



# Manatee County Mosquito Control District

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PALMETTO, FLORIDA 34221

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COMMISSIONERS  
RALPH C. GARRISON, Chairman  
TIMOTHY MATTHEWS, Vice-Chairmen  
MICHAEL DAUGHERTY, Sec'y - Treas.

MARK D. LATHAM  
Director

February 14, 2011

RECEIVED  
FEB 24 2011  
BOARD RECORDS

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FEB 18 2011  
FINANCE DEPT.

R.B. "Chips" Shore  
Clerk of the Circuit Court  
Manatee County  
P.O. Box 25400  
Bradenton, Florida 34206

Dear Sir:

In compliance with Chapter 189.418(3), Florida State Statutes, we submit to the County Commission of Manatee County our Annual Post Audit Report for fiscal year ended September 30, 2010, received by the District on February 10, 2011.

Also enclosed is a map of the District as required.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark D. Latham", with a long horizontal flourish extending to the right.

Mark D. Latham  
Director

MDL/csm

Enclosures 2

ACCEPTED IN OPEN SESSION  
MAR 3 2011  
BOARD OF COUNTY COMMISSIONERS  
MANATEE COUNTY, FLORIDA

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
PALMETTO, FLORIDA

FINANCIAL STATEMENTS  
Year Ended September 30, 2010

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
PALMETTO, FLORIDA  
September 30, 2010

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements – Governmental Funds:	
Balance Sheet – Governmental Funds – General Fund	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Governmental Funds	14
Notes to the Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	24
OTHER NON-FINANCIAL INFORMATION	
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>	25
Management Letter	27

# SHINN & COMPANY<sup>LLC</sup>

Certified Public Accountants and Consultants

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www.shinnandcompany.com

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Manatee County Mosquito Control District  
Palmetto, Florida

We have audited the accompanying financial statements of the governmental activities and the sole major fund (the general fund) of the Manatee County Mosquito Control District ("District"), as of and for the year ended September 30, 2010, 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 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the sole major fund (the general fund) of the Manatee County Mosquito Control District, as of September 30, 2010, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2011, on our consideration of Manatee County Mosquito Control 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.

### Member

Private Companies Practice Section  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

The management's discussion and analysis, presented on pages 3 through 10, and the schedule of funding progress presented on page 24 are not a required part of the financial statements but are 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 methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Shinn & Company LLC*

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
February 7, 2011

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010

Our discussion and analysis of the Manatee County Mosquito Control District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the auditor's report beginning on page 1 and the District's financial statements, which begin on page 11.

As Mosquito Control District operations and budgeting differ markedly from that utilized by other governmental entities, this report contains an overview of the operational factors contributing to the District's particular method of budgeting.

**FINANCIAL HIGHLIGHTS**

- The change in net assets of the District at the close of its most recent fiscal year were \$153,134 compared to \$502,809 in the prior fiscal year. The difference is primarily due to the decrease in property taxes and investment earnings.
- As of the close of the current fiscal year, the District reported ending fund balances of \$3,770,436 a decrease of \$294,640 in comparison with the prior year. This can be attributed to lowering the tax revenue by approximately \$200,000 and expending significant funds on a major capital project (\$448,215 towards the building addition) while being offset by reduced spending for chemicals.
- At the end of the current fiscal year, unreserved fund balance was \$3,433,688, or 98 percent of total general fund expenditures. Last year this number was \$3,740,379, or 119 percent of total general fund expenditures. Despite the decrease in the fund balance, the District is still maintaining an "above average" unreserved fund balance primarily due to the continuing "slow" mosquito seasons caused by below average rainfall amounts over the past 3 years resulting in under-spending in many budget categories. This will allow the District to continue lowering the taxes levied against the residents of Manatee County during these down economic times while at the same time maintaining enough of a buffer in reserve and contingency funds to be able to respond to a busier than normal mosquito season.
- The District did not incur any long-term debt during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Assets (page 11) and the Statement of Activities (page 12) provide information about the activities of the District and present a longer-term view of the District's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The Fund Financial Statements begin on page 13. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliations on pages 13 and 14 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the entity-wide financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

## **THE FINANCIAL STATEMENTS**

### The Statement of Net Assets and the Statement of Activities

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 presents information on all of the District's assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

### Fund Financial Statements

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Notes to the financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 15.

