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**ST. TAMMANY PARISH MOSQUITO  
ABATEMENT DISTRICT NO. 2**  
Slidell, Louisiana  
Component Unit Financial Statements  
and Independent Auditor's Report  
As of and for the Year Ended  
December 31, 1995

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of the  
St. Tammany Parish Mosquito Abatement District No. 2  
A Component Unit of the St. Tammany Parish Police Jury  
Slidell, Louisiana

I have audited the accompanying component unit financial statements of the St. Tammany Parish Mosquito Abatement District No. 2, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1995, as listed in the table of contents. These component unit financial statements are the responsibility of the management of the St. Tammany Mosquito Abatement District No. 2. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Mosquito Abatement District No. 2 as of December 31, 1995, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated May 3, 1996 on my consideration of the St. Tammany Parish Mosquito Abatement District No. 2's internal control structure and a report dated May 3, 1996 on its compliance with laws and regulations. Both reports are presented separately after the notes to the financial statements of this audit report.



Keith J. Rovira  
Certified Public Accountant

May 3, 1996

COMPONENT UNIT FINANCIAL STATEMENTS

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
 Slidell, Louisiana  
 Balance Sheet - All Fund Types and Account Groups  
 December 31, 1995

Statement A

	<u>Governmental Fund - General Fund</u>	<u>Account Group - General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and cash equivalents (Note C)	\$114,128	-	\$114,128
Investments (Note D)	3,015,904	-	3,015,904
Receivables (Note E)	1,545,068	-	1,545,068
Inventory (Note A.8.)	214,871	-	214,871
Buildings, improvements and equipment (Note F)	<u>-</u>	<u>\$1,110,182</u>	<u>1,110,182</u>
TOTAL ASSETS	<u>\$4,889,971</u>	<u>\$1,110,182</u>	<u>\$6,000,153</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
Liabilities:			
Accounts payable and accrued expenses	\$20,205	-	\$20,205
Ad valorem tax deductions payable	<u>47,973</u>	<u>-</u>	<u>47,973</u>
Total Liabilities	<u>68,178</u>	<u>-</u>	<u>68,178</u>
Equity and Other Credits:			
Investment in general fixed assets	-	\$1,110,182	1,110,182
Fund balances:			
Reserved for inventory	214,871	-	214,871
Unreserved-undesignated	<u>4,606,922</u>	<u>-</u>	<u>4,606,922</u>
Total Equity and Other Credits	<u>4,821,793</u>	<u>1,110,182</u>	<u>5,931,975</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$4,889,971</u>	<u>\$1,110,182</u>	<u>\$6,000,153</u>

The accompanying notes are an integral part of this statement.

**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2**  
 Slidell, Louisiana  
 Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Governmental Fund - General Fund  
 For the Year Ended December 31, 1995

Statement B

REVENUES

Ad valorem taxes (net)	\$1,559,119
Intergovernmental revenue - state revenue sharing	127,953
Interest earnings	89,682
Contracted services	24,985
Other revenues	<u>10,894</u>
 Total Revenues	 <u>1,812,633</u>

EXPENDITURES

Salaries and related payroll taxes	541,147
Employer's retirement contributions	38,626
Other employee benefits	29,686
Insurance	143,993
Materials and supplies:	
Chemicals	287,901
Field and laboratory	27,566
Office	10,212
Utilities and telephone	10,657
Repairs and maintenance	72,689
Travel	12,759
Gas, oil and grease	37,633
Professional services	20,525
Public information	71
Capital outlay - equipment purchases and building improvements	58,587
Deductions from ad valorem taxes for retirement system	<u>47,973</u>
 Total Expenditures	 <u>1,340,025</u>
 Excess of Revenues over Expenditures	 <u>472,608</u>

OTHER FINANCING SOURCES

Sale of equipment	<u>3,000</u>
 Total Other Financing Sources	 <u>3,000</u>
 Excess of Revenues and Other Financing Sources over Expenditures	 475,608
 Fund Balance at Beginning of Year	 <u>4,346,185</u>
 Fund Balance at End of Year	 <u>\$4,821,793</u>

The accompanying notes are an integral part of this statement.

