

COLLIER MOSQUITO CONTROL DISTRICT

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

**COLLIER MOSQUITO CONTROL DISTRICT
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2008**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet to the Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	16
Statement of Fiduciary Net Assets – IRC Section 115 Retiree Benefit Trust Fund	17
Statement of Changes in Fiduciary Net Assets – IRC Section 115 Retiree Benefit Trust Fund	18
NOTES TO FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	30
<i>GOVERNMENT AUDITING STANDARDS</i>	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31
MANAGEMENT LETTER	33
RESPONSE TO MANAGEMENT LETTER	35

INDEPENDENT AUDITORS' REPORT

Honorable Commissioners
Collier Mosquito Control District
Naples, Florida

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Collier Mosquito Control District ("the District"), as of and for the year ended September 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Collier Mosquito Control District as of September 30, 2008, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 9 to the financial statements, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) and schedule of funding progress for the IRC Section 115 Retiree Benefit Trust on pages 3 – 9 and page 30 are not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Larson Allen LLP
LarsonAllen LLP

Fort Myers, Florida
January 14, 2009

Collier Mosquito Control District
Management's Discussion and Analysis

We, as management of the Collier Mosquito Control District (the "District"), offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2008. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements.

District Highlights:

- The Collier Mosquito Control District is an independent special district, which operates under Chapter 388 Florida Statutes and is governed by a five member Board of Commissioners. The Commissioners are elected for a four-year term.
- The District employs 26 full-time employees and five part-time employees as well as owning and operating 8 aircraft and 18 vehicles.
- The primary location for operations is at the Naples Municipal Airport with a substation at the Immokalee Airport. The District and its operations are located in Collier County, which is located on the southwest coast of Florida, directly west of Miami.
- Ground and aerial mosquito control services were provided to residents and the public at large within the 401 square mile District boundary in Collier County during the fiscal year ended September 30, 2008.
- Reimbursable ground and aerial mosquito control services were provided to residents and the public at large within the Ave Maria Stewardship Community District via a Governmental Interlocal Agreement during the fiscal year ended September 30, 2008, and will continue as per the terms of this agreement. The service area consists of 12 ½ square miles.

Financial Highlights:

- The District's assets exceed its liabilities at the close of the fiscal year by \$10,207,833 (*net assets*).
- Of this amount, \$6,943,892 (*unrestricted net assets*) may be used to meet the District's ongoing obligations.
- The District's total net assets decreased by \$798,898. This decrease is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$56,815 during the fiscal year.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Most revenue is collected via ad valorem taxes, and the basic financial statements are comprised of the following components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, which include governmental and fiduciary types of funds that will be described later in this analysis, and 3) Notes to the Financial Statements. The District does not perform any services to individual customers on a fee basis; therefore, there are no Proprietary Funds to report.

Government-Wide Financial Statements:

Government-wide financial statements are intended to allow the 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.

The *Statement of Net Assets* (Page 10) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. The District's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (Page 11) 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 cost is incurred).

Fund Financial Statements:

The District accounts for its services in a *general governmental fund*. A *fund* is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable general government financial resources (and the related current liabilities). The main focus is on how money flows into and out of those funds and the balances left at year-end that are available for spending.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *Governmental Fund Financial Statements* begin on page 12 and provide a more detailed look at the District's most significant activities. An accounting method called modified accrual accounting is utilized to measure cash and all other financial assets that can readily be converted to cash. These statements provide a detailed short-term view of the general government operations and the basic services provided. You will find reconciliations on pages 13 and 15 that convert the data to an economic resource measurement focus and the accrual basis of accounting for use in the government-wide financial statements.

Fiduciary funds are used to account for resources held by the District for the benefit of parties outside of the District. Fiduciary funds are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations. The fund is used to report Other Postemployment Benefits (OPEB) of the District and uses the accrual basis of accounting. The Fiduciary fund financial statements can be found on pages 17 and 18.

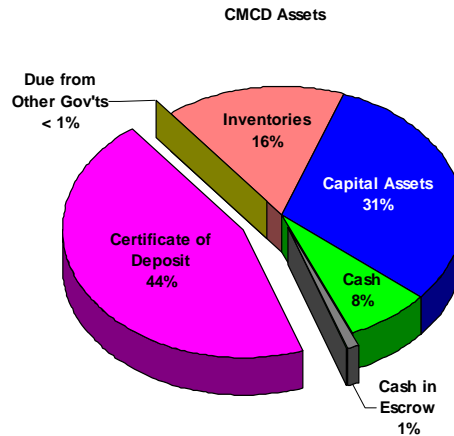
Notes to the Financial Statements:

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 19. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

Net assets may serve as a useful indicator of an agency's financial position. The District's net assets as of September 30, 2008 were \$10,207,833. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$5,486,025. Total program expenses were \$6,284,923.

