

BARRON WATER CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2008

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Florida Institute of Certified Public Accountants

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Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Barron Water Control District
P.O. Box 1606
LaBelle, Florida 33975-1606

We have audited the accompanying basic financial statements of Barron Water Control District (the "District") as of September 30, 2008 and for the year then ended, as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Barron Water Control District as of September 30, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2008, on our consideration of Barron Water Control District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of 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.

INTEGRITY SERVICE EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

Board of Supervisors
Barron Water Control District
Page 2

The Management's Discussion and Analysis (MD & A) on pages I-VI is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The required supplementary information other than MD&A on pages 31-36 described in the accompanying Table of Contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 16, 2008

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

BARRON WATER CONTROL DISTRICT

Management's Discussion and Analysis

For the year ending September 30, 2008

Management's Discussion and Analysis

This discussion and analysis of the Barron Water Control District (the District) financial statements is intended to give a considered overview of the District's financial activities for the fiscal year ended September 30, 2008. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. It is our intent to assist the reader in identifying and understanding significant changes in the District's financial position.

Financial Highlights

- At the close of fiscal year 2008 and 2007, the District's assets exceeded its liabilities, resulting in net assets of \$1,791,990 and \$1,550,745, respectively.
- The District had \$712,469 and \$671,743 of unrestricted net assets that can be used to meet the District's ongoing obligations at September 30, 2008 and 2007, respectively.
- For the year ended September 30, 2008, the District's net assets balance increased by \$241,245 and increased by \$1,336 for the year ended September 30, 2007.
- Operationally, the District's revenues exceeded expenditures by \$2,302, for the year ended September 30, 2008 and revenues exceeded expenditures by \$30,226 for the year ended September 30, 2007.
- Total operational revenues increased \$92,837 or 9.1 percent for the year ended September 30, 2008 in comparison to the prior year.
- Total expenditures increased \$277,757 or 27.5 percent for the year ended September 30, 2008 in comparison to the prior year.
- The net book value of the District's capital assets increased by \$366,631 and \$73,873 during the year ended September 30, 2008 and 2007, respectively.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Assets and Statement of Activities (found on pages 3 and 4) 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 3) 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, buildings and equipment) are included in this Statement and reported net of their accumulated depreciation.

The Statement of Activities (Page 4) 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 5 and 7) 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 Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 10. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year.

The following is a condensed summary comparison of net assets for the primary government for fiscal years 2008, 2007 and 2006:

	Summary of Net Assets September 30		
	2008 <u>Amount</u>	2007 <u>Amount</u>	2006 <u>Amount</u>
Assets:			
Current and other assets	\$ 795,485	\$ 820,553	\$ 764,362
Capital assets	<u>1,289,650</u>	<u>923,019</u>	<u>997,204</u>
Total Assets	<u>\$2,085,135</u>	<u>\$ 1,743,572</u>	<u>\$1,761,566</u>
Liabilities:			
Current liabilities	\$ 100,356	\$ 109,356	\$ 102,302
Non-current liabilities	<u>192,789</u>	<u>83,471</u>	<u>109,855</u>
Total Liabilities	<u>293,145</u>	<u>192,827</u>	<u>212,157</u>
Net Assets:			
Invested in capital assets, net of related debt	1,052,107	813,164	842,054
Restricted	27,414	65,838	17,653
Unrestricted	<u>712,469</u>	<u>671,743</u>	<u>689,702</u>
Total Net Assets	<u>1,791,990</u>	<u>1,550,745</u>	<u>1,549,409</u>
Total Liabilities and Net Assets	<u>\$ 2,085,135</u>	<u>\$ 1,743,572</u>	<u>\$1,761,566</u>

At September 30, 2008, current and other assets represent 38.2 percent of total assets. Current assets are comprised of unrestricted cash balances of \$468,933, restricted cash of \$54,802 and other assets of \$21,750. The balances of unrestricted cash represent amounts that are available for spending at the District's discretion. Restricted cash balances are for the Interlocal Agreement Fund, Debt Service, and future improvements to Plat Unit One drainage. The District also maintains a Certificate of Deposit in the amount of \$250,000 for emergency reserves.

At September 30, 2008, the capital assets of \$1,724,147 are comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation of \$434,497.

The unrestricted net asset balance at September 30, 2008, of \$712,469 represents an increase of \$40,726 or 6.1 percent over the prior fiscal year.

In regard to the General Fund operations of the District, the District is divided into four sub-districts, with maintenance assessment levies for each unit based on benefits to that unit. For fiscal years 2007 and 2008 the maintenance tax levies were \$58.73 per acre Urban, \$23.95 per acre Irrigated Agriculture, \$5.38 per acre Drainage Agriculture, and \$29.37 per acre Urban Grove. In 2006 the maintenance levies were \$42.50 per acre Urban, \$21.10 per acre Irrigated Agriculture, \$4.21 per acre Drainage Agriculture, and \$21.25 per acre Urban Grove.

For the year ended September 30, 2007, the District levied an assessment under Florida Statute Chapter 298.36 of \$1.63 per acre on the irrigated agricultural units only for the repayment of bonded debt (2003 pump note). Proceeds of the debt were used to purchase irrigation pumps which specifically benefited the landowners within the land designated as "irrigated units." The 2003 pump note was fully repaid during the year ended September 30, 2007.

For the year ended September 30, 2008, the District levied an assessment under Florida Statute Chapter 298.36 of \$1.85 per acre on the irrigated agricultural units and \$1.23 per acre on drainage agricultural units to repay the debt and related construction cost of two (2) new weirs. The debt is financed over a ten (10) year period.

For the year ended September 30, 2007, the District also levied an assessment under Florida Statute Chapter 298.36 of \$3.68 per acre on all lands in the agricultural area to repay the debt and related construction cost of two (2) new weirs.

The following is a Summary of Revenues, Expenses and Changes in Net Assets:

Comparison Summary of Revenues, Expenses and
Changes in Net Assets for the years ended
September 30

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>
Revenues:			
Maintenance taxes	\$ 670,405	\$ 745,752	\$ 577,701
Charges for services	383,014	181,239	130,905
Interest	34,194	35,248	30,588
Miscellaneous	<u>30,521</u>	<u>63,058</u>	<u>30,529</u>
Total Revenues	<u>1,118,134</u>	<u>1,025,297</u>	<u>769,723</u>
Expenditures:			
Administration			
Salaries and benefits	157,337	185,026	141,916
Operating expenses	154,197	122,823	125,438
Depreciation	4,157	4,308	1,009
Loss on Disposition	8,257	24,256	4,636
Interest and fiscal changes	<u>9,811</u>	<u>8,143</u>	<u>2,663</u>
Total Administration	<u>333,759</u>	<u>344,556</u>	<u>275,662</u>
Field Operations			
Salaries and benefits	204,436	200,273	143,689
Operating expenditures	233,502	334,084	250,044
Depreciation	<u>68,507</u>	<u>69,565</u>	<u>49,356</u>
Total Field Operations	<u>506,439</u>	<u>603,922</u>	<u>443,089</u>
Canal System Agreement			
Operating Expenses	<u>36,691</u>	<u>75,483</u>	<u>58,463</u>
Total Expenditures	<u>876,889</u>	<u>1,023,961</u>	<u>777,214</u>
Increase (decrease) in net assets	241,245	(1,336)	(7,491)
Net assets - Beginning	<u>1,550,745</u>	<u>1,549,409</u>	<u>1,556,900</u>
Net assets - Ending	<u>\$1,791,990</u>	<u>\$1,550,745</u>	<u>\$1,549,409</u>

Budgetary Highlights

For the fiscal year ended September 30, 2008, operational revenues exceeded expenditures by \$2,302. The surplus revenues enable the District to maintain the required emergency reserves necessary and to meet the requirements of the Auditor General.

