

***BARBERTON-NORTON MOSQUITO ABATEMENT  
DISTRICT***

**SUMMIT COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2014**







# Dave Yost • Auditor of State

Board of Directors  
Barberton-Norton Mosquito Abatement District  
104 Third St NW, Suite 205  
Barberton, OH 44203

We have reviewed the *Independent Auditor's Report* of the Barberton-Norton Mosquito Abatement District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Barberton-Norton Mosquito Abatement District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 19, 2016

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**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT**

**SUMMIT COUNTY, OHIO**

**Audit Report**

**For the Years Ended December 31, 2014**

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**INDEPENDENT AUDITOR'S REPORT**

Barberton-Norton Mosquito Abatement District  
Summit County  
104 Third Street NW  
Suite 205  
Barberton, Ohio 44203

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying modified cash-basis financial statements of the governmental activities, and the major fund of the Barberton-Norton Mosquito Abatement District, Summit County, Ohio (the District), as of and for the year ended December 31, 2014, 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 preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 1 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities and the major fund of the Barberton-Norton Mosquito Abatement District, Summit County, Ohio, as of December 31, 2014, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**

May 2, 2016

**Barberton-Norton Mosquito Abatement District  
Summit County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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The discussion and analysis of the Mosquito Abatement District's financial performance provides an overall review of the Mosquito Abatement District's financial activities for the year ended December 31, 2014, within the limitations of the Mosquito Abatement District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Mosquito Abatement District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Mosquito Abatement District's financial performance.

**Financial Highlights**

Key financial highlights for the year 2014 are as follows:

- Net Position increased \$43,873. The increase is attributable to revenue exceeding expectations.
- The Mosquito Abatement District had \$281,134 in disbursements during 2014.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Mosquito Abatement District's modified cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Mosquito Abatement District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a modified cash basis of accounting.

The statement of net position – Modified Cash Basis and Statement of Activities – Modified Cash Basis provide information about the activities of the whole Mosquito Abatement District, presenting both an aggregate view of the Mosquito Abatement District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Mosquito Abatement District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Mosquito Abatement District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Mosquito Abatement District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Barberton-Norton Mosquito Abatement District  
Summit County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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***Reporting the Mosquito Abatement District as a Whole***

The statement of net position and the statement of activities reflect how the Mosquito Abatement District did financially during 2014, within the limitations of the modified cash basis of accounting. The statement of net position – Modified Cash Basis presents the cash balances of the governmental activities of the Mosquito Abatement District at year end. The Statement of Activities – Modified Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Mosquito Abatement District's general receipts.

These statements report the Mosquito Abatement District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Mosquito Abatement District's financial health. Over time, increases or decreases in the Mosquito Abatement District's cash position is one indicator of whether the Mosquito Abatement District's financial health is improving or deteriorating. When evaluating the Mosquito Abatement District's financial condition, you should also consider other non-financial factors as well such as the Mosquito Abatement District's property tax base, the condition of the Mosquito Abatement District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The statement of net position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis present governmental activities, which include all the Mosquito Abatement District's services. The Mosquito Abatement District has no business-type activities.

***Reporting the Mosquito Abatement District's Most Significant Funds***

*Fund Financial Statements*

Fund financial statements provide detailed information about the Mosquito Abatement District's major funds – not the Mosquito Abatement District as a whole. The Mosquito Abatement District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Mosquito Abatement District are governmental.

***Governmental Funds*** - The Mosquito Abatement District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Mosquito Abatement District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Mosquito Abatement District's abatement programs. The Mosquito Abatement District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Mosquito Abatement District's major governmental fund is the General Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Barberton-Norton Mosquito Abatement District  
Summit County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

**The Mosquito Abatement District as a Whole**

Table 1 provides a summary of the Mosquito Abatement District's net position for 2014 compared to 2013 on a modified cash basis:

**Table 1  
Net Position – Modified Cash Basis**

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$187,825	\$143,952	\$43,873
Total Assets	187,825	143,952	43,873
Net Position			
Unrestricted	187,825	143,952	43,873
Total Net Position	\$187,825	\$143,952	\$43,873

As mentioned previously, net position increased \$43,873. The increase is attributable to revenue exceeding expectations.