Forty-seven percent of the District's assets represent its investment in capital assets, chemical, and aircraft parts inventory. The District utilizes and consumes these assets in order to safely provide effective mosquito control to the citizens within the District boundaries. The assets that remain are invested in a Certificate of Deposit (CD) and deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.

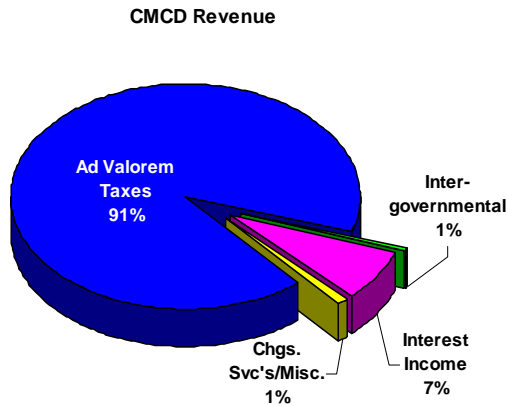


Summary of Net Assets

	30-Sep-08	30-Sep-07	Difference
Current and Other Assets	\$ 7,382,800	\$ 7,827,329	\$ (444,529)
Capital Assets	3,263,941	3,561,495	(297,554)
Total Assets	10,646,741	11,388,824	(742,083)
Current and Other Liabilities	47,064	86,648	(39,584)
Long-Term Liabilities	391,844	295,445	96,399
Total Liabilities	438,908	382,093	56,815
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,263,941	3,561,495	(297,554)
Unrestricted	6,943,892	7,445,236	(501,344)
Total Net Assets	\$ 10,207,833	\$ 11,006,731	\$ (798,898)

In the past year, total assets decreased by \$742,083 and total liabilities increased by \$56,815, producing a decrease in net assets of \$798,898, as indicated in the above table. This fiscal year, using the average of the prior three years for comparison (2005, 2006, and 2007), adulticiding and larviciding activity increased by approximately 1,100,000 and 1,100 acres respectively. Approximately \$1,500,000 of chemical was purchased to replenish the on hand supply at the beginning of the fiscal year, which accounts for the increase in expenses. Capital assets decreased in book value due to depreciation expense. Functional value of the aircraft has improved with the installation of new safety enhancements. Ongoing building maintenance, including air conditioner and gutter replacements, as well as tarmac and electrical repairs have helped to keep the facility in good condition.

Property taxes represent 91% of the District's revenues as depicted below.



