

BARRON WATER CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2011

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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, 2011 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 of America. 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, 2011, 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 7, 2011, 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

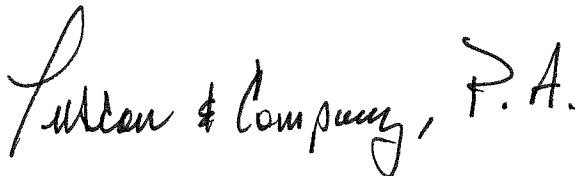
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Board of Supervisors
Barron Water Control District
Page 2

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 34-39 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.

As discussed in Note A to the financial statements, the District adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, as of October 1, 2010.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
December 7, 2011

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

BARRON WATER CONTROL DISTRICT

Management's Discussion and Analysis

For the year ending September, 30, 2011

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, 2011. 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 2011, the District's assets exceeded its liabilities, resulting in net assets of \$2,130,902.
- The District had \$643,416 of unrestricted net assets that can be used to meet the District's ongoing obligations at September 30, 2011.
- For the year ended September 30, 2011, the District's net assets balance increased by \$112,153.
- Operationally, the District's expenditures exceeded revenues by \$128,037, for the year ended September 30, 2011.
- Total governmental revenues increased \$101,885 or 10.8 percent for the year ended September 30, 2011 in comparison to the prior year.
- Total governmental expenditures increased \$271,966 or 30.2 percent for the year ended September 30, 2011 in comparison to the prior year.
- The net book value of the District's capital assets decreased by \$60,272 during the year ended September 30, 2011.

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 year 2011, 2010 and 2009:

Summary of Net Assets September 30

	2011 <u>Amounts</u>	2010 <u>Amounts</u>	2009 <u>Amounts</u>
Assets:			
Current and other assets	\$ 738,892	\$ 834,759	\$ 839,844
Capital assets	<u>1,477,879</u>	<u>1,538,151</u>	<u>1,590,892</u>
Total Assets	<u>\$2,216,771</u>	<u>\$2,372,910</u>	<u>\$2,430,736</u>
Liabilities:			
Current liabilities	\$ 81,869	\$ 81,755	\$ 186,313
Non-current liabilities	<u>4,000</u>	<u>272,406</u>	<u>299,993</u>
Total Liabilities	<u>85,869</u>	<u>354,161</u>	<u>486,306</u>
Net Assets:			
Invested in capital assets, net of related debt	1,475,879	1,235,689	1,201,414
Restricted	11,607	47,091	24,205
Unrestricted	<u>643,416</u>	<u>735,969</u>	<u>718,811</u>
Total Net Assets	<u>2,130,902</u>	<u>2,018,749</u>	<u>1,944,430</u>
Total Liabilities and Net Assets	<u>\$ 2,216,771</u>	<u>\$2,372,910</u>	<u>\$2,430,736</u>

At September 30, 2011, current and other assets represent 33.3 percent of total assets. Current assets are comprised of unrestricted cash balances of \$405,077, restricted cash of \$68,567, investments (CD) of \$250,000, and other assets of \$15,248. 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.

At September 30, 2011, the capital assets of \$1,477,879 are comprised of land, buildings, improvements, equipment, furniture, and vehicles, and are shown net of accumulated depreciation of \$546,593.

The unrestricted net asset balance at September 30, 2011 of \$643,416 represents a decrease of \$92,553 or 12.6 percent decrease from the prior fiscal year.

In regard to the General Fund operations of the District, the District is divided into four sub-districts, with special assessment levies for each unit based on benefits to that unit. For fiscal year 2011 the maintenance tax levies were \$60.36 per acre Urban, \$26.77 per acre Irrigated Agriculture, \$5.77 per acre Drainage Agriculture, and \$30.18 per acre Urban Grove.

For the year ended September 30, 2011, the District levied an assessment under Florida Statute, Chapter 298.36 of \$1.44 per acre on the irrigated agricultural units and \$.97 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, but was paid in full during the year ended September 30, 2011.

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

	2011 <u>Amounts</u>	2010 <u>Amounts</u>	2009 <u>Amounts</u>
Revenues:			
Maintenance taxes	\$ 697,115	\$ 701,591	\$ 621,188
Charges for services	302,577	156,529	409,549
Interest	7,128	16,380	20,918
Gain (Loss) on disposition	-	(4,608)	2,564
Miscellaneous	<u>37,718</u>	<u>66,653</u>	<u>61,264</u>
Total Revenues	<u>1,044,538</u>	<u>936,545</u>	<u>1,115,483</u>
Expenditures:			
Administration			
Salaries and benefits	166,891	159,813	161,078
Operating expenses	160,911	129,195	198,726
Depreciation	2,518	2,845	4,366
Interest and fiscal charges	<u>13,486</u>	<u>17,314</u>	<u>14,810</u>
Total Administration	343,806	309,167	378,980
Field Operations			
Salaries and benefits	199,670	200,210	186,829
Operating expenses	234,252	244,695	239,941
Depreciation	<u>73,214</u>	<u>75,632</u>	<u>71,463</u>
Total Field Operations	507,136	520,537	498,233
Canal System Agreement			
Operating expenses	<u>81,443</u>	<u>32,522</u>	<u>85,830</u>
Total Expenses	<u>932,385</u>	<u>862,226</u>	<u>963,043</u>
Increase (decrease) in net assets	112,153	74,319	152,440
Net assets - Beginning	<u>2,018,749</u>	<u>1,944,430</u>	<u>1,791,990</u>
Net assets - Ending	<u>\$2,130,902</u>	<u>\$2,018,749</u>	<u>\$1,944,430</u>