**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2**  
 Slidell, Louisiana  
 Statement of Receipts, Disbursements and  
 and Changes in Cash Balance - Budget  
 (Cash Basis) and Actual - General Fund  
 For the Year Ended December 31, 1995

	Statement C		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>RECEIPTS</b>			
Ad valorem taxes	\$1,460,000	\$1,562,597	\$102,597
Intergovernmental revenue - state revenue sharing	140,000	134,049	(5,951)
Interest earnings	60,000	89,682	29,682
Other revenues	<u>-</u>	<u>38,879</u>	<u>38,879</u>
Total Receipts	<u>1,660,000</u>	<u>1,825,207</u>	<u>165,207</u>
<b>DISBURSEMENTS</b>			
Salaries and related payroll taxes	565,575	545,997	19,578
Employer's retirement contributions	51,400	38,626	12,774
Other employee benefits	22,200	24,393	(2,193)
Insurance	159,650	145,518	14,132
Materials and supplies:			
Chemicals	308,850	325,299	(16,449)
Field and laboratory	8,790	19,589	(10,799)
Office	9,590	10,182	(592)
Utilities and telephone	14,500	10,516	3,984
Repairs and maintenance	82,330	71,015	11,315
Travel	14,500	12,459	2,041
Gas, oil and grease	48,200	36,817	11,383
Professional services	16,350	20,251	(3,901)
Public information	1,000	71	929
Aerial operations	10,300	6,392	3,908
Capital outlay - equipment purchases and building improvements	<u>150,445</u>	<u>60,286</u>	<u>90,159</u>
Total Disbursements	<u>1,463,680</u>	<u>1,327,411</u>	<u>136,269</u>
Excess of Receipts over Disbursements	196,320	497,796	301,476
Cash, Cash Equivalents and Investments Balances at Beginning of Year	<u>2,632,236</u>	<u>2,632,236</u>	<u>-</u>
Cash, Cash Equivalents and Investments Balances at End of Year	<u>\$2,828,556</u>	<u>\$3,130,032</u>	<u>\$301,476</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2**  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

INTRODUCTION

The St. Tammany Parish Mosquito Abatement District No. 2 was created by the St. Tammany Parish Police Jury as provided by Louisiana Revised Statute 33:7721-7728. The district is governed by a board of five commissioners who are appointed by the St. Tammany Parish Police Jury. These members are authorized to operate facilities for the abatement, control, eradication and study of mosquitos and other arthropods of public health importance, and all activities incidental thereto. The district services Wards Eight and Nine of St. Tammany Parish. As a result of the October 16, 1993 referendum, taxpayers of Wards Three, Four, Seven and a portion of Two elected to be included in the service area of the district beginning on January 1, 1994.

To fulfill these responsibilities, the mosquito abatement district has established procedures for collecting and analyzing mosquito population data and determining the most appropriate control methods. The district uses only environmentally sound and scientifically proven methods supported by professional entomologists nationwide. The mosquito abatement district has also developed special programs, including the disease vector surveillance program designed to detect the presence of encephalitis and dengue fever viral activity and insecticide resistance studies.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying component unit financial statements of the St. Tammany Parish Mosquito Abatement District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. Reporting Entity

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

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Even though the district operates independently of the police jury, the exclusion from the police jury's financial statements would cause the police jury's financial statements to be misleading or incomplete. Also, the police jury's ability to impose its will on the district is indicated by the ability to remove appointed members of the district's board at will. Because of these reasons, the district is determined to be a component unit of the St. Tammany Parish Police Jury.

3. Fund Accounting

The district uses a fund (General Fund) and an account group (General Fixed Assets Account Group) to report on its financial position and the results of its operations.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The General Fund of the district is classified as a governmental fund. The governmental fund accounts for the district's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general fixed assets. The General Fund is the general operating fund of the district, and it accounts for all financial resources.

4. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. The operating statements of the General Fund present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues:

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed.

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest earnings on time deposits and investments are recorded when the time deposits and investments have matured and the interest is available.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Substantially all other revenues are recorded when received.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources:

Revenues received from the sale of equipment are accounted for as other financing sources. The revenue is recorded when received.

5. Budgets

The St. Tammany Parish Mosquito Abatement District No. 2 adopts an annual budget for the General Fund. Budget practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget.

A summary of the proposed budget and notice of the planned public hearing were published in the official journal on November 1, 1994. The public hearing on the proposed budget was held on November 16, 1994. The proposed budget was legally adopted by resolution on November 16, 1994.

All appropriations included in the budget lapse at year end, and any accounts payable outstanding at year end are included in the next year's budget with funds appropriated in that year to finance them. Monthly comparisons between budget and actual amounts are made and reviewed by the board of commissioners. The board reserves all authority to amend the budget.

The mosquito abatement district's policy is to prepare its budget using the cash basis of accounting, which recognizes revenues as they are received rather than when they are earned, and expenditures as the cash is disbursed rather than when the expenditure is incurred. This basis of accounting is consistent with the basis used for record keeping purposes. The accompanying statements present comparisons of the legally adopted budget with actual data on the cash basis. Since accounting principles for purposes of developing data on a cash basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
 Slidell, Louisiana  
 Notes to the Financial Statements  
 December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

differences in the excess of revenues (receipts) over expenditures (disbursements) for the year ended December 31, 1995 is presented below:

Excess of receipts over disbursements and other uses (budgetary basis) - Statement C	\$497,796
Adjustments:	
Revenue receivables -	
Ad valorem taxes	(53,461)
State revenue sharing	(6,096)
Expenditure payables -	
Accounts payable and accrued liabilities	153,790
Deductions from ad valorem taxes	2,011
Inventory increase (decrease)	<u>(118,432)</u>
Excess of revenues and other financing sources over expenditures (GAAP basis) - Statement B	<u>\$475,608</u>

6. Encumbrances

The district does not employ encumbrance accounting.

7. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposit accounts and an interest bearing money market account. Cash equivalents include amounts in time deposits. Under state law, the district may deposit funds in demand deposit accounts, interest bearing demand deposits, money market accounts and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the district may invest in United States bonds, treasury notes or certificates.

All investments are stated at cost.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

Inventories are valued at cost. Inventories consist of chemical, field, shop and laboratory supplies, vehicle and aviation fuel. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories at year end are equally offset by fund balance reserves. Inventory at December 31, 1995 was \$214,871, which was determined using the FIFO method (first-in, first-out).

9. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized and reported in the general fixed assets account group. Construction period interest is immaterial and is not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

10. Annual and Sick Leave

The mosquito abatement district's employees earn annual leave at varying rates according to their years of service. Unused annual leave must be taken during the year earned. Upon termination from employment, employees are paid for any unused annual leave earned during the year. The cost of current annual leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken or paid upon termination.

Full-time, permanent employees are granted five days of "regular" sick leave on January 1st of each year. Three days of unused regular sick leave may be carried to the following year with a limit of ten regular sick leave days at the beginning of each year. In addition, 15 days of "extended" sick leave is granted to each employee on January 1st of each year, and is to be used only when the employee is either hospitalized or under a doctor's care for five days or more. Unused extended sick leave cannot be carried over to the following year. Upon termination from employment, employees are not paid for any unused sick leave earned during the year.

There are no accumulated and vested leave benefits required to be reported in accordance with GASB Codification Section C60.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Total Column on Balance Sheet

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - LEVIED TAXES

The mosquito abatement district is authorized to levee up to 9.0 mills in ad valorem taxes. It has levied 5.50 mills ad valorem taxes for the year ended December 31, 1995. This tax is for the operation and maintenance of the district.

The following are the 10 largest principal taxpayers for the district:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>1995 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Central Louisiana Electric Corp.	Power Company	\$19,703,300	3.41%
South Central Bell	Telephone Company	16,590,700	2.88%
Epic Development	Development Company	3,344,500	.58%
Foxmeyer Drugs	Drug Distributor	3,037,100	.53%
First Bank	Bank	2,618,500	.45%
Louisiana Gas Service	Gas Company	2,539,300	.44%
Sizeler North Shore, Ltd.	Merchandise	2,346,100	.41%
Hibernia National Bank	Bank	2,346,000	.41%
First National Bank of Commerce	Bank	2,341,700	.41%
Northshore Regional Medical Center	Medical Facility	<u>1,936,500</u>	<u>.34%</u>
Total		<u>\$56,803,700</u>	<u>9.86%</u>

The total assessed valuation for all taxpayers at December 31, 1995 was \$577,055,816. This figure was used in calculating the percentage of the "1995 assessed valuation of each of the ten largest taxpayers" to the "total assessed valuation for all taxpayers."

**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2**  
 Slidell, Louisiana  
 Notes to the Financial Statements  
 December 31, 1995

NOTE C - CASH AND CASH EQUIVALENTS

At December 31, 1995, the carrying amounts (book balances) of all cash and cash equivalents of the mosquito abatement district totaled \$114,128, and are listed as follows:

Petty cash	\$50
Demand deposits	8,860
Money market	6,218
Time deposits	<u>99,000</u>
Total	<u>\$114,128</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the district had \$123,836 in deposits (collected bank balances). These deposits were secured from risk by \$123,836 of federal depository insurance.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.



**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2**  
 Slidell, Louisiana  
 Notes to the Financial Statements  
 December 31, 1995

NOTE D - INVESTMENTS

At December 31, 1995, the mosquito abatement district held the following types of investments:

<u>Type of Investment</u>	<u>Cost/ Carrying Amount</u>	<u>Market Value</u>
U. S. Strips	\$141,337	\$155,879
U. S. Treasury Strips	1,397,958	1,538,752
U. S. Treasury Note	199,544	200,000
Federal Home Loan Mortgage Corp.	200,500	198,280
Federal Farm Credit Banks	399,194	399,594
Federal Home Loan Bank	188,684	197,818
Louisiana Asset Management Pool	<u>488,687</u>	<u>488,687</u>
Total	<u>\$3,015,904</u>	<u>\$3,179,010</u>

These investments are in the name of the fiscal agent bank and are held in its trust department. Because the investments are not in the name of the district and are not held by the district or its agent, the investments are considered uninsured and unregistered (GASB Category 3) in applying the credit risk of GASB Codification Section 150.164.

