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Release Date 7/15/01

KATHI J. BOYDA
 Certified Public Accountant

ST. TAMMANT PARISH MOSQUITO
 ASSESSMENT DISTRICT NO. 2
 Slidell, Louisiana
 General Purpose Financial Statements
 and Independent Auditor's Report
 As of and for the Year Ended
 December 31, 1997

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of the
St. Tammany Parish Mosquito Abatement District No. 3
A Component Unit of the St. Tammany Parish Police Jury
Minden, Louisiana

I have audited the accompanying general purpose financial statements of the St. Tammany Parish Mosquito Abatement District No. 3, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the St. Tammany Mosquito Abatement District No. 3. My responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Mosquito Abatement District No. 3 as of December 31, 1997, 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 April 29, 1998, on my consideration of the St. Tammany Parish Mosquito Abatement District No. 3's compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. This report is presented separately after the note to the financial statements of this audit report.

Keith J. Rovira
Keith J. Rovira
Certified Public Accountant

April 28, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Balance Sheet - All Fund Types and Account Groups
 December 31, 1987

Statement A

	Governmental Fund - General Fund	Account Group - General Fixed Assets	Total (Memorandum Only)
ASSETS			
Cash and cash equivalents (Note C)	\$97,808	-	\$97,808
Investments (Note D)	1,561,854	-	1,561,854
Accrued interest receivable	164,248	-	164,248
Revenue receivables (Note E)	1,557,548	-	1,557,548
Inventory (Note A.8.)	482,969	-	482,969
Buildings, improvements and equipment (Note F)	-	\$1,271,189	1,271,189
TOTAL ASSETS	\$2,864,216	\$1,271,189	\$7,126,015
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable and accrued expenses	\$110,172	-	\$110,172
Ad valorem tax deductions payable	46,827	-	46,827
Total Liabilities	156,999	-	156,999
Equity and Other Credits:			
Investment in general fixed assets	-	\$1,271,189	1,271,189
Fund balances:			
Reserved for inventory	482,969	-	482,969
Unreserved-undesignated	2,024,378	-	2,024,378
Total Equity and Other Credits	2,527,347	1,271,189	6,729,146
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$2,864,216	\$1,271,189	\$7,126,015

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, 1991

Statement B

REVENUES

Ad valorem taxes (net)	\$1,563,494
Intergovernmental revenue -	
state revenue sharing	161,278
interest earnings	237,075
Contracted services	7,122
Other revenues	<u>30,382</u>
Total Revenues	1,999,351

EXPENDITURES

Salaries and related payroll taxes	573,872
Employer's retirement contributions	60,860
Other employee benefits	30,285
Insurance	141,880
Materials and supplies:	
Chemicals	638,829
Field and laboratory	10,937
Office	7,146
Utilities and telephone	18,298
Repairs and maintenance	75,849
Travel	14,738
Gas, oil and grease	41,874
Professional services	30,155
Public information	2,543
capital outlay - equipment purchases	
and building improvements	51,489
Deductions from ad valorem taxes	
for retirement system	<u>68,657</u>
Total Expenditures	1,621,150
Excess of Revenues over Expenditures	378,199

(Continued)

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Eidell, Louisiana
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Governmental Fund - General Fund
 For the Year Ended December 31, 1997

Statement B - Continued

OTHER FINANCIAL SOURCES	
Sale of equipment	\$ _____ 850
Excess of Revenues and Other Financing Sources over Expenditures	288,743
Fund Balance at Beginning of Year, as Previously Reported	\$8,012,371
Restatement (Note E)	<u> 206,823</u>
Fund Balance at Beginning of Year, As Restated	5,219,284
Fund Balance at End of Year	<u>\$5,508,027</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2

Bridell, Louisiana

Statement of Receipts, Disbursements and
and Changes in Cash Balances - Budget
(Cash Basis) and Actual - General Fund
For the Year Ended December 31, 1987