### Required Supplementary Information

In addition to the basic financial statements noted above, this report contains certain required supplementary information concerning the District's progress in funding its obligation to provide post-employment benefits to its employees. This required supplementary information can be found on page 24.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

A moderate portion of the District's net assets (36 percent or \$2,011,097 of \$5,597,258) reflects its investment in capital assets (e.g., land, buildings, equipment). The District uses these capital assets to provide mosquito control to the citizens of the District.

### District's Net Assets Fiscal Year Ended September 30, 2010

	<u>September 30, 2010</u>	<u>September 30, 2009</u>
Current and Other Assets	\$ 3,770,436	\$ 4,277,033
Capital Assets	<u>2,014,982</u>	<u>1,579,781</u>
Total Assets	<u>\$ 5,785,418</u>	<u>\$ 5,856,814</u>
Long-term Liabilities	\$ 159,787	\$ 196,848
Other Liabilities	<u>28,373</u>	<u>215,842</u>
Total Liabilities	<u>\$ 188,160</u>	<u>\$ 412,690</u>
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	\$ 2,011,097	\$ 1,579,781
Unrestricted	<u>3,586,161</u>	<u>3,864,343</u>
Total Net Assets	<u>\$ 5,597,258</u>	<u>\$ 5,444,124</u>

At the end of the current fiscal year, the District is able to report positive balances in both active categories of net assets (there being no activity in Restricted Net Assets).

The increase (28% or \$435,201) in capital assets over the previous year can be attributed primarily to the new building addition placed into operation.

Although the Unrestricted Net Assets showed a reduction from the previous year (\$278,182 or 7.2%), there still remains ample funding to serve as a financial insurance policy against future economic uncertainties and the potential of a heavy mosquito season.

Liabilities, primarily made up of outstanding compensatory leave balances owed to employees, decreased and remain small (<4%) when compared to the total value of the District's assets.



District's Changes in Net Assets  
Fiscal Year Ended September 30, 2010

	<u>September 30, 2010</u>	<u>September 30, 2009</u>
Revenues		
General Revenues		
Property Taxes	\$ 3,104,594	\$ 3,294,256
Investment Earnings	17,174	93,756
Other	40,466	82,216
Program Revenues		
Operating Grants	<u>37,683</u>	<u>46,761</u>
Total Revenues	<u>3,199,917</u>	<u>3,516,989</u>
Expenses		
Mosquito Control	<u>3,046,783</u>	<u>3,014,428</u>
Total Expenses	<u>3,046,783</u>	<u>3,014,428</u>
Increase in Net Assets	<u>\$ 153,134</u>	<u>\$ 502,809</u>

Total revenues were down nearly \$317,000 due to a decrease in the property taxes collected and investment earnings, while expenses remained constant from the prior year.

#### BUDGETARY DISCUSSION

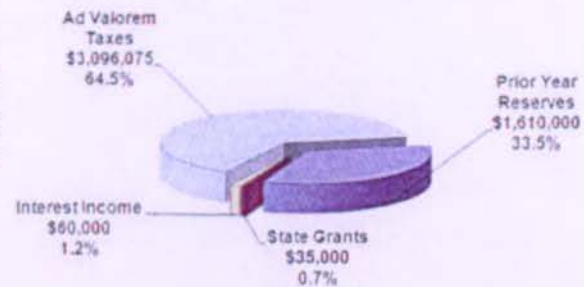
The District's primary responsibility is to provide the citizens of Manatee County relief from excessive populations of both pestiferous and disease bearing mosquitoes by utilizing safe, effective and environmentally-responsible mosquito control techniques. The peak time of the year, "mosquito season," extends from May through November, depending on meteorological conditions (primarily rainfall and warm temperatures). Mosquito populations, and associated mosquito control operations, are not predictable for more than a week in advance. With this uncertainty, budgets are developed with the capability of covering a "worst case" season, with the intended result that during moderate to below average mosquito seasons the District ends the year with a budget surplus.

