

ANNUAL FINANCIAL REPORT
ST. TAMMANY PARISH
MOSQUITO ABATEMENT DISTRICT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Mosquito Abatement District
Slidell, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Mosquito Abatement District, a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Mosquito Abatement 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



St. Tammany Parish Mosquito Abatement District
June 18, 2020
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the St. Tammany Parish Mosquito Abatement District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statement of revenues, expenditures, and changes in fund balance - budget to actual - governmental fund, schedule of proportionate share of the net pension liability, the schedule of contributions-retirement plan, and the related notes to the required supplementary information on pages 4 through 7 and 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



St. Tammany Parish Mosquito Abatement District
June 18, 2020
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Other Information

Our 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 accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head 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 our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020 on our consideration of the St. Tammany Parish Mosquito Abatement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 St. Tammany Parish Mosquito Abatement District's internal control over financial reporting and compliance.

June 18, 2020
Mandeville, Louisiana

Erickson Krentel, L.P.
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

The Management's Discussion and Analysis (MD&A) of the St. Tammany Mosquito Abatement District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. 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 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 St. Tammany Parish Mosquito Abatement 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 St. Tammany Parish Mosquito Abatement District from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the District's office allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements are 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---------------|---------------|
| Current assets | \$ 27,792,249 | \$ 27,056,046 |
| Capital assets, net | 7,519,407 | 7,753,884 |
| Total assets | 35,311,656 | 34,809,930 |
| Total deferred outflows of resources | 1,070,212 | 443,102 |
| Current liabilities | 423,187 | 319,566 |
| Net pension liability | 1,185,437 | (198,832) |
| Non-current liabilities | 223,108 | 196,829 |
| Total liabilities | 1,831,732 | 317,563 |
| Total deferred inflows of resources | 72,865 | 589,741 |
| Invested in capital assets, net of debt | 7,519,407 | 7,753,884 |
| Restricted for pension obligations | - | 198,832 |
| Unrestricted | 26,957,864 | 26,393,012 |
| Total net position | \$ 34,477,271 | \$ 34,345,728 |

The total net position of the District increased \$131,543, or 0.4%, from the prior year. This was mainly due to an increase in ad valorem tax revenue compared to the prior year and a net pension asset resulting from recording pension liabilities in accordance with GASB Statement No. 68.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|----------------------------|--------------|--------------|
| Revenues | \$ 8,633,754 | \$ 9,094,004 |
| Expenditures | (8,502,211) | (8,607,939) |
| Net change in fund balance | \$ 131,543 | \$ 486,065 |

The change in net position decreased \$354,522 (73%) primarily due to a decrease in ad valorem revenue in the current year.

**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District had \$12,078,043 invested in a broad range of capital assets, including buildings and other related improvements, machinery and equipment, aircraft and related equipment, office furniture and equipment and vehicles as of December 31, 2019. This amount represents the original purchase price of capital assets on hand at year-end. The table below lists the capital assets by type, net of accumulated depreciation:

| | 2019 |
|---|--------------|
| Buildings and improvements | \$ 5,832,393 |
| Machinery and equipment | 675,735 |
| Aircraft and related equipment | 4,719,236 |
| Office furniture and equipment | 168,264 |
| Vehicles | 682,415 |
| Subtotal | 12,078,043 |
| Less accumulated depreciation | (4,558,636) |
| Capital assets, net of accumulated depreciation | \$ 7,519,407 |

Debt and Long-Term Liabilities

The District did not have any debt outstanding at year end. However, it did have noncurrent liabilities of \$1,185,437 representing the net pension liability and \$223,108 which represented accrued annual leave outstanding at year-end.

BUDGET ANALYSIS

A comparison of budget to actual operations is required information and is presented in the accompanying financial statements.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The District considered the following factors and indicators when setting up the 2020 annual operating budget. These factors and indicators include: (1) all costs associated with fighting and detecting the Zika Virus, the West Nile Virus and other mosquito-borne emerging 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) increased spraying as needed for all areas covered by the District in its fight against mosquito existence and breeding; the District's coverage area includes the entire parish; (4) other operating costs of the office in the process of providing services to the public. Barring any unforeseen events, the District expects next year's available revenues will be sufficient to cover its expenses.

**ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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 accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact St. Tammany Parish Mosquito Abatement District at 62512 Airport Road, Building #23, Slidell, LA 70460, or by telephone at 985-643-5050.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS:

Current assets:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 6,166,555 |
| Investments | 7,525,155 |
| Revenue receivables, net | 8,272,614 |
| Inventory | 5,703,440 |
| Prepaid expenses | <u>124,485</u> |

| | |
|----------------------|-------------------|
| Total current assets | <u>27,792,249</u> |
|----------------------|-------------------|

Non-current assets:

| | |
|--------------------------------------|------------------|
| Capital assets (net of depreciation) | <u>7,519,407</u> |
|--------------------------------------|------------------|

| | |
|--------------------------|------------------|
| Total non-current assets | <u>7,519,407</u> |
|--------------------------|------------------|

| | |
|--------------|-------------------|
| Total assets | <u>35,311,656</u> |
|--------------|-------------------|

| | |
|--------------------------------|------------------|
| Deferred outflows of resources | <u>1,070,212</u> |
|--------------------------------|------------------|

LIABILITIES:

Current liabilities:

| | |
|--|----------------|
| Accounts payable | 119,462 |
| Accrued expenses | 41,242 |
| Deductions from ad valorem taxes for retirement system | <u>262,483</u> |

| | |
|---------------------------|----------------|
| Total current liabilities | <u>423,187</u> |
|---------------------------|----------------|

Non-current liabilities:

| | |
|------------------------------|----------------|
| Net pension liability | 1,185,437 |
| Accrued annual leave payable | <u>223,108</u> |

| | |
|-------------------------------|------------------|
| Total non-current liabilities | <u>1,408,545</u> |
|-------------------------------|------------------|

| | |
|-------------------|------------------|
| Total liabilities | <u>1,831,732</u> |
|-------------------|------------------|

| | |
|-------------------------------|---------------|
| Deferred inflows of resources | <u>72,865</u> |
|-------------------------------|---------------|

NET POSITION:

| | |
|---|-------------------|
| Invested in capital assets, net of related debt | 7,519,407 |
| Unrestricted | <u>26,957,864</u> |

| | |
|--------------------|----------------------|
| Total net position | <u>\$ 34,477,271</u> |
|--------------------|----------------------|

The accompanying notes are an integral part of this statement

ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

EXPENSES

| | | |
|--|----|-----------|
| Governmental activities - public health and safety: | | |
| Personnel services and related benefits | \$ | 2,996,252 |
| Changes in deferred outflows, deferred inflows, net pension liability and pension expense (GASB 68) | | 260,692 |
| Chemicals | | 2,631,962 |
| Materials, operating and service expense | | 1,818,763 |
| Depreciation expense | | 532,059 |
| Capital outlay | | - |
| Deduction from ad valorem taxes for retirement system | | 262,483 |
| | | <hr/> |
| Total expenses | | 8,502,211 |

GENERAL REVENUES

| | | |
|-----------------------------------|----|--------------------------|
| Ad valorem taxes (net) | | 7,867,203 |
| State revenue sharing | | 161,588 |
| Interest earnings | | 355,984 |
| Nonemployer pension contributions | | 20,409 |
| Other | | 228,570 |
| | | <hr/> |
| Total general revenues | | 8,633,754 |
| | | <hr/> |
| Change in net position | | 131,543 |
| | | <hr/> |
| Net position, beginning of year | | 34,345,728 |
| | | <hr/> |
| Net position, end of year | \$ | <u><u>34,477,271</u></u> |

The accompanying notes are an integral part of this statement

**ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2019**

ASSETS

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 6,166,555 |
| Investments | 7,525,155 |
| Revenue receivables, net | 8,272,614 |
| Inventory | 5,703,440 |
| Prepaid expenses | <u>124,485</u> |
| Total assets | <u>\$ 27,792,249</u> |

LIABILITIES AND FUND BALANCE

LIABILITIES:

| | |
|---|--------------------|
| Accounts payable | \$ 119,462 |
| Accrued expenses | 41,242 |
| Accrued annual leave | 223,108 |
| Deductions from ad valorem taxes for retirement system | <u>262,483</u> |
| Total liabilities | <u>646,295</u> |

FUND BALANCE:

| | |
|--|--------------------------|
| Nonspendable | 5,827,925 |
| Assigned | 7,000,000 |
| Unassigned | <u>14,318,029</u> |
| Total fund balance | <u>27,145,954</u> |
| Total liabilities and fund balance | <u>\$ 27,792,249</u> |