Budgetary Highlights

For the fiscal year ended September 30, 2011, revenues exceeded expenditures by \$128,037. The surplus revenues enable the District to maintain the required emergency reserves necessary for the requirements of the Auditor General.

Administration costs increased \$38,794 due to a increase in operating expenditures.

Field operation expenditures increased slightly over the prior fiscal year due to higher costs.

The District paid off the weir loan and capital improvements loan so that the District has no long term debt.

The District performed a thorough review of expenditures and reserve levels. The Reserves were reduced and some expenditures reduced or eliminated.

There were three amendments to the General Fund's budget during the fiscal year adjusting the projected carryover values to actual audited values and adjusting to payoff loans.

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
863-675-0346

**BARRON WATER CONTROL DISTRICT
STATEMENT OF NET ASSETS
September 30, 2011**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 405,077
Cash and cash equivalents - restricted	68,567
Investments - unrestricted	250,000
Accounts receivable	1,110
Due from other governments	13,533
Deposits	<u>605</u>
Total current assets	<u>738,892</u>
Non-current assets:	
Capital assets:	
Non-depreciable land	739,628
Depreciable buildings, equipment and machinery (net of \$546,593 accumulated depreciation)	<u>738,251</u>
Total non-current assets	<u>1,477,879</u>
TOTAL ASSETS	<u><u>\$ 2,216,771</u></u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 17,413
Deposits	30,500
Due to other governments	33,956
Current portion of long-term obligations	<u>-</u>
Total current liabilities	<u>81,869</u>
Non-current liabilities:	
Non-current portion of long-term obligations	<u>4,000</u>
TOTAL LIABILITIES	<u>85,869</u>
 NET ASSETS	
Investment in capital assets, net of related debt	1,475,879
Restricted for:	
Plat Unit One	11,607
Unrestricted	<u>643,416</u>
TOTAL NET ASSETS	<u>2,130,902</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,216,771</u></u>

The accompanying notes are an integral part of this statement.

BARRON WATER CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2011

	Expenses	Program Revenues			Total Governmental Activities
		Charges for Services, Net	Rent Income	Interest Income	
EXPENSES					
Governmental Activities					
General Government					
Administration					
Personnel services	\$ (166,891)				
Operating expenses	(160,911)				
Depreciation	(2,518)				
Interest and fiscal charges	<u>(13,486)</u>				
Total general government	<u>(343,806)</u>	\$ -	\$ 6,600	\$ -	\$ (337,206)
Water Control					
Personnel services	(199,670)				
Operating expenses	(234,252)				
Depreciation	<u>(73,214)</u>				
Total water control	<u>(507,136)</u>	-	-	7,128	(500,008)
Canal System Agreement					
Operating expenses	<u>(81,443)</u>				
Total canal system agreement	<u>(81,443)</u>	<u>81,443</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ (932,385)</u>	<u>\$ 81,443</u>	<u>\$ 6,600</u>	<u>\$ 7,128</u>	<u>(837,214)</u>
GENERAL REVENUES					
Maintenance taxes					697,115
Joint trust contributions					139,597
Intergovernmental revenue					81,537
Permit fees					2,500
Labor					14,921
Miscellaneous					<u>13,697</u>
TOTAL GENERAL REVENUES					<u>949,367</u>
INCREASE IN NET ASSETS					112,153
NET ASSETS - Beginning of the year					<u>2,018,749</u>
NET ASSETS - End of the year					<u>\$ 2,130,902</u>

The accompanying notes are an integral part of this statement.