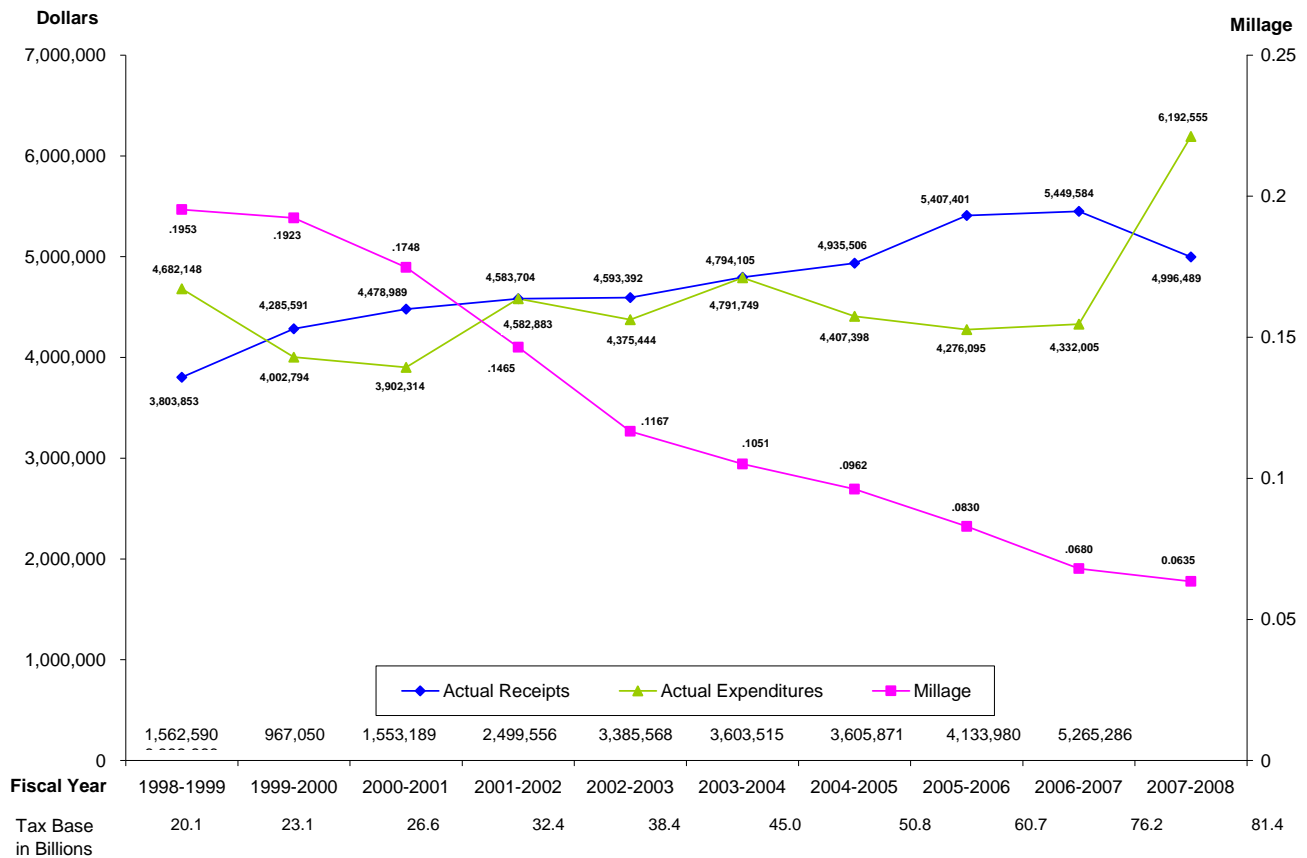
Summary Changes in Net Assets

	30-Sep-08	30-Sep-07
Revenues		
General Revenues		
Property Taxes	\$ 4,995,181	\$ 4,996,432
Charges for Services	42,184	20,136
Intergovernmental	37,488	37,000
Investment Earnings	392,791	388,890
Miscellaneous	18,381	15,254
Total Revenues	<u>5,486,025</u>	<u>5,457,712</u>
Expenses		
Human Services – Mosquito Control	<u>6,284,923</u>	<u>4,674,026</u>
Total Expenses	<u>6,284,923</u>	<u>4,674,026</u>
Increase/Decrease in Net Assets	(798,898)	783,686
Net assets - Beginning of Fiscal Year	<u>11,006,731</u>	<u>10,223,045</u>
Net assets - End of Fiscal Year	<u>\$ 10,207,833</u>	<u>\$ 11,006,731</u>

Charges for services, as indicated above, were for reimbursable contractual mosquito control treatment rendered to the Ave Maria Stewardship Community District.

Total program expenses increased from 2007 by \$1,610,897 or 34% as indicated earlier by the replacement of chemical supplies. The decrease in net assets is associated with increased mosquito activity and related maintenance expenses as well as a \$250,000 contribution to the *CMCD IRC Section 115 Retiree Benefit Trust Fund*. Personal services and their related benefit expenditures remained steady.

The District's millage rate has remained at or under the rolled back rate for the past ten fiscal years. Ad valorem tax revenue decreased by \$1,251. The chart below reflects revenues, expenses, and millage rates for the past ten years.



The District is partially self-insured for health insurance and has a high deductible on several other insurance policies. The aircraft are self-insured for in-flight physical damage and chemical liability. Reserves set aside to fund any uninsured events on September 30, 2008 were \$750,000. The District has received acceptance from the Florida Department of Financial Services, Office of Insurance Regulation on the health insurance plan's actuarial soundness for 2008. For more information on the District's risk management, please see Note 10 on page 29 of the *Notes to Financial Statements*.

Fiduciary Funds:

The *CMCD IRC Section 115 Retiree Benefit Trust Fund* was established in 2008 to fund retiree health, dental, prescription, and vision benefits provided under the group self health insurance program. The CMCD, as Sponsor, administers the fund for retired employees of the District as specified by the Trust. The Trust can be funded via payments from the District, Retirees, and/or reimbursements from the health self insurance plan.

