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ST. TAMMANY PARISH BOARDS
APARTMENT DISTRICT NO. 2
Slidell, Louisiana
Component Unit: Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 1956

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, copy and other appropriate public officials. This report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: ALC 6-6-1957

KATH J. BOYER
Certified Public Accountant

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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
Minden, 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, 1998, 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, 1998, 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 18, 1999 on my consideration of the St. Tammany Parish Mosquito Abatement District No. 2's internal control structure and a report dated May 18, 1999 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. Powers

Keith J. Powers
Certified Public Accountant

May 18, 1999

COMBINED UNIT FINANCIAL STATEMENTS

ST. THERMAY PARISH HOUSING AUTHORITY DISTRICT NO. 2
 Nibell, Louisiana
 Balance Sheet - All Fund Types and Account Groups
 December 31, 1996

Statement A

	Governmental Fund - General Fund	Account Group - General Fixed Assets	Total (Memorandum Only)
ASSETS			
Cash and cash equivalents (Note C)	\$238,948	-	\$238,948
Investments (Note D)	3,228,307	-	3,228,307
Receivables (Note E)	3,389,483	-	3,389,483
Inventory (Note A.8.1)	320,354	-	320,354
Buildings, improvements and equipment (Note F)	_____	\$1,235,555	1,235,555
TOTAL ASSETS	\$6,885,880	\$1,235,555	\$8,121,435
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable and accrued expenses	\$29,006	-	\$29,006
Ad valorem tax deductions payable	43,714	_____	43,714
TOTAL Liabilities	\$7,212	-	\$7,212
Equity and Other Credits:			
Investment in general fixed assets	-	\$1,235,555	1,235,555
Fund balances:			
Reserved for inventory	320,354	-	320,354
Unreserved-undesignated	4,582,013	_____	4,582,013
Total Equity and Other Credits	5,812,311	1,235,555	6,247,866
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$6,885,880	\$1,235,555	\$8,121,435

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, 1996

Statement B

REVENUES

Ad Valorem taxes (net)	\$1,482,948
Intergovernmental revenue -	
State revenue sharing	90,733
Interest earnings	163,787
Contracted services	4,684
Other revenues	<u>14,284</u>
Total Revenues	1,731,883

EXPENDITURES

Salaries and related payroll taxes	663,611
Employee's retirement contributions	47,893
Other employee benefits	28,583
Insurance	139,161
Materials and supplies:	
Chemicals	165,718
Field and laboratory	19,869
Office	8,190
Utilities and telephone	13,156
Repairs and maintenance	64,749
Travel	13,600
Gas, oil and grease	38,437
Professional services	17,283
Public information	26
Capital outlay - equipment purchases and building improvements	188,443
Deductions from ad valorem taxes for retirement system	<u>42,714</u>
Total Expenditures	1,549,619
Excess of Revenues over Expenditures	<u>182,264</u>

OTHER FINANCING SOURCES

Sale of equipment	<u>1,639</u>
Total Other Financing Sources	<u>1,639</u>

Excess of Revenues and Other Financing Sources over Expenditures	184,903
Fund Balance at Beginning of Year	3,821,792
Fund Balance at End of Year	<u>4,012,371</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Michoud, Louisiana
 Statement of Receipts, Disbursements and
 and Changes in Cash Balance - Budget
 (Cash Basis) and Actual - General Fund
 For the Year Ended December 31, 1990

