

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

SUMMIT COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2015





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, 2015 through December 31, 2015. 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, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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, 2015, 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, during 2015, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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, 2015
Unaudited

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, 2015, 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 2015 are as follows:

- Net Position increased \$35,534. The increase is attributable to revenue exceeding expectations.
- The Mosquito Abatement District had \$279,388 in disbursements during 2015.

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, 2015
Unaudited

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 2015, 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, 2015
Unaudited

The Mosquito Abatement District as a Whole

Table 1 provides a summary of the Mosquito Abatement District's net position for 2015 compared to 2014 on a modified cash basis:

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

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$223,359</u>	<u>\$187,825</u>	<u>\$35,534</u>
Total Assets	<u>223,359</u>	<u>187,825</u>	<u>35,534</u>
Net Position			
Unrestricted	<u>223,359</u>	<u>187,825</u>	<u>35,534</u>
Total Net Position	<u>\$223,359</u>	<u>\$187,825</u>	<u>\$35,534</u>

As mentioned previously, net position increased \$35,534. The increase is attributable to revenue exceeding expectations.

Table 2 reflects the change in net position in 2015 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, 2015
Unaudited

**Table 2
Changes in Net Position**

	Governmental Activities		
	2015	2014	Change
Receipts			
General Receipts			
Property Taxes Levied for			
General Mosquito District Purposes	312,104	320,387	(8,283)
Earnings on Investments	201	157	44
Miscellaneous	2,617	4,463	(1,846)
Total General Receipts	<u>314,922</u>	<u>325,007</u>	<u>(10,085)</u>
Total Receipts	<u>314,922</u>	<u>325,007</u>	<u>(10,085)</u>
Disbursements			
Administration	81,088	69,381	11,707
General Government	191,936	206,341	(14,405)
Capital Outlay	6,364	5,412	952
Total Disbursements	<u>279,388</u>	<u>281,134</u>	<u>(1,746)</u>
Change in Net Position	35,534	43,873	(8,339)
Net Position Beginning of Year	<u>187,825</u>	<u>143,952</u>	<u>43,873</u>
Net Position End of Year	<u><u>\$223,359</u></u>	<u><u>\$187,825</u></u>	<u><u>\$35,534</u></u>

In 2015, 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 2015 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, 2015
Unaudited

**Table 3
Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Administration	\$81,088	\$81,088	\$69,381	\$69,381
General Government	191,936	191,936	206,341	206,341
Capital Outlay	6,364	6,364	5,412	5,412
Totals	\$279,388	\$279,388	\$281,134	\$281,134

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 2015, the Mosquito Abatement District's governmental funds reported total ending fund balances of \$223,359. 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 2015, unassigned fund balance in the general fund was \$223,359. 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 79.9% of the total general fund expenditures.

Expenditures exceeded revenues in the general fund by \$35,534 in 2015.

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 2015, 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, 2015
Unaudited

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, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$223,359</u>
<i>Total Assets</i>	<u><u>\$223,359</u></u>
Net Position	
Unrestricted	<u>\$223,359</u>
<i>Total Net Position</i>	<u><u>\$223,359</u></u>

See accompanying notes to the basic financial statements

BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT

Summit County, Ohio

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2015

	<u>Cash</u> <u>Disbursements</u>	<u>Net (Disbursements) Receipts</u> <u>and Changes in Net Position</u>
		<u>Governmental</u> <u>Activities</u>
Governmental Activities		
Current:		
Administration	\$81,088	(\$81,088)
General Government	191,936	(191,936)
Capital Outlay	<u>6,364</u>	<u>(6,364)</u>
<i>Total Governmental Activities</i>	<u><u>\$279,388</u></u>	<u><u>(279,388)</u></u>
General Receipts:		
Property Taxes Levied for:		
General Purposes		312,104
Earnings on Investments		201
Miscellaneous		<u>2,617</u>
Total General Receipts		<u>314,922</u>
<i>Change in Net Position</i>		35,534
<i>Net Position Beginning of Year</i>		<u>187,825</u>
<i>Net Position End of Year</i>		<u><u>\$223,359</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, 2015

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$223,359</u>
<i>Total Assets</i>	<u><u>\$223,359</u></u>
Fund Balances	
Unassigned	<u>\$223,359</u>
<i>Total Fund Balances</i>	<u><u>\$223,359</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, 2015

	<u>General</u>
Receipts	
Property and Other Local Taxes	\$312,104
Earnings on Investments	201
Miscellaneous	2,617
	<hr/>
<i>Total Receipts</i>	314,922
	<hr/>
Disbursements	
Current:	
Administration	81,088
General Government	191,936
Capital Outlay	6,364
	<hr/>
<i>Total Disbursements</i>	279,388
	<hr/>
<i>Net Change in Fund Balances</i>	35,534
	<hr/>
<i>Fund Balances Beginning of Year</i>	187,825
	<hr/>
<i>Fund Balances End of Year</i>	\$223,359
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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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$302,000	\$312,105	\$312,104	(\$1)
Earnings on Investments	100	200	201	1
Miscellaneous	0	2,650	2,617	(33)
<i>Total Receipts</i>	<u>302,100</u>	<u>314,955</u>	<u>314,922</u>	<u>(33)</u>
Disbursements				
Current:				
Administration	85,000	89,100	81,088	8,012
General Government	219,250	209,150	191,936	17,214
Capital Outlay	1,500	7,500	6,364	1,136
<i>Total Disbursements</i>	<u>305,750</u>	<u>305,750</u>	<u>279,388</u>	<u>26,362</u>
<i>Net Change in Fund Balance</i>	(3,650)	9,205	35,534	26,329
<i>Fund Balance Beginning of Year</i>	<u>187,825</u>	<u>187,825</u>	<u>187,825</u>	-
<i>Fund Balance End of Year</i>	<u>\$184,175</u>	<u>\$197,030</u>	<u>\$223,359</u>	<u>\$26,329</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, 2015

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, 2015

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 fund 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, 2015

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, 2015

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, 2015

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, 2015

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. 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 2015, 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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial

Barberton-Norton Mosquito Abatement District

Summit County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2015

Note 6 - Defined Benefit Pension Plan (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Barberton-Norton Mosquito Abatement District

Summit County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2015

Note 6 - Defined Benefit Pension Plan (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u><u>14.0 %</u></u>
Employee	<u><u>10.0 %</u></u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$9,611 for year 2015.

Barberton-Norton Mosquito Abatement District

Summit County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2015

Note 7 – 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>
Unassigned (Deficit)	<u>\$223,359</u>
<i>Total Fund Balances</i>	<u><u>\$223,359</u></u>

Note 8 – Change in Accounting Principle

For 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure and establishes footnote disclosures. The implementation of this pronouncement had no effect on the net position of the District.

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

**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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 2, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*.

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**