The accompanying notes are an integral part of this statement

ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

| | |
|---|----------------------|
| Total fund balance - governmental fund | \$ 27,145,954 |
| 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 | 7,519,407 |
| Deferred outflows of resources related to pensions are not reported in governmental funds | 1,070,212 |
| Net pension liability | (1,185,437) |
| Deferred inflows of resources related to pensions are not reported in governmental funds | <u>(72,865)</u> |
| Total net position - governmental activities | <u>\$ 34,477,271</u> |

The accompanying notes are an integral part of this statement

ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES:

| | |
|------------------------|----------------------|
| Ad valorem taxes (net) | \$ 7,867,203 |
| State revenue sharing | 161,588 |
| Interest earnings | 355,984 |
| Other | <u>228,570</u> |
| Total revenues | <u>8,613,345</u> |

EXPENDITURES:

| | |
|--|----------------------|
| Salaries and related taxes | 2,253,911 |
| Employer's retirement contributions | 204,093 |
| Medicare & social security - employer's portion | 53,915 |
| Other employee benefits | 484,333 |
| Information technology | 45,356 |
| Insurance | 633,095 |
| Materials and supplies: | |
| Chemicals | 2,631,962 |
| Aerial supplies | 180,565 |
| Office | 8,509 |
| Public information | 3,914 |
| Utilities and telephone | 36,583 |
| Repairs and maintenance | 33,288 |
| Travel | 39,773 |
| Gas, oil and grease | 100,316 |
| Professional services | 37,091 |
| Contracted services | 461,123 |
| Rent | 141,907 |
| Capital outlay | 298,000 |
| Deductions from ad valorem taxes for retirement system | 262,483 |
| Miscellaneous | <u>96,825</u> |
| Total expenditures | <u>8,007,042</u> |

| | |
|----------------------------|----------------------|
| Net change in fund balance | 606,303 |
| Fund balance - beginning | <u>26,539,651</u> |
| Fund balance - ending | <u>\$ 27,145,954</u> |

The accompanying notes are an integral part of this statement

ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | | |
|--|----|---------|
| Net change in fund balance - total governmental fund | \$ | 606,303 |
|--|----|---------|

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

| | | |
|---|--|-----------|
| The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. | | (234,059) |
|---|--|-----------|

Accrued annual leave and insurance expense are included in the Statement of Activities:

| | | |
|---|--|-------|
| Changes in: | | |
| Loss on disposal of assets is reported on the Statement of Activities | | (418) |

| | | |
|--------------------------------------|--|-----------|
| Changes in the components of GASB 68 | | (240,283) |
|--------------------------------------|--|-----------|

| | | |
|---|----|---------|
| Change in net position of governmental activities | \$ | 131,543 |
|---|----|---------|

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

To fulfill these responsibilities, the 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 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.

Board members serve without compensation.

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, (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:

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

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.

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.

Basis of Presentation

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's abatement activities and related general administrative services are classified as governmental activities. The District does not have any business-type activities.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position are reported in two parts – net investment in capital assets and restricted for inventory, insurance, debt service and capital outlay.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the District's function. The function is supported by general government revenues (ad valorem tax). Any program revenues and operating grants received would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from current year's activities.

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures. The District's current operations require the use of only the following fund types:

Governmental Fund

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the District.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basic Financial Statements – Fund Financial Statements (FFS) (continued)

General Fund

The General Fund is the principal fund of the District and is used to account for the operations of the District. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

Accrual

The governmental activities in the government-wide financial are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The District’s records are maintained on a cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures.

Revenues

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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting (continued)

Revenues (continued)

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.

Expenditures

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

Budgets

Annually, the District adopts a budget for the General Fund on a modified accrual basis of accounting. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgetary integration is used as a management control device.

Once a budget is approved it can be amended. Such amendments are made before the fact, are reflected in the official minutes of the District, and are not made after fiscal year end.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the District. All budget appropriations lapse at year end.

Cash and Cash Equivalents

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, 2019.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

There was a 2% 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.

Inventories

Inventories are valued at cost. Inventories consist of primarily chemicals and larvicide oil supplies. 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, 2019 was determined using the FIFO method (first-in, first- out).

Prepaid Insurance

The District made payments of insurance premiums for coverage that will benefit a period of time after December 31, 2019. This portion of the payments made are listed as prepaid insurance on the Statement of Net Position.