**BARRON WATER CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2011**

	General Fund	Canal System Interlocal Agreement Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 405,077	\$ -	\$ 405,077
Restricted cash and cash equivalents	11,607	56,960	68,567
Investments - restricted	250,000	-	250,000
Accounts receivable	1,110	-	1,110
Due from other funds	3,910	-	3,910
Due from other governments	12,983	550	13,533
Deposits	<u>-</u>	<u>605</u>	<u>605</u>
TOTAL ASSETS	<u>\$ 684,687</u>	<u>\$ 58,115</u>	<u>\$ 742,802</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 17,404	\$ 9	\$ 17,413
Deposits	-	30,500	30,500
Due to other funds	-	3,910	3,910
Due to other governments	<u>10,260</u>	<u>23,696</u>	<u>33,956</u>
TOTAL LIABILITIES	<u>27,664</u>	<u>58,115</u>	<u>85,779</u>
 FUND BALANCE			
Restricted for:			
Plat Unit One	11,607	-	11,607
General Fund:			
Assigned - emergency/disaster reserve	250,000	-	250,000
Unassigned	<u>395,416</u>	<u>-</u>	<u>395,416</u>
TOTAL FUND BALANCE	<u>657,023</u>	<u>-</u>	<u>657,023</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 684,687</u>	<u>\$ 58,115</u>	<u>\$ 742,802</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, 2011

	<u>Amount</u>
Total fund balance for governmental funds	\$ 657,023
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>739,628</u>
	739,628
Capital assets being depreciated:	
Building, equipment and machinery	1,284,844
Less accumulated depreciation	<u>(546,593)</u>
	738,251
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Note payable	-
Capital improvement loan payable	-
Net OPEB obligation	<u>(4,000)</u>
	<u>(4,000)</u>
Elimination of interfund amounts:	
Due to other funds	3,910
Due from other funds	<u>(3,910)</u>
	<u>-</u>
Total net assets of governmental activities	<u><u>\$ 2,130,902</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, 2011

	General Fund	Canal System Interlocal Agreement Fund	Total Governmental Funds
REVENUES			
Maintenance taxes	\$ 697,115	\$ -	\$ 697,115
Joint trust contributions	139,597	-	139,597
Charges for services, net of refunds	-	81,443	81,443
Intergovernmental revenue	81,537	-	81,537
Permit fees	2,500	-	2,500
Interest	7,128	-	7,128
Labor	14,921	-	14,921
Rent	6,600	-	6,600
Miscellaneous	13,697	-	13,697
TOTAL REVENUES	<u>963,095</u>	<u>81,443</u>	<u>1,044,538</u>
EXPENDITURES			
Current			
General government			
Administration			
Personnel services	164,891	-	164,891
Operating expenditures	160,911	-	160,911
	<u>325,802</u>	<u>-</u>	<u>325,802</u>
Physical environment			
Field operations			
Personnel services	199,670	-	199,670
Operating expenditures	234,252	81,443	315,695
	<u>433,922</u>	<u>81,443</u>	<u>515,365</u>
Capital outlay	15,460	-	15,460
Debt service			
Principal retired	302,462	-	302,462
Interest charges	13,486	-	13,486
	<u>315,948</u>	<u>-</u>	<u>315,948</u>
TOTAL EXPENDITURES	<u>1,091,132</u>	<u>81,443</u>	<u>1,172,575</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(128,037)</u>	<u>-</u>	<u>(128,037)</u>
OTHER FINANCING SOURCES			
Proceeds from disposition of capital assets	-	-	-
Excess assessments - agency fund	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(128,037)</u>	<u>-</u>	<u>(128,037)</u>
FUND BALANCE - BEGINNING	<u>785,060</u>	<u>-</u>	<u>785,060</u>
FUND BALANCE - ENDING	<u>\$ 657,023</u>	<u>\$ -</u>	<u>\$ 657,023</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, 2011

		Amount
Net change (excess of revenues and other financing sources over (under) expenditures) in fund balance - total governmental funds	\$	(128,037)
<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		15,460
Less: Proceeds from disposition of capital assets		-
Less: Loss on disposition of capital assets		-
Less: Current year depreciation		(75,732)
		(60,272)
<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>		
Repayments:		
Note payable - Weir		125,859
Capital improvement loan principal payments		176,603
Capital lease principal payments		-
		302,462
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures on the governmental funds.</p>		
Increase in net OPEB obligation		(2,000)
Change (increase) in net assets of governmental activities	\$	112,153

The accompanying notes are an integral part of this statement.

**BARRON WATER CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUND
September 30, 2011**

	Special Assessment Bond
ASSETS	
Cash and cash equivalents - restricted	\$ <u> -</u>
TOTAL ASSETS	\$ <u> -</u>
 LIABILITIES	
Accounts payable - general fund	\$ <u> -</u>
TOTAL LIABILITIES	\$ <u> -</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 taxable 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 Number 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

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 District has implemented GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" that requires a change in reporting format of fund balances in the governmental fund statements. As a result of such implementation there is no net effect in fund balance or revenues and other financing sources over (under) expenditures at September 30, 2011 or for the year then ended. Essentially, the implementation resulted in adoption of a fund balance policy and reclassification of the components within fund balance.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds, continued

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 Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34). 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 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 measurement 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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

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.

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:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Major Funds - Governmental, continued

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).

Capital Assets

Capital assets, which include land, buildings, equipment, and machinery, are reported in the government-wide 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

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 consist 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 and Improvements	7-33
Equipment and Machinery	10-33

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting, continued

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, 2011. The Board did amend the General Fund budget by increasing budgeted revenues/other financing sources and expenditures by \$306,742 for the year ended September 30, 2011.

