



**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Barberton-Norton Mosquito Abatement District
Summit County
104 Third Street NW, Suite 205
Barberton, Ohio 44203

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Barberton-Norton Mosquito Abatement District, Summit County, Ohio, (the District) as of and for the year ended December 31, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and major fund of the Barberton-Norton Mosquito Abatement District, Summit County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2008, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 20, 2010

Barberton-Norton Mosquito Abatement District
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the Mosquito Abatement District's financial performance provides an overall review of the Mosquito Abatement District's financial activities for the year ended December 31, 2008, within the limitations of the Mosquito Abatement District's cash basis of accounting. The intent of this discussion and analysis is to look at the Mosquito Abatement District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Mosquito Abatement District's financial performance.

Financial Highlights

Key financial highlights for the year 2008 are as follows:

- Net assets decreased \$22,046. Although we are concerned with any decline, this amount is related to the sale of capital assets in 2007 where the proceeds were not spent until 2008.
- The Mosquito Abatement District had \$232,961 in disbursements during 2008.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Mosquito Abatement District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Mosquito Abatement District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Mosquito Abatement District, presenting both an aggregate view of the Mosquito Abatement District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Mosquito Abatement District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Mosquito Abatement District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Mosquito Abatement District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Barberton-Norton Mosquito Abatement District
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

Reporting the Mosquito Abatement District as a Whole

The statement of net assets and the statement of activities reflect how the Mosquito Abatement District did financially during 2008, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Mosquito Abatement District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Mosquito Abatement District's general receipts.

These statements report the Mosquito Abatement District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Mosquito Abatement District's financial health. Over time, increases or decreases in the Mosquito Abatement District's cash position is one indicator of whether the Mosquito Abatement District's financial health is improving or deteriorating. When evaluating the Mosquito Abatement District's financial condition, you should also consider other non-financial factors as well such as the Mosquito Abatement District's property tax base, the condition of the Mosquito Abatement District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Mosquito Abatement District's services. The Mosquito Abatement District has no business-type activities.

Reporting the Mosquito Abatement District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Mosquito Abatement District's major funds – not the Mosquito Abatement District as a whole. The Mosquito Abatement District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Mosquito Abatement District are governmental.

Governmental Funds - The Mosquito Abatement District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Mosquito Abatement District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Mosquito Abatement District's abatement programs. The Mosquito Abatement District's significant governmental funds are presented on the financial statements in separate columns. The Mosquito Abatement District's major governmental fund is the General Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Barberton-Norton Mosquito Abatement District
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

The Mosquito Abatement District as a Whole

Table 1 provides a summary of the Mosquito Abatement District's net assets for 2008 compared to 2007 on a cash basis:

Table 1
Net Assets – Cash Basis

	Governmental Activities		
	2008	2007	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,704	\$30,750	(\$22,046)
Total Assets	8,704	30,750	(22,046)
Net Assets			
Unrestricted	8,704	30,750	(22,046)
Total Net Assets	\$8,704	\$30,750	(\$22,046)

As mentioned previously, net assets decreased \$22,046. The decrease is due primarily to the timing related to the receipt and expenditure of proceeds from the sale of capital assets.

Table 2 reflects the change in net assets in 2008 and provides a comparison to prior year amounts. Since the Mosquito Abatement District did not prepare financial statements in this format for 2007, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Barberton-Norton Mosquito Abatement District
Summit County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2008
 Unaudited
 (Continued)

Table 2
Changes in Net Assets

	Governmental Activities
	2008
Receipts	
General Receipts	
Property Taxes Levied for	
General Mosquito District Purposes	\$206,854
Earnings on Investments	137
Miscellaneous	3,924
Total Receipts	210,915
Disbursements	
Administration	27,367
General Government	205,594
Total Disbursements	232,961
Change in Net Assets	(22,046)
Net Assets Beginning of Year	30,750
Net Assets End of Year	\$8,704

In 2008, 100 percent of the Mosquito Abatement District's total receipts were from general receipts, consisting mainly of property taxes levied for general Mosquito Abatement District purposes.

