

MOORE HAVEN MOSQUITO CONTROL DISTRICT

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
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SEPTEMBER 30, 2011**

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INDEPENDENT AUDITORS' REPORT

Honorable Commissioners
Moore Haven Mosquito Control District
Moore Haven, Florida

We have audited the accompanying financial statements of the governmental activities and the general fund of Moore Haven Mosquito Control District ("the District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 general fund of Moore Haven Mosquito Control District as of September 30, 2011, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

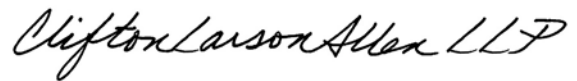
As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended September 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the 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.

Honorable Commissioners
Moore Haven Mosquito Control District

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* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 3-6 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2012

Moore Haven Mosquito Control District Management's Discussion and Analysis (Unaudited)

This section of the financial report presents our discussion and analysis of the Moore Haven Mosquito Control District's (the "District") financial performance during the fiscal year ended September 30, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

For the fiscal year ended September 30, 2011, the assets of the District exceeded its liabilities by \$69,035. Of this amount, \$1,187 represents the amount invested in capital assets and \$67,848 represents unrestricted net assets available to be used to meet future ongoing obligations. For the fiscal year ended September 30, 2010, assets exceeded liabilities by \$44,773. Of this amount, \$3,714 represents the amount invested in capital assets and \$41,059 represents unrestricted net assets available to be used to meet future ongoing obligations.

The District's total debt remained unchanged at \$-0- during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which are comprised of the following components: government-wide financial statements, fund financial statements and notes to the basic financial statements.

Government-Wide Financial Statements. Government-wide financial statements (statement of net assets and statement of activities found on pages 7 and 8) are intended to allow a reader to assess a *government's* operational accountability. Operational accountability is defined as the extent to which the *government* has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its *objectives* for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The *Statement of Net Assets* (page 7) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. The District's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (page 8) presents revenue and expense information showing how the District's net assets changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements. The accounts of the District are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements (found on pages 9 and 11) are prepared on the modified accrual basis using the current financial resources measurement focus.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the preceding financial statements and begin on page 14.

Financial Analysis

As noted previously, the change in net assets over time should serve as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$69,035 at the close of the most recent fiscal year as compared to the District's assets exceeding liabilities by \$44,773 at the close of fiscal year ended September 30, 2010.

A portion of the District's net assets consists of \$1,187 invested in capital assets (e.g., building and equipment), which is net of accumulated depreciation and any outstanding debt related to their acquisition. The District uses these capital assets to operate and maintain mosquito control for the residents of Glades County and the City of Moore Haven consequently, they are not available for future spending. Although the District's investment in net assets is reported net of related debt, the repayment of this debt must come from sources other than liquidating the assets themselves.

The following is a condensed summary of net assets for the District for fiscal years 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$ 70,474	\$ 48,038
Capital Assets	1,187	3,714
Total Assets	<u>\$ 71,661</u>	<u>\$ 51,752</u>
Liabilities:		
Current Liabilities	\$ 2,626	\$ 6,979
Non-current Liabilities	-	-
Total Liabilities	<u>2,626</u>	<u>6,979</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,187	3,714
Unrestricted	<u>67,848</u>	<u>41,059</u>
Total Net Assets	<u>69,035</u>	<u>44,773</u>
Liabilities and Net Assets	<u>\$ 71,661</u>	<u>\$ 51,752</u>

During the current fiscal year, the District's net assets increased by \$24,262. Refer to Budgetary Highlights section for discussion regarding reasons for the increase in net assets.

The following schedule reports the revenues, expenses, and changes in net assets (activities) for the District for the fiscal years 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Revenues:		
General Revenues:		
Intergovernmental	\$ 19,500	\$ 18,913
Interest Income	102	107
Program Revenues:		
Charges for services	<u>66,223</u>	<u>62,969</u>
Total Revenues	<u>85,825</u>	<u>81,989</u>
Expenses:		
Human Services - Mosquito Control		
Personal Service	34,275	29,483
Operating	24,761	45,168
Depreciation	<u>2,527</u>	<u>2,720</u>
Total Expenses	<u>61,563</u>	<u>77,371</u>
Increase in Net Assets	24,262	4,618
Net Assets - beginning of year	<u>44,773</u>	<u>40,155</u>
Net Assets - end of year	<u>\$ 69,035</u>	<u>\$ 44,773</u>

