

**ST. TAMMANY PARISH MOSQUITO
ABATEMENT DISTRICT**

Annual Financial Report

As of and for the Year Ended

December 31, 2013

KEITH J. ROVIRA
Certified Public Accountant

**ST. TAMMANY PARISH MOSQUITO
ABATEMENT DISTRICT
Slidell, Louisiana**

**Component Unit Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of the
St. Tammany Parish Mosquito Abatement District
A Component Unit of the St. Tammany Parish Council
Slidell, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the St. Tammany Parish Mosquito Abatement District, a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including

the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the district's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the St. Tammany Parish Mosquito Abatement District, as of December 31, 2013, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Tammany Parish Mosquito Abatement District's basic financial statements. The supplementary information schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued a report dated April 23, 2014, on my consideration of the St. Tammany Parish Mosquito Abatement District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the district's internal control over financial reporting and compliance.



Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

April 23, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2013

The Management's Discussion and Analysis (MD&A) of the St. Tammany Parish Mosquito Abatement District's financial performance presents a narrative overview and analysis of the district's financial activities for the year ended December 31, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the St. Tammany Parish Mosquito Abatement District's office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the district as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

(1) Government-Wide Financial Statements, which include a Statement of Net Position and a Statement of Activities. These statements present financial information for all activities of the district from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the district's overall financial status.

(2) Fund Financial Statements, which include a Balance Sheet and a Statement of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended December 31, 2013

present information on the individual fund of the district allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The district's only governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
 As of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Current and other assets	\$22,674,707	\$20,200,720
Capital assets	<u>5,828,483</u>	<u>6,088,432</u>
Total Assets	<u>28,503,190</u>	<u>26,289,154</u>
Current liabilities	299,168	289,118
Long-term liabilities	<u>122,480</u>	<u>104,147</u>
Total Liabilities	<u>421,648</u>	<u>393,265</u>
Net Position:		
Invested in capital assets (net)	5,828,483	6,088,432
Restricted	-	-
Unrestricted	<u>22,253,059</u>	<u>19,807,457</u>
Total Net Position	<u>\$28,081,542</u>	<u>\$25,895,889</u>

The district does not have any "restricted" net position. It does have "unrestricted" net position, and those are net positions that do not have any limitations on what these amounts may be used for.

The net position of the district increased \$2,185,653 or 8.4%, from the prior year. This increase is primarily due to a decrease in chemical costs.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended December 31, 2013

Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues	\$7,941,063	\$7,785,476
Expenditures	<u>(5,755,410)</u>	<u>(6,795,498)</u>
Net Change in Fund Balance	<u>\$2,185,653</u>	<u>\$989,978</u>

The district's total revenues were relatively the same as compared to the previous year. Total expenditures decreased by \$1,040,088, or 15%, which was primarily due to a decrease in chemical costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The district had \$8,626,892 invested in a broad range of capital assets, including a new building and other related improvements, machinery and equipment, aircraft and related equipment, office furniture and equipment and vehicles as of December 31, 2013. This amount represents the original purchase price of capital assets on hand at year-end. The table below lists capital assets by type, net of accumulated depreciation:

Capital Assets:	
Buildings and improvements	\$5,832,393
Machinery and equipment	429,229
Aircraft and related equipment	1,730,252
Office furniture and equipment	18,891
Vehicles	<u>616,127</u>
Subtotal	8,626,892
Less: Accumulated depreciation	<u>(2,798,409)</u>
Total	<u>\$5,828,483</u>

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2013

Debt:

The district had no debt outstanding at year end. However, the district had long term liabilities totaling \$122,480 all of which was accrued annual leave outstanding at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (2014)

The district considered the following factors and indicators when setting up the 2014 annual operating budget. These factors and indicators include: (1) all costs associated with fighting and detecting the West Nile Virus and other mosquito diseases in St. Tammany parish, especially increased chemical and labor costs due to increased seasonal mosquito populations; (2) any potential change in ad valorem tax revenues; (3) spraying for all areas covered by the district in its fight against mosquito existence and breeding; the mosquito district's coverage area includes the entire parish; (4) other operating costs of the office in the process of providing services to the public. Baring any unforeseen events, the district currently expects that next year's revenues will be sufficient to cover its expenses.