Budgetary Highlights:

The District adopts an annual budget for its funds as required by Florida Statute. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them. The budget also authorizes the District to obtain funds from identified sources to finance these current period activities. The *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual* is provided on page 16 and

denotes changes in the budget from the original to the final budget. The comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the original legal budget document.

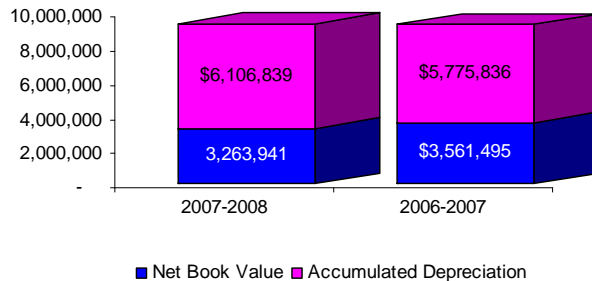
Revenue variances from the original budget as compared to the final budget are depicted on page 16. The discrepancies are comprised of unanticipated proceeds from the Ave Maria Stewardship Community District as the result of a Governmental Interlocal Agreement, as well as an intergovernmental allocation which was received after the fiscal year end.

The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$1,333,277 or 18%. The difference is due to aircraft overhauls/equipment, software upgrades, public education printed materials, and research projects that were carried forward to the next fiscal year.

Capital Asset and Debt Administration:

The District’s investment in *capital assets* at year-end is \$3,263,941 (net of accumulated depreciation) which includes property, plant, and equipment with a threshold of \$1,000 and an estimated useful life of more than one year. Assets are recorded at the lesser of cost or market and are depreciated utilizing the straight-line method. The Naples facility buildings are sturdy and well maintained; however, they depreciate at an accelerated rate due to the uncertainty of renewal of the land lease. Maintenance and repairs of aircraft are not capitalized. Although the reported value of the District’s net assets continues to diminish in book value, due to accumulated depreciation, the District remains financially stable as these assets do not require replacement in the near future (see chart below).

Capital Assets



Capital Assets

	<u>30-Sep-08</u>	<u>30-Sep-07</u>
Buildings & Leasehold Improvements	\$ 5,155,094	\$ 5,195,950
Aircraft	2,431,803	2,431,803
Vehicles	326,591	349,678
Equipment	1,457,293	1,339,900
Total Assets	\$ 9,370,781	\$ 9,317,331
Less: Accumulated Depreciation	<u>\$ (6,106,840)</u>	<u>\$ (5,755,836)</u>
Net Book Value	\$ 3,263,941	\$ 3,561,495

At September 30, 2008, the District had no *long-term debt*, its *other long-term liabilities* were comprised of accrued compensated absences and net OPEB obligation payables. For more information on accrued compensated absences or Post Employment Benefits other than Pensions please see Note 1 on page 19 and Note 9 on Page 26 respectively of the *Notes to the Financial Statements*.

Economic Factors and Next Year's Budget and Rates:

In September of 2008, the Board of Commissioners approved a 10.01 million dollar budget for fiscal year 2009, which consists of a 2% decrease in revenue over the prior year's budget or \$228,548. The millage rate is .0635 mills per thousand, 7.2% below the rolled-back millage rate. Property taxes are the largest source of revenue for the Collier Mosquito Control District.

Contacting the District's Financial Management:

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Administration, Collier Mosquito Control District, 600 North Road, Naples, Florida 34104-3464.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

ASSETS

Cash	\$ 809,256
Cash held in escrow	110,000
Certificates of deposit	4,750,000
Due from other governments	23,333
Inventories	1,690,211
Capital assets, net	3,263,941
Total assets	<u>10,646,741</u>

LIABILITIES

Accounts payable	4,909
Salaries and related benefits payable	3,120
Noncurrent liabilities:	
Expected to be paid in one year	39,035
Expected to be paid after one year	391,844
Total liabilities	<u>438,908</u>

NET ASSETS

Invested in capital assets	3,263,941
Unrestricted	6,943,892
Total net assets	<u>\$ 10,207,833</u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008**

Expenses:

Human Services - Mosquito Control

Personal service	\$ 3,183,425
Operating	2,660,588
Depreciation	440,910
Total program expenses	6,284,923

Program revenues:

Charges for services	42,184
----------------------	--------

Net program expenses	6,242,739
----------------------	-----------

General revenues:

Property taxes	4,995,181
Intergovernmental	37,488
Interest income	392,791
Miscellaneous	18,381
Total general revenues	5,443,841

Decrease in net assets	(798,898)
------------------------	-----------

Net assets - beginning of year	11,006,731
---------------------------------------	------------