The 2008 disbursements for general government include all costs related to mosquito abatement.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Mosquito Abatement District. The next column identifies the costs of providing these services. The net cost column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for the current year is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008
Administration	\$27,367	\$27,367
General Government	205,594	205,594
Totals	\$232,961	\$232,961

The Mosquito Abatement District relies almost solely on a special assessment included on district member's tax bills.

Barberton-Norton Mosquito Abatement District
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited
(Continued)

The Mosquito Abatement District's Funds

As noted earlier, the Mosquito Abatement District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Mosquito Abatement District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Mosquito Abatement District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Mosquito Abatement District's net resources available for spending at the end of the year.

At the end of 2008, the Mosquito Abatement District's governmental funds reported total ending fund balances of \$8,704. \$8,704 of the total is unreserved fund balance, which is available for spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The general fund is the chief operating fund of the Mosquito Abatement District. At the end of 2008, unreserved fund balance in the general fund was \$8,704. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 3.7% of the total general fund expenditures.

Expenditures exceeded revenues in the general fund by \$22,046 in 2008.

General Fund Budgeting Highlights

The Mosquito Abatement District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2008, the Mosquito Abatement District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts.

Contacting the Mosquito Abatement District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Mosquito Abatement District's finances and to reflect the Mosquito Abatement District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to 104 3rd Street N.W. Suit 205, Barberton, Ohio 44203, Phone 330-848-2623.

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**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2008*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$8,704</u>
Net Assets	
Unrestricted	<u>\$8,704</u>
<i>Total Net Assets</i>	<u><u>\$8,704</u></u>

See accompanying notes to the basic financial statements.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2008*

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
			Governmental Activities
Governmental Activities			
Administration	\$27,367		(\$27,367)
General Government	205,594		(205,594)
<i>Total Governmental Activities</i>	<u>\$232,961</u>	<u>\$0</u>	<u>\$0</u>
General Receipts			
Property and Other Local Taxes			206,854
Earnings on Investments			137
Miscellaneous			3,924
<i>Total General Receipts</i>			210,915
Change in Net Assets			(22,046)
<i>Net Assets Beginning of Year</i>			<u>30,750</u>
<i>Net Assets End of Year</i>			<u>\$8,704</u>

See accompanying notes to the basic financial statements.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008*

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$8,704</u></u>
Fund Balances	
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	<u>\$8,704</u>
<i>Total Fund Balances</i>	<u><u>\$8,704</u></u>

See accompanying notes to the basic financial statements.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

*Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008*

	<u>General</u>
Receipts	
Property and Other Local Taxes	\$206,854
Earnings on Investments	137
Miscellaneous	<u>3,924</u>
Total Receipts	<u>210,915</u>
Disbursements	
Current:	
Administration	27,367
General Government	<u>205,594</u>
Total Disbursements	<u>232,961</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,046)
Fund Balances Beginning of Year	<u>30,750</u>
Fund Balances End of Year	<u><u>\$8,704</u></u>

See accompanying notes to the basic financial statements.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY**

*Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$206,860	\$206,860	\$206,854	(\$6)
Earnings on Investments	134	134	137	3
Miscellaneous	3,515	3,515	3,924	409
<i>Total Receipts</i>	<u>210,509</u>	<u>210,509</u>	<u>210,915</u>	<u>406</u>
Disbursements				
Current:				
Administration	\$31,500	29,200	27,367	1,833
General Government	203,048	210,519	205,594	4,925
<i>Total Disbursements</i>	<u>234,548</u>	<u>239,719</u>	<u>232,961</u>	<u>6,758</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,039)</u>	<u>(29,210)</u>	<u>(22,046)</u>	<u>7,164</u>
<i>Fund Balance Beginning of Year</i>	<u>30,750</u>	<u>30,750</u>	<u>30,750</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,711</u></u>	<u><u>\$1,540</u></u>	<u><u>\$8,704</u></u>	<u><u>\$7,164</u></u>

See accompanying notes to the basic financial statements.