CONTACTING THE MOSQUITO DISTRICT

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the district's finances, and to show the district's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Charles Palmisano, Director of the mosquito district at 62512 Airport Road, Building #23, Slidell, LA 70460, or by telephone at 985-643-5050.

BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE FINANCIAL STATEMENTS)

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Statement of Net Position
 December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents (Note C)	\$ 376,329
Investments (Note D)	12,842,132
Revenue receivables, net (Notes A.6 & E)	7,128,047
Inventory (Note A.7)	2,248,368
Prepaid insurance (Note A.8)	<u>79,831</u>
Total Current Assets	<u>22,674,707</u>
Noncurrent Assets:	
Capital assets (net of depreciation) (Notes A.9 & F)	<u>5,828,483</u>
Total Noncurrent Assets	<u>5,828,483</u>
TOTAL ASSETS	<u>28,503,190</u>
Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	8,283
Accrued salaries	53,025
Deductions from ad valorem taxes for retirement system	<u>237,860</u>
Total Current Liabilities	<u>299,168</u>
Noncurrent Liabilities:	
Accrued annual leave payable (Note A.10 & H)	<u>122,480</u>
Total Noncurrent Liabilities	<u>122,480</u>
TOTAL LIABILITIES	<u>421,648</u>
Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Invested in capital assets, net of related debt	5,828,483
Unrestricted	<u>22,253,059</u>
TOTAL NET POSITION	<u>\$28,081,542</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2013

EXPENSES

Governmental Activities - Public health and safety:	
Personal services and related benefits	\$2,332,374
Chemicals	1,978,445
Materials, operating and service expenses	887,909
Depreciation expense	304,639
Capital outlay	14,183
Deductions from ad valorem taxes for retirement system	<u>237,860</u>
Total Expenses	<u>5,755,410</u>

GENERAL REVENUES

Ad valorem taxes (net)	7,452,065
State revenue sharing	174,843
FEMA reimbursement grant - Hurricane Isaac (Note P)	239,569
Interest earnings	16,218
Sale of equipment	3,127
Other revenues	<u>55,241</u>
Total General Revenues	<u>7,941,063</u>

Change in Net Position	2,185,653
Net Position at Beginning of Year	<u>25,895,889</u>
Net Position at End of Year	<u>\$28,081,542</u>

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
(FUND FINANCIAL STATEMENTS)

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Balance Sheet
 General Fund - Governmental Fund
 December 31, 2013

ASSETS	
Cash and cash equivalents	\$ 376,329
Investments	12,842,132
Revenue receivables (net)	7,128,047
Inventory	2,248,368
Prepaid insurance	<u>79,831</u>
TOTAL ASSETS	<u>\$22,674,707</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 8,283
Accrued salaries	53,025
Accrued annual leave	122,480
Deduction from ad valorem taxes for retirement system	<u>237,860</u>
Total Liabilities	<u>421,648</u>
Fund balance:	
Nonspendable	2,328,199
Restricted	-
Committed	-
Assigned	-
Unassigned	<u>19,924,860</u>
Total Fund Balance	<u>22,253,059</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$22,674,707</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2013

Total Fund Balance - Governmental Fund \$22,253,059

Amounts reported for governmental activities
in the Statement of Net Position are different
because:

Capital assets used in governmental
activities are not current financial
resources and, therefore, are not
reported in the Governmental Funds
Balance Sheet

5,828,483

Total Net Position - Governmental Activities

\$28,081,542

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Statement of Revenues, Expenditures
 and Changes in Fund Balances -
 General Fund
 For the Year Ended December 31, 2013

REVENUES

Ad valorem taxes (net)	\$7,452,065
State revenue sharing	174,843
FEMA reimbursement grant - Hurricane Isaac	239,569
Interest earnings	16,218
Sale of equipment	3,127
Other revenues	<u>55,241</u>
 Total Revenues	 <u>7,941,063</u>

EXPENDITURES

Salaries and related taxes	1,691,209
Employer's retirement contributions	258,155
Other employee benefits	383,010
Insurance	445,427
Materials and supplies:	
Chemicals	1,978,445
Field and laboratory	29,108
Office	22,186
Public information	9,536
Utilities and telephone	27,372
Repairs and maintenance	97,859
Travel	35,749
Gas, oil and grease	154,650
Professional services	66,022
Capital outlay	58,873
Deductions from ad valorem taxes for retirement system	<u>237,860</u>
 Total Expenditures	 <u>5,495,461</u>
 Excess of Revenues over Expenditures	 2,445,602
 Fund Balance at Beginning of Year	 <u>19,807,457</u>
 Fund Balance at End of Year	 <u>\$22,253,059</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balance
 to the Statement of Activities
 For the Year Ended December 31, 2013

Excess of Revenues over Expenditures - Governmental Funds	\$2,445,602
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Amounts reported for governmental activities
in the Statement of Activities are different
because:

Governmental funds report capital outlays as
expenditures. However, in the Statement of
Activities, the cost of those assets is
allocated over their estimated useful lives
as depreciation expense. This is the amount
by which depreciation expense exceeded
capital outlay in the current period.