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 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 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Annual and Sick Leave

The District's employees earn annual (vacation) leave days at varying rates according to their years of service. Upon termination from employment, employees are compensated for all unused or accrued annual leave at their current rate of pay. 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 credited 10 days of "regular" sick leave on a biweekly accrual rate basis. Unused regular sick leave may be carried over to the following year with a maximum of 30 regular sick leave days being accrued. In addition, 10 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 5 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.

Long-term Obligations

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

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.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System of Louisiana (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity Classification

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted 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 – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification (continued)

- d. Assigned – amounts that are designated by the formal action of the government’s highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public board meeting. For assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose. At December 31, 2019, the District had assigned fund balances of \$4,000,000 and \$3,000,000 for capital projects and disaster contingency planning, respectively.

When both restricted and unrestricted fund balances are available for use, it is the District’s policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use it is the District’s policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through June 18, 2020, which is the date the financial statements were available to be issued.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(2) LEVIED TAXES

The District was authorized to levy up to 9.0 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 3.90 mills, and received that amount in ad valorem taxes for the year ended December 31, 2019.

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

| Taxpayer | Type of Business | 2019 Assessed Valuation | % of Total Assessed Valuation |
|-----------------------------|------------------|-------------------------------|-------------------------------------|
| Central La. Electric Corp. | Power | \$ 47,578,090 | 1.79% |
| Florida Marine Transporters | Transporters | 13,723,580 | .52 |
| Assoc. Wholesale Grocers | Grocer | 13,442,760 | .50 |
| Atmos Energy | Utility | 12,778,630 | .48 |
| Tri States NGL | Pipeline | 11,645,850 | .44 |
| Chevron USA, Inc. | Oil | 11,427,970 | .43 |
| Parkway Pipeline | Pipeline | 9,581,090 | .36 |
| Bell South Communications | Telephone | 9,385,760 | .35 |
| Regions Bank | Bank | 9,357,144 | .35 |
| Capital One N.A. | Bank | <u>8,243,880</u> | <u>.31</u> |
| Total | | <u>\$ 147,164,754</u> | <u>5.53%</u> |

The total assessed valuation for all taxpayers at December 31, 2019, was \$2,136,285,314. This figure was used in calculating the percentage of the "2019 assessed valuation of each of the ten largest taxpayers" to the "assessed valuation for all taxpayers."

(3) CASH DEPOSITS

At December 31, 2019, the carrying amounts (book balances) of all cash deposits of the District are listed as follows:

| | |
|------------------------------|---------------------|
| Petty cash | \$ 75 |
| Cash in checking accounts | 759,198 |
| Cash in money market account | <u>5,407,282</u> |
| Total | <u>\$ 6,166,555</u> |

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(3) CASH DEPOSITS (Continued)

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, 2019, the District had \$6,154,096 in cash deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal depository insurance and \$11,200,000 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.

(4) INVESTMENTS

At December 31, 2019, the mosquito abatement District held the following types of investments:

| <u>Type of Investments</u> | <u>Maturity Date</u> | <u>Market Value</u> | <u>Carrying Amount</u> |
|----------------------------|----------------------|---------------------|------------------------|
| Louisiana Asset Mgmt. Pool | Average of | | |
| | 48 days | \$ 7,467,665 | \$ 7,467,665 |
| Govmt. Nat'l Mortg, Assoc. | 9/15/2039 | 19,137 | 15,002 |
| Govmt. Nat'l Mortg, Assoc. | 12/15/2032 | 29,952 | 33,462 |
| Govmt. Nat'l Mortg, Assoc. | 6/15/2032 | <u>1,376</u> | <u>9,026</u> |
| Total | | <u>\$ 7,518,130</u> | <u>\$ 7,525,155</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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(4) INVESTMENTS (continued)

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.

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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(4) INVESTMENTS (continued)

Louisiana Asset Management Pool (LAMP) (continued)

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.