**Property taxes** continue as our primary source of revenue. Although the District budgeted a lower taxing revenue than the previous year (\$3,096,075 versus \$3,279,483), changes in legislation and falling property values required the District to increase the millage rate from 0.1088 to 0.1134 mils. This rate was still 6% below the "Rolled-Back Rate" of 0.1205 mils, providing a savings for the majority of property owners in Manatee County.

Manatee County Mosquito Control District  
Millage Rate and Property Taxes - 1995-2009



Manatee County Mosquito Control District  
FY 2009-2010 Funding (Revenue) Sources  
(Initial Budget)

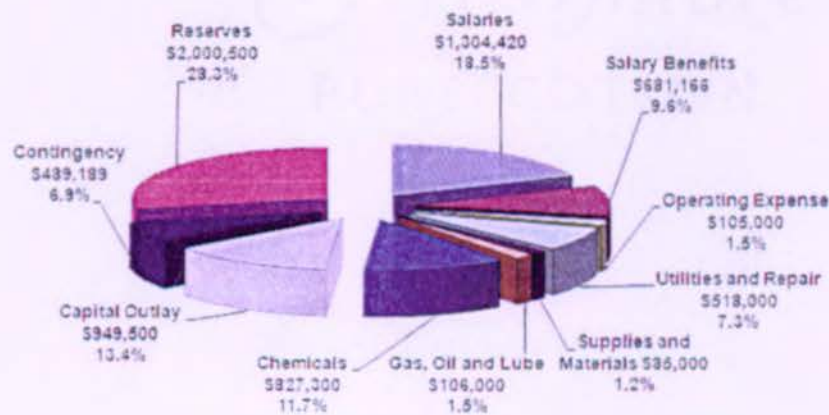


**Prior Year Reserves** was the second largest budgeted revenue. The \$1,610,000 carried forward is larger than that utilized in previous year's budgets, being the result of under-spending over an unprecedented three consecutive "slow" mosquito seasons. It does provide a buffer against having to significantly raise taxes in the event of an unusually busy season that may result in an "over expenditure" of budgeted funds. The District is fortunate in that this unusually large prior-year reserves balance coincides with a precipitous drop of 17% in the taxable value of the County over the last two years. This has allowed the District to lower the taxes charged to the residents of Manatee County while maintaining the necessary budget to provide effective services.

The District also obtains funding from interest earnings on invested funds and a small annual State grant from the Florida Department of Agriculture and Consumer Services, although this amounts to only 2% of total revenues.

As can be seen from the budget breakdown below, chemicals (for spraying mosquitoes) make up a significant portion of the budget (16 percent of expenditures, excluding budgeted reserves).

Manatee County Mosquito Control District  
FY 2009-2010 (Amended) Budget Expense Categories



The last 7 years provide good comparative data on the variability of mosquito populations from year-to-year and the impact this can have on budgets/spending. 2004 (FY 2003-2004) was a very busy year with high mosquito populations resulting in the District spending over 100% (\$622,930) of funds initially budgeted for chemicals. In contrast, FY 2004-05, FY 2006-07, FY 2007-08 and FY 2009-10 were quiet years with low mosquito populations resulting in less than 55% of the chemical budget being expended. FY 2005-06 and FY 2008-09 were somewhat in-between with low-to-moderate mosquito populations resulting in 65% of that budgeted being spent on chemicals. Drought conditions over the past 4 years, with a 20" deficit in rainfall each year, have contributed to the low mosquito populations, limited expenditures and high ending fund balances.

The primary pieces of equipment used in spraying mosquitoes are three turbine helicopters. These are expensive to maintain but essential to effective operations. Therefore significant allowances for unforeseen maintenance issues must be made in the utilities and repair category of the budget, as these are usually expensive items.