Budgetary Highlights

The District adopts an annual budget for its fund as required by Florida Statute. The difference between the final budgeted expenditures and actual expenditures represents a favorable variance of \$55,766 or 48.6 percent of budgeted expenditures. The District budgets annually in Capital Outlay for new equipment, we did not have to purchase any. The District solicited bids for chemicals in fiscal year 2010; the low bid was \$73 cheaper per gallon therefore the chemical expense is lower. Certain weather conditions will cause higher or lower activities with the mosquitoes. In fiscal year 2011, we had dryer weather conditions.

The District raised their rate by one dollar per month in fiscal year 2009 per the advice from the 2008 audit, bringing in more revenues and increasing net assets at fiscal year end.

Capital Assets

The District's depreciable assets include buildings and machinery and equipment.

	<u>2011</u>	<u>2010</u>
Capital Assets		
Buildings	\$ 15,984	\$ 15,984
Machinery and Equipment	<u>35,895</u>	<u>35,895</u>
Total Capital Assets Being Depreciated	51,879	51,879
Accumulated Depreciation		
Buildings	15,984	15,984
Machinery and Equipment	<u>34,708</u>	<u>32,181</u>
Total Accumulated Depreciation	<u>50,692</u>	<u>48,165</u>
Capital Assets, Net	<u>\$ 1,187</u>	<u>\$ 3,714</u>

There were no capital asset purchases/projects that took place in fiscal year 2011.

Additional information on the District's capital assets can be found in Note 5, of the notes to the financial statements.

Debt

As of September 30, 2011 and 2010, the District had no outstanding debt.

Economic Factors and Future Impacts

At this time the District does not anticipate any economic factors or future impacts.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Moore Haven Mosquito Control District, PO Box 852, Moore Haven, FL 33471.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

ASSETS

Cash	\$ 36,090
Certificates of Deposit	10,208
Accounts receivable	6,855
Inventories	17,321
Capital Assets, Net	1,187
Total Assets	<u>71,661</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	<u>2,626</u>
Total Liabilities	<u>2,626</u>

NET ASSETS

Invested in Capital Assets	1,187
Unrestricted	67,848
Total Net Assets	<u>\$ 69,035</u>

See accompanying Notes to Financial Statements.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011**

Program Expenses:

Human Services - Mosquito Control

 Personal Service \$ 34,275

 Operating 24,761

 Depreciation 2,527

 Total Program Expenses 61,563

Program Revenues:

Charges for Services 66,223

 Net Program Expenses (4,660)

General Revenues:

Intergovernmental 19,500

Interest Income 102

 Total General Revenues 19,602

 Increase in Net Assets 24,262

Net Assets - beginning of year 44,773

Net Assets - end of year \$ 69,035

See accompanying Notes to Financial Statements.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2011**

ASSETS

Cash	\$	36,090
Certificates of Deposit		10,208
Accounts Receivable		6,855
Inventories		17,321
Total Assets	\$	70,474

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable and Accrued Expenses	\$	2,626
Total Liabilities		2,626

FUND BALANCE

Nonspendable		17,321
Unassigned		50,527
Total Fund Balance		67,848
Total Liabilities and Fund Balance	\$	70,474

See accompanying Notes to Financial Statements.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

Fund Balance	\$ 67,848
Capital assets used in governmental activities are not financial resources and are, therefore, not reported on the governmental fund balance sheet.	<u>1,187</u>
Net Assets	<u><u>\$ 69,035</u></u>

See accompanying Notes to Financial Statements.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2011**

REVENUES

Charges for Services	\$	66,223
Intergovernmental		19,500
Interest		102
Total Revenues		85,825

EXPENDITURES

Current		
Human Services - Mosquito Control		
Personal Services		34,275
Operating Expenditures		24,761
Total Expenditures		59,036

Excess Revenues over (under) Expenditures		26,789
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FUND BALANCE , October 1, 2010		41,059
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FUND BALANCE , September 30, 2011	\$	67,848
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**MOORE HAVEN MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011**

Net Change in Fund Balance	\$ 26,789
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Governmental funds report capital outlay as expenditures; however, in the statement of activities, cost of those assets is depreciated over their estimated useful lives.