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, 2011, was considered not material 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

The Board did adopt a fund balance policy. The policy calls for unassigned fund balance in the general fund of approximately 50% of budgeted expenditures. In the governmental fund financial statements, restriction of fund balance indicates amounts that are limited for a specific purpose, are not appropriable for expenditure, or are legally segregated for a specific future use. Assignments of fund balance represent tentative management plans. Such assignments can be changed and/or amended by Board Action. Unassigned 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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Transactions, continued

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.

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.

Subsequent Events

Subsequent events have been evaluated through December 7, 2011, which is the date the financial statements were available to be issued.

NOTE B - CASH AND INVESTMENTS

At September 30, 2011, cash and cash equivalents were \$473,644 which was comprised of unrestricted cash held in the General Fund of \$405,077 (including cash on hand of \$75) and \$68,567 total (all funds) restricted cash. Cash and cash equivalents are restricted at September 30, 2011, for the following purposes:

	<u>Amount</u>
General Fund:	
Plat Unit One	<u>\$ 11,607</u>
Special Revenue Fund:	
Canal System Agreement	<u>56,960</u>
Total - Governmental funds	<u>\$ 68,567</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.

NOTE B - CASH AND INVESTMENTS, CONTINUED

Deposits, continued

At September 30, 2011, the carrying amount of the District's deposits were \$416,609 and \$56,960 in the General Fund and Special Revenue Fund, respectively. The bank balances were \$435,419 and \$57,190 in the General Fund and Special Revenue 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, 2011, held as part of the General Fund - assigned for emergency/disaster reserves. The CD carried an interest rate of 1.10% and matures December 26, 2011.

NOTE C - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2011, are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund:		
Special Revenue Fund -		
Canal system interlocal	\$ 3,910	\$ -
Total General Fund	<u>3,910</u>	<u>-</u>
Special Revenue Fund:		
General	<u>-</u>	3,910
Total Special Revenue Fund	<u>-</u>	<u>3,910</u>
Total	<u>\$ 3,910</u>	<u>\$ 3,910</u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Assets at September 30, 2011.

BARRON WATER CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE D - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2011:

	Balance October 1 2010	Increases/ Additions	Decreases/ Retirements	Adjustments/ Reclassifications	Balance September 30 2011
Capital Assets Not Being Depreciated:					
Land	\$ 665,305	\$ -	\$ -	\$ -	\$ 665,305
CIP - Pumps	-	-	-	-	-
Rights-of-way	<u>74,323</u>	-	-	-	<u>74,323</u>
Total Capital Assets Not Being Depreciated	<u>739,628</u>	-	-	-	<u>739,628</u>
Capital Assets Being Depreciated:					
Buildings	194,043	3,500	-	-	197,543
Equipment acquired under capital lease	-	-	-	-	-
Equipment & Machinery	<u>1,075,341</u>	<u>11,960</u>	-	-	<u>1,087,301</u>
Total Capital Assets Being Depreciated	<u>1,269,384</u>	<u>15,460</u>	-	-	<u>1,284,844</u>
Less Accumulated Depreciation:					
Buildings	(75,662)	(7,005)	-	-	(82,667)
Equipment acquired under capital lease	-	-	-	-	-
Equipment & Machinery	<u>(395,199)</u>	<u>(68,727)</u>	-	-	<u>(463,926)</u>
Total Accumulated Depreciation	<u>(470,861)</u>	<u>(75,732)</u>	-	-	<u>(546,593)</u>
Total Capital Assets Being Depreciated, Net	<u>798,523</u>	<u>(60,272)</u>	-	-	<u>738,251</u>
Capital Assets, Net	<u>\$ 1,538,151</u>	<u>\$ (60,272)</u>	<u>\$ -</u>	<u>\$ -</u>	1,477,879
				Less: Related Debt	-
				Investment in Capital Assets	
				Net of Related Debt	<u>\$ 1,477,879</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2011:

	<u>Amount</u>
General Government - Administration	\$ 2,518
General Government - Water Control	<u>73,214</u>
Total Depreciation Expense	<u>\$ 75,732</u>

BARRON WATER CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011

NOTE E - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the ended September 30, 2011:

	Balance October 1 2010	Additions	Retirements And Adjustments	Balance September 30 2011	Amounts Due Within One Year
Weir Note	\$ 125,859	\$ -	\$ (125,859)	\$ -	\$ -
Capital Impr. Loan	176,603	-	(176,603)	-	-
Net OPEB Obligation	2,000	2,000	-	4,000	-
	<u>\$ 304,462</u>	<u>\$ 2,000</u>	<u>\$ (302,462)</u>	<u>\$ 4,000</u>	<u>\$ -</u>

Long-term debt consists of the following at September 30, 2010:

	<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 was due June 1, 2017, however, it was paid in full during the year ended September 30, 2011.	\$ -
\$193,500 capital improvement loan payable annually, on 1, to a financial institution in the principal amount of \$19,350 plus interest at 3.9%, collateralized by the respective annual proceeds from the special assessment. Final payment was due June 1, 2019, however, it was paid in full during the year ended September 30, 2011.	-
Net OPEB obligation. Cumulative difference between annual OPEB cost and District's projected payments toward the cost of post employment benefits other than pensions since GASB No. 45 transition date (October 1, 2009).	<u>4,000</u>
Total Long-Term Debt	<u>\$ 4,000</u>

**BARRON WATER CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011**

NOTE E - LONG-TERM LIABILITIES, CONTINUED

Interest expense related to the note payable - Weir for the year ended September 30, 2011, was \$6,675.

Interest expense related to the capital improvement loan payable for the year ended September 30, 2011, was \$6,811.

The annual debt service requirements for long-term debt obligations at September 30, 2011, were as follows:

Net OPEB obligation	<u>\$ 4,000</u>
	<u>\$ 4,000</u>

NOTE F - LINE OF CREDIT

During the year ended September 30, 2011, the District renewed a \$500,000 Line of Credit (LOC) from a financial institution. The LOC is intended to be used for emergency preparedness and to fund the cost of an emergency response to a disaster. The LOC requires interest at 3.25%. Principal is due on demand but no later than September 29, 2012. The LOC is collateralized by security agreement including certain revenue streams. At September 30, 2011, there was no outstanding balance due and no monies had been drawn on the LOC during the year ended September 30, 2011.

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.

**BARRON WATER CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2011**

NOTE G - MAINTENANCE TAXES, CONTINUED

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, 2011:

	<u>Maintenance Taxes</u>	
Urban area	\$ 60.36	per acre
Urban area - grove	\$ 30.18	per acre
Irrigated agricultural units	\$ 26.77	per acre
Drainage agricultural units	\$ 5.77	per acre

Tax revenue from this levy is used for the maintenance and operating costs of the District. At September 30, 2011, the District's uncollected maintenance taxes are approximately \$48,500 for Hendry County and \$3,700 for Glades County for the current tax year.

For the year ended September 30, 2011, the District also levied an assessment under Florida Statute Chapter 298.36 of \$1.44 per acre on irrigated agricultural units and \$0.97 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 fund the cost of construction of the weirs. The note payable was paid in full during the year ended September 30, 2011.

NOTE H - RELATED PARTY TRANSACTIONS

The District paid \$107,516 to Port LaBelle Community Development District (PLCDD) during the year ended September 30, 2011, 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 \$76,443 for the cost sharing of the general managers and receptionist.

Included in Due From Other Governments at September 30, 2011, is \$7,122 from PLCDD. Included in Due To Other Governments at September 30, 2011, is \$10,260 due to PLCDD.

NOTE I - RESTRICTION OF FUND EQUITY

At September 30, 2011, a total restricted fund balance of \$11,607 was held in the General Fund (Restricted Net Assets in the Governmental-wide Financial Statements) and was comprised of the following:

A restricted balance of \$11,607, including interest income, is intended to be used to beautify and maintain a buffer area in Plat Unit One. This restriction results from a settlement agreement from the taking of land by the City of LaBelle. The original settlement amount was \$10,000.

NOTE J - RETIREMENT PLAN

Plan Description and Provisions

All 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 was noncontributory prior to July 1, 2011. Beginning July 1, 2011, FRS requires a 3% of eligible compensation employee contribution for all classes of employees except for those enrolled in the DROP program, which requires no employee contribution. The FRS is totally administered by the State of Florida. The District contributed 100% of the required contributions. Pension costs for the District ranged between 4.91% and 14.57% of gross wages for the year ended September 30, 2011. The District's contributions to the plan were \$25,475, \$26,607, and \$25,332, for the years ended September 30, 2011, 2010, and 2009, respectively, which represents 11%, 11% and 11%,

NOTE J - RETIREMENT PLAN, CONTINUED

Plan Description and Provisions, continued

respectively, of covered payroll. The District's covered payroll for the years ended September 30, 2011, 2010, and 2009 was \$242,481, \$234,348 and \$228,116, respectively.

Employees enrolled prior to July 1, 2011, who retire (at or after age 62) with 6 years of creditable service (6 years for elected state officials), 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 for special risk) regardless of age, are entitled to a retirement benefit, payable 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. Benefit cannot exceed 100% of average final compensation.

Employees enrolled on or after July 1, 2011, who retire (at or after age 65) with 8 years of creditable service (8 years for elected state officials), 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service (30 for special risk) regardless of age, are entitled to a retirement benefit, payable 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 eight (8) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Benefits vest after six (6) years of credited service for those employees enrolled prior to July 1, 2011 and after eight (8) years for those enrolled on or after July 1, 2011. Vested employees may retire anytime after vesting and incur a 5% benefit reduction 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.