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Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 1 – Reporting Entity

A five-member Board of Directors appointed by the District Advisory Council governs the Mosquito Abatement District. The Board appoints an executive director and all employees of the Mosquito Abatement District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Mosquito Abatement District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Mosquito Abatement District. The Mosquito Abatement District's services include eradicating biting arthropods.

B. Component Units

Component units are legally separate organizations for which the Mosquito Abatement District is financially accountable. The Mosquito Abatement District is financially accountable for an organization if the Mosquito Abatement District appoints a voting majority of the organization's governing board and (1) the Mosquito Abatement District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Mosquito Abatement District is legally entitled to or can otherwise access the organization's resources; or the Mosquito Abatement District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Mosquito Abatement District, are accessible to the Mosquito Abatement District and are significant in amount to the Mosquito Abatement District. The Mosquito Abatement District has no component units.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Mosquito Abatement District's accounting policies.

A. Basis of Presentation

The Mosquito Abatement District's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Mosquito Abatement District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Mosquito Abatement District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Mosquito Abatement District has no business-type activities.

The Statement of Net Assets presents the cash and investment balances of the governmental activities of the Mosquito Abatement District at year end. The Statement of Activities compares disbursements and program receipts for each program or function of the Mosquito Abatement District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Mosquito Abatement District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Mosquito Abatement District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Mosquito Abatement District.

Fund Financial Statements

During the year, the Mosquito Abatement District segregates transactions related to certain Mosquito Abatement District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Mosquito Abatement District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Mosquito Abatement District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Mosquito Abatement District are presented in two categories: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Mosquito Abatement District are financed. The following are the Mosquito Abatement District's major governmental funds

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Mosquito Abatement District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds.

Trust funds are used to account for assets held by the Mosquito Abatement District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Mosquito Abatement District's own programs. The Mosquito Abatement District did not have any fiduciary funds in 2008.

C. Basis of Accounting

The Mosquito Abatement District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Mosquito Abatement District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Mosquito Abatement District are described in the appropriate section in this note.

As a result of the use of this *cash* basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The appropriations resolution is the Board of Director's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Directors. The legal level of control has been established by the Board of Directors at the fund and function level for all funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts originally approved by the Board of Directors. The amounts reported as the final budgeted amounts on the budgetary statements reflect amendments approved by the Board of Directors.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Directors during the year.

E. Cash and Investments

To improve cash management, cash received by the Mosquito Abatement District is pooled. Monies for all funds are maintained in this pool.

Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Employer Contributions to Cost-Sharing Pension Plans

The Mosquito Abatement District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Mosquito Abatement District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

J. Fund Balance Reserves

The Mosquito Abatement District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Mosquito Abatement District has no fund balance reserves.

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Mosquito Abatement District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Mosquito Abatement District has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008
(Continued)

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis).

Note 5 – Maintenance Assessments

Special assessments become a lien on January 1 preceding the October 1 date for which the Mosquito Abatement District adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property assessments on behalf of the District.

Note 6 - Risk Management

The Mosquito Abatement District is exposed to various risks of property and casualty losses, and injuries to employees. The Mosquito Abatement District insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The Mosquito Abatement District has obtained commercial insurance for vehicle coverage.

Note 7 - Defined Benefit Pension Plans

Plan Description - The Mosquito Abatement District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008
(Continued)

Note 7 - Defined Benefit Pension Plans (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0% of covered payroll.

The Mosquito Abatement District's contribution rate for 2008 was 14.0% of covered payroll. For the period January 1, through December 31, 2008, a portion of the Mosquito Abatement District's contribution equal to 7.0% of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Mosquito Abatement District of 14%.