Field operation expenses also increased over the prior fiscal year due to the hiring of an additional employees due to the growth in the District and continued increases in fuel and electric cost.

Capital Projects

The District also entered into an interlocal cost share agreement with the South Florida Water Management District (SFWMD) for the construction of two new water control structures to improve surface water management. SFWMD agreed to partially fund the project through a \$200,000 grant. During the fiscal year ended September 30, 2008, the weirs were completed. SFWMD did fund the \$200,000 grant. The District paid the remaining balance via special assessment and a note payable. The note is payable over ten (10) years and will be funded via annual special assessments.

There were no budget amendments in the Special Revenue Fund during the fiscal year ended September 30, 2008. The District did amend the General Fund budget during the year ended September 30, 2008 in the amount of \$418,710 to reflect the cost and methods of funding for the weir project.

The District was able to significantly reduce the principal balance of the 2000 Bond by utilizing reserves which had been in mandatory accounts established by the bond holder and statutory mandates.

Request for Information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to:

Lester B. Baird, Sr., General Manager
863-675-5770

**BARRON WATER CONTROL DISTRICT
STATEMENT OF NET ASSETS
September 30, 2008**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 468,933
Cash and cash equivalents - restricted	54,802
Investments	250,000
Accounts receivable	5,872
Due from other governments	15,273
Deposits	<u>605</u>
Total current assets	<u>795,485</u>
Non-current assets:	
Capital assets:	
Non-depreciable land	714,073
Depreciable buildings, equipment and machinery (net of \$434,497 accumulated depreciation)	<u>575,577</u>
Total non-current assets	<u>1,289,650</u>
TOTAL ASSETS	<u>\$ 2,085,135</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 11,054
Deposits	30,500
Due to other governments	14,048
Current portion of long-term obligations	<u>44,754</u>
Total current liabilities	<u>100,356</u>
Non-current liabilities:	
Non-current portion of long-term obligations	<u>192,789</u>
TOTAL LIABILITIES	<u>293,145</u>
 NET ASSETS	
Investment in capital assets, net of related debt	1,052,107
Restricted for:	
Debt service - Weir	16,114
Plat Unit One	11,300
Unrestricted	<u>712,469</u>
TOTAL NET ASSETS	<u>1,791,990</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,085,135</u>

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Total</u>
		<u>Charges for</u>	<u>Rent</u>	<u>Interest</u>	<u>Governmental</u>
		<u>Services, Net</u>	<u>Income</u>	<u>Income</u>	<u>Activities</u>
EXPENSES					
Governmental Activities					
General Government					
Administration					
Personal services	\$ 157,337				
Operating expenses	154,197				
Depreciation	4,157				
Loss on disposition of capital assets	8,257				
Interest and fiscal charges	9,811				
Total general government	<u>333,759</u>	\$ -	\$ 11,275	\$ -	\$ (322,484)
Water Control					
Personal services	204,436				
Operating expenses	233,502				
Depreciation	68,501				
Total water control	<u>506,439</u>	-	-	34,194	(472,245)
Canal System Agreement					
Operating expenses	36,691				
Total canal system agreement	<u>36,691</u>	<u>36,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>876,889</u>	<u>36,691</u>	<u>11,275</u>	<u>34,194</u>	<u>(794,729)</u>
GENERAL REVENUES					
Maintenance taxes					670,405
Joint trust contributions					90,842
Intergovernmental revenue					255,481
Miscellaneous					<u>19,246</u>
TOTAL GENERAL REVENUES					<u>1,035,974</u>
INCREASE IN NET ASSETS					
					241,245
NET ASSETS - Beginning of the year					<u>1,550,745</u>
NET ASSETS - End of the year					<u>\$ 1,791,990</u>

The accompanying notes are an integral part of this statement.

**BARRON WATER CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2008**

	General Fund	Canal System Interlocal Agreement Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 468,933	\$ -	\$ 468,933
Restricted cash and cash equivalents	27,414	27,388	54,802
Investments - designated	250,000	-	250,000
Accounts receivable	5,872	-	5,872
Due from general fund	-	2,194	2,194
Due from other governments	14,660	613	15,273
Deposits	<u>-</u>	<u>605</u>	<u>605</u>
TOTAL ASSETS	<u>\$ 766,879</u>	<u>\$ 30,800</u>	<u>\$ 797,679</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 10,754	\$ 300	\$ 11,054
Deposits	-	30,500	30,500
Due to canal system interlocal agreement fund	2,194	-	2,194
Due to other governments	<u>14,048</u>	<u>-</u>	<u>14,048</u>
TOTAL LIABILITIES	<u>26,996</u>	<u>30,800</u>	<u>57,796</u>
 FUND BALANCE			
Reserved for:			
Debt service - Weir	16,114	-	16,114
Plat Unit One	11,300	-	11,300
Unreserved, reported in:			
General Fund			
Designated - emergency reserve	250,000	-	250,000
Undesignated	<u>462,469</u>	<u>-</u>	<u>462,469</u>
TOTAL FUND BALANCE	<u>739,883</u>	<u>-</u>	<u>739,883</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 766,879</u>	<u>\$ 30,800</u>	<u>\$ 797,679</u>

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT
OF NET ASSETS - GOVERNMENTAL FUNDS
September 30, 2008

	<u>Amount</u>
Total fund balance for governmental funds	\$ 739,883
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated:	
Land	<u>714,073</u>
	714,073
Capital assets being depreciated:	
Building, equipment and machinery	1,010,074
Less accumulated depreciation	<u>(434,497)</u>
	575,577
Elimination of interfund amounts:	
Due to other funds	2,194
Due from other funds	<u>(2,194)</u>
	-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Note Payable	(154,140)
Capital lease payable	<u>(83,403)</u>
	<u>(237,543)</u>
Total net assets of governmental activities	<u><u>\$ 1,791,990</u></u>