(259,949)

Change in Net Position - Governmental Activities	\$ <u>2,185,653</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

INTRODUCTION

The St. Tammany Parish Mosquito Abatement District was created by the St. Tammany Parish Council 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 Council. 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. As a result of the October 16, 1993 referendum, taxpayers of Wards 3, 4, 7 and a portion of 2 elected to be included in the service area of the district beginning on January 1, 1994. As a result of the October, 2001 referendum, taxpayers of Wards 5, 6, 10 and the remaining portion of 2 elected to be included in the service area of the district beginning on January 1, 2002. Therefore, the district now services all of St. Tammany Parish. Board members serve without compensation.

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. In addition, the district also performs tests for the presence of West Nile Virus in the parish.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Mosquito Abatement District 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Tammany Parish Mosquito Abatement District has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. In this regard, the district will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the mosquito district established by GASB Statement No. 34 are divided into the following sections: (a) Management's Discussion and Analysis, (b) Basic Financial Statements, and (c) Required Supplementary Information (other than MD&A).

The accompanying financial statements of the St. Tammany Parish Mosquito Abatement District present information only as to the transactions of the programs of the district as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues, including ad valorem taxes, state revenue sharing, intergovernmental revenue, interest and other revenues of the district, are recognized in the accounting period in which they are earned and become measurable.

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. They are recognized as revenue in the year the taxes are assessed.

Expense Recognition

Expenses are also recognized on the accrual basis; therefore, expenses, including salaries, operating services and expenses, materials and services, intergovernmental expenses, etc. are recognized in the period incurred, if measurable.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (St. Tammany Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 Council 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 council 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 council.
2. Organizations for which the council does not appoint a voting majority, but are fiscally dependent on the council.
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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Even though the district operates independently of the council, the exclusion from the council's financial statements would cause the council's financial statements to be misleading or incomplete. Also, the council'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 Council.

3. Fund Accounting

General Fund:

The district uses a fund (General Fund) 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 or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The district's General Fund is classified as a governmental fund. Governmental funds account for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of capital assets.

The General Fund, as provided by Louisiana Revised Statute 47:1906, accounts for the operations of the mosquito district. Ad valorem tax revenue authorized by Act 292 of 1985 is accounted for in this fund. General operating expenditures are paid from this fund.

4. Budgets

The St. Tammany Parish Mosquito Abatement District adopted an annual budget for its General Fund. Budget practices included 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 9, 2012. The public hearing on the proposed budget was held on November 28, 2012. The proposed budget was legally adopted by resolution on November 28, 2012.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The original budget was not amended.

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 original budget was not amended.

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 differences in the excess of revenues (receipts) over expenditures (disbursements) for the district's main operating fund (General Fund) for the year ended December 31, 2013, is presented below:

Excess of receipts over disbursements (budgetary basis)	\$1,765,086
Assets receivables and inventory:	
Revenue receivables (net)	6,648
Inventory increase	702,791
Expenditure payables (Increase)/Decrease:	
Prepaid insurance	(540)
Accounts payable	(9,277)
Accrued annual leave payable	(18,333)
Deductions from ad valorem taxes	<u>(773)</u>
Excess of revenues over expenditures (GAAP basis)	<u>\$2,445,602</u>

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash Deposits and Investments
Cash includes amounts in demand deposit accounts and an interest bearing money market account. 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. It may also invest in the Louisiana Management Pool, Inc. fund.