Table 2 reflects the change in net position in 2014 and provides a comparison to prior year amounts.

**Barberton-Norton Mosquito Abatement District  
Summit County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

**Table 2  
Changes in Net Position**

	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Receipts</b>			
General Receipts			
Property Taxes Levied for			
General Mosquito District Purposes	320,387	324,250	(3,863)
Earnings on Investments	157	134	23
Miscellaneous	4,463	6,485	(2,022)
Total General Receipts	<u>325,007</u>	<u>330,869</u>	<u>(5,862)</u>
<b>Total Receipts</b>	<u>325,007</u>	<u>330,869</u>	<u>(5,862)</u>
<b>Disbursements</b>			
Administration	69,381	65,957	3,424
General Government	206,341	204,084	2,257
Capital Outlay	5,412	6,451	(1,039)
<b>Total Disbursements</b>	<u>281,134</u>	<u>276,492</u>	<u>4,642</u>
<b>Change in Net Position</b>	43,873	54,377	(10,504)
<b>Net Position Beginning of Year</b>	<u>143,952</u>	<u>89,575</u>	<u>54,377</u>
<b>Net Position End of Year</b>	<u>\$187,825</u>	<u>\$143,952</u>	<u>\$43,873</u>

In 2014, 100 percent of the Mosquito Abatement District's total receipts were from general receipts, consisting mainly of property taxes levied for general Mosquito Abatement District purposes.

The 2014 disbursements for general government include all costs related to mosquito abatement.

**Governmental Activities**

If you look at the Statement of Activities – Modified Cash Basis, you will see that the first column lists the major services provided by the Mosquito Abatement District. The next column identifies the costs of providing these services. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Barberton-Norton Mosquito Abatement District  
Summit County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2014</b>	<b>Net Cost of Services 2014</b>	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>
Administration	\$69,381	\$69,381	\$65,957	\$65,957
General Government	206,341	206,341	204,084	204,084
Capital Outlay	5,412	5,412	6,451	6,451
<b>Totals</b>	<b>\$281,134</b>	<b>\$281,134</b>	<b>\$276,492</b>	<b>\$276,492</b>

The Mosquito Abatement District relies almost solely on a special assessment included on district members' tax bills.

**The Mosquito Abatement District's Funds**

As noted earlier, the Mosquito Abatement District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Mosquito Abatement District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Mosquito Abatement District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Mosquito Abatement District's net resources available for spending at the end of the year.

At the end of 2014, the Mosquito Abatement District's governmental funds reported total ending fund balances of \$187,825. All of the total is unassigned fund balance is available for spending.

The general fund is the chief operating fund of the Mosquito Abatement District. At the end of 2014, unassigned fund balance in the general fund was \$187,825. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 66.8% of the total general fund expenditures.

Expenditures exceeded revenues in the general fund by \$43,873 in 2014.

**General Fund Budgeting Highlights**

The Mosquito Abatement District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2014, the Mosquito Abatement District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts.

**Barberton-Norton Mosquito Abatement District  
Summit County**

Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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**Contacting the Mosquito Abatement District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Mosquito Abatement District's finances and to reflect the Mosquito Abatement District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to 131 Snyder Avenue, Barberton, Ohio 44203, Phone 330-848-2623.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT**

*Summit County, Ohio*

*Statement of Net Position - Modified Cash Basis*

*December 31, 2014*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$187,825</u>
<i>Total Assets</i>	<u><u>\$187,825</u></u>
<b>Net Position</b>	
Unrestricted	<u>\$187,825</u>
<i>Total Net Position</i>	<u><u>\$187,825</u></u>