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2008

	General Fund	Canal System Interlocal Agreement Fund	Total Governmental Funds
REVENUES			
Maintenance taxes	\$ 670,405	\$ -	\$ 670,405
Joint trust contributions	90,842	-	90,842
Charges for services, net of refunds	-	36,691	36,691
Intergovernmental revenue	55,481	-	55,481
Local grants	200,000	-	200,000
Labor	7,867	-	7,867
Interest	34,194	-	34,194
Rent	11,275	-	11,275
Miscellaneous	11,379	-	11,379
TOTAL REVENUES	<u>1,081,443</u>	<u>36,691</u>	<u>1,118,134</u>
EXPENDITURES			
Current			
General government			
Administration			
Personal services	157,337	-	157,337
Operating expenditures	154,197	-	154,197
	311,534	-	311,534
Physical environment			
Field operations			
Personal services	204,436	-	204,436
Operating expenditures	233,502	36,691	270,193
	437,938	36,691	474,629
Capital outlay	449,551	-	449,551
Debt service			
Principal retired	43,424	-	43,424
Interest charges	8,420	-	8,420
TOTAL EXPENDITURES	<u>1,250,867</u>	<u>36,691</u>	<u>1,287,558</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(169,424)</u>	<u>-</u>	<u>(169,424)</u>
OTHER FINANCING SOURCES			
Proceeds from note payable - Weir	169,721	-	169,721
Proceeds from disposition of capital assets	2,005	-	2,005
TOTAL OTHER FINANCING SOURCES	<u>171,726</u>	<u>-</u>	<u>171,726</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	2,302	-	2,302
FUND BALANCE - BEGINNING	<u>737,581</u>	<u>-</u>	<u>737,581</u>
FUND BALANCE - ENDING	<u>\$ 739,883</u>	<u>\$ -</u>	<u>\$ 739,883</u>

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
Year Ended September 30, 2008

		Amount
Net change (excess of revenues and other financing sources over expenditures) in fund balance - total governmental funds	\$	2,302
<p>The increase in net assets reported for governmental activities in the Statement of Activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	449,551	
Less: Proceeds from disposition of capital assets	(2,005)	
Less: Loss on disposition of capital assets	(8,257)	
Less: Current year depreciation	(72,658)	
		366,631
<p>The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Assets.</p>		
Principal/interest adjustment - note payable	(1,391)	
Proceeds from issuance of note payable - Weir	(169,721)	
Repayments:		
Note payable - Weir	16,972	
Capital lease principal payments	26,452	
		(127,688)
Change (increase) in net assets of governmental activities	\$	241,245

The accompanying notes are an integral part of this statement.

**BARRON WATER CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUND
September 30, 2008**

	Special Assessment Bond
ASSETS	
Cash and cash equivalents - restricted	\$ 31,546
Investments	107,472
Due from landowners	<u>66,395</u>
TOTAL ASSETS	<u>\$ 205,413</u>
 LIABILITIES	
Due to bondholder	<u>\$ 205,413</u>
TOTAL LIABILITIES	<u>\$ 205,413</u>

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of activities

Barron Water Control District (the "District") is an independent special district created by the Twentieth Judicial Circuit Court in Case Number 72-197 on May 8, 1975, under the provisions of Florida Statute, Chapter 298, and as amended by Laws of Florida, Chapter 2000-416, which extended the sunset date of the District until September 30, 2020. Laws of Florida, Chapter 2001-301, approved May 29, 2001, codified, reenacted, amended, and repealed its prior enabling acts. The District was formed for the purpose of preserving and protecting water resources by drainage, irrigation, or water management for approximately 27,300 acres in Glades and Hendry Counties. The District is governed by an elected three (3) member Board of Supervisors on a one acre/one vote basis. The Supervisors serve staggered three (3) year terms.

Summary of significant accounting policies

The following is a summary of the significant accounting policies used in the preparation of these basic financial statements.

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Reporting entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units." These Statements require the basic 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 14, as amended, there are no components required to be included. Therefore, there are no component units included and/or required to be included in the District's basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than the prior year. The effect of all interfund activity between governmental funds has been removed from the government-wide financial statements.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions."

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements, rather than as expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital improvements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Program revenues are considered to be revenues generated by services performed and/or by fees charged, such as permits allowing drainage into the District systems. The District also had program revenues from rent and interest income.

Fund Financial Statements

The accounts of the District are organized on the basis of 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 or retained earnings, revenues, and expenditures or expenses, as appropriate. 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.

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. The governmental fund financial statements display information about major funds individually and nonmajor funds in aggregate for governmental funds.

The fiduciary fund financial statements include financial information for the agency fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All governmental funds of the District are considered major funds.

Fiduciary Fund

The agency fund accounts for the financial activity related to the special assessment bonds. The District is not liable for the special assessment debt but rather acts strictly in the capacity of an agent for the affected landowners.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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. Maintenance taxes and non-ad

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual are assessments, taxes, interest on investments, and intergovernmental revenues. Assessments and taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on the long-term debt, if any, is recognized when due, and (2) expenditures are generally not divided between years by the recording of prepaid expenditures.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The fiduciary fund, an agency fund, is custodial in nature as such assets equal liabilities. The agency fund is accounted for in essentially the same manner as governmental funds, except it does not involve measurement of the results of operations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Non-current Government Assets/Liabilities

GASB 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as notes and bonds payable, be reported in the governmental activities column in the government-wide Statement of Net Assets.

Major Funds - Governmental

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Canal System Interlocal Agreement Fund is a special revenue fund and accounts for the financial activity specifically related to and restricted to its canal irrigation system interlocal agreement. As such, the District's special revenue fund provides irrigation services to two independent special districts, Gerber Groves Water Control District and Collins Slough Water Control District, as well as the Barron Water Control District's General Fund. This fund was accounted for as an internal service fund in prior years. Due to the implementation of GASB 34, the District elected to account for this activity in a special revenue fund (a governmental fund).

Fiduciary Fund

Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The only type of fiduciary fund the District maintains is an agency fund, which consists of clearing accounts for assets held by a government as an agent for individuals, private organizations, other governments or other funds. The District's agency fund is used to account for the activity related to an outstanding special assessment debt (bond) issue. The District is not liable for or a guarantor of the outstanding special assessment debt, but rather simply acts as agent for the affected landowners in that it collects assessments and then remits such collections to the bondholder.

Budgetary Information

The District has elected to report budgetary comparison of major funds as required supplementary information (RSI).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets

Capital assets, which include land, buildings, equipment, and machinery, are reported in the government-wide financial statements Statement of Net Assets.