Current Year Depreciation	<u>(2,527)</u>
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Change in Net Assets	<u><u>\$ 24,262</u></u>
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**MOORE HAVEN MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 63,000	\$ 63,000	\$ 66,223	\$ 3,223
Intergovernmental	17,500	17,500	19,500	2,000
Interest	-	-	102	102
Total Revenues	<u>80,500</u>	<u>80,500</u>	<u>85,825</u>	<u>5,325</u>
EXPENDITURES				
Current:				
Human Services				
Personal services	37,852	37,852	34,275	3,577
Operating Expenditures	52,450	52,450	24,761	27,689
Capital Outlay	14,000	14,000	-	14,000
Contingency	10,500	10,500	-	10,500
Total Expenditures	<u>114,802</u>	<u>114,802</u>	<u>59,036</u>	<u>55,766</u>
Excess Revenues over (under) Expenditures	<u>\$ (34,302)</u>	<u>\$ (34,302)</u>	26,789	<u>\$ 61,091</u>
FUND BALANCE, October 1, 2010			<u>41,059</u>	
FUND BALANCE, September 30, 2011			<u>\$ 67,848</u>	

See accompanying Notes to Financial Statements.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Moore Haven Mosquito Control District (the "District") is an independent special district created to perform mosquito control and suppression in Moore Haven, Florida, in accordance with Chapter 388, Florida Statutes. The District was created as the Moore Haven Mosquito Control District by Chapter 67-1726, Laws of Florida. The business and affairs of the District are governed by a board of three commissioners who are elected for terms of four years.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to state and local governmental entities, which are promulgated by the Governmental Accounting Standards Board ("GASB"). The accompanying financial statements have been prepared in accordance with GASB statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, *Financial Reporting Entity*, requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB No. 14, there are no component units required to be included in the District's financial statements.

Basic Financial Statements

The government-wide financial statements consist of a statement of net assets and a statement of activities that report information about the District as a whole. The statement of net assets reports all financial and capital resources, or all non-fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of the District's program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given program; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and 3) grants and contributions that are restricted to meeting capital requirements of a particular function or segment. Other items not included among program revenues are reported as general revenues.

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

**NOTE 1 ORGANIZATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grant and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the fiscal year. Non-exchange transaction revenue is recognized when measurable and available and when eligibility requirements have been met. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Charges for services are recognized when earned and intergovernmental revenue is recognized when eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The accounts of the District are organized on the basis of a fund which is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following governmental fund is used by the District:

General Fund - The General fund is the general operating fund of the District. All financial resources are recorded in the General Fund.

Significant Accounting Policies

Accounting 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 certain amounts and disclosures. Actual results could differ from those estimates.

Cash

The District considers cash to be cash on hand, demand deposits, and certificates of deposit with a maturity date of one year or less.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts Receivable

Accounts receivable is reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are deemed to be uncollectible. The District considers the ending accounts receivable balance at September 30, 2011 to be fully collectible. Therefore, no allowance has been recorded.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or other assets, current.

Inventory

Inventory consists of chemicals for mosquito control spraying and briquettes used for large pools of water that contain mosquito larvae. Both are valued at lower of cost or market using the first-in / first-out (FIFO) method. The cost is recorded as expenditures at the time individual inventory items are consumed. Reported inventories are equally offset by a nonspendable portion of fund balance in the fund financial statements, which indicates that they do not constitute "available spendable resources".

Capital Assets

Buildings, vehicles, and equipment are reported at historical cost or estimated historical cost, net of depreciation. They are recorded as expenditures in the general fund (i.e., capital outlay) at the time of acquisition and are then capitalized at the government-wide level. Donated assets are recorded at their fair market value at the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized whereas costs incurred for repairs and maintenance are expensed as incurred.

The capitalization threshold is \$1,000 and an estimated useful life of greater than one year which is based on Florida Statute 274.02 and Florida Rule – 69I-73.002. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. The estimated useful lives of depreciable assets are as follows.