Statement C		Variance Favorable (Unfavorable)	
	Budget	Actual	
RECEIPTS			
Ad valorem taxes	\$1,432,935	\$1,528,917	\$96,042
Intergovernmental revenue - state revenue sharing	198,000	117,330	(17,430)
Interest earnings	125,000	163,787	38,787
Other revenues	30,000	27,513	(2,487)
Total Receipts	1,785,935	1,837,557	151,622
DISBURSEMENTS			
Salaries and related payroll taxes	579,417	664,861	11,916
Employer's retirement contributions	26,100	47,898	5,483
Other employee benefits	27,300	28,880	(1,280)
Insurance	184,910	140,511	(44,399)
Merchandise and supplies:			
Chemicals	356,200	398,076	(34,375)
Field and laboratory	8,275	3,878	4,305
Office	11,480	8,828	2,600
utilities and telephone	14,500	13,298	1,200
Repairs and maintenance	89,080	83,188	5,894
Travel	18,000	12,982	3,018
Gas, oil and grease	48,378	30,880	6,288
Professional services	17,560	17,580	(20)
Public information	3,000	26	2,974
social operations	8,000	6,888	1,112
capital outlay - equipment purchases and building improvements	334,810	328,922	5,888
Total Disbursements	1,573,847	1,823,486	249,361
Excess of Receipts over disbursements	212,088	13,071	199,017
Cash, Cash Equivalents and Investments Balances at beginning of Year	2,130,032	2,138,882	8,850
Cash, Cash Equivalents and Investments Balances at End of Year	\$2,342,120	\$2,151,953	\$190,167

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 3
 Slidell, Louisiana
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 1994

INTRODUCTION

The St. Tammany Parish Mosquito Abatement District No. 3 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 mosquitoes 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. 3 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, 1994

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 financially 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, 1994

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, 1984

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 was published in the official journal on November 7, 1985. The public hearing on the proposed budget was held on November 20, 1985. The proposed budget was legally adopted by resolution on November 26, 1985.

An amendment to the original budget was published in the official journal on June 7, 1986. The amendment was for the purchase of an airplane hangar facility and an addition to the same facility for an estimated cost of \$100,000. The public hearing on the proposed amended budget was held on June 15, 1986. The proposed amended budget was legally adopted by resolution on June 18, 1986.

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 accounts 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

ST. TAMMANT PARISH RECEIPTS STATEMENT DISTRICT NO. 2
 Midcull, Louisiana
 Notes to the Financial Statements
 December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 differences in the excess of revenues (receipts) over expenditures (disbursements) for the year ended December 31, 1996 is presented below:

Excess of receipts over disbursements and other uses (budgetary basis) - Statement C	\$316,323
Adjustments:	
Revenue receivables -	
Ad valorem taxes	(134,988)
State revenue sharing	(20,599)
Expenditure payables -	
Accounts payable and accrued liabilities	(8,880)
Deductions from ad valorem taxes	4,359
Inventory increases	5,483
Excess of revenues and other financing sources over expenditures (GAAP basis) - Statement B	\$150,518

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

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

offices in Louisiana.

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

All investments are stated at cost.

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, 1996 was \$220,984, 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. 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 660, 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

ST. TAMMANY PARISH MOSQUITO STATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 260.

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 statement district is authorized to levy up to 5.0 mills in ad valorem taxes. It has levied a 4.30 mill ad valorem tax for the year ended December 31, 1996. This tax is for the operation and maintenance of the district.

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

Taxpayer	Type of Business	1996 Assessed Valuation	Percentage of Total Assessed Valuation
Central Louisiana Electric Corp.	Power Company	\$20,527,640	6.00%
Wellsbach First National	Telephone Company	16,479,760	4.80%
Bank of Commerce	Bank	6,870,830	2.04%
Epic Development	Development Company	3,878,980	3.08%
Niteland Bank	Bank	3,808,730	3.04%
Walmart Stores	Merchandise	3,309,410	.97%
Roemer Drugs	Drug Distributor	2,817,290	.85%
La. Gas Service	Gas Company	2,811,086	.83%
Sieler North Shore, Ltd.	Merchandise	2,589,688	.76%
Norshore Regional Medical Center	Medical Facility	1,605,118	.48%
Total		<u>\$63,106,638</u>	<u>18.85%</u>

ST. TAMMANY PARISH POLIGNO ADMINISTRATIVE DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1996

NOTE B - LEVIED TAXES (CONTINUED)

The total assessed valuation for all taxpayers at December 31, 1996, was \$342,061,017. This figure was used in calculating the percentage of the "1996 assessed valuation of each of the ten largest taxpayers" to the "total assessed valuation for all taxpayers."