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) capital assets consisting of certain improvements other than building, including canals, water control structures, weirs, culverts, and excavations, are capitalized. The District has included the cost of land and the cost of land under and surrounding its canals as well as the infrastructure type assets into the "land" category of capital assets. Since the District continually maintains its canals and drainage systems, it has elected not to depreciate such systems. No debt-related interest expense is capitalized as part of capital assets in accordance with GASB 34.

Maintenance, repairs, and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized when the related expenditure is incurred.

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as expenditures in the government-wide statements but rather are capitalized and depreciated.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	10-33
Equipment and Machinery	10-33

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and budgetary accounting

The District has adopted an annual budget for the General Fund and the Special Revenue Fund. The District operates the Special Revenue Fund essentially as an Internal Service Fund. As such, the fund is charged costs by the General Fund and by vendors for services performed. The Special Revenue Fund then allocates and bills the cost to the three participating entities. The fund has no intent to derive net income, but rather charges fees to the participating entities in amounts equal to costs incurred. The annual budget is adopted equal to costs incurred since all costs are simply pass-through costs. Net revenue over (under) expenditures is always budgeted as zero (\$0).

The District follows these procedures in establishing budgetary data for the General Fund and the Special Revenue Fund.

1. During the summer of each year, the General Manager and/or Treasurer submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer/landowner comments.
3. The budget is adopted by approval of the Board of Supervisors.
4. Budget amounts, as shown in these basic financial statements, are as originally adopted or as amended by the Board of Supervisors.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.
8. The Board of Supervisors did not amend the special revenue fund budget during the fiscal year ended September 30, 2008. The Board did amend the General Fund budget by increasing budgeted revenues and expenditures by \$1,356,291 for the year ended September 30, 2008.

Compensated absences

The District's employees accumulate sick and annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave, if they meet certain criteria.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated absences, continued

Accumulated annual leave at September 30, 2008 was immaterial and was not recorded in the basic financial statements.

Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because at present it is not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

Due To/From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by the funds affected in the period in which the transactions are executed.

Due From Other Governments

No allowance for losses on uncollectible accounts has been recorded since the District considered all amounts to be fully collectible.

Fund equity

In the governmental fund financial statements, reservation of fund balance indicates amounts that are limited for a specific purpose, are not appropriate for expenditure, or are legally segregated for a specific future use. Designations of fund balance represent tentative management plans. Unreserved, undesignated fund balance indicates funds that are available for current expenditure.

Interfund Transactions

The District considers interfund receivables (due from other funds) and interfund liabilities (due to other funds) to be loan transactions to and from other funds to cover temporary (three months or less) cash needs. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing funds and as reduction of expenditures/expenses in the fund that is reimbursed.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Management estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund equity, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

At September 30, 2008, cash and cash equivalents were \$555,281 (including the Agency Fund, which held \$31,546) which was comprised of unrestricted cash held in the General Fund of \$468,933 (including cash on hand of \$250) and \$86,348 total (all funds) restricted cash. Cash and cash equivalents are restricted at September 30, 2008 for the following purposes:

	<u>Amount</u>
General Fund:	
Debt Service - Weir	\$ 16,114
Plat Unit One	<u>11,300</u>
Total - General Fund	27,414
Special Revenue Fund:	
Canal System Agreement	<u>27,388</u>
Total - Governmental funds	54,802
Agency Fund:	
Special Assessment Debt	<u>31,546</u>
Total	<u><u>\$ 86,348</u></u>

Deposits

The District's deposit policy allows deposits to be held in demand deposit or money market accounts. All District depositories are banks or savings institutions designated as qualified depositories by the State Treasurer.

At September 30, 2008, the carrying amount of the District's deposits were \$496,097, \$27,388, and \$31,546 in the General Fund, Special Revenue Fund and

NOTE B - CASH AND INVESTMENTS, CONTINUED

Deposits, continued

Agency Fund, respectively. The bank balances were \$502,701, \$27,388, and \$31,546 in the General Fund, Special Revenue Fund and Agency Fund, respectively. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Statute, Chapter 280, Public Depository Security Act of the State of Florida.

Investments

Florida Statutes and the District's investment policy authorize investments in certificates of deposit (CD). Certificates of deposit whose values exceed the amount of federal depository insurance are collateralized pursuant to the Public Depository Security Act of the State of Florida. The District had \$250,000 (bank and book balance) invested in certificates of deposit at September 30, 2008, held as part of the General Fund - designated for emergency reserves. The CD carried an interest rate of 3.4% and matures September 26, 2009. The District also held \$107,472, as part of the Agency Fund - special assessment debt reserves. This CD carried an interest rate of 3.35%.

NOTE C - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2008, are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund:		
Special Revenue Fund	\$ -	\$ 2,194
Canal system interlocal	-	-
Total General Fund	<u>-</u>	<u>2,194</u>
Special Revenue Fund:		
General	<u>2,194</u>	-
Total Special Revenue Fund	<u>2,194</u>	-
Total	<u>\$ 2,194</u>	<u>\$ 2,194</u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Assets at September 30, 2008.

BARRON WATER CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE D - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2008:

	Balance October 1 2007	Increases/ Additions	Decreases/ Retirements	Adjustments/ Reclassifications	Balance September 30 2008
Capital Assets Not					
Being Depreciated:					
Land	\$ 243,504	\$ 421,801	\$ -	\$ -	\$ 665,305
Rights-of-way	<u>37,125</u>	<u>11,643</u>	<u>-</u>	<u>-</u>	<u>48,768</u>
Total Capital Assets Not					
Being Depreciated	<u>280,629</u>	<u>433,444</u>	<u>-</u>	<u>-</u>	<u>714,073</u>
Capital Assets					
Being Depreciated:					
Buildings	113,503	-	-	-	113,503
Equipment acquired under capital lease	167,908	-	-	-	167,908
Equipment & Machinery	<u>743,178</u>	<u>16,107</u>	<u>(30,622)</u>	<u>-</u>	<u>728,663</u>
Total Capital Assets					
Being Depreciated	<u>1,024,589</u>	<u>16,107</u>	<u>(30,622)</u>	<u>-</u>	<u>1,010,074</u>
Less Accumulated Depreciation:					
Buildings	(59,752)	(3,554)	-	-	(63,306)
Equipment acquired under capital lease	(20,989)	(16,791)	-	-	(37,780)
Equipment & Machinery	<u>(301,458)</u>	<u>(52,313)</u>	<u>20,360</u>	<u>-</u>	<u>(333,411)</u>
Total Accumulated Depreciation	<u>(382,199)</u>	<u>(72,658)</u>	<u>20,360</u>	<u>-</u>	<u>(434,497)</u>
Total Capital Assets Being Depreciated, Net	<u>642,390</u>	<u>(56,551)</u>	<u>(10,262)</u>	<u>-</u>	<u>575,577</u>
Capital Assets, Net	<u>\$ 923,019</u>	<u>\$ 376,893</u>	<u>\$ (10,262)</u>	<u>\$ -</u>	1,289,650
				Less: Related Debt	<u>(237,543)</u>
				Investment in Capital Assets	
				Net of Related Debt	<u>1,052,107</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2008:

	<u>Amount</u>
General Government - Administration	\$ 4,157
General Government - Water Control	<u>68,501</u>
Total Depreciation Expense	<u>\$ 72,658</u>

BARRON WATER CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE E - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the ended September 30, 2008:

	Balance October 1 2007	Additions	Retirements And Adjustments	Balance September 30 2008	Amounts Due Within One Year
Weir Note	\$ -	\$ 169,721	\$ (15,581) *	\$ 154,140	\$ 16,972
Capital Lease	109,855	-	(26,452)	83,403	27,782
	<u>\$ 109,855</u>	<u>\$ 169,721</u>	<u>\$ (42,033) *</u>	<u>\$ 237,543</u>	<u>\$ 44,754</u>

* Includes principal retirement of \$16,972 and principal adjustment (increase) of \$1,391.