	<u>Years</u>
Buildings	15
Vehicles & Equipment	5

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Governmental Fund Balance

On October 1, 2010, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which the District is bound to honor constraints on the specific purpose for fund balances. These classifications are described as follows:

Nonspendable Fund Balance Description

Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The District had nonspendable fund balance totaling \$17,321, representing the amount held in inventory, as of September 30, 2011.

Spendable Fund Balance Descriptions

Restricted fund balance—Restricted fund balances are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District had no restricted fund balance as of September 30, 2011.

Committed fund balance—Committed fund balances are amounts constrained to specific purposes by the District, using its highest level of decision-making authority. The District had no committed funds as of September 30, 2011.

Assigned fund balance—Assigned fund balances are amounts the District intends to use for a specific purpose; intent can be expressed by an official or body to which the District Commissioners delegate the authority. The District had no assigned funds as of September 30, 2011.

Unassigned fund balance—amounts that are available for any purpose; these amounts are reported only in the general fund. Negative balances in other funds are reported as unassigned in those respective funds. The District's unassigned fund balance totaled \$50,527 as of September 30, 2011.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Net Assets

Net assets are classified in three categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt – represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – indicates that portion of net assets that is restricted based on limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – indicates that portion of net assets that are available to fund future operations.

Revenue recognition

Charges for services are billed to the customer on a monthly basis by the City of Moore Haven. The City collects and remits the mosquito assessment fee on behalf of the District. Intergovernmental revenue is recognized when the eligibility requirements imposed by the state have been met.

NOTE 2 BUDGETARY INFORMATION

Budgets and Budgetary Accounting

The District follows the procedures listed below in establishing the budgetary data reflected in the financial statements:

1. The Board develops a work plan and budget during the month of July for the coming fiscal year. The budget proposes the level of service to be provided and the funding source. The work plan and budget are submitted to the State Department of Agriculture and Consumer Services-Bureau of Entomology and Pest Control for approval.
2. The State reviews the work plan and determines the level of State Funding for the year. Once the amount of state funding is determined, the remaining services are reviewed and finalized and a determination is made whether any assessment fees are necessary.
3. The final budget is due to the State for approval by October 1.
4. Budgets are prepared on the same basis of accounting for governmental fund types. There was one budget amendment during the fiscal year.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 3 CASH

As of September 30, 2011, the District's cash was as follows:

Deposits with financial institutions	\$ 36,090
Certificates of Deposit	10,208
	<u>\$ 46,298</u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act", provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk for its deposits.

With the nonnegotiable certificate of deposit, there is no document that, if lost or stolen, would affect the District's rights to its assets.

NOTE 4 INVENTORY

Inventories consisted of the following September 30, 2011:

	Carrying Amount
Chemicals	<u>\$ 13,408</u>
Briquettes	3,913
Total	<u>\$ 17,321</u>

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 5 CAPITAL ASSETS

Capital assets' activity for the year ended September 30, 2011, is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital Assets Being Depreciated</i>				
Buildings	\$ 15,984	\$ -	\$ -	\$ 15,984
Machinery and Equipment	35,895	-	-	35,895
Total Capital Assets Being Depreciated	\$ 51,879	\$ -	\$ -	\$ 51,879
<i>Less Accumulated Depreciation for:</i>				
Buildings	15,984	-	-	15,984
Machinery and Equipment	32,181	2,527	-	34,708
Total Accumulated Depreciation	48,165	2,527	-	50,692
Total Capital Assets Being Net	\$ 3,714	\$ (2,527)	\$ -	\$ 1,187

Depreciation expense totaling \$2,527 was charged to the primary government for the year ended September 30, 2011.

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District retains no risk of loss.

Settled claims did not exceed insurance coverage limits during the last three years.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 7 RELATED PARTY TRANSACTIONS

The District has transactions with the City of Moore Haven. The City of Moore Haven bills and collects for mosquito assessment fees on behalf of the District. The District compensates the City by paying an annual administrative fee for billing and collection services. For the year ended September 30, 2011, the District received \$64,558 in mosquito control assessment fees from the City and paid the City \$2,000 for administrative services. In addition, the District leased land from the City for \$1.00 per year for the purpose of an office site and for storing chemicals and equipment. The lease expires November 30, 2017.

The District also has transactions with business entities owned by members of the District's management. For the year ended September 30, 2011, total payments made or payable to business entities owned by members of management were \$944.