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

Investments are recorded on the financial statements at market value at December 31, 2013.
6. Receivables
There was a 7% allowance for doubtful accounts set up based on past experience of the differences between the amount of ad valorem taxes received and accrued as recorded on the financial statements.
7. 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, 2013 was determined using the FIFO method (first-in, first-out).
8. Prepaid Insurance
The district made payments of insurance premiums for coverage that will benefit a period of time after December 31, 2013. This portion of the payments made are listed as prepaid insurance on the Statement of Net Position.
9. Capital Assets
Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to meet service demands. Straight-line depreciation is used based on the following estimated useful lives: buildings and improvements - 40 years; machinery and equipment - 5 & 10 years; aircraft and related equipment - 10 & 15 years; office furniture and equipment - 5 years; vehicles - 5 years.

The board of commissioners of the mosquito district adopted a policy to depreciate all of the district's equipment, vehicles, buildings and improvements that have a purchase price of \$1,000 and more.

10. Annual and Sick Leave

The mosquito abatement district's employees earn annual (vacation) leave days at varying rates according to their years of service. Upon termination from employment, employees are compensated, at their current rate of pay, for all unused or accrued annual leave up to a maximum of 50 days. The cost of unused or accrued annual leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure and corresponding long-term liability in the General Fund when leave is earned.

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.

11. Long-term Obligations

The only long-term obligations were for accumulated annual leave benefits for employees.

12. Encumbrances

Encumbrance accounting is not utilized by the district due to the nature of operations and the ability of management to monitor budgeted expenditures on a timely basis.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
14. Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
In some instances, the GASB requires a governmental body to delay recognition of decreases in net position as expenditures until a further period. In other instances, governments are required to delay recognition of increases in net position as revenues until a further period. In these circumstances, deferred outflows and inflows of resources result from the delayed recognition of expenditures or revenues, respectively.
15. Equity Classifications
In the government-wide statements, equity is classified as net position and displayed in three components:
 - a. Invested in capital assets, net of related debt: consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - b. Restricted net position: consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
 - c. Unrestricted net position: all other assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position," or deferred outflows of resources, liabilities, and deferred inflows of resources.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund equity is classified as fund balance. The mosquito district has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As such, fund balances of the governmental funds are classified as follows:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: amounts that can be used only for specific purposes determined by a formal action of the mosquito district board. The board is the highest level of decision making authority for the mosquito district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the board.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the mosquito district's adopted policy, only the board may assign amounts for specific purposes.

Unassigned: all other spendable amounts.

	<u>General Fund</u>
Nonspendable:	
Inventory	\$2,248,368
Prepaid insurance	79,831
Restricted:	-
Committed:	-
Assigned:	-
Unassigned:	<u>19,924,860</u>
Total	<u>\$22,253,059</u>

When an expenditure is incurred for purposes for which

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

both restricted and unrestricted fund balance is available, the mosquito district considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the mosquito district considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the board has provided otherwise in its commitment or assignment actions.

NOTE B - LEVIED TAXES

The mosquito abatement district was authorized to levy up to 5.55 mills in ad valorem taxes for the year; however, during the year, the district's board passed a resolution to roll back its millage to 4.40 mills, and received that amount in ad valorem taxes for the year ended December 31, 2013.

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Central Louisiana Electric Corp.	Power	\$ 49,038,440	2.86%
AT&T Southeast	Telephone	14,778,110	.86
Florida Marine	Transporters	12,680,680	.74
Chevron USA, Inc.	Oil	10,958,294	.64
Tri States NGL	Pipeline	7,974,130	.46
Washington-St. Tamm Electric Coop.	Power	7,948,370	.46
Atmos Energy	Utility	7,815,650	.46
J.P. Morgan Chase	Bank	7,601,683	.44
Capital One	Bank	6,980,760	.41
At&T Mobility, LLC	Telephone	<u>6,188,510</u>	<u>.36</u>
Total		<u>\$131,964,627</u>	<u>7.69%</u>

The total assessed valuation for all taxpayers at December 31, 2013, was \$1,714,157,583. This figure was used in calculating the percentage of the "2013 assessed valuation of each of the ten largest taxpayers" to the "assessed valuation for all taxpayers."