Net assets - end of year	\$ 10,207,833
---------------------------------	---------------

**COLLIER MOSQUITO CONTROL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

ASSETS

Cash	\$	809,256
Restricted Cash		110,000
Certificates of deposit		4,750,000
Due from other governments		23,333
Inventories		1,690,211
Total assets	\$	<u>7,382,800</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	4,909
Salaries and related benefits payable		3,120
Accrued compensated absences		39,035
Total liabilities		<u>47,064</u>

FUND BALANCE

Reserved for inventory		1,690,211
Unreserved, undesignated		5,645,525
Total fund balance		<u>7,335,736</u>

Total liabilities and fund balance	\$	<u><u>7,382,800</u></u>
------------------------------------	----	-------------------------

**COLLIER MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

Fund Balance	\$ 7,335,736
Capital assets used in governmental activities are not financial resources and are, therefore, not reported on the governmental fund balance sheet.	3,263,941
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(317,485)
Net OPEB obligation payable	<u>(74,359)</u>
Net Assets	<u><u>\$ 10,207,833</u></u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2008**

REVENUES

Property taxes	\$ 4,995,181
Intergovernmental	37,488
Charges for services	42,184
Interest	392,791
Miscellaneous	18,381
Total revenues	5,486,025

EXPENDITURES

Current	
Human services - Mosquito Control	
Personal service	3,087,026
Operating expenditures	2,959,982
Capital outlay	145,547
Total expenditures	6,192,555

Excess revenues over expenditures	(706,530)
-----------------------------------	-----------

FUND BALANCE, October 1, 2007	7,740,681
--------------------------------------	-----------

Increase in inventory reserve	301,585
--------------------------------------	---------

FUND BALANCE, September 30, 2008	\$ 7,335,736
---	--------------

**COLLIER MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2008**

Net change in fund balance \$ (706,530)

Governmental funds report capital outlay as expenditures. However, in the statement of activities cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	145,547	
Less current year depreciation	(440,910)	(295,363)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. (2,191)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	(22,040)	
Change in net OPEB obligation payable	(74,359)	

Governmental funds report inventory purchases as expenditures. However, in the statement of activities cost of inventory is capitalized and expensed as consumed.

Increase in inventory reserve under the purchase method	301,585	
---	---------	--

Change in net assets \$ (798,898)

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF CHANGES IN REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,011,101	\$ 4,997,216	\$ 4,995,181	\$ (2,035)
Intergovernmental	37,000	27,750	37,488	9,738
Charges for services	-	50,312	42,184	(8,128)
Interest	190,750	392,791	392,791	-
Miscellaneous	500	18,381	18,381	-
Total revenues	<u>5,239,351</u>	<u>5,486,450</u>	<u>5,486,025</u>	<u>(425)</u>
EXPENDITURES				
Current				
Human services				
Personal services				
Personal service	1,694,628	1,704,628	1,688,617	16,011
Personal services benefits	1,260,010	1,460,010	1,398,409	61,601
Operating expenditures				
Travel, utilities, repairs and service	1,111,607	1,111,607	563,937	547,670
Chemicals	1,245,917	1,625,917	1,500,370	125,547
Gasoline, oil and lube	150,556	200,556	178,494	22,062
Other supplies and materials	128,107	128,107	58,012	70,095
Other operating expenditures	1,018,104	1,018,104	659,169	358,935
Capital outlay	183,600	183,600	145,547	38,053
Contingency	676,102	93,303	-	93,303
Total expenditures	<u>7,468,631</u>	<u>7,525,832</u>	<u>6,192,555</u>	<u>1,333,277</u>
Excess revenues over (under) expenditures	(2,229,280)	(2,039,382)	(706,530)	1,332,852
FUND BALANCE, October 1, 2007	4,501,000	5,265,286	7,740,681	2,475,395
Increase in inventory reserve	<u>-</u>	<u>-</u>	<u>301,585</u>	<u>301,585</u>
FUND BALANCE, September 30, 2008	<u>\$ 2,271,720</u>	<u>\$ 3,225,904</u>	<u>\$ 7,335,736</u>	<u>\$ 4,109,832</u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS – IRC SECTION 115
RETIREE BENEFIT TRUST FUND
SEPTEMBER 30, 2008**

ASSETS

Certificates of deposit

\$ 250,102

LIABILITIES

Accounts payable and accrued liabilities

-

**NET ASSETS HELD IN TRUST FOR
OPEB BENEFITS**

\$ 250,102

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – IRC SECTION 115
RETIREE BENEFIT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2008**