NOTE C - CASH AND CASH EQUIVALENTS

At December 31, 1996, the carrying amounts (book balances) of all cash and cash equivalents of the district totaled \$238,946, and are listed as follows:

Petty cash	\$60
Demand deposits	6,270
Money market	37,826
Time deposits	194,800
Total	<u>\$238,946</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, 1996, the district had \$237,936 in deposits (collected bank balances). These deposits were secured from risk by \$237,804 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, 1996

NOTE D - INVESTMENTS

At December 31, 1996, the mosquito abatement district held the following types of investments:

Type of Investment	Cost/ Carrying Amount	Market Value
U. S. Strips (Financing Corp.)	\$162,389	\$161,763
U. S. Treasury Strips	1,198,598	1,338,141
U. S. Treasury Note	193,544	200,880
Federal Home Loan Mortgage Corp.	208,580	200,880
Federal National Mortgage Assoc.	221,466	223,466
Federal Home Loan Bank	487,820	497,820
Federal Home Loan Bank	189,792	198,192
Federal Farm Credit Banks	138,423	138,823
Louisiana Asset Management Pool	425,855	418,855
Total	\$4,328,367	\$4,368,682

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, 1996:

Ad valorem taxes	\$1,435,923
Less: Estimated uncollectible (7%)	(100,534)
Net ad valorem taxes	1,335,389
State revenue sharing	84,286
Total	\$1,419,675

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

ST. TERRY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Eibdoll, Louisiana
 Notes to the Financial Statements
 December 31, 1994

NOTE F - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows.

	Buildings and Improvements	Equipment	Total
Balance, January 1, 1990	\$208,514	\$825,668	\$1,110,182
Additions	100,100	74,882	174,982
Deletions	-	(139,402)	(139,402)
Balance, December 31, 1994	\$308,702	\$841,048	\$1,235,550

NOTE G - PENSION PLAN

Plan Description

Substantially all employees of St. Terry 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 on 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, 1990, 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, 1990. 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 PARISHWIDE RETIREMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1994

NOTE 2 - 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 70810-4619, or by calling (504) 528-1161.

Funding Policy

Under Plan A, members of the System are required to contribute 5.94 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, 1994 is 7.25% 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 11:183, 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, 1994, 1993 and 1992, were \$36,405, \$38,636, and \$33,698, respectively, and these amounts equaled the required contributions for each year.

ST. TAMMANT PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
Elidell, Louisiana
Notes to the Financial Statements
December 31, 1996

NOTE E - LEASES

On September 1, 1979, the mosquito abatement district entered into a ten-year operating lease with the City of Elidell 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.

On March 29, 1996, the mosquito abatement district entered into a ten-year operating lease with the City of Elidell for the land on which its airplane hangar is located. The lease provides for an annual rental of \$1,000 per year and will expire on March 29, 2006. The district made payments totaling \$1,950 on this lease during 1996.

There are no other operating or capital leases at December 31, 1996.

NOTE F - 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 \$18,000 to conduct a fogging and misting mosquito control program.

NOTE G - LITIGATION AND CLAIMS

There was no litigation or claim pending against the district as of December 31, 1996.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

CERTIFIED PUBLIC ACCOUNTANT
1001 N. STATE ROAD
METairie, LOUISIANA 70002-3097
(504) 885-1000

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
2 Compensal Hall 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, 1996, and have issued my report thereon dated May 10, 1997.

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, 1996, 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 judgment, 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, 1996.

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. Rovina
Certified Public Accountant

May 18, 1997

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAW 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
Bridell, 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, 1996, and have issued my report thereon dated
May 18, 1997.

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. Rowira
Certified Public Accountant

May 18, 1997