NOTE J - RETIREMENT PLAN, CONTINUED

Description of Funding Policy

This is a cost sharing, multi-employer defined benefit 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, 2011 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 K - 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. The District is a member of a public entity risk pool which is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The pool provides coverage for property, liability, public officials liability, worker's compensation, automobile physical damage, general liability, and automotive liability.

There were no settled claims which exceeded insurance coverage during the past three fiscal years. In addition, there were no significant reductions in insurance coverage from coverage in the prior year.

The District carries limits of liability of \$2,000,000 per occurrence and \$4,000,000 in the aggregate. The District retains the risk of loss up to a deductible amount of \$1,000. A loss fund is established to pay the self-insured retention amounts. Self-insured per occurrence limits are \$100,000 for property, and \$200,000 for general liability, auto, public officials, errors and omissions, employee benefits liability or workers' compensation claims and \$25,000 for crime related claims. Any claims in excess of these established limits are covered by aggregate excess or stop loss insurance.

NOTE K - RISK MANAGEMENT, CONTINUED

The District is covered by Florida Statutes under Doctrine of Sovereign Immunity, which effectively limits the liability of individual claims to \$100,000/\$200,000 for all claims relating to the same incident.

In accordance with GASB Statement Number 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which recognizes the funding of outstanding liabilities at full value, the pool retained Insurance Industry Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2011. The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2011.

The District provides health and life insurance coverage through the Public Risk Management of Florida Group Health Trust. A loss fund is established to pay a self-insured retention amount of \$200,000 per person. Any claims in excess of this limit are paid by aggregate stop loss insurance. Therefore, the District is not assessed for excess losses.

Major uninsurable risks include damages to infrastructure assets and damages or governmental fines due to seepage, pollution, or contamination of any kind.

NOTE L - CONTINGENCIES

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.

NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

The District's defined contribution OPEB Plan provides the opportunity to obtain health insurance benefits to its retired employees. The year ended September 30, 2010, is the District's transition year. As such, the District implemented GASB No. 45 on a prospective basis. All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2011, there was one (1) retiree receiving these benefits. The benefits are provided with or without contractual agreements.

The retiree is eligible for benefits under the District's health plan, but is obligated to reimburse the District for 100% of the cost of the retiree's health coverage. As such, the District has no ultimate obligation for the retiree's health insurance premium. The District acts as agent for the retiree on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. The District does, however, incur the cost of premium rate being increased on its active employees due to providing coverage to its retirees.

Funding Policy

The District's OPEB benefits are unfunded. The District has not determined if a separate trust fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Therefore, no separate financial statement is issued. All required disclosures are presented herein. The District has not budgeted or funded the anticipated OPEB costs. The District obtained an actuarial valuation for OPEB Plan to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years.

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB),
CONTINUED**

Funding Policy, continued

Schedule of Funding Progress

(1) Actuarial Valuation Date	Actuarial		Unfunded	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a
	Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Actuarial Accrued Liability (UAAL) (b-a)			Percentage of Covered Payroll (b-a)/c
10/10/09	\$ -	\$ 20,000	\$ 20,000	0.0%	\$ 234,348	8.5%
10/01/10	\$ -	\$ 20,000	\$ 20,000	0.0%	\$ 242,481	8.2%

(1) - Initial actuarial valuation dated 10/1/09 (transition year)

Schedule of Contributions from Employer

Year Ended	Annual OPEB Cost	Expected Cash Payment	Percentage of Annual OPEB Cost	Net OPEB Obligation
09/30/10	\$ 2,000	\$ -	0%	\$ 2,000
09/30/11	\$ 2,000	\$ -	0%	\$ 4,000

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that was expensed in the current year. Since the District's plan is unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the expected cash payment. The District made no cash payment during the year ended September 30, 2011, to offset this cost. The cumulative difference between the annual OPEB cost for the year and the expected cash payment is called the net OPEB obligation (NOO). The net OPEB obligation is reflected as a liability in the Statement of Net Assets. The following table shows the components of the District's annual OPEB cost for the year and the net OPEB obligation.

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB),
CONTINUED**

Annual OPEB Cost and Net OPEB Obligation, continued

<u>Fiscal year ended September 30, 2011</u>	<u>Amount</u>
Annual required contribution (ARC)	\$ 2,000
Less NOO amortization	-
Plus interest on NOO	-
Annual OPEB cost	<u>2,000</u>
Expected cash payment	-
Yearly change in OPEB obligation	2,000
Net OPEB obligation - beginning of year	<u>2,000</u>
Net OPEB obligation - end of year	<u><u>\$ 4,000</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funding status of a plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial valuation of assets, consistent with the long-term perspective of the calculations.