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE C - CASH DEPOSITS

At December 31, 2013, the carrying amounts (book balances) of all cash deposits of the district are listed as follows:

Petty cash	\$ 75
Cash in checking accounts	95,252
Cash in money market account	<u>281,002</u>
Total	<u>\$376,329</u>

These deposits are stated at market value. 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, 2013, the district had \$512,363 in cash deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal depository insurance and \$541,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE D - INVESTMENTS

At December 31, 2013, the mosquito abatement district held the following types of investments:

<u>Type of Investment</u>	<u>Maturity Date</u>	<u>Market Value (Carrying Amount)</u>	<u>Cost</u>
Louisiana Asset Mgmt. Pool	Average of 48 days	\$12,695,980	\$12,695,980
Govmt. Nat'l Mortg. Assoc.	9/15/2039	114,601	110,660
Govmt. Nat'l Mortg. Assoc.	12/15/2032	26,536	24,496
Govmt. Nat'l Mortg. Assoc.	6/15/2032	<u>5,015</u>	<u>4,721</u>
Total		<u>\$12,842,132</u>	<u>\$12,835,857</u>

The investments listed above, except for the Louisiana Asset Management Pool (LAMP) account, are held in the name of the fiscal agent bank.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment holding will not fulfill its obligations. Louisiana state law allows investments in GNMA's and the LAMP fund.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the district's investment in any one single issue or issuer. The district does not specifically place a limit on the amount that it may invest in any one investment issue, however it does abide by state law with its investment practices.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the investment broker holding the district's investments, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE D - INVESTMENTS (CONTINUED)

On the broker's books, the district's investments are segregated from the broker's assets while being held in trust in the name of the district.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rate will adversely affect the fair value of an investment. The investments in GNMA's carry potential exposure to fair value losses in the event of an increasing interest rate environment. However, if these investments are held until maturity and not sold before their due dates, then no loss would be incurred.

Louisiana Asset Management Pool (LAMP):

LAMP is administered by Louisiana Asset Management Pool, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, the concentration of credit risk, interest rate risk and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

Credit risk - LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk - LAMP participants' investments in the pool are evidenced by shares in the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE D - INVESTMENTS (CONTINUED)

Concentration of credit risk - Pooled investments are excluded from the 5% disclosure requirement.

Interest rate risk - LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days.

Foreign currency risk - not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the Securities and Exchange Commission as an investment company.

If you have any questions, please feel free to call the LAMP administrative office at 1-800-249-5267.

NOTE E - REVENUE RECEIVABLES

The following is a summary of revenue receivables as of December 31, 2013:

Ad valorem taxes	\$7,539,491
Less: Estimated uncollectible (7%)	<u>(527,764)</u>
Net ad valorem taxes	7,011,727
State revenue sharing	<u>116,320</u>
Total	<u>\$7,128,047</u>

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE F - CAPITAL ASSETS

The capital assets used in the governmental-type activities are included on the Statement of Net Position of the district and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the district is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the Statement of Net Position. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets and is reported in the Statement of Activities.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/13</u>
<u>Capital Assets</u>				
Buildings and improvements	\$5,832,393	-	-	\$5,832,393
Machinery and equipment	429,229	-	-	429,229
Aircraft and related equipment	1,724,523	\$5,729	-	1,730,252
Office furniture and equipment	18,891	-	-	18,891
Vehicles	<u>577,166</u>	<u>38,961</u>	<u>-</u>	<u>616,127</u>
Total	<u>\$8,582,202</u>	<u>\$44,690</u>	<u>-</u>	<u>\$8,626,892</u>
<u>Less Accumulated Depreciation for -</u>				
Buildings and improvements	\$704,445	\$145,810	-	\$850,255
Machinery and equipment	383,648	19,016	-	402,664
Aircraft and related equipment	924,663	121,857	-	1,046,520
Office furniture and equipment	13,190	635	-	13,825
Vehicles	<u>467,824</u>	<u>17,321</u>	<u>-</u>	<u>485,145</u>
Total	<u>\$2,493,770</u>	<u>\$304,639</u>	<u>-</u>	<u>\$2,798,409</u>

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE G - PENSION PLAN

Plan Description

Substantially all employees of St. Tammany Parish Mosquito Abatement District 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 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 2013

NOTE G - PENSION PLAN (CONTINUED)

Funding Policy

Under Plan A, members of the System are required to contribute 9.50% 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, 2013 was 16.75% 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, 2013, 2012 and 2011, were \$224,520, \$197,821 and \$184,639, respectively, and these amounts equaled the required contributions for each year.

NOTE H - ACCRUED ANNUAL LEAVE

At December 31, 2013, employees of the mosquito district have accumulated and vested amounts of employee leave benefits, which are computed in accordance with governmental accounting standards. This amount is recorded in the Statement of Net Position as a noncurrent liability.