Long-term debt consists of the following at September 30, 2008:

	<u>Amount</u>
\$154,140 note payable (Weir) to financial institution in the amount of \$22,037 annually beginning June 1, 2009 including interest at 5.36%. The note is collateralized by the certain revenue streams. Final payment due June 1, 2017.	\$ 154,140
\$134,911 capital lease payable annually, on July 13, to a financial institution in the amount of \$32,206 including interest at 5.3%, collateralized by the respective equipment. Final balloon payment of \$58,640 due July 13, 2010.	<u>83,403</u>
Total Long-Term Debt	<u>\$ 237,543</u>

Interest expense related to the note payable - Weir for the year ended September 30, 2008, was \$2,666.

Interest expense related to the capital lease payable for the year ended September 30, 2008, was \$5,754.

BARRON WATER CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2008

NOTE E - LONG-TERM LIABILITIES, CONTINUED

The annual debt service requirements for long-term debt obligations at September 30, 2008, were as follows:

Year Ending September 30	Capital Lease		Note Payable - Weir		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 27,782	\$ 4,424	\$ 16,972	\$ 8,187	\$ 44,754	\$ 12,611
2010	55,621	2,952	16,972	7,278	72,593	10,230
2011	-	-	16,972	6,368	16,972	6,368
2012	-	-	16,972	5,458	16,972	5,458
2013	-	-	16,972	4,548	16,972	4,548
2014-2017	-	-	69,280	8,566	69,280	8,566
Total debt service	<u>\$ 83,403</u>	<u>\$ 7,376</u>	<u>\$ 154,140</u>	<u>\$ 40,405</u>	<u>\$ 237,543</u>	<u>\$ 47,781</u>

NOTE F - LINE OF CREDIT

During the year ended September 30, 2008, the District obtained a \$250,000 Line of Credit (LOC) from a financial institution. The LOC was intended to be used for emergency preparedness and to fund the cost of an emergency response to a disaster. The LOC required interest at 3.9%. Principal is due on demand but no later than June 1, 2009. The LOC is collateralized by a security agreement including certain revenue streams. At September 30, 2008, there was no outstanding balance due and no monies had been drawn on the LOC during the year ended September 30, 2008. The District intends to annually renew the line of credit.

During the year ended September 30, 2008, the District renewed a \$500,000 Line of Credit (LOC) from a financial institution. The LOC was intended to be used for emergency preparedness and to fund the cost of an emergency response to a disaster. The LOC required interest at 4.71%. Principal is due on demand but no later than February 1, 2009. The LOC is collateralized by security agreement including certain revenue streams. At September 30, 2008, there was no outstanding balance due and no monies had been drawn on the LOC during the year ended September 30, 2008. The District intends to renew the line of credit at February 1, 2010.

**BARRON WATER CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2008**

NOTE G - MAINTENANCE TAXES

Maintenance taxes are generally levied on November 1 of each year, after formal adoption of the District's budget, and become due and payable upon receipt of the Notice of Levy. Discounts are allowed for payment of maintenance taxes prior to March 1 of the following year. On April 1, any unpaid taxes become delinquent. If the taxes remain unpaid, tax certificates are then offered for sale to the general public. The billing and collection of all maintenance taxes are performed for the District by the Tax Collectors for Hendry and Glades Counties. Taxes are recognized as revenue when levied to the extent that they result in current receivables.

Key dates in the maintenance and installment tax cycle (latest date, where appropriate) are as follows:

- Prior to June 1 * Maintenance assessment annual tax levy resolution submitted to the Property Appraisers of Hendry & Glades Counties.
- November 1 * Taxes are due and payable (levy date) with various discount provisions through March 31.
- April 1 * Taxes become delinquent.
- Prior to June 1 * Tax certificates sold by the respective Counties.

Under the provisions of Chapter 298.54 of the Florida Statutes, the Board of Supervisors of the District levied the following uniform maintenance taxes on land within the District to pay the operating costs of the District for the year ended September 30, 2008:

	<u>Maintenance Taxes</u>	
Urban area	\$ 58.73	per acre
Urban area - grove	\$ 29.37	per acre
Irrigated agricultural units	\$ 23.95	per acre
Drainage agricultural units	\$ 5.38	per acre

Tax revenue from this levy is used for the maintenance and operating costs of the District.

NOTE G - MAINTENANCE TAXES, CONTINUED

For the year ended September 30, 2008, the District also levied an assessment under Florida Statute Chapter 298.36 of \$1.85 per acre on irrigated agricultural units and \$1.23 per acre on drainage agricultural units to repay the debt and related construction cost of two (2) new weirs. The District financed this project through a note payable over a ten (10) year period, which will be used to initially fund the cost of construction of the weirs.

NOTE H - SPECIAL ASSESSMENT DEBT WITH NO GOVERNMENT COMMITMENT

In 1995, the District issued, on behalf of the landowners within the District, \$2,320,000 of special assessment bonds. In 1997, the District issued, on behalf of the landowners within the District, another \$2,320,000 of special assessment bonds. During 1998, the District issued two additional special assessment bond issues in the amount of \$1,200,000 and \$1,115,000, respectively. In 1999, the Board of Supervisors authorized the issuance of a special assessment bond issue not to exceed \$250,000. The bond proceeds from the debt issues are being used to construct and improve water control structures.

During April 2000, the District issued the Series 2000 Bonds in an amount not to exceed \$1,328,415. These bonds, together with excess reserve amounts, were issued to retire certain bonds and refinance and consolidate the balance of the 1995, 1997, and both 1998 Series Bonds. As a result of the issuance of the Series 2000 Bonds and the related refinancing and consolidation, only the 1999 and the 2000 Series Bonds remained outstanding. The Series 1999 Bonds were fully repaid during the year ended September 30, 2007. At September 30, 2008, only the Series 2000 Bonds remain outstanding in the amount of \$205,413. These Bonds are payable annually and due June 1, 2010. Interest accrues at a fixed rate of 4.68%.