As the fiscal year ends in September, and taxes for the new fiscal year do not become available until November or December, allowance for significant funding sources must be made for the potentially busy months of October and November. This is achieved through specific reserve funds established in the previous fiscal year's budget, but not available until rolled over to the new fiscal year ("Reserves for Ending Cash Balance"). Typically \$400,000-\$600,000 is budgeted in reserve funds for this purpose. In many years a lower number (\$200,000-\$300,000) is budgeted in the initial (July 10) budget but this is supplemented up to the requisite numbers with the unexpended carryover in a budget amendment, usually early in the new calendar year after completion of the fiscal year audit. In recent "quiet" years with large carryovers, this reserve fund line item is amended up to the maximum allowed by statute, 20% of the budgeted expenditure total.

#### **FY 2009-2010 BUDGET HIGHLIGHTS**

##### **Budget amendments made during the fiscal year included:**

Increase in Capital Outlay of \$687,500, primarily for the completion of a building addition initiated in FY 2008-09, plus various other capital asset needs.

Increases in contingency of \$340,000 for unanticipated expenditures of the District.

##### **Primary variances from budget to actual included:**

Capital outlay variance of \$330,334, primarily due to delaying the start of several budgeted capital improvement projects until FY 2010-11 or later. These include major concrete repair/replacement (\$100,000), new storage building (\$75,000), remodeling of an existing building (\$50,000) and reroofing of two existing buildings (\$20,000). The District also came in significantly under budget for the combined building addition and cabinetry/furniture capital line items.

Chemicals variance of \$380,812 primarily due to a dryer-than-average "slow" mosquito season (particularly the latter part of the summer) not requiring the full expenditure of the chemical budget.

Contingencies variance of \$489,189 primarily due to no unanticipated needs arising.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District's capital assets as of September 30, 2010 reflect an investment of \$2,014,982 net of accumulated depreciation.

The following table provides a summary of net capital assets.

	<u>September 30, 2010</u>	<u>September 30, 2009</u>
Governmental Activities		
Land	\$ 40,608	\$ 40,608
Construction in Progress	-	215,198
Buildings	1,187,113	523,700
Equipment	1,391,782	1,353,978
Other improvements	95,831	77,421
Aircraft	<u>1,211,407</u>	<u>1,211,407</u>
Total Capital Assets	3,926,741	3,422,312
Less Accumulated Depreciation	<u>(1,911,759)</u>	<u>(1,842,531)</u>
Total Net Capital Assets	<u>\$ 2,014,982</u>	<u>\$ 1,579,781</u>

The most significant addition to capital assets during FY 2009-2010 was the building addition. For further information on Capital Assets please see NOTE E on page 21.

### Debt

At September 30, 2010, the District had no outstanding debt.

## ECONOMIC FACTORS AND NEXT YEARS BUDGET AND RATES

The District (which encompasses all of Manatee County) continues to experience a significant slowdown in the economic environment, reflecting the financial and real estate crisis's impacting the nation. This is of some concern to the District, particularly with its reliance on Ad Valorem Taxes as its principal revenue source (98% of revenues, excluding reserves or carryover from the previous year). After many years of almost double-digit property value percentage increases, Manatee County has experienced four consecutive years of declining taxable value. This year saw greater than an 8 percent drop in the gross taxable value of Manatee County for taxing purposes (excluding the impacts of new legislation), following an 8 percent drop experienced the previous year. It is likely that Manatee County will experience at least one more year of decrease in the gross taxable value before the property market stabilizes. It should be noted that the property values utilized by the Manatee County Property Appraiser for taxing purposes are at least one year behind current property values.