NOTE 8 RETIREMENT PLAN

Plan Description – In May 2011, the District passed Resolution 2011-01, which granted all general employees and elected officials of the District membership into the Florida Retirement System (the "FRS"), administered by the State of Florida Department of Administration. Membership was to be applied retroactively beginning October 1, 2009. Employees elect participation in either the defined benefit plan (the "Pension Plan"), which is a multiple-employer cost-sharing defined benefit retirement plan; or the defined contribution plan (the "Investment Plan") under the FRS. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Annual cost of living adjustments are based on the participant's years of service prior to July 1, 2011.

Benefits are established by Chapter 121, Florida Statutes and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits are computed on the basis of age, average final compensation and service credit. Regular class employees who retire at or after age 65 with 8 years of credited service (age 62 with 6 years of service enrolled prior to July 1, 2011) or 33 years of service (30 years of service if enrolled prior to July 1, 2011) regardless of age, are entitled to a retirement benefit payable monthly for life equal to 1.6% - 1.68%, depending on their service class, of their average final compensation for each year of credited service. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees with less than 33 years of service (30 years of service if enrolled prior to July 1, 2011) may retire before normal retirement age and receive benefits that are reduced 5% for each year prior to normal retirement age or date. A post-employment health insurance subsidy is also provided to eligible retired employees through the FRS in accordance with Florida Statutes.

For employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

**MOORE HAVEN MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 9 RETIREMENT PLAN (CONTINUED)

The Deferred Retirement Option Program (“DROP”) is a program that provides an alternative method of payment of retirement benefits for a specified and limited period for members of the FRS, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for an FRS employer. The participation in the program does not change conditions of employment. When the DROP period ends, a maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit (in the same amount determined at retirement).

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The most recent available report is for the plan year ended June 30, 2010. This report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, Office of the Secretary, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (866) 738-2366, or by accessing their Internet site at https://www.rol.frs.state.fl.us/forms/2009-10_Annual_Report.pdf. In addition, the System’s financial statements and required supplemental information are included in the comprehensive annual financial report of the State of Florida, which may be obtained by contacting Florida’s Chief Financial Officer in Tallahassee, Florida.

Funding Policy – The FRS requires a 3% contribution for members effective July 1, 2011. Governmental employers are required to make contributions to the FRS based upon statewide rates. The FRS establishes contributions by the State fiscal year, which begins July 1. For the period of October 1, 2010 to June 30, 2011, and July 1, 2011 to September 30, 2011, the contribution rates, by job class, were regular employees 10.77% and 4.91%, elected officials 18.64% and 11.14%, senior management 14.57% and 6.27%, and DROP participants 12.25% and 4.42%, respectively.

All employees of the District elected participation in the Pension Plan. The District’s contributions to the Pension Plan for the year ended September 30, 2011 were \$6,598, equal to the actuarially determined contribution requirements for each fiscal year. Employee contributions to the Plan for the year ended September 30, 2011 totaled \$234.



**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**

Honorable Commissioners
Moore Haven Mosquito Control District
Moore Haven, Florida

We have audited the financial statements of the governmental activities and major fund of Moore Haven Mosquito Control District ("the District") as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as IC 2011-01, IC 2011-02, and IC 2011-03 to be material weaknesses.

Honorable Commissioners
Moore Haven Mosquito Control District

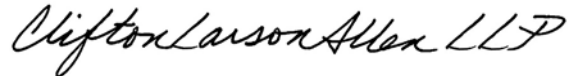
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*. See C 2011-01 on the accompanying schedule of findings and responses.

We noted certain matters that we reported to management of the District in a separate letter dated June 25, 2012.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management of the District, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2012

SCHEDULE OF FINDINGS AND RESPONSES

IC 2011-01 – Financial Reporting Process

Criteria

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Condition

Management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance.

Cause

The District has a limited number of personnel.

Effect

The design of the controls over the financial reporting process affects the District's ability to report their financial data consistent with the assertions of management.

Recommendation

We understand that this situation is already known to management and represents a conscious decision by management and the Board of Commissioners to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Board of Commissioners is aware of this situation.

Views of Responsible Officials

The district staff has noted this recommendation however as small as the District is, it is not feasible to hire more staff.