The following is a summary of accrued annual leave during the year:

Balance at December 31, 2012	\$104,147
Additions	116,992
Deductions	<u>(98,659)</u>
Balance at December 31, 2013	<u>\$122,480</u>

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE I - OPERATING LEASES

Administrative Building

Beginning on January 22, 2007, and ending on January 22, 2107, the district entered into a 100-year operating lease with the City of Slidell comprising approximately 155,945 square feet of land at the Slidell Airport. The district's new facility and administrative building and new airplane hangar rest on this site at 62512 Airport Road in the City of Slidell. In the current, the district paid the City an annual rental amount of \$19,649 in compliance with the terms of that lease.

Land Lease with City of Slidell

On March 29, 1996, the mosquito district entered into a ten-year operating lease with the City of Slidell for the land on which its "old" airplane hangar was 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 29, 2016. The lease provides for an annual rental of \$2,977, which the district paid during the current year.

Sublease Agreement of Old Airplane Hangar

After an extensive bidding process and with the approval of the City of Slidell, the mosquito district entered into an operating sublease for its old airplane hangar with an unrelated private company beginning on January 29, 2010, and extending until March 1, 2016. The sublease provides for monthly rental payments to the district of \$1,010, plus \$744 per quarter, which reimburses the mosquito district for its quarterly lease payment to the City of Slidell. The lessee is responsible for maintaining all necessary and required insurance as per the lease agreement. Payments received by the district during the year totaled \$16,412.

There are no other operating or capital leases at December 31, 2013.

NOTE J - 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 to

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE J - JOINT AGREEMENT (CONTINUED)

conduct a fogging and misting mosquito control program. Due to a lack funding to NASA from the federal government, the district did not received any amounts from NASA in the current year under this contract.

NOTE K - GROUP INSURANCE BENEFITS

The district provides certain continuing group health, dental and life insurance benefits for its full-time employees. It pays 100% of the health insurance premiums for its employees and their spouses and dependents. The district also pays one half of the cost of its employees dental and life insurance premiums. The district's portion of the cost is recognized as an expenditure when paid. The district's total cost of providing these benefits for its eligible employees for the year was \$383,520.

The district does not pay for any post-employment healthcare benefits, and no liability or expenses should be recorded in the financial statements in accordance with Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.

NOTE L - 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, 2013.

NOTE M - DEFERRED COMPENSATION PLAN

Certain employees of the district participate in the district's deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 by making employee contributions into their individual participant accounts for each payroll.

The district does not participate in the plan in any other way except to act as a payroll agent by withholding the proper amount of employee contributions, previously decided

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Notes to the Financial Statements
December 31, 2013

NOTE M - DEFERRED COMPENSATION PLAN (CONTINUED)

on by each participating employee, and then remitting that amount to the plan's administrator for investing. The district does not make any employer contributions to the plan.

Complete plan information is included in the plan document, which is available by contacting Mr. Charles Palmisano, Director of the mosquito district at 62512 Airport Road, Building #23, Slidell, LA 70460, or by telephone at 985-643-5050.

NOTE N - RISK MANAGEMENT

The mosquito district is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year, nor have there been any settlements which have exceeded the insurance coverages maintained for the past three years.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 23, 2014, the date which the financial statements were available to be issued.

NOTE P - FEMA REIMBURSEMENT CLAIM FOR HURRICANE ISAAC

The district submitted an application for expense reimbursement to the Federal Emergency Management Agency (FEMA) for total expenses incurred of \$319,425 as a result of Hurricane Isaac. These expenses included additional labor, chemical and equipment costs incurred by the district to fight the significant increase in the mosquito population caused by the hurricane. Total funds received by the district from FEMA during the current year were \$239,569. This represents 75% of total expenses incurred, and is the maximum amount that the federal government will pay. Since the State of Louisiana did not provide the remaining 25%, the district paid the rest of the costs out of its regular operating budget.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 General Fund - Governmental Fund
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
RECEIPTS				
Ad valorem taxes (net)	\$6,944,850	\$6,944,850	\$7,191,834	\$246,984
State revenue sharing	190,000	190,000	179,937	(10,063)
Interest earnings	32,000	32,000	16,611	(15,389)
Other revenue	<u>20,000</u>	<u>20,000</u>	<u>310,025</u>	<u>290,025</u>
 Total Receipts	 <u>7,186,850</u>	 <u>7,186,850</u>	 <u>7,698,407</u>	 <u>511,557</u>
 DISBURSEMENTS				
Salaries and related expenditures	1,716,019	1,716,019	1,667,203	48,816
Employer's retirement contributions	277,500	277,500	258,155	19,345
Other employee benef.	415,900	415,900	383,010	32,890
Office supplies	17,430	17,430	22,592	(5,162)
Insurance	536,700	536,700	445,967	90,733
Utilities and telephone	35,000	35,000	27,431	7,569
Travel	25,000	25,000	35,793	(10,793)
Professional services	71,400	71,400	66,022	5,378
Public information	10,000	10,000	9,536	464
Materials and supplies:				
Chemicals	2,725,525	2,725,525	2,680,665	44,860
Field and laboratory	16,845	16,845	14,476	2,369
Aerial operations	25,000	25,000	14,364	10,636
Gas, oil and grease	235,275	235,275	151,975	83,300