**NOTE H - SPECIAL ASSESSMENT DEBT WITH NO GOVERNMENT COMMITMENT,
 CONTINUED**

The District is not obligated to repay the special assessment debt even if sufficient assessment funds are not available. The District functions strictly as an agent for the landowners in collecting the assessments, forwarding the collections to the bondholder, and initiating foreclosure proceedings against landowners, if appropriate, for non-payment of assessments. The special assessments are levied against the benefited land under the provisions of Florida Statute 298.36. The benefited land serves as collateral for the special assessment debt. The special assessments received and the related debt service payments are accounted for in an agency fund on behalf of the landowners. The activity of this agency fund is disclosed within this financial statement but is not considered part of the District's financial position

Under the provisions for "Special Assessments" within Chapter 298.36 of the Florida Statutes, the Board of Supervisors of the District annually levies and collects special assessments, then remits the assessment collections to the bondholder as payment for the outstanding debt. The special assessments levied for the year ended September 30, 2008, were as follows:

	<u>Special Assessment Installment Taxes</u>	
2000 Bond Series	\$	15.95 per acre on irrigated agricultural units
2000 Bond Series	\$	1.92 per acre on drainage agricultural units

NOTE I - RELATED PARTY TRANSACTIONS

The District paid \$101,700 to Port LaBelle Community Development District (PLCDD) during the year ended September 30, 2008 for field operation, accounting services and other services performed under an intergovernmental agreement. In addition, the District received \$4,800 from PLCDD for the use of office space and computer facilities, \$1,800 for the use of a vehicle and \$54,500 for the cost sharing of the general managers and receptionist.

Included in Due From Other Governments at September 30, 2008, is \$8,794 from PLCDD. Included in Due To Other Governments at September 30, 2008, is \$9,616 due to PLCDD.

NOTE J - RESERVATION OF FUND EQUITY

At September 30, 2008, a total reserved fund balance of \$27,414 was held in the General Fund (Restricted Net Assets in the Governmental-wide Financial Statements) and was comprised of the following:

A reserve balance of \$16,114 is held for the construction of a weir and repayment of related debt, if any.

A reserve balance of \$11,300, including interest income, is intended to be used to beautify and maintain a buffer area in Plat Unit One. This reserve results from a settlement agreement from the taking of land by the City of LaBelle. The original settlement amount was \$10,000.

NOTE K - RETIREMENT PLAN

Plan description and provisions

All full-time District employees are participants in the statewide Florida Retirement System (FRS) under the authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS is noncontributory and is totally administered by the State of Florida. Pension costs for the District ranged between 9.85% and 13.12% for the year ended September 30, 2008. The District's contributions to the plan were \$26,121, \$30,180 and \$19,035 for the years ended September 30, 2008, 2007 and 2006, respectively. There were no employee contributions to the plan. The District contributed 100% of the required contributions. The District's covered payroll for the years ended September 30, 2008, 2007, and 2006 was \$236,968, \$270,440, and \$199,801, respectively.

Employees who retire with 6 years of creditable service or after age 62, 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation.

Benefits vest after 6 years (6 years for senior management) of credited service. Vested employees may retire anytime after vesting and incur a 5% benefit reduction

NOTE K - RETIREMENT PLAN, CONTINUED

Plan description and provisions, continued

for each year prior to normal retirement age.

Early retirement, disability, death, and survivor benefits are also offered. Benefits are established by State Statute. The plan provides for a constant 3% cost-of-living adjustment for retirees.

The Plan also provides several other plan and/or investment options that may be elected by the employee. Each offers specific contribution and benefit options. The Plan documents should be referenced for complete detail.

Description of funding policy

This is a cost sharing, multi-employer plan available to governmental units within the state and actuarial information with respect to an individual participating entity is not available. Participating employers are required by Statute to pay monthly contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due.

Plan information

A copy of the FRS's June 30, 2008 annual report can be obtained by writing to the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

NOTE L - 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; injuries to employees; and natural disasters.

Insurance programs for general/professional liability, automobile and property are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$0 to \$5,000) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$3,000,000 per occurrence and \$6,000,000 in the aggregate. The District is third party insured for employee health as well as workers compensation.

NOTE M - CONTINGENCIES AND COMMITMENTS

The District is involved from time to time in certain routine litigation, the substance of which, either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions, and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters are not anticipated to have a materially adverse effect on the financial condition of the District. As a general policy, the District plans to contest any such matters.

The District is the plaintiff in an eminent domain court action. The District continues to vigorously pursue the conclusion of the case. Should the District prevail, it will be required to pay court ordered costs. Such costs are not anticipated to be financially material to the District.

NOTE N - COMMITMENTS AND CONTINGENCIES

During the year ended September 30, 2007, the District committed to the construction of two (2) weirs in the total amount of approximately \$420,000. The construction was completed during the year ended September 30, 2008, for a cost of \$421,801. As part of the construction, the District was awarded a grant from South Florida Water management District (SFWMD) in the amount of \$200,000 to be used towards the construction costs. During the year ended September 30, 2008, the District did receive the \$200,000 grant proceeds and applied the proceeds to the project costs. During the year ended September 30, 2008, the District levied an assessment on the benefited land to service the note payable. The District originally borrowed against its LOC to initially fund the construction costs but converted the LOC to a term loan during the year ended September 30, 2008. The District intends to repay the loan over a ten (10) year period by annually assessing the benefited lands. As September 30, 2008, the District held cash in the amount of \$16,114 restricted to fund these construction costs. The cash was collected as a result of the initial special assessment.

The District, as a landowner, is a signatory to a Consent Order issued by the State of Florida, Department of Environmental Protection (DEP). The Consent Order was entered as a result of Hurricane Wilma destroying a tenant's building on land leased from the District. The building contained pesticides and fuel. The District would be

NOTE N - COMMITMENTS AND CONTINGENCIES, CONTINUED

held responsible for the clean-up and monitoring should the tenant become insolvent. During the year ended September 30, 2008, the tenant performed the required remediation of the site. The tenant's consultant reported the soils now meet the clean-up target levels but the site's groundwater did not meet the target levels. They recommended quarterly monitoring and estimated the target would be met by March 2009. The reports were submitted to DEP but no response from DEP has been received by the District. No amounts have been recorded for their contingent liability as the tenant appears to be adhering to the terms of the Consent Order.

NOTE O - IMPLEMENTATION OF GASB STATEMENT NO. 45

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This Statement will change the manner in which a governmental entity funds and records its post retirement benefit costs other than pension. Specifically, governments will have to actuarially accrue and fund costs rather than fund them on a pay-as-you-go basis, as is currently the method used. This Statement may have a significant effect on the District's annual budget. The Statement is effective for the year ended September 30, 2008 for Phase I governments. However, the District is considered a Phase III government. Therefore, this Statement is effective for the year ended September 30, 2010. The District, as required by the State of Florida, provides retirees the opportunity to participate, purchase and pay for health insurance as part of the District's health insurance plan.