See accompanying notes to the basic financial statements



**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT**

*Summit County, Ohio*

*Statement of Assets and Fund Balances - Modified Cash Basis*

*Governmental Funds*

*December 31, 2014*

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	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$187,825</u>
<i>Total Assets</i>	<u><u>\$187,825</u></u>
<b>Fund Balances</b>	
Unassigned	<u>\$187,825</u>
<i>Total Fund Balances</i>	<u><u>\$187,825</u></u>

See accompanying notes to the basic financial statements

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT**

*Summit County, Ohio*

*Statement of Receipts, Disbursements and Changes In Fund Balances - Modified Cash Basis*

*Governmental Funds*

*For the Year Ended December 31, 2014*

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	<u>General</u>
<b>Receipts</b>	
Property and Other Local Taxes	\$320,387
Earnings on Investments	157
Miscellaneous	<u>4,463</u>
<i>Total Receipts</i>	<u>325,007</u>
<b>Disbursements</b>	
Current:	
Administration	69,381
General Government	206,341
Capital Outlay	<u>5,412</u>
<i>Total Disbursements</i>	<u>281,134</u>
<i>Net Change in Fund Balances</i>	43,873
<i>Fund Balances Beginning of Year</i>	<u>143,952</u>
<i>Fund Balances End of Year</i>	<u><u>\$187,825</u></u>

See accompanying notes to the basic financial statements

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT**  
*Summit County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$292,500	\$320,400	\$320,387	(\$13)
Earnings on Investments	50	130	157	27
Miscellaneous	8,400	3,700	4,463	763
<i>Total Receipts</i>	<u>300,950</u>	<u>324,230</u>	<u>325,007</u>	<u>777</u>
<b>Disbursements</b>				
Current:				
Administration	76,600	76,600	69,381	7,219
General Government	219,407	228,657	206,341	22,316
Capital Outlay	3,000	6,000	5,412	588
<i>Total Disbursements</i>	<u>299,007</u>	<u>311,257</u>	<u>281,134</u>	<u>30,123</u>
<i>Net Change in Fund Balance</i>	1,943	12,973	43,873	30,900
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>143,952</u>	<u>143,952</u>	<u>143,952</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$145,895</u>	<u>\$156,925</u>	<u>\$187,825</u>	<u>\$30,900</u>

See accompanying notes to the basic financial statements

## **Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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### **Note 1 – Reporting Entity**

A five-member Board of Directors appointed by the District Advisory Council governs the Mosquito Abatement District. The Board appoints an executive director and all employees of the Mosquito Abatement District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Mosquito Abatement District are not misleading.

#### A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Mosquito Abatement District. The Mosquito Abatement District's services include eradicating biting arthropods.

#### B. Component Units

Component units are legally separate organizations for which the Mosquito Abatement District is financially accountable. The Mosquito Abatement District is financially accountable for an organization if the Mosquito Abatement District appoints a voting majority of the organization's governing board and (1) the Mosquito Abatement District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Mosquito Abatement District is legally entitled to or can otherwise access the organization's resources; or the Mosquito Abatement District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Mosquito Abatement District, are accessible to the Mosquito Abatement District and are significant in amount to the Mosquito Abatement District. The Mosquito Abatement District has no component units.

### **Note 2 – Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. Following are the more significant of the Mosquito Abatement District's accounting policies.

#### ***Basis of Presentation***

The Mosquito Abatement District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Mosquito Abatement District as a whole. These statements include the

**Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Mosquito Abatement District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The District has no business-type activities.

The statement of net position presents the cash and investment balances of the governmental activities of the Mosquito Abatement District at year end. The statement of activities compares disbursements with program receipts for each of the Mosquito Abatement District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Mosquito Abatement District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a *modified* cash basis or draws from the Mosquito Abatement District's general receipts.

***Fund Financial Statements*** During the year, the Mosquito Abatement District segregates transactions related to certain Mosquito Abatement District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Mosquito Abatement District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The only fund of the District is the General Fund.

***Fund Accounting***

The Mosquito Abatement District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Mosquito Abatement District are in the governmental category.

***Governmental Funds*** The Mosquito Abatement District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the Mosquito Abatement District's only major governmental fund.