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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) REVENUE RECEIVABLES

The following is a summary of revenue receivables at December 31, 2019:

| | | |
|------------------------------------|--|---------------------|
| Ad valorem taxes | | \$ 8,331,519 |
| Less: Estimated uncollectible (2%) | | <u>(166,630)</u> |
| Net ad valorem taxes | | 8,164,889 |
| State revenue sharing | | <u>107,725</u> |
| Total | | <u>\$ 8,272,614</u> |

(6) 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>12/31/2018</u> | <u>Additions</u> | <u>Retirements Reclasses</u> | <u>12/31/2019</u> |
|---------------------------------------|---------------------|---------------------|----------------------------------|---------------------|
| <u>Capital Assets</u> | | | | |
| Buildings and improvements | \$ 5,832,393 | \$ - | \$ - | \$ 5,832,393 |
| Machinery and equipment | 539,268 | 136,467 | - | 675,735 |
| Aircraft and related equipment | 4,630,270 | 88,966 | - | 4,719,236 |
| Office furniture and equipment | 167,185 | 12,532 | (11,453) | 168,264 |
| Vehicles | <u>706,685</u> | <u>60,035</u> | <u>(84,305)</u> | <u>682,415</u> |
| Total capital assets | <u>11,875,801</u> | <u>298,000</u> | <u>(95,758)</u> | <u>12,078,043</u> |
| <u>Less: Accumulated Depreciation</u> | | | | |
| Buildings and improvements | 1,579,305 | 145,808 | - | 1,725,113 |
| Machinery and equipment | 383,431 | 66,964 | - | 450,395 |
| Aircraft and related equipment | 1,529,613 | 247,074 | - | 1,776,687 |
| Office furniture and equipment | 60,970 | 11,783 | (11,035) | 61,718 |
| Vehicles | <u>568,598</u> | <u>60,430</u> | <u>(84,305)</u> | <u>544,723</u> |
| Total accumulated depr. | <u>4,121,917</u> | <u>532,059</u> | <u>(95,340)</u> | <u>4,558,636</u> |
| Total capital assets, net | <u>\$ 7,753,884</u> | <u>\$ (234,059)</u> | <u>\$ (418)</u> | <u>\$ 7,519,407</u> |

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) PENSION PLAN/GASB 68

The District's employees are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer, defined benefit pension 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 separate benefit provisions. The District's employees are members of Plan A.

Plan Description: The System was established and provided for by R.S.11:1901-2025 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of taxing Districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

Eligibility requirements: All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) PENSION PLAN/GASB 68 (CONTINUED)

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

DROP benefits: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return, or at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) PENSION PLAN/GASB 68 (CONTINUED)

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60.

Cost of living increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2018, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2018 was 11.5% for Plan A. For the fiscal year ended December 31, 2019, the District contributed 11.5% of member wages.

According to state statute, the System also receives one-fourth of one percent of ad valorem taxes collected within respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Non-employer contributions are recognized as revenue in the amount of \$20,409, and excluded from pension expense for the year ended December 31, 2019.

Employer allocations: The schedule of employer allocations reports the required projected employer contributions, in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of the System.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) PENSION PLAN/GASB 68 (CONTINUED)

The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts. The allocation method used in determining each employer's proportion was based on the employer's contributions to the plan during the fiscal year ended December 31, 2018, as compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2018.

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions: At December 31, 2019, the District reported a liability of \$1,185,437 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the District's proportion was 0.267089%.

For the year ended December 31, 2019, the District recognized pension expense of \$328,578.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) **PENSION PLAN/GASB 68 (CONTINUED)**

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experiences | \$ - | \$ 72,220 |
| Net differences between projected and actual earnings on pension plan investments | 567,473 | - |
| Changes of assumptions | 296,398 | - |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 1,945 | 645 |
| Employer contributions subsequent to the measurement date | <u>204,396</u> | <u>-</u> |
| | <u>\$ 1,070,212</u> | <u>\$ 72,865</u> |

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) PENSION PLAN/GASB 68 (CONTINUED)

Deferred outflows of resources of \$204,936, will be recognized as a reduction of the net pension liability (asset) in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended | |
|----------------------|------------|
| 2019 | \$ 272,594 |
| 2020 | \$ 148,993 |
| 2021 | \$ 120,681 |
| 2022 | \$ 250,683 |

Contributions - proportionate share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial assumptions: The net pension liability (asset) was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2004 through December 31, 2009. The data was then assigned credibility weighting and combined with a standards table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) **PENSION PLAN/GASB 68 (CONTINUED)**

A summary of the actuarial methods and assumptions used in determining the total pension liability (asset) as of December 31, 2018, are as follows:

Valuation Date: December 31, 2018

Actuarial Cost Method: Plan A - Entry Age Normal

Investment Rate of Return: 6.50%, net investment expense, including inflation

Expected Remaining Service lives: 4 years

Projected Salary Increases: Plan A – 4.75% (2.75% Merit/2.00% Inflation)