ADDITIONS

Contributions

Employer contributions	\$ 250,000
------------------------	------------

Investment income

Interest	102
Total additions	<u>250,102</u>

DEDUCTIONS

Benefit payments	<u>-</u>
------------------	----------

Change in net assets	250,102
----------------------	---------

NET ASSETS , October 1, 2007	<u>-</u>
-------------------------------------	----------

NET ASSETS , September 30, 2008	<u><u>\$ 250,102</u></u>
--	--------------------------

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Collier Mosquito Control District (the District) is an independent special district created to perform mosquito control and suppression in Collier County, Florida, in accordance with Chapter 388, Florida Statutes. The District was created as the Naples Mosquito Control District by Chapter 63-1234, Laws of Florida, and was changed to Collier Mosquito Control District by Chapter 76-351, Laws of Florida. Chapter 2001-298, Laws of Florida, as amended, provided for codification of previous legislation and amended the boundaries of the District.

The business and affairs of the District are governed by a board of five commissioners who are elected for terms of four years.

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

Basic Financial Statements

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

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

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

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property 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 period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Intergovernmental revenues are recognized at the time of receipt. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

Fund Accounting

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

General Fund - The General fund is the general operating fund of the District. All financial resources, which are not specifically restricted or designated as to use, are recorded in the General Fund.

Fiduciary Fund – The IRC Section 115 Retiree Benefit Trust fund is used to account for assets held by the District in a trustee capacity for individuals. This Trust fund is accounted for on the accrual basis of accounting.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. Maintenance, repairs, and minor renovations are not capitalized.

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

<u>Asset</u>	<u>Years</u>
Buildings and leasehold improvements	30
Aircraft	20-25
Vehicles	7
Machinery and equipment	5-10

Budgets and Budgetary Accounting

The following procedures are used by the District in establishing the budgetary data reflected in the financial statements:

1. During the summer, the Executive Director submits to the Board of Commissioners for their consideration a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners. The budget is then approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
4. Budget transfers and amendments can be made throughout the year by approval of the Board of Commissioners and the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
5. Budget amounts, as shown in these financial statements, are as amended by the Board of Commissioners and approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
7. The level of control for appropriations is exercised at the functional level.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

Inventories

Inventories, consisting primarily of expendable chemicals and aircraft parts to be used in operations, are stated at the lower of cost (first-in, first-out method) or market. The District utilizes the purchase method of accounting, which provides that expenditures are recognized when the inventory items are purchased. Reported inventories are equally offset by a fund balance reserve in the fund financial statement, which indicates that they do not constitute "available spendable resources."

Compensated Absences

The District's employees accumulate sick and annual leave based on years of continuous service. Upon termination of employment, employees can receive payment for accumulated sick and annual leave, if they meet certain criteria. Accumulated sick and annual leave payable at September 30, 2008, was \$317,485.

The amount of compensated absences recorded as expenditures in the General Fund is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Only the current portion of the liability for compensated absences is recorded on the balance sheet of the General Fund. Both the current and noncurrent portion of compensated absences are reported in the Statement of Net Assets.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required, pursuant to Chapter 280, as computed and reported monthly, or 125 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk.

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

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 3 INVENTORIES

Inventories consisted of the following September 30, 2008:

	Carrying Amount
Chemicals	\$ 1,088,015
Aircraft and vehicle parts	602,196
	\$ 1,690,211

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, follows:

	Balance October 1, 2007	Increases	Decreases	Balance September 30, 2008
<i>Capital assets being depreciated</i>				
Buildings and leasehold improvements	\$ 5,195,950	\$ -	\$ -	\$ 5,195,950
Aircraft	2,431,803	-	-	2,431,803
Vehicles	349,678	28,154	(51,241)	326,591
Machinery and equipment	1,339,900	117,393	(40,856)	1,416,437
Total capital assets being depreciated	\$ 9,317,331	\$ 145,547	\$ (92,097)	\$ 9,370,781
<i>Less accumulated depreciation for:</i>				
Buildings and leasehold improvements	3,181,796	201,582	-	3,383,378
Aircraft	1,489,257	110,153	-	1,599,410
Vehicles	259,215	30,986	(51,241)	238,960
Machinery and equipment	825,568	98,189	(38,665)	885,092
Total accumulated depreciation	5,755,836	440,910	(89,906)	6,106,840
Total capital assets being depreciated, net	\$ 3,561,495	\$ (295,363)	\$ (2,191)	\$ 3,263,941

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 295,445	\$ 103,230	\$ 42,155	\$ 356,520	\$ 39,035
Net OPEB obligation	-	74,359	-	74,359	-
	<u>\$ 295,445</u>	<u>\$ 177,589</u>	<u>\$ 42,155</u>	<u>\$ 430,879</u>	<u>\$ 39,035</u>

NOTE 6 COMMITMENTS AND CONTINGENCIES

The District is committed under non-cancelable operating leases for the use of various properties. Total payments under the non-cancelable operating leases for the year ended September 30, 2008, were \$59,709.