Statement C			Variance
	Budget	Actual	Favorable (Unfavorable)
RECEIPTS			
Id valorem taxes	\$1,388,640	\$1,388,481	\$17,643
Intergovernmental revenue - state revenue sharing	123,000	64,102	(88,898)
Interest earnings	150,000	253,088	103,088
Other revenues	18,000	28,054	10,054
Total Receipts	1,680,640	1,733,725	53,085
DISBURSEMENTS			
Salaries and related payroll taxes	605,851	573,466	32,385
Employer's retirement contributions	54,400	50,860	3,540
Other employee benefits insurance	32,800	30,886	2,914
Materials and supplies: Chemicals	450,650	500,890	(49,440)
Field and laboratory Office	6,390	3,875	2,515
	9,825	8,305	1,520
Utilities and telephone	14,500	13,948	2,552
Repairs and maintenance	92,485	74,619	17,866
Travel	15,500	13,419	2,081
Gas, oil and grease	45,300	43,893	1,407
Professional services	18,668	18,738	(70)
Public information	500	2,543	(2,043)
Special operations	6,900	6,617	(283)
Capital outlay - equipment purchases and building improvements	19,720	42,838	(23,118)
Total Disbursements	1,563,183	1,556,357	6,826
Excess of Receipts over Disbursements	64,479	199,850	129,471
Cash, Cash Equivalents and investments Balances at beginning of Year	1,468,363	1,468,363	-
Cash, Cash Equivalents and investments Balances at end of Year	\$1,532,842	\$1,668,213	\$135,371

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1997

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 33:7921-7928. 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 18, 1981 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, 1984.

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.

Board members serve without compensation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying general purpose 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

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1991

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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, 1997

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 30, 1996. The public hearing on the proposed budget was held on November 30, 1996. The proposed budget was legally adopted by resolution on November 30, 1996.

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

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounting principles, a reconciliation of resultant basis differences in the excess of revenues (receipts) over expenditures (disbursements) for the year ended December 31, 1997 is presented below:

Excess of receipts over disbursements and other uses (budgetary basis) - Statement C	\$193,958
Adjustments:	
Revenue receivables -	
Ad valorem taxes	331,297
state revenue sharing	37,168
accrued interest earnings	142,593
Expenditures payables -	
Accounts payable and accrued liabilities	(200,711)
Deductions from ad valorem taxes	(2,988)
Inventory increase	282,615
Excess of revenues and other financing sources over expenditures (GAAP basis) - Statement B	<u>\$188,283</u>

6. ENCUMBRANCES

The district does not employ encumbrance accounting.

7. Cash, Cash Equivalents and Investments

Cash includes accounts 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1987

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments are recorded in the financial statements at either cost or amortized cost, depending on the type of investment. Amortization of investment discounts totaled \$18,798 for the year ended December 31, 1987. This amount was included in interest earnings because it represents interest revenue that will ultimately be realized when the particular investment matures.

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, 1987 was \$482,640, 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 GARS 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, six 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 ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1997

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 GAAP Codification Section 609.

15. 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 levy up to 5.2 mills in ad valorem taxes. It has levied a 4.25 mill ad valorem tax for the year ended December 31, 1997. This tax is for the operation and maintenance of the district.

The following are the 18 largest principal taxpayers for the district.

Taxpayer	Type of Business	1997 Assessed Valuation	Percentage of Total Assessed Valuation
Central Louisiana Electric Corp.	Power company	\$17,344,830	6.82%
BellSouth	Telephone company	11,959,540	4.81%
First National Bank of Commerce	Bank	6,371,860	2.54%
Epic Development	Development Company	4,172,730	1.66%
Hibernia Bank	Bank	3,581,240	1.42%
LA Gas Service	Gas Company	2,762,598	1.10%
Singer's World Shoes, Ltd.	Merchandise	2,500,850	1.00%
McKesson Corp.	Pharmaceutical	1,902,600	0.76%
Northshore Regional Medical Center	Medical Facility	1,848,350	0.74%
Health Care Prope. Partnership	Medical Facility	1,583,118	0.63%
Total		<u>954,083,924</u>	<u>18.15%</u>

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1997

NOTE B - LEVIED TAXES (CONTINUED)

The total assessed valuation for all taxpayers at December 31, 1997, was \$299,866,242. This figure was used in calculating the percentage of the 1997 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, 1997, the carrying amounts (book balances) of all cash and cash equivalents of the district totaled \$27,885, and are listed as follows:

Petty cash	\$50
Demand deposits	2,934
Money market	1,281
Time deposits	23,620
Total	<u>\$27,885</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits for 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, 1997, the district had \$26,496 in deposits (collected bank balances). These deposits were secured from risk by \$26,496 of Federal Depository Insurance.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 19:1129 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, 1997

NOTE D - INVESTMENTS

At December 31, 1997, the mosquito abatement district held the following types of investments:

Type of Investment	Cost/ Carrying Amount	Market Value
U. S. Treasury Strips	\$229,458	\$491,224
Louisiana Asset Management Pool	386,817	356,817
Federal Home Loan Mortgage Corp.	280,500	300,500
Federal Home Loan Bank	200,313	200,313
Federal National Mortgage Assoc. Financing Corp. Strips	223,466	243,505
Financing Corp. Strips	54,726	58,354
Financing Corp. Strips	107,653	114,866
Financing Corp. Strips	463,444	485,464
Financing Corp. Strips	480,644	487,387
Federal Home Loan Bank	497,300	497,500
Federal National Mortgage Assoc.	246,133	246,133
Federal National Mortgage Assoc.	133,948	133,948
U. S. Treasury Note	<u>300,000</u>	<u>300,000</u>
Total	<u>\$3,161,834</u>	<u>\$4,127,244</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 unsecured and unregistered (GNSS Category 3) in applying the credit risk of GNSS Codification Section 150.304.

NOTE E - RECEIVABLES

The following is a summary of revenue receivables at December 31, 1997:

Ad valorem taxes	\$1,566,136
Less: Estimated uncollectible (7%)	<u>(109,642)</u>
Net ad valorem taxes	1,456,494
State revenue sharing	<u>181,254</u>
Total	<u>\$1,637,748</u>

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

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
 Michoud, Louisiana
 Notes to the Financial Statements
 December 31, 1987

NOTE F - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Buildings and Improvements	Equipment	TOTAL
Balance, January 1, 1987	\$388,787	\$848,848	\$1,237,635
Additions	14,334	34,000	48,334
Deletions	-	(13,482)	(13,482)
Balance, December 31, 1987	\$403,121	\$869,366	\$1,272,487

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 10 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, 1986, 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, 1986. Final-average salary is the employee's average salary over the 16 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 PARISHMENTS MANAGEMENT DISTRICT NO. 2
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1997

NOTE 6 - 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 24619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy

Under Plan A, members of the System are required to contribute 3.50% 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, 1997 is 7.33% 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, 1997, 1996 and 1995, were \$39,683, \$16,485 and \$38,626, 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, 1997

NOTE 2 - 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.

On March 28, 1984, the mosquito abatement district entered into a ten-year operating lease with the City of Slidell for the land on which its airplane hangar is located. On December 2, 1997, the district amended the original lease to extend the term to an additional 10 years, which will expire on March 28, 2018. The lease provides for an annual rental of \$2,800 per year, which the district paid in 1997.

There are no other operating or capital leases at December 31, 1997.

NOTE 3 - JOINT AGREEMENTS

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.

Also, effective October 1, 1993, the district entered into a joint agreement with an agency of the United States government for the use of storage space at the airplane hangar that the district leases from the City of Slidell. In lieu of rent, the district will receive up to \$100 to cover the cost of utilities at the hangar.

NOTE 4 - LITIGATION AND CLAIMS

The district is not a defendant in any lawsuits which would require it to record a liability on its financial statements as of December 31, 1997.

ST. GERMAN PARISH HOUSING STATEMENT DISTRICT NO. 2
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1997

NOTE E - RESTATEMENT OF FUND BALANCE

The fund balance of the General Fund was restated to include amortization of the purchase discount on certain investments of the district that accumulated from prior years totaling \$106,813. As these investments approach maturity a portion of the discount, which amounts to unrealized interest earnings, is actually realized and recorded on the balance sheet as accrued interest receivable and a similar amount is recorded in the statement of revenues, expenditures and changes in fund balance as interest earnings.

SUPPLEMENTAL INFORMATION SCHEDULES

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
Slidell, Louisiana
Supplemental Information Schedule
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1987

Reference No.: 1

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT NO. 2
Slidell, Louisiana
Supplemental Information Schedule
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 1987

Reference No.: 2

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

Contact Person:
Russell Crawford,
Chairman of the Board
Slidell, Louisiana

Anticipated Completion Date: Not applicable.

OTHER REPORT REQUIRED BY
GOVERNMENT ACQUISITION STANDARDS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners of the
St. Tammany Parish Mosquito Abatement District No. 3
A Component Unit of the St. Tammany Parish Police Jury
Middell, Louisiana

I have audited the general purpose financial statements of the St. Tammany Parish Mosquito Abatement District No. 3, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1997, and have issued my report thereon dated April 28, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether the St. Tammany Parish Mosquito Abatement District No. 3's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. Tammany Parish Mosquito Abatement District No. 3's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose

financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving the internal control over financial reporting and its operations that I consider to be reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the board's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. I noted that, as a material weakness, the size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control. Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the general purpose 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I considered the reportable condition described above to be a material weakness.

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

April 29, 1998