Cost of Living Adjustments: The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

Mortality: RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

Discount rate: The discount rate used to measure the total pension liability was 6.50% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions rates and contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) PENSION PLAN/GASB 68 (CONTINUED)

Sensitivity of the employer's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

| | Changes in Discount Rate | | |
|---|--------------------------|--------------------------|-------------------|
| | 1.00% Decrease | Current Discount Rate | 1.00% Increase |
| | 5.50% | 6.50% | 7.50% |
| Employer's proportionate share of the net pension liability | \$ 2,517,550 | \$ 1,185,437 | \$ 71,906 |

Change in net pension liability (asset): The changes in the net pension liability (asset) for the year ended December 31, 2018, were recognized in the current reporting period except as follows:

- a. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual resulted in a deferred inflow of resources in the amount of \$72,220.
- b. Net differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$567,473.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) **PENSION PLAN/GASB 68 (CONTINUED)**

- c. Changes in assumptions: The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions resulted in deferred outflow of resources in the amount of \$296,398.
- d. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability (asset) and collected deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in \$1,945 of deferred outflow of resources and \$645 of deferred inflow of resources.

(8) **ACCRUED ANNUAL LEAVE**

Employees of the 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, 2018 | \$ 196,829 |
| Net change | <u>26,279</u> |
| Balance at December 31, 2019 | <u>\$ 223,108</u> |

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(9) 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 year, the District paid the City an annual rental amount of \$20,632 in compliance with the terms of that lease.

There are no other operating or capital leases at December 31, 2019.

(10) 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, their spouses and dependents. The District also pays ½ the cost 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 current year was \$484,333. The District does not pay for any post-employment healthcare benefits, and no liability or expense should be recorded in the financial statements in accordance with Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*.

(11) 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 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.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(12) RISK MANAGEMENT

The District is exposed to risks of loss in the areas of general and auto liability and workers' compensation. The District carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

(13) SUBSEQUENT EVENT

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The Mosquito Abatement's operations were immediately affected by a decreased public need for the Mosquito Abatement's services and restrictions on the ability of some employees to continue to work. Future potential impact may have a negative impact on Mosquito Abatement's operating results.

(14) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, "*Leases.*" The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

| | General Fund | | | |
|---|---------------------------------|------------------------------|--------------------------|--|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance Favorable (Unfavorable) |
| <u>RECEIPTS:</u> | | | | |
| Ad valorem taxes (net) | \$ 8,218,288 | \$ 8,218,288 | \$ 7,867,203 | \$ (351,085) |
| Intergovernmental revenue - state revenue sharing | - | - | 161,588 | 161,588 |
| Interest earnings | 250,000 | 250,000 | 355,984 | 105,984 |
| Other income | 23,200 | 23,200 | 228,570 | 205,370 |
| Total receipts | <u>8,491,488</u> | <u>8,491,488</u> | <u>8,613,345</u> | <u>121,857</u> |
| <u>DISBURSEMENTS:</u> | | | | |
| Salaries | 2,484,243 | 2,484,243 | 2,253,911 | 230,332 |
| Employee benefits | 934,444 | 934,444 | 742,341 | 192,103 |
| Contracted services | 1,015,458 | 1,015,458 | 461,123 | 554,335 |
| Chemicals | 2,474,361 | 2,474,361 | 2,631,962 | (157,601) |
| Fuel, oil and grease | 195,500 | 195,500 | 100,316 | 95,184 |
| Equipment Rental | 88,500 | 88,500 | 121,275 | (32,775) |
| Insurance | 765,451 | 765,451 | 633,095 | 132,356 |
| Lease | 22,000 | 22,000 | 20,632 | 1,368 |
| Office supplies | 11,560 | 11,560 | 8,509 | 3,051 |
| Professional dues | 53,350 | 53,350 | 38,201 | 15,149 |
| Publications | 13,131 | 13,131 | 3,914 | 9,217 |
| Repair and maintenance | 261,500 | 261,500 | 109,354 | 152,146 |
| Safety | 6,130 | 6,130 | 4,166 | 1,964 |
| Software | 64,750 | 64,750 | 45,356 | 19,394 |
| Subscriptions | 13,190 | 13,190 | 11,642 | 1,548 |
| Supplies | 254,560 | 254,560 | 180,565 | 73,995 |
| Training | 20,573 | 20,573 | 3,240 | 17,333 |
| Travel | 69,031 | 69,031 | 39,773 | 29,258 |
| Utilities | 27,000 | 27,000 | 36,583 | (9,583) |
| Capital outlay - equipment and building improvements | 266,400 | 266,400 | 298,000 | (31,600) |
| Ad valorem taxes deductions for retirement | - | - | 262,483 | (262,483) |
| Total disbursements | <u>9,041,132</u> | <u>9,041,132</u> | <u>8,006,441</u> | <u>1,034,691</u> |
| Excess of receipts over disbursements | <u>(549,644)</u> | <u>(549,644)</u> | <u>606,904</u> | <u>(1,156,548)</u> |
| Fund balance - beginning | <u>26,539,651</u> | <u>26,539,651</u> | <u>26,539,651</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 25,990,007</u> | <u>\$ 25,990,007</u> | <u>\$ 27,146,555</u> | <u>\$ 1,156,548</u> |