***General*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Mosquito Abatement District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting***

The Mosquito Abatement District's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Mosquito Abatement District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Mosquito Abatement District are described in the appropriate section in this note.

As a result of the use of this *modified* cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Mosquito Abatement District may appropriate.

The appropriation resolution is the Mosquito Abatement District's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Mosquito Abatement District. The legal level of control has been established at the fund and function level for all funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts originally approved by the Board of Directors. The amounts reported as the final budgeted amounts on the budgetary statements reflect amendments approved by the Board of Directors.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Mosquito Abatement District during the year.

***Cash and Investments***

To improve cash management, cash received by the Mosquito Abatement District is pooled. Monies for all funds are maintained in this pool. If the Mosquito Abatement District had investment with a maturity greater than 90 days they would be segregated on the financial statements.

## **Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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### **Note 2 – Summary of Significant Accounting Policies (continued)**

#### ***Restricted Assets***

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

#### ***Inventory and Prepaid Items***

The Mosquito Abatement District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

#### ***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

#### ***Employer Contributions to Cost-Sharing Pension Plans***

The Mosquito Abatement District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

#### ***Long-Term Obligations***

The Mosquito Abatement District's *modified* cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

#### ***Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Mosquito Abatement District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

## Barberton-Norton Mosquito Abatement District

Summit County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2014

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### Note 2 – Summary of Significant Accounting Policies (continued)

#### *Fund Balance*

Fund balance is divided into five classifications based primarily on the extent to which the Mosquito Abatement District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Mosquito Abatement District Trustees. Those committed amounts cannot be used for any other purpose unless the Mosquito Abatement District Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Mosquito Abatement District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Mosquito Abatement District Trustees or a Mosquito Abatement District official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Mosquito Abatement District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## **Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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### **Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than fund balance (*modified* cash basis). There were no outstanding encumbrances at year end.

### **Note 4 – Maintenance Assessments**

Special assessments become a lien on January 1 preceding the October 1 date for which the Mosquito Abatement District adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property assessments on behalf of the District.

### **Note 5 – Risk Management**

The Mosquito Abatement 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. During 2014, the Mosquito Abatement District contracted with Frankenmuth Insurance for property and automobile insurance coverage.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Mosquito Abatement District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

### **Note 6 – Defined Benefit Pension Plan**

#### ***Ohio Public Employees Retirement System***

Plan Description – The Mosquito Abatement District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan.

## **Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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### **Note 6 – Defined Benefit Pension Plan (continued)**

#### ***Ohio Public Employees Retirement System (continued)***

Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. For the year ended December 31, 2014, members in the state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The Mosquito Abatement District's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2 percent. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent. Employer contribution rates are actuarially determined.

The Mosquito Abatement District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$8,162, \$7,716, and \$6,092, respectively; the full amount has been contributed for 2014, 2013 and 2012.

### **Note 7 - Postemployment Benefits**

#### ***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

## **Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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### **Note 7 - Postemployment Benefits (continued)**

#### ***Ohio Public Employees Retirement System (continued)***

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2 percent for calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent for calendar year 2014.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**Barberton-Norton Mosquito Abatement District**

*Summit County, Ohio*

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2014*

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**Note 8 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Mosquito Abatement District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the General Fund is presented below:

<u>Fund Balances</u>	<u>General</u>
<b>Unassigned</b>	<u>\$187,825</u>
<i>Total Fund Balances</i>	<u><u>\$187,825</u></u>

**Note 9 – Leases**

The Mosquito Abatement District leases buildings, vehicles and other equipment under non-cancelable leases. The Mosquito Abatement District disbursed \$7,926 to pay lease costs for the year ended December 31, 2014. There are no future lease payments.

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Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Barberton-Norton Mosquito Abatement District  
Summit County  
104 Third Street NW  
Suite 205  
Barberton, Ohio 44203

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, and the major fund of the Barberton-Norton Mosquito Abatement District, Summit County (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 2, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
May 2, 2016



# Dave Yost • Auditor of State

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 2, 2016**