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB),
CONTINUED**

Actuarial Methods and Assumptions, continued

In the October 1, 2009 actuarial valuation, the projected credit unit cost method with linear pro-ration to assumed benefit commencement was used. The actuarial assumptions included a 4.0 percent investment rate of return. Since there are no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in District funds pursuant to its investment policy. The assumptions also included an annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions. The assumptions included an initial rate of 8.5% gradually decreasing over time to 5.4% in 2030. The unfunded actuarial accrued liability, as calculated, is being amortized over a closed period of 30 years as a level percent of payroll. The assumed rate of payroll growth is 3.5 percent. The assumed rate of inflation is 3.2 percent.

**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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Maintenance taxes	\$ 732,506	\$ 732,506	\$ 697,115	\$ (35,391)
Joint trust contributions	41,000	150,783	139,597	(11,186)
Intergovernmental revenue	85,000	85,000	81,537	(3,463)
Permit fees	4,000	4,000	2,500	(1,500)
Interest	14,800	14,800	7,128	(7,672)
Labor	16,500	16,500	14,921	(1,579)
Rent	8,000	8,000	6,600	(1,400)
Miscellaneous	15,200	15,200	13,697	(1,503)
Prior year budgeted carryforward	588,101	785,060	-	(785,060)
TOTAL REVENUES	<u>1,505,107</u>	<u>1,811,849</u>	<u>963,095</u>	<u>(848,754)</u>
EXPENDITURES				
Current				
General government				
Administration				
Personnel services	179,380	179,380	164,891	14,489
Operating expenditures	<u>125,100</u>	<u>125,100</u>	<u>160,911</u>	<u>(35,811)</u>
	<u>304,480</u>	<u>304,480</u>	<u>325,802</u>	<u>(21,322)</u>
Physical environment				
Field operations				
Personnel services	234,026	234,026	199,670	34,356
Operating expenditures	<u>308,500</u>	<u>308,500</u>	<u>234,252</u>	<u>74,248</u>
	<u>542,526</u>	<u>542,526</u>	<u>433,922</u>	<u>108,604</u>
Capital outlay	43,000	43,000	15,460	27,540
Debt Service				
Principal retired	20,000	234,752	302,462	(67,710)
Interest charges	7,000	20,672	13,486	7,186
Contingency	<u>588,101</u>	<u>666,419</u>	<u>-</u>	<u>666,419</u>
TOTAL EXPENDITURES	<u>1,505,107</u>	<u>1,811,849</u>	<u>1,091,132</u>	<u>720,717</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(128,037)	(128,037)
OTHER FINANCING SOURCES				
Proceeds from disposition of capital assets	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
EXCESS OF REVENUES AND				
OTHER FINANCING SOURCES				
OVER (UNDER) EXPENDITURES	\$ -	\$ -	(128,037)	\$ (128,037)
FUND BALANCE - BEGINNING			<u>785,060</u>	
FUND BALANCE - ENDING			<u>\$ 657,023</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, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Maintenance taxes	\$ 732,506	\$ 732,506	\$ 697,115	\$ (35,391)
Joint trust contributions	41,000	150,783	139,597	(11,186)
Intergovernmental revenue	85,000	85,000	81,537	(3,463)
Permit fees	4,000	4,000	2,500	(1,500)
Interest	14,800	14,800	7,128	(7,672)
Labor	16,500	16,500	14,921	(1,579)
Rent	8,000	8,000	6,600	(1,400)
Miscellaneous	15,200	15,200	13,697	(1,503)
Prior year budgeted carryforward	588,101	785,060	-	(785,060)
TOTAL REVENUES	1,505,107	1,811,849	963,095	(848,754)
EXPENDITURES				
Current				
General government				
Administration				
Personnel services				
Board of Supervisors' fees	1,200	1,200	-	1,200
Salaries, General Manager	90,180	90,180	90,614	(434)
Salaries, clerical	21,000	21,000	21,360	(360)
Payroll benefits	67,000	67,000	52,917	14,083
TOTAL - ADMINISTRATION				
PERSONNEL SERVICES	179,380	179,380	164,891	14,489
Operating expenditures				
Secretarial services	22,000	22,000	26,196	(4,196)
Audit and bookkeeping	18,000	18,000	25,550	(7,550)
Computer expenses	6,000	6,000	2,750	3,250
Tax collection fees	32,000	32,000	22,825	9,175
Travel	1,900	1,900	1,707	193
Telephone services	3,800	3,800	2,471	1,329
Utilities	2,900	2,900	1,125	1,775
Office expense	4,000	4,000	4,956	(956)
Miscellaneous expense	-	-	355	(355)
Legal notices/miscellaneous	4,000	4,000	-	4,000
Other office repairs	10,000	10,000	7,367	2,633
Auto expense	1,000	1,000	525	475
Refunds	-	-	-	-
Membership fees	2,500	2,500	1,325	1,175
Legal fees	17,000	17,000	63,759	(46,759)
TOTAL - ADMINISTRATION				
OPERATING	125,100	125,100	160,911	(35,811)
SUBTOTAL EXPENDITURES				
CARRIED FORWARD	\$ 304,480	\$ 304,480	\$ 325,802	\$ (21,322)