Future minimum lease payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2008, are as follows:

2009	\$ 54,329
2010	54,014
2011	53,069
2012	53,069
2013	52,269
2014 - 2017	<u>207,478</u>
Total future minimum lease payments	<u>\$ 474,230</u>

NOTE 7 PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Collier County, Florida Tax Collector's office bills and collects property taxes on behalf of the District. The tax rate levied upon all of the taxable property in Collier County for mosquito control for the fiscal year ended September 30, 2008, was \$0.0635 per \$1,000 of assessed taxable property value. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds collected are remitted to the District.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 8 RETIREMENT PLANS

Employee Retirement Plan

Defined Benefit Plan. All full-time employees of the District filling regularly established positions are eligible to participate in the State of Florida Retirement System (System). The System is primarily a cost-sharing, multiple employer, defined benefit retirement plan administered by the State of Florida, Division of Retirement. Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributable to the District's employees are not determinable.

Employees who retire at or after age 62 with 6 years of credited service, or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2% for senior management and 3% for elected officials for each year of credited service times their average final compensation. Final average compensation is the employee's average of the five highest fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age or date. The System also provides death and disability benefits. Benefits are established by Chapters 121 and 122 *Florida Statutes*.

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

The District is required to contribute an actuarially determined rate. The current rate is 16.53% for elected officials, 13.12% for senior management, 9.85% for regular employees and 10.91% for DROP employees. The contribution requirements of the District are established and may be amended by the State of Florida. The District contributions to the plan for the years ending September 30, 2008, 2007, and 2006, were \$179,580, \$164,846, and \$145,288, respectively, equal to the required contributions for each year which represents 10.45%, 10.47%, and 9.85%, of covered payroll.

Defined Contribution Plan. Effective July 1, 2002, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all System members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Pension Reporting. A copy of the System's June 30, 2007, report can be obtained by writing to the Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by phone at (877) 377-1737.

Pilots Supplemental Retirement Plan

Effective June 1, 2005, the District adopted and established the *Collier Mosquito Control District Supplemental Retirement Plan for Pilots*, a defined contribution pension plan for the benefit of its pilots. Contributions to the plan are limited to employer contributions. The District is required to contribute to the plan the percentage representing the difference between the total employer contribution rate for members of the "Special Risk Class" under the Florida Retirement System and the total employer contribution rate actually applicable for the plan participants under the Florida Retirement System (currently the "Regular Class" or "DROP" rate). The employer contribution to the plan for the year ended September 30, 2008, was \$39,669. At September 30, 2008, there were 5 plan participants. The District has reserved the right to amend all plan provisions.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended September 30, 2008, the District recognizes the costs of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Plan description. The Collier Mosquito Control District IRC Section 115 Retiree Benefit Trust (the Trust) is a single-employer defined benefit healthcare plan established by the District. The provisions of the Trust can be amended by the District. The plan provides healthcare coverage for eligible retirees, their spouse and qualifying dependents for a period equal to one-half of the number of years of service at the District, after accruing a minimum of 20 years of service, through the District's group health plan, which covers both active and retired employees. At October 1, 2007, the date of the initial plan valuation, the Trust covered thirty-five members (twenty-eight active plan members and seven retirees and/or qualifying family members receiving benefits). When the retiree reaches eligibility age for Medicare, Medicare must become the primary provider; the District would then provide the supplemental coverage for the remainder of the benefit period.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy. Contribution requirements are established through Policy #2008-02 *Policy for Funding OPEB Contributions*. Active employees are not required to make contributions to the plan. Retirees must contribute the monthly health insurance subsidy received from the Florida Retirement System. For the year ended September 30, 2008, the District contributed \$250,000 to the Trust. There were no other contributions made. In the event that Trust assets are not sufficient to pay benefits, the District is required to fund healthcare expenses from the current operating budget. Administrative costs of the Trust are to be paid by the District until such time the Trust becomes self-sustaining.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Trust.