NOTE P - SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2008, the District purchased a new backhoe in the amount of \$58,534. No adjustment or amount was recorded for these items for the year ended September 30, 2008.

Subsequent to the year ended September 30, 2008, the District awarded a contract for various building improvements and installation of new pumps. Each contacted project is \$68,000 each, totaling \$136,400.

Subsequent to the year ended September 30, 2008, the District approved additional contracts totaling \$200,243, which includes modifications to the District's pumping stations, removal and reinstallation of pumps, engineer costs, etc.

No adjustment or amount was recorded for these items for the year ended September 30, 2008.

**REQUIRED SUPPLEMENTARY
INFORMATION
OTHER THAN MD&A**

BARRON WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND - SUMMARY STATEMENT
Year Ended September 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Maintenance taxes	\$ 694,200	\$ 694,200	\$ 670,405	\$ (23,795)
Joint trust contributions	18,000	18,000	90,842	72,842
Intergovernmental revenue	62,000	62,000	55,481	(6,519)
Local grants	-	200,000	200,000	-
Interest	25,000	25,000	34,194	9,194
Labor	11,500	11,500	7,867	(3,633)
Rent	6,000	6,000	11,275	5,275
Miscellaneous	4,200	53,189	11,379	(41,810)
Prior year budgeted carryforward	100,000	1,037,581	-	(1,037,581)
TOTAL REVENUES	920,900	2,107,470	1,081,443	(1,026,027)
EXPENDITURES				
Current				
General government				
Administration				
Personal services	156,400	165,319	157,337	7,982
Operating expenditures	95,000	95,000	154,197	(59,197)
	251,400	260,319	311,534	(51,215)
Physical environment				
Field operations				
Personal services	220,200	220,200	204,436	15,764
Operating expenditures	281,800	281,800	233,502	48,298
	502,000	502,000	437,938	64,062
Capital outlay	107,000	528,801	449,551	79,250
Debt Service				
Principal retired	22,500	22,500	43,424	(20,924)
Interest charges	13,000	13,000	8,420	4,580
Contingency	25,000	950,571	-	950,571
TOTAL EXPENDITURES	920,900	2,277,191	1,250,867	1,026,324
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	(169,721)	(169,424)	297
OTHER FINANCING SOURCES				
Proceeds from note payable - Weir	-	169,721	169,721	-
Proceeds from disposition of capital assets	-	-	2,005	2,005
TOTAL OTHER FINANCING SOURCES	-	169,721	171,726	2,005
EXCESS OF REVENUES AND				
OTHER FINANCING SOURCES				
OVER (UNDER) EXPENDITURES	\$ -	\$ -	2,302	\$ 2,302
FUND BALANCE - BEGINNING			<u>737,581</u>	
FUND BALANCE - ENDING			<u>\$ 739,883</u>	

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Maintenance taxes	\$ 694,200	\$ 694,200	\$ 670,405	\$ (23,795)
Joint trust contributions	18,000	18,000	90,842	72,842
Intergovernmental revenue	62,000	62,000	55,481	(6,519)
Local grants	-	200,000	200,000	-
Interest	25,000	25,000	34,194	9,194
Labor	11,500	11,500	7,867	(3,633)
Rent	6,000	6,000	11,275	5,275
Miscellaneous	4,200	53,189	11,379	(41,810)
Prior year budgeted carryforward	100,000	1,037,581	-	(1,037,581)
TOTAL REVENUES	920,900	2,107,470	1,081,443	(1,026,027)
EXPENDITURES				
Current				
General government				
Administration				
Personal services				
Board of Supervisors' fees	1,200	1,200	750	450
Salaries, General Manager	90,000	90,000	85,000	5,000
Salaries, clerical	21,300	21,300	19,758	1,542
Payroll benefits	43,900	52,819	51,829	990
TOTAL - ADMINISTRATION				
PERSONAL SERVICES	156,400	165,319	157,337	7,982
Operating expenditures				
Secretarial services	21,000	21,000	19,800	1,200
Audit and bookkeeping	15,000	15,000	16,474	(1,474)
Computer expenses	4,000	4,000	3,022	978
Tax collection fees	26,000	26,000	26,026	(26)
Travel	1,200	1,200	1,927	(727)
Telephone services	3,000	3,000	3,810	(810)
Utilities	2,800	2,800	1,625	1,175
Office expense	9,000	9,000	18,295	(9,295)
Legal notices/miscellaneous	2,500	2,500	5,366	(2,866)
Auto expense	300	300	408	(108)
Membership fees	2,200	2,200	2,210	(10)
Legal fees	8,000	8,000	55,234	(47,234)
TOTAL - ADMINISTRATION				
OPERATING	95,000	95,000	154,197	(59,197)
SUBTOTAL EXPENDITURES				
CARRIED FORWARD	\$ 251,400	\$ 260,319	\$ 311,534	\$ (51,215)

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2008

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES, CONTINUED				
SUBTOTAL EXPENDITURES				
BROUGHT FORWARD	\$ 251,400	\$ 260,319	\$ 311,534	\$ (51,215)
Physical environment				
Field operations				
Personal services				
Salaries/wages	142,700	142,700	132,210	10,490
Payroll benefits	77,500	77,500	72,226	5,274
TOTAL - FIELD OPERATIONS				
PERSONAL SERVICES	220,200	220,200	204,436	15,764
Operating expenditures				
Engineering service	11,000	11,000	10,662	338
Water quality tests	8,300	8,300	6,180	2,120
Canal maintenance	15,000	15,000	103	14,897
Rental equipment	1,200	1,200	480	720
Insurance - liability	38,000	38,000	31,498	6,502
Utilities	1,500	1,500	2,685	(1,185)
Mobile telephone expense	3,800	3,800	3,500	300
Electric service	90,000	90,000	47,881	42,119
Pump repair	6,000	6,000	6,697	(697)
Repairs and maintenance - equipment	29,500	29,500	21,012	8,488
Assessments	5,000	5,000	5,526	(526)
Operating supplies	35,000	35,000	59,518	(24,518)
Chemicals	37,500	37,500	37,760	(260)
TOTAL - FIELD OPERATIONS				
OPERATING	281,800	281,800	233,502	48,298
Capital outlay	57,000	57,000	16,107	40,893
Acquisition of Right-of-Way	50,000	50,000	11,643	38,357
Capital outlay - weirs	-	421,801	421,801	-
Principal retirement	22,500	22,500	43,424	(20,924)
Interest Charges	13,000	13,000	8,420	4,580
Contingency	25,000	950,571	-	950,571
	167,500	1,514,872	501,395	1,013,477
TOTAL EXPENDITURES	920,900	2,277,191	1,250,867	1,026,324
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES CARRIED FORWARD	\$ -	\$ (169,721)	\$ (169,424)	\$ 297