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, 2011

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES, CONTINUED				
SUBTOTAL EXPENDITURES				
BROUGHT FORWARD	\$ 304,480	\$ 304,480	\$ 325,802	\$ (21,322)
Physical environment				
Field operations				
Personnel services				
Salaries/wages	145,000	145,000	130,507	14,493
Payroll benefits	89,026	89,026	69,163	19,863
TOTAL - FIELD OPERATIONS				
PERSONNEL SERVICES	234,026	234,026	199,670	34,356
Operating expenditures				
Engineering service	11,000	11,000	6,170	4,830
Water quality tests	13,000	13,000	4,470	8,530
Canal maintenance	15,000	15,000	26	14,974
Rental equipment	1,200	1,200	300	900
Insurance - liability	32,000	32,000	22,943	9,057
Utilities	3,500	3,500	2,651	849
Mobile telephone expense	3,000	3,000	1,976	1,024
Electric service	95,000	95,000	88,095	6,905
Pump repair	8,000	8,000	1,336	6,664
Repairs and maintenance - equipment	22,300	22,300	17,183	5,117
Repairs and maintenance - WTC	9,500	9,500	-	9,500
Operating supplies	51,000	51,000	58,075	(7,075)
Chemicals	44,000	44,000	31,027	12,973
TOTAL - FIELD OPERATIONS				
OPERATING	308,500	308,500	234,252	74,248
Capital outlay	43,000	43,000	15,460	27,540
Principal retirement	20,000	234,752	302,462	(67,710)
Interest charges	7,000	20,672	13,486	7,186
Contingency	588,101	666,419	-	666,419
	658,101	964,843	331,408	633,435
TOTAL EXPENDITURES	1,505,107	1,811,849	1,091,132	720,717
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES CARRIED FORWARD	\$ -	\$ -	\$ (128,037)	\$ (128,037)

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, 2011

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BROUGHT FORWARD	\$ -	\$ -	\$ (128,037)	\$ (128,037)
OTHER FINANCING SOURCES				
Proceeds from disposition of capital assets	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ -	(128,037)	\$ (128,037)
FUND BALANCE - BEGINNING			785,060	
FUND BALANCE - ENDING			\$ 657,023	

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, 2011

	Special Revenue Fund - Canal System			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 81,443	\$ 81,443
Interest	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>81,443</u>	<u>81,443</u>
EXPENDITURES				
Current				
Physical environment				
Field operations				
Operating expenditures	-	-	81,443	(81,443)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>81,443</u>	<u>(81,443)</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>\$ -</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, 2011

	Balance October 1 2010	Additions	Deletions	Balance September 30 2011
ASSETS				
Cash and cash equivalents - restricted	\$ 24,838	\$ -	\$ 24,838	\$ -
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 24,838</u>	<u>\$ -</u>	<u>\$ 24,838</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable - general fund	\$ 24,838	\$ -	\$ 24,838	\$ -
Due to landowners	-	-	-	-
Due to bondholder	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 24,838</u>	<u>\$ -</u>	<u>\$ 24,838</u>	<u>\$ -</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, 2011 and have issued our report thereon dated December 7, 2011. 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

Management of Barron Water Control District is responsible for establishing and maintaining effective 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 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 misstatements on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data

INTEGRITY SERVICE EXPERIENCE

reliably in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

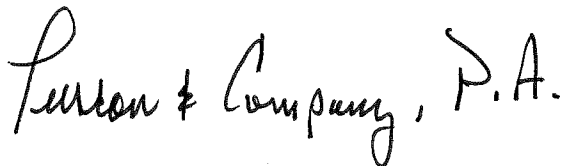
A material weakness is a deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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.

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 7, 2011



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Tax Division

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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 accompanying basic financial statements of Barron Water Control District (the "District") as of and for the year ended September 30, 2011 and have issued our report thereon dated December 7, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Compliance and Other Matters. Disclosures in that report, which is dated December 7, 2011, should be considered in conjunction with this report to management.

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 included the following information, which is not included in the aforementioned auditor's report:

- 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 findings and recommendations made in the preceding annual financial audit report. There were no prior year comments.
- 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 District complied with Section 218.415, Florida Statutes.

INTEGRITY SERVICE EXPERIENCE

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

- 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. No such recommendations were noted to improve financial management.
- 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 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) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rule of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit if the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes 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 government 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 District did not meet any of the conditions described in Section 218.503(1), 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 District 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 District'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, the Auditor General of the State of Florida and other federal and state agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

December 7, 2011

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 9, 2012

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, dated December 7, 2011, we are in agreement with the Basic Financial Statements and have noted that there are no current year comments.

Sincerely,



Lester B. Baird, Sr.
General Manager

LBB/js