(Continued)

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 Slidell, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 General Fund - Governmental Fund
 (Continued)
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
DISBURSEMENTS				
Repairs and maint.	\$ 140,470	\$ 140,470	\$ 98,085	\$42,385
Capital outlay - equipmt. purchases & building improvements	<u>52,025</u>	<u>52,025</u>	<u>58,047</u>	<u>(6,022)</u>
Total Disbursements	<u>6,300,089</u>	<u>6,300,089</u>	<u>5,933,321</u>	<u>366,768</u>
Excess of Receipts over Disbursements	886,761	886,761	1,765,086	878,325
Cash, Cash Equivalents and Investments Balances at Beginning of Year	<u>11,455,857</u>	<u>11,455,857</u>	<u>11,455,857</u>	<u>-</u>
Cash, Cash Equivalents and Investments Balances at End of Year	<u>\$12,342,618</u>	<u>\$12,342,618</u>	<u>\$13,220,943</u>	<u>\$878,325</u>

The accompanying notes are an integral part of this statement.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KEITH J. ROVIRA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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
A Component Unit of the St. Tammany Parish Council
Slidell, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the St. Tammany Parish Mosquito Abatement District, a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Mosquito Abatement District's basic financial statements and have issued my report thereon dated April 23, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the St. Tammany Parish Mosquito Abatement District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Mosquito Abatement District's internal control. Accordingly, I do not express an opinion on the effectiveness of the St. Tammany Parish Mosquito Abatement District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified a certain deficiency in the internal control over financial reporting that I consider to be a material weakness and significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (Finding No. 1).

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I considered the significant deficiency described in the accompanying schedule of findings and responses to be a significant deficiency (Finding No. 1).

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the St. Tammany Parish Mosquito Abatement District's 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 or other matters that are required to be reported under Government Auditing Standards.

St. Tammany Parish Mosquito Abatement District's Response to Finding

The St. Tammany Parish Mosquito Abatement District's response to the finding identified (Finding No. 1) in our audit is described in the accompanying schedule of prior and current audit findings and management's corrective action plan. The mosquito district's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the mosquito district's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the mosquito district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in blue ink that reads "Keith J. Rovira". The signature is written in a cursive style with a large, prominent "K" and "R".

Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

April 23, 2014

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Schedule of Prior and Current Year Audit Findings and
Managements Corrective Action Plan
For the Year Ended December 31, 2013

I have audited the accompanying basic financial statements of the St. Tammany Parish Mosquito Abatement District, a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2013, and have issued my report thereon dated April 23, 2014. 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. My audit of the financial statements as of December 31, 2013 resulted in an unqualified opinion.

I. Prior Year Audit Findings

Compliance:

There were no findings on compliance that were required to be reported.

Internal Control over Financial Reporting:

Finding No. 1 - Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the mosquito district did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The mosquito district has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

Management Letter:

No management letter was issued for the prior year.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
Slidell, Louisiana
Schedule of Prior and Current Year Audit Findings and
Managements Corrective Action Plan (Continued)
For the Year Ended December 31, 2013

II. Current Year Audit Findings

Compliance:

There were no findings on compliance that were required to be reported.

Internal Control over Financial Reporting:

Finding No. 1 - Inadequate Segregation of
Accounting Functions:

Due to the small number of employees in accounting department, the mosquito district did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The mosquito district has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

Management Letter:

No management letter was issued for the current year.