IC 2011-02 – Material Audit Adjustments

Criteria

District management is responsible for establishing and maintaining internal controls for the proper recording of all the District's receipts and disbursements, including year-end accruals and activity of all cash accounts.

Condition

As part of the audit, we proposed audit adjustments to revise the District's books at year-end. These adjustments involved the recording of unused briquettes as inventory rather than expensing when purchased, as well as fund balance adjustments and reclassifications.

Cause

The District has a limited number of personnel and some accounts do not get reconciled properly due to time constraints.

Honorable Commissioners
Moore Haven Mosquito Control District

Effect

The design of the controls over the financial reporting process affects the District's ability to report their financial data consistent with the assertions of management.

Recommendation

We understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Commissioners to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Board of Commissioners is aware of this situation.

Views of Responsible Officials

Management has noted this recommendation however as small as the District is, it is not feasible to hire more staff.

IC 2011-03 – Segregation of Duties

Criteria

The District's management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions. In addition, the District should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Condition

The District utilizes one staff person who is responsible for the majority of all accounting and administrative functions. Since one individual processes cash receipts and disbursements and reconciles cash per bank statements to cash per the general ledger, errors or manipulations could be perpetrated and would be difficult to detect.

Cause

The District has a limited number of personnel.

Effect

The design of the internal controls over financial reporting could affect the ability of the District to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the District's inability to prevent/detect material misappropriation of its assets.

Recommendation

We understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Commissioners to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Board of Commissioners is aware of this situation. If

Honorable Commissioners
Moore Haven Mosquito Control District

additional segregation is not feasible, we recommend the District's management implement oversight procedures to ensure the internal control policies and procedures are being followed by staff.

Views of Responsible Officials

The District staff has noted this recommendation and found it is not feasible for the District to hire additional staff, however the one staff individual does not sign on any bank accounts nor has access. The Board and Director review all checks before disbursement.

C 2011-01 – Using the State Chart of Accounts

Criteria

Florida Statute 218.33(2) requires each local governmental entity to follow uniform accounting practices and procedures as promulgated by rule of the Department of Financial Services to assure the use of proper accounting and fiscal management by such units. Such rules shall include a uniform classification of accounts.

Condition

The QuickBooks file provided had accounts which were not assigned account numbers and some account numbers assigned did not agree to the State chart of accounts.

Cause

The District has not converted to the State chart of accounts due to the time and effort required to make the conversion with only limited resources available.

Effect

The District is in violation of Florida Statute 218.33(2).

Recommendation

We recommend the District obtain the most current Uniform Accounting Systems Manual (UASM) for Special Districts from the Department of Financial Services website (<http://www.myfloridacfo.com/aadir/localgov/>) and update the chart of accounts to agree to the UASM.

Views of Responsible Officials

Management has noted this recommendation and the chart of accounts has been printed and will be updated.



MANAGEMENT LETTER

Honorable Commissioners
Moore Haven Mosquito Control District
Moore Haven, Florida

We have audited the financial statements of Moore Haven Mosquito Control District ("the District") as of and for the fiscal year ended September 30, 2011, and have issued our report, thereon, dated June 25, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters and Schedule of Findings and Responses. Disclosures in that report and schedule, which is dated June 25, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Refer to the heading below under Appendix A - Prior Year Findings and Responses, which describes the corrective actions taken to address findings and recommendations made in the preceding annual financial report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City's policy complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Honorable Commissioners
Moore Haven Mosquito Control District

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(l), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Commissioners, management of the District, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 25, 2012

APPENDIX A – PRIOR YEAR FINDINGS AND RESPONSES

Prior Year Findings	Current Year Status		
	Cleared	Partially Cleared	Not Cleared
IC 04-01			Refer to IC 2011-03 in the Schedule of Findings and Responses
IC 04-02	X		
IC 2008-01			Refer to IC 2011-01 in the Schedule of Findings and Responses
IC 2008-02			Refer to IC 2011-02 in the Schedule of Findings and Responses
IC 2008-03		Refer to IC 2011-02 in the Schedule of Findings and Responses	
C 2008-01	X		
C 2008-02	X		
C 2008-03			Refer to C 2011-01 in the Schedule of Findings and Responses