NOTE E - RECEIVABLES

The following is a summary of receivables at December 31, 1995:

Ad valorem taxes	\$1,570,304
Less: Estimated uncollectible (7%)	<u>(109,921)</u>
Net ad valorem taxes	1,460,383
State revenue sharing	<u>84,685</u>
Total	<u>\$1,545,068</u>

The district has budgeted 7% of the revenue from ad valorem tax assessments as uncollectible.

**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2**  
 Slidell, Louisiana  
 Notes to the Financial Statements  
 December 31, 1995

NOTE F - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Buildings and Improvements</u>	<u>Equipment</u>	<u>Total</u>
Balance, January 1, 1995	\$288,514	\$806,860	\$1,095,374
Additions	-	60,686	60,686
Deletions	-	(45,878)	(45,878)
Balance, December 31, 1995	<u>\$288,514</u>	<u>\$821,668</u>	<u>\$1,110,182</u>

NOTE G - PENSION PLAN

Plan Description

Substantially all employees of St. Tammany Parish Mosquito Abatement District No. 2 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined pension benefit plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of the member's final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only, prior to January 1, 1980, the benefit is equal to one per cent of the final-average salary plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE G - PENSION PLAN (CONTINUED)

withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy

Under Plan A, members of the System are required to contribute 9.5% of their annual covered salary and the district is required to make employer contributions at an actuarially determined rate. The employer's contribution rate for the year ended December 31, 1995 is 8.0% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The district's employer contributions to the System under Plan A for the years ended December 31, 1995, 1994 and 1993, were \$38,626, \$33,698 and \$30,768, respectively, and these amounts equaled the required contributions for each year.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2  
Slidell, Louisiana  
Notes to the Financial Statements  
December 31, 1995

NOTE H - LEASES

On September 1, 1979, the mosquito abatement district entered into a ten-year operating lease with the City of Slidell for the land on which its facility is located. The lease provides for an annual rental of \$1 per year with renewal options for additional ten-year periods until terminated by the lessor. The lease was renewed in 1989 for an additional ten years. There are no other operating or capital leases at December 31, 1995.

NOTE I - JOINT AGREEMENT

In 1978, the mosquito abatement district entered into a joint agreement for mosquito control with the National Aeronautics Space Administration (NASA), National Space Technology Laboratories (NSTL). Under the terms of the agreement, which is renewed annually, NASA/NSTL provides funding to the district for chemicals and insecticides in the amount of \$10,000 to conduct a fogging and misting mosquito control program.

NOTE J - LITIGATION AND CLAIMS

At December 31, 1995, there was no litigation or claim pending against the district.

OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners of the  
St. Tammany Parish Mosquito Abatement District No. 2  
A Component Unit of the St. Tammany Parish Police Jury  
Slidell, Louisiana

I have audited the component unit financial statements of the St. Tammany Parish Mosquito Abatement District No. 2, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 3, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The St. Tammany Parish Mosquito Abatement District No. 2 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures

may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In planning and performing my audit of the component unit financial statements of the St. Tammany Parish Mosquito Abatement District No. 2, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves a matter coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted that, as a material weakness, the size of the St. Tammany Parish Mosquito Abatement District No. 2's operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control, although to employ such controls may not be cost beneficial. This condition was considered in determining the nature, timing and extent of the procedures to be performed in my audit of the financial statements of the St. Tammany Parish Mosquito Abatement District No. 2 for the year ended December 31, 1995.

This report is intended solely for the use of management and the State of Louisiana Legislative Auditor and should not be used for

any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Louisiana Legislative Auditor, is a matter of public record.

A handwritten signature in cursive script that reads "Keith J. Rovira". The signature is written in black ink and is positioned above the typed name and title.

Keith J. Rovira  
Certified Public Accountant

May 3, 1996



KEITH J. ROVIRA  
CERTIFIED PUBLIC ACCOUNTANT  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
LAWS AND REGULATIONS BASED ON AN AUDIT OF COMPONENT UNIT  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners of the  
St. Tammany Parish Mosquito Abatement District No. 2  
A Component Unit of the St. Tammany Parish Police Jury  
Slidell, Louisiana

I have audited the component unit financial statements of the St. Tammany Parish Mosquito Abatement District No. 2, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 3, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the St. Tammany Parish Mosquito Abatement District No. 2 is the responsibility of the St. Tammany Parish Mosquito Abatement District No. 2. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the St. Tammany Parish Mosquito Abatement District No. 2's compliance with certain provisions of laws, regulations and contracts. However, the objective of my audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the use of management and the State of Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the State of Louisiana Legislative Auditor, is a matter of public record.

*Keith J. Rovira*

Keith J. Rovira  
Certified Public Accountant

May 3, 1996

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