Annual required contribution	\$ 466,278
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>466,278</u>
Contributions made	
Contribution to Trust	(250,000)
Estimated net retiree claims paid by District	<u>(141,919)</u>
Change in net OPEB obligation	74,359
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 74,359</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2008, were as follows:

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 466,278	53.6%	\$ 74,359

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress. As of September 30, 2008, the actuarial accrued liability for benefits was \$4,624,452, of which \$250,102 has been funded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,610,171, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 272%.

The projection of future benefit payments for an ongoing plan involves 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 the healthcare cost trend. Amounts determined regarding the funded status of the Trust and the annual required contributions of the employer (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

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 each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees. The earlier of age 65 and 20 years of service or age 65.

Mortality. Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2000 United States Life Tables for Males and for Females were used.

Turnover. The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in Paragraph 39b of GASB No. 45.

Healthcare cost trend rate. The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 9.5 percent initially, reduced to an ultimate rate of 5.6 percent after six years, was used.

Health insurance premiums. October 1, 2007, health insurance premiums for both active employees and retirees were used as the basis for calculation of the present value of total benefits to be paid.

The discount rate used was 4.0 percent. In addition, the actuarial method used was the projected unit credit with 30-year amortization method of the unfunded liability. The actuarial value of Trust assets is measured at fair value. The unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

NOTE 10 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 coverage for such risk of loss is purchased from commercial insurance companies, except for aircraft which are partially self-insured for physical damage in flight and chemical liability coverage. The financial impact of the District's risk management activities are reported in the accompanying financial statements. For 2008, the District paid \$254,147, in premiums for policies to insure for these risks. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for any of the past three fiscal years.

The District is self-insured for hospitalization and medical care. The plan is administered by an independent third party who processes the claims for payment. The plan administrator actuarially calculates a premium for which the District makes monthly payments. During the fiscal year, the District incurred expenses totaling \$637,206 for claims, administrative fees and premiums.

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2008**

IRC SECTION 115 RETIREE BENEFIT TRUST

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
10/1/2007	\$ 250,102	\$ 4,624,452	\$ 4,374,350	5.4%	\$ 1,610,171	272%

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Honorable Commissioners
Collier Mosquito Control District
Naples, Florida

We have audited the financial statements of Collier Mosquito Control District (“the District”) as of and for the year ended September 30, 2008, and have issued our report thereon dated January 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 District’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 the District’s financial statements that is more than inconsequential will not be prevented or detected by the District’s internal control.

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 financial statements will not be prevented or detected by the District’s internal control.

Our consideration of internal control over financial reporting was for the limited purposes 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Commissioners, management of the District and the Auditor General of the State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Larson Allen LLP
LarsonAllen LLP

Fort Myers, Florida
January 14, 2009

MANAGEMENT LETTER

Honorable Commissioners
Collier Mosquito Control District
Naples, Florida

We have audited the financial statements of Collier Mosquito Control District ("the District") as of and for the fiscal year ended September 30, 2008, and have issued our report, thereon, dated January 14, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* dated January 14, 2009. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned 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. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements or abuse that have occurred or are likely to have occurred, that have an effect on the determination of financial statement amounts 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 are inconsequential to the determination of financial statements, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contractual or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in 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 governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the 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, 2008, 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, 2008. 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 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 and management of the District and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Larson Allen LLP
LarsonAllen LLP

Fort Myers, Florida
January 14, 2009



Collier Mosquito Control District
600 North Road, Naples, FL 34104-3464
Administration: (239) 436-1000 / (239) 436-1005 (fax)
Hangar: (239) 436-1008 / (239) 436-1007 (fax)
www.collier-mosquito.org

January 14, 2009

Board of Commissioners
Collier Mosquito Control District
600 North Road
Naples, FL 34104-3464

Dear Commissioners:

We acknowledge receipt of the Management Letter presented to you by LarsonAllen[®] L.L.P.

There were no prior year comments that continue to apply and no current year comments to address.

Sincerely,

Frank Van Essen, Ph.D., Executive Director

Stacy J. Welch, Director of Administration

Board of Commissioners:

Linda M. Hartman, Chair
John F. Johnson, Secretary
Jacquelyn D. Fresenius, Treasurer
Jeanne E. Brooker
Robert D. Geroy

Executive Director:
Frank Van Essen, Ph.D.

Spray Schedule: (239) 436-1010

Immokalee Substation:
165 Airpark Blvd, Bldg A-1½
Immokalee, FL 34142
(239) 867-3200