The District's required contributions for the years ended December 31, 2008, 2007, and 2006 were \$3,134, \$2,089 and \$2,348, respectively; the full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Postemployment Benefits

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0% of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7.0% of covered payroll.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The District's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$1,567, \$830 and \$848 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Barberton-Norton Mosquito Abatement District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2008
(Continued)

Note 9 – Leases

The Mosquito Abatement District leases buildings, vehicles and other equipment under noncancelable leases. The Mosquito Abatement District disbursed \$30,983 to pay lease costs for the year ended December 31, 2008. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$30,983
2010	30,983
2011	30,983
2012	7,746
Total	<u>\$100,695</u>

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Barberton-Norton Mosquito Abatement District
Summit County
104 Third Street NW, Suite 205
Barberton, Ohio 44203

To the Board of Directors:

We have audited the financial statements of the governmental activities and the major fund of the Barberton-Norton Mosquito Abatement District, Summit County, Ohio, (the District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 20, 2010, wherein we noted the District revised its financial presentation to a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matter we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 20, 2010.

We intend this report solely for the information and use of the Board of Directors, management, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 20, 2010

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2007-001	Finding for Recovery Repaid Under Audit – a Finding for Recovery for public monies illegally expended was issued against Joseph R. Harrison Company, LPA, the Barberton-Norton Mosquito Abatement District's Treasurer, in the amount of \$850.	Yes	Finding for Recovery Repaid under prior audit.
Finding 2007-002	Accounting Records -Our testing revealed numerous weaknesses with the District's accounting and financial reporting procedures.	Yes	Finding No Longer Valid.
Finding 2007-003	Ohio Admin. Code Section 117-2-02(A) - The District's outside Accountant did not maintain a cash journal, receipts ledger, or appropriation ledger which agreed to the District's annual financial statements.	Yes	Finding No Longer Valid.
Finding 2007-004	Review and Monitoring of Bank Reconciliations and Financial Reports - The Board of Directors did not receive or review any monthly bank reconciliations and financial reports. In addition, the outside Accountant's Financial Statement packages were not provided to the Executive Director in a timely fashion.	Yes	Finding No Longer Valid.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008
(Continued)**

Finding 2007-005	Cash Transfer- On December 21, 2005 the Executive Director withdrew \$7,000 from the District's money market saving account for the purpose of transferring the funds into the District's checking account. However, the corresponding checking account deposit was not processed until January 9, 2006, 19 days after the initial withdrawal.	Yes	Finding No Longer Valid.
Finding 2007-006	Ohio Rev. Code Section 5705.28(B)(2)(c)- During 2007, 2006, and 2005 the District appropriated \$183,614, \$198,000, and \$19,500, in the General Fund, respectively. However, the District failed to estimate any revenues for those years.	Yes	Finding No Longer Valid.
Finding 2007-007	Ohio Rev. Code Section 5705.41(B)- At December 31, 2007, fund level expenditures plus outstanding encumbrances exceeded appropriations by \$48,437.	Yes	Finding No Longer Valid.
Finding 2007-008	Ohio Rev. Code Section 5705.41(D) - During the audit period, the District did not use the encumbrance method of accounting. As such, none of the District's expenditures were certified by the Treasurer prior to incurring the obligation.	No	Partially Corrected. See Management Letter.

**BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT
SUMMIT COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008
(Continued)**

Finding 2007-009	26 C.F.R. Section 1.6041-2 - The Executive Director/Attorney/temporary Treasurer was compensated \$8,500 in 2007 and \$9,350 in 2006 and did not receive a W-2 Form or Form 1099 for either year.	Yes	Finding No Longer Valid.
Finding 2007-010	Ohio Rev. Code Section 6115.14 and Ohio Rev. Code Section 2921.42(A)(4) - The District has contracted with Joseph R. Harrison Company, LPA to perform the duties of Executive Director/Attorney and temporary Treasurer. This results in the lack of segregation of duties by having one individual performing the duties of three different positions. In addition, there is a potential conflict of interest and possible ethics considerations.	Yes	Finding No Longer Valid.

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Mary Taylor, CPA
Auditor of State

BARBERTON-NORTON MOSQUITO ABATEMENT DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 12, 2010**