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2008

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BROUGHT FORWARD	\$ -	\$ (169,721)	\$ (169,424)	\$ 297
OTHER FINANCING SOURCES				
Proceeds from note payable - Weir	-	169,721	169,721	-
Proceeds from disposition of capital assets	-	-	2,005	2,005
TOTAL OTHER FINANCING SOURCES	-	169,721	171,726	2,005
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ -	2,302	\$ 2,302
FUND BALANCE - BEGINNING			737,581	
FUND BALANCE - ENDING			\$ 739,883	

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - SPECIAL REVENUE FUND - CANAL SYSTEM AGREEMENT
Year Ended September 30, 2008

	Special Revenue Fund - Canal System			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 36,691	\$ 36,691
Interest	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>36,691</u>	<u>36,691</u>
EXPENDITURES				
Current				
Physical environment				
Field operations				
Operating expenditures	-	-	36,691	(36,691)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>36,691</u>	<u>(36,691)</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING			<u>-</u>	
FUND BALANCE - ENDING			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND - SPECIAL ASSESSMENT BONDS
Year Ended September 30, 2008

	Balance October 1 2007	Additions	Deletions	Balance September 30 2008
ASSETS				
Cash and cash equivalents - restricted	\$ 26,011	\$ 108,344	\$ 102,809	\$ 31,546
Investments	103,121	4,351	-	107,472
Due from landowners	<u>164,842</u>	<u>14,248</u>	<u>112,695</u>	<u>66,395</u>
TOTAL ASSETS	<u>\$ 293,974</u>	<u>\$ 126,943</u>	<u>\$ 215,504</u>	<u>\$ 205,413</u>
LIABILITIES				
Due to bondholder	<u>\$ 293,974</u>	<u>\$ -</u>	<u>\$ 88,561</u>	<u>\$ 205,413</u>
TOTAL LIABILITIES	<u>\$ 293,974</u>	<u>\$ -</u>	<u>\$ 88,561</u>	<u>\$ 205,413</u>

The accompanying notes are an integral part of this statement.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
 CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
 Barron Water Control District
 P.O. Box 1606
 LaBelle, Florida 33975-1606

We have audited the basic financial statements of Barron Water Control District as of and for the year ended September 30, 2008 and have issued our report thereon dated December 16, 2008. 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 Barron Water Control District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Barron Water Control District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Barron Water Control District internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Barron Water Control District's basic financial statements that is more than inconsequential will not be prevented or detected by Barron Water Control District's internal control.

INTEGRITY SERVICE EXPERIENCE

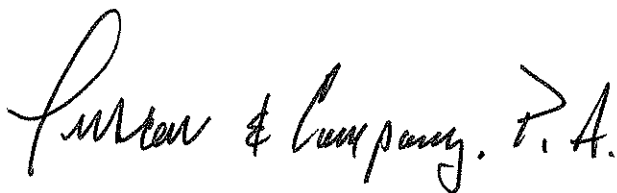
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We also noted certain other matters that we reported to management of Barron Water Control District in our Report to Management dated December 16, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Barron Water Control District's basic 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 basic 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.

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



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 16, 2008



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& Company, PA

Certified Public Accountants & Consultants

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Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Supervisors
Barron Water Control District
P.O. Box 1606
LaBelle, Florida 33975-1606

We have audited the basic financial statements of Barron Water Control District (the "District") as of and for the year ended September 30, 2008 and have issued our report thereon dated December 16, 2008. In connection with our audit, we are submitting the following comments and recommendations in accordance with Chapter 10.550 "Rules of the Auditor General - Local Governmental Entity Audits" (Revised September 30, 2008) Rule 10.557(3) and Section 218.39(4) of the Florida Statutes.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

Note: Prior year comments not repeated appear to have been addressed and/or resolved.

CURRENT YEAR COMMENTS:

1. We Recommend the District Consider Fixed Asset Inventory Software

During the year ended September 30, 2008, we noted management currently tracks fixed asset records and depreciation in a non-fixed asset specific software. This makes accounting and tracking fixed assets cumbersome and time consuming.

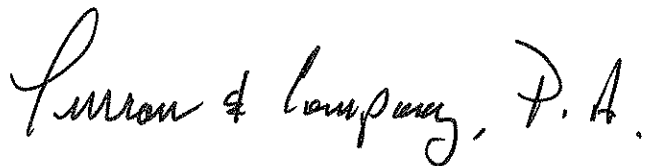
Due to the size of the District's fixed asset inventory and the recent requirement to calculate depreciation, we recommend management use a designated specific fixed asset software to track and reconcile its fixed asset inventory, including depreciation.

We have included in this letter all comments which came to our attention during the course of our audit regarding Items 1 through 7, as applicable, of the "Rules of the Auditor General - Local Governmental Entity Audits," Rule 10.554, Section (1)(i). In regard to Item 2, we represent that the Barron Water Control District has complied with Florida Statute 218.415 regarding

INTEGRITY SERVICE EXPERIENCE

investment of public funds. In regard to Item 7(a), nothing came to our attention to cause us to believe that at any time during the year the Barron Water Control District met any of the criteria for being in a state of financial emergency as defined in Florida Statute 218.503(1). In regard to item 7(c)(1), we applied financial condition assessment procedures pursuant to Rule 10.556(7) and noted no significant indications of deteriorating financial conditions. As such, we do not believe the District to be in a state of financial emergency as a consequence of conditions described in Section 218.503(1) of the Florida Statutes. Additionally, in regard to Item 7(b), we represent that the financial report filed with the Department of Financial Services, pursuant to Florida Statute 218.32(1)(a), is in agreement with the annual financial audit report for the same period.

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

A handwritten signature in cursive script that reads "Tuscan & Company, P.A.".

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 16, 2008

EXHIBIT

BARRON WATER CONTROL DISTRICT

P.O. Box 1606, LaBelle, Florida 33975
Shipping: 3293 Dellwood Terrace, LaBelle, Florida 33975
(863) 675-0346 Fax (863) 675-9297 E-Mail BWCD1@aol.com
F.S. Chapter 298 Government District

January 26, 2009

Tuscan & Company, P.A.
12621 World Plaza Lane, Bldg. 55
Ft. Myers, FL 33907

Gentlemen:

In compliance with Chapter 10.550, rules of the Auditor General, in response to your Management Letter in the Audit Report, we are in agreement with the Basic Financial Statements and have been inquiring about various fixed asset inventory software suggested in your current year comments for our response with intent to purchase and implement.

Sincerely,



Lester B. Baird, Sr.
General Manager

LBB/js