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.

Foreign currency risk – Not applicable.

6. 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, with consideration being given to information on the past year and current year estimates.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements
December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

7. 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.

8. Encumbrance Accounting

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.

9. 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.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- 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”.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

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.

In governmental funds, the District policy is to use restricted fund balances first, followed by committed and then assigned, as appropriate opportunities arise, but the right is reserved to selectively spend unassigned resources and to defer the use of these other classified funds. All fund balances are currently unassigned, except for \$49,000 in nonspendable fund balance. This \$49,000 represents the monthly balance paid to the contractor referred to in Note E.

10. 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.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

**Notes to the Basic Financial Statements
December 31, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. 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.

12. Subsequent Events

Management has evaluated subsequent events through August 17, 2021, the date the financial statements were available to be issued.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2020, taxes were levied on taxable assessed valuations of \$121,684,116 at a millage of 6.14. The millage was set to expire on December 31, 2021. However, in an election to renew the millage on April 24, 2021, the District voters approved the renew of an 8 mill maximum for the next 10 years ended December 31, 2031. 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 \$747,140. Total taxes collected were \$892,973.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/19			12/31/20
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Governmental activities:				
Depreciable capital assets:				
Equipment	\$ 6,640	\$ -	\$ -	\$ 6,640
Furniture & fixtures	1,764	-	-	1,764
Building	<u>377,896</u>	-	-	<u>377,896</u>
Total	386,300			386,300
Less: Accumulated Depreciation				
Equipment	951	843	-	1,794
Furniture & fixtures	1,764	-	-	1,764
Buildings	<u>136,982</u>	<u>9,447</u>	-	<u>146,429</u>
Total	<u>139,697</u>	<u>10,290</u>	-	<u>149,987</u>
Net capital assets	\$ <u>246,603</u>	\$ <u>(10,290)</u>	\$ _____	\$ <u>236,313</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to the Basic Financial Statements December 31, 2020

Depreciation expense in the amount of \$10,290 was charged to mosquito abatement.

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 RKS, LLC. RKS, LLC purchased the contract from RAL Ventures, LLC during 2017. 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 extended to December 31, 2021. Payments totaling \$588,000 per year are required under the contract. RKS, LLC also rents the building owned by the District. Payments of \$20,400 in rent income were received from RKS, LLC. during the year.

NOTE F – TAX ABATEMENTS

Louisiana's State Constitution Article VII, Section 21 authorized the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment relating to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millages in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the District could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Allen Parish Police Jury and directly affect the District's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the District's financial statements to record a receivable. As of December 31, 2020, \$4,784,250 of assessed property in the District's taxing jurisdiction is receiving this exemption, which amounts to \$29,375 in ad valorem taxes.

NOTE G – DUE FROM OTHER GOVERNMENTS

The District incurred significant aerial spraying costs after the hurricanes during the fiscal year ended December 31, 2020. As of the date of this report, the District has applied for but has not received \$268,805 in assistance from the Federal Emergency Management Agency to assist with that cost. This receivable is reflected in the financial statements.

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable
				(Unfavorable)
Revenues				
Ad valorem taxes	\$ 650,000	\$ 700,000	\$ 739,327	\$ 39,327
Interest Income	1,000	15,000	14,902	(98)
Intergovernmental	--	224,000	268,805	44,805
Miscellaneous income	--	--	43	43
Rent income	20,400	20,400	20,400	--
Total Revenues	671,400	959,400	1,043,477	84,077
Expenditures				
Current:				
Advertising	1,000	2,000	1,915	85
Bank charges	200	250	35	215
Contract services	588,000	1,388,000	1,337,238	50,762
Insurance	4,000	4,000	3,481	519
Office expense	750	750	1,189	(439)
Professional fees	6,000	6,000	6,387	(387)
Repairs and Maintenance	3,000	1,000	49	951
Secretary fees	5,000	5,000	4,550	450
Travel	2,000	1,000	878	122
Capital Outlay	10,000	10,000	--	10,000
Total Expenditures	619,950	1,418,000	1,355,722	62,278
Net Change in Fund Balance	51,450	(458,600)	(312,245)	146,355
<i>Fund Balance at Beginning of Period</i>	<i>2,396,727</i>	<i>2,396,727</i>	<i>2,396,727</i>	<i>--</i>
Fund Balance at End of Period	\$ 2,448,177	\$ 1,938,127	\$ 2,084,482	\$ 146,355

See accompanying notes.

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer

Year Ended December 31, 2020

Chief Executive Officer: Charles Harrison, 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	447
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, 2020, the board members were reimbursed a total of \$878 using the federal standard mileage rates.

ROYCE T. SCIMEMI, CPA, APAC
CERTIFIED PUBLIC ACCOUNTANT



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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**

August 17, 2021

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 only 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 17, 2021.

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) as a basis for designing 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.

Allen Parish Mosquito Abatement District

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one 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 2020-1 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 financial statement. 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*.

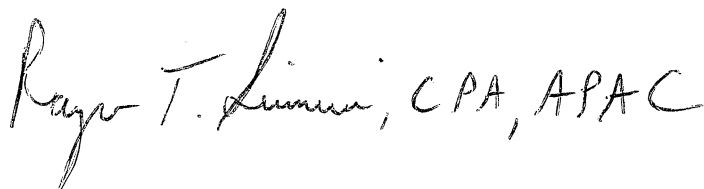
Allen Parish Mosquito Abatement District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying management's corrective action plan on page 36. 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

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style and is positioned to the right of the typed name.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Findings and Responses

Year Ended December 31, 2020

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 #2020-1 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, 2020

Internal Control and Compliance Material to the Financial Statements

2020-1 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: Charles Harrison, President

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Summary Schedule of Prior Year Audit Findings (Unaudited)

Year Ended December 31, 2020

2019-1 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.