See Independent Auditors' Report

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED DECEMBER 31, 2019*

| <u>Year Ended Dec 31.</u> | <u>Employer Proportion of the Net Pension Liability (Asset)</u> | <u>Employer proportionate share of the Net Pension Liability (Asset)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u> |
|---------------------------|---|--|--|---|--|
| 2016 | 0.283389% | \$ 745,961 | \$ 1,375,241 | 54.24% | 92.23% |
| 2017 | 0.258847% | \$ 533,099 | \$ 1,839,600 | 28.98% | 94.15% |
| 2018 | 0.267878% | \$ (198,832) | \$ 1,484,659 | -13.39% | 101.98% |
| 2019 | 0.267090% | \$ 1,185,437 | \$ 1,637,688 | 72.38% | 101.98% |

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**The amounts presented for each year were determined as of the fiscal year end of the plan that occurred on December 31, 2018.*

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
 SLIDELL, LOUISIANA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

| <u>Year Ended Dec. 31</u> | <u>Contractual Required Contribution</u> | <u>Contributions in Relations to Contractual Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer Covered Employee Payroll</u> | <u>Contributions as % of Covered Employee Payroll</u> |
|-----------------------------------|--|--|---|--|---|
| 2016 | \$ 247,089 | \$ 247,089 | - | \$ 1,839,600 | 13.4% |
| 2017 | \$ 206,104 | \$ 206,104 | - | \$ 1,484,659 | 13.9% |
| 2018 | \$ 189,231 | \$ 189,231 | - | \$ 1,637,688 | 11.6% |
| 2019 | \$ 204,396 | \$ 204,396 | - | \$ 1,774,721 | 11.5% |

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

(1) PENSION PLAN SCHEDULES

Change of Benefit Terms

There were no changes of benefit terms during any of the years presented.

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

For the year ended December 31, 2018, the plan lowered its assumption for the investment rate of return from 6.75% to 6.50%.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Kevin Caillouet, Director</u> | |
|--|----------------------------------|---------------------------|
| Gross salary | \$ | 133,341 |
| Dues - AMCA | | 165 |
| Per diem | | 832 |
| Registration fees | | 1,185 |
| Housing | | 1,996 |
| Meals - board meetings | | 159 |
| Travel | | <u>2,433</u> |
| Total compensation, benefits, and other payments | \$ | <u><u>140,111</u></u> |

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners
St. Tammany Parish Mosquito Abatement District
Slidell, Louisiana

We have audited, in accordance with the 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 governmental activities and each major fund of St. Tammany Parish Mosquito Abatement District (the District), as of and for the year ended December 31, 2019, 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 our report thereon dated June 18, 2020.

Internal Control over Financial Reporting

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

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Commissioners
St. Tammany Parish Mosquito Abatement District
June 18, 2020

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Mosquito Abatement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 18, 2020
Mandeville, Louisiana

Ericksen Krentel, L.P.
Certified Public Accountants

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the St. Tammany Parish Mosquito Abatement District.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the St. Tammany Parish Mosquito Abatement District were reported in the Independent Auditors' 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*.
4. No management letter was issued for the year ended December 31, 2019.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended December 31, 2019.

ST. TAMMANY PARISH MOSQUITO ABATEMENT DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended December 31, 2018.

ST. TAMMANY PARISH
MOSQUITO ABATEMENT DISTRICT
SLIDELL, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
DECEMBER 31, 2019



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
St. Tammany Parish Mosquito Abatement District
Slidell, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Tammany Parish Mosquito Abatement and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the agreed upon procedures for the year ended December 31, 2019 in accordance with Act 774 of 2014 Regular Legislative Session. The St. Tammany Parish Mosquito Abatement's management is responsible for those C/C areas identified in the agreed upon procedures.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "1".

We were not engaged to perform and did not perform an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on C/C areas identified in the agreed upon procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the agreed upon procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

June 18, 2020
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH MOSQUITO ABATEMENT
AGREED-UPON PROCEDURES
JANUARY 1, 2019 TO DECEMBER 31, 2019

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

- 1) **Procedures:** Select the Director's December 2019 credit card statement, obtain supporting documentation (i.e., original receipts for purchases), and observe that there is evidence that the monthly statement and supporting documentation were reviewed and approved, in writing (or electronically approved), by a board member.

Results: Obtained the December 2019 credit card statement, which included all supporting documentation (receipts, etc.) We noted evidence the supporting documentation was complete and properly reviewed and approved.

- 2) **Procedures:** Select the District's December 2019 fleet fuel card billing statement, obtain supporting documentation (i.e., exception report for excessive fuel card usage), and observe that there is evidence that the monthly statement and MPG variances in excess of the threshold established by policy (i.e., Personnel Policy Handbook) were reviewed and approved, in writing (or electronically approved), by someone other than an authorized card holder.

Results: Obtained the District's December 2019 fleet fuel card billing statement, which contained all supporting documentation and evidence that the District was monitoring fuel charges. We noted evidence of review on the statement by the Assistant Director, then reviewed and approved by the Director and the Board.

CONTRACTS

- 3) **Procedures:** Obtain and inspect the entity's written policies and procedures over contracting and observe that they address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: Obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

- 4) **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

ST. TAMMANY PARISH MOSQUITO ABATEMENT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Each contract tested had a formal/written contract that supports the services arrangement and the amounts paid. Public Bid Law was followed in executing these purchases. No contracts tested were amended. All invoices tested complied with the written contracts.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CREDIT CARD
PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH
PURCHASES)**

- 5) **Procedures:** Obtain and inspect the entity's written policies and procedures over purchasing and nonpayroll disbursements and observe that they address (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law (5) documentation required to be maintained for all bids and price quotes, and (6) the processing, reviewing, and approving of disbursements.

Results: Obtained a listing of entity disbursements from management and management's representation that the listing was complete.

- 6) **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: Obtained a listing of entity disbursements from management and management's representation that the listing was complete. Only 1 location processes non-payroll disbursements.

- 7) **Procedures:** For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.

ST. TAMMANY PARISH MOSQUITO ABATEMENT
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The written policies and procedures adequately address that two employees should be involved in initiating a purchase request, approving a purchase, placing an order/making the purchase, and processing and approving payments to vendors. Purchases of equipment were initiated using a purchase order system, when applicable. Purchase orders and invoices were approved by a person who did not initiate the purchase. Payments for purchases of equipment were not processed without an approved purchase order and an approved invoice.

- 8) **Procedures:** For each location selected under #6 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) or segregation of duties tested under #7, as applicable.

Results: All disbursement documentation tested matched the related original invoice/billing statement and evidence of proper segregation of duties.

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

- 9) **Procedures:** Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Obtained the entity's written policies and procedures addressing the information disaster recovery and business continuity listed above.

ST. TAMMANY PARISH MOSQUITO ABATEMENT
AGREED-UPON PROCEDURES (CONTINUED)
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- 10) **Procedures:** Perform the following sub-procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have active antivirus software and that the antivirus, operating system, and accounting system software are the most recent versions available (i.e. up-to-date).

Results: We performed the procedures and discussed the results with management.

SEXUAL HARRASMENT

- 11) **Procedures:** Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Results: Obtained a written policy from management over Sexual Harassment noting it was compliant with the Louisiana Revised Statutes 42:342-344.

- 12) **Procedures:** Obtain a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/elected officials/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year.

Results: We selected 5 employees from the employee listing. We noted evidence that all employees received this training as well as certificate showing this has been completed.

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AGREED-UPON PROCEDURES (CONTINUED)
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13) **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: We observed the sexual harassment policy posted on the District's website.

14) **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

Results: Obtained a written policy from management over Sexual Harassment noting it was compliant with the Louisiana Revised Statute 42:344.