Compounding this problem is the Property Tax Reform Legislation that increased the Homestead Exemption for resident property owners by \$25,000 to \$50,000. The resulting changes in the taxable value calculations for taxing/budgeting/millage-rate purposes required a more complex calculation in order to determine "rolled-back rate". Amendment 1, as this tax reform was referred to, resulted in an additional 6 percent reduction in the overall taxable value of Manatee County when it took effect several years ago. Taking all this into account and following the complex calculations, the rolled-back tax rate for FY 2010-11 for Manatee County Mosquito Control District would be 0.1319 mills, a 16.3% increase over the FY 2009-10 tax rate of 0.1134 mills. Due to the quiet mosquito seasons experienced recently and the significant carry-over the District applied to its reserve funds, we were able to utilize a tax rate of 0.1240 mills for FY 2010-11, 6 percent below the rolled-back rate. This allowed a \$160,000 reduction in taxing revenue over the previous year, \$345,000 reduction over the past two years and \$470,000 (14%) reduction in taxes over the past three years.

However, the District continues to have significant concern with the impact on the tax base of the slowdown in the real estate market, the increasing inventory of unoccupied new homes, the high foreclosure rate and the general reduction in property values. While the District remains financially sound, continued effort must be made to maintain significantly high levels in reserve funds to offset potential losses in Ad Valorem Taxing levels and increased expenditures during busy mosquito seasons or even mosquito-borne disease outbreaks. As it has shown with the \$470,000 taxing reduction over the past three years, the District will continue to strive to provide efficient and effective mosquito control services while minimizing the tax burden to the citizens of Manatee County.

#### **REQUEST FOR INFORMATION**

The District's financial statements are designed to present users (citizens, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about this report or need additional information, contact the District's Director at 2317 2nd Avenue West, Palmetto, Florida 34221.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF NET ASSETS  
September 30, 2010

ASSETS

Current assets:	
Cash	\$ 279,644
Investments	3,150,310
Accrued interest receivable	3,734
Inventory	268,198
Prepaid insurance	<u>68,550</u>
Total current assets	<u>3,770,436</u>
Capital assets:	
Non depreciable assets	
Land	<u>40,608</u>
Depreciable assets	
Buildings	1,187,113
Equipment	1,391,782
Other improvements	95,831
Aircraft	1,211,407
Less accumulated depreciation	<u>(1,911,759)</u>
Total depreciable assets	<u>1,974,374</u>
Total capital assets	<u>2,014,982</u>
Total assets	<u>5,785,418</u>

LIABILITIES

Current liabilities:	
Compensated absences	<u>28,373</u>
Total current liabilities	<u>28,373</u>
Non-current liabilities:	
Net OPEB obligation	1,015
Compensated absences	<u>158,772</u>
Total liabilities	<u>188,160</u>

NET ASSETS

Invested in capital assets, net of related debt	2,014,982
Unrestricted	<u>3,582,276</u>
Total net assets	<u>\$ 5,597,258</u>

See accompanying notes.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2010

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (expense) Revenue and Change in Net Assets of the Primary Government</u>
Function/programs of primary government:					
Governmental activities:					
Mosquito control	<u>\$ 3,046,783</u>	<u>\$ -</u>	<u>\$ 37,683</u>	<u>\$ -</u>	<u>\$ (3,009,100)</u>
General revenues:					
Tax revenues					3,104,594
Investment earnings					17,174
Other revenue					<u>40,466</u>
Total general revenues					<u>3,162,234</u>
Change in net assets					153,134
Net assets - beginning of year					<u>5,444,124</u>
Net assets - end of year					<u>\$ 5,597,258</u>

See accompanying notes.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS – GENERAL FUND  
September 30, 2010

ASSETS

Cash	\$ 279,644
Investments	3,150,310
Interest receivable	3,734
Inventory	268,198
Prepaid insurance	<u>68,550</u>
TOTAL ASSETS	<u>\$ 3,770,436</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ -
Fund balances	
Reserved for inventory	268,198
Reserved for insurance	68,550
Unreserved, undesignated	1,433,188
Unreserved, designated	<u>2,000,500</u>
Total fund balances	<u>3,770,436</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,770,436</u>

Fund balance - above \$ 3,770,436

Amounts reported for governmental activities in the statement of net assets are different because:

The increase in the Net OPEB Obligation reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. (1,015)

Compensated absences are not due and payable in the current period and therefore are not reported in the funds. (187,145)

Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds. 2,014,982

Net assets of governmental activities (Page 11) \$ 5,597,258

See accompanying notes.



MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL –  
GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 3,096,075	\$ 3,096,075	\$ 3,104,594	\$ 8,519
State distribution	35,000	35,000	37,683	2,683
Investment income	60,000	60,000	17,174	(42,826)
Equipment sales	-	-	25,394	25,394
Miscellaneous revenues	-	-	32,107	32,107
Total revenues	<u>3,191,075</u>	<u>3,191,075</u>	<u>3,216,952</u>	<u>25,877</u>
Expenditures				
Personal services	1,304,420	1,304,420	1,237,866	66,554
Personal services benefits	681,166	681,166	614,082	67,084
Operating expenditures	105,000	105,000	56,837	48,163
Travel, utilities, repairs, and services	508,000	518,000	400,081	117,919
Gasoline, oil, and lubrication	106,000	106,000	68,120	37,880
Chemicals	827,300	827,300	446,488	380,812
Other supplies and materials	85,000	85,000	68,952	16,048
Contingencies	149,189	489,189	-	489,189
Capital outlay	<u>262,000</u>	<u>949,500</u>	<u>619,166</u>	<u>330,334</u>
Total expenditures	<u>4,028,075</u>	<u>5,065,575</u>	<u>3,511,592</u>	<u>1,553,983</u>
Excess(deficit) of revenues over expenditures	(837,000)	(1,874,500)	(294,640)	1,579,860
Other financing sources:				
Net change in fund balance	(837,000)	(1,874,500)	(294,640)	1,579,860
Fund balance - beginning of year	<u>4,065,076</u>	<u>4,065,076</u>	<u>4,065,076</u>	-
Fund balance - end of year	<u>\$ 3,228,076</u>	<u>\$ 2,190,576</u>	<u>\$ 3,770,436</u>	<u>\$ 1,579,860</u>

Change in fund balance - above

\$ (294,640)

Amounts reported for governmental activities in the statement of activities (Page 12) are different because:

In Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the carrying value of the capital assets sold.

(17,035)

OPEB obligations related to governmental fund contributions should not be recognized in the governmental fund financial statements, but should be reported as a liability in the governmental activities column of the government-wide statement of net assets

(1,015)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$619,166) was more than depreciation (\$150,606) in the current period.

456,121

The decrease in accrued compensated absences reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.

9,703

Change in net assets of governmental activities (Page 12)

\$ 153,134

See accompanying notes.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Manatee County Mosquito Control District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity – The Manatee County Mosquito Control District (District) is an independent special district in Manatee County, created by the Laws of Florida 24677 in 1947. This and succeeding special acts were subsequently repealed and codified in 2002 under a single special act, Chapter 2002-332. The District is responsible under Chapter 388, Florida Statutes for the abatement, suppression, and eradication of mosquitoes and other arthropods within the legal boundaries of the county. It is governed by an elected Board of Commissioners serving staggered four-year terms and derives the significant portion of its revenues from property taxes levied upon the county-wide taxable value of real estate and personal property.

The District participates under inter-local agreements with various state and local government agencies to facilitate fiscal operations in such areas as pension and retirement plans, investment of idle funds, and acquisition of routine supplies and materials. These financial statements do not reflect the financial position, results of operations, or changes in fund balances of any of the inter-governmental activities noted above, but do include all operations and programs for which the District is responsible.

Criteria used to define the scope of the reporting entity include manifestations of oversight responsibility, accountability for fiscal matters, and scope of public services. The District has no component units combined to form the reporting entity.

Government-Wide and Fund Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. The District has only governmental activities, which are supported primarily by taxes and are reported in the general fund.

Measurement Focus, 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 imposed by the provider have been met.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major (and only) governmental fund:

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Cash - Cash includes petty cash and amounts on deposit in banks. All funds on deposit are insured and fully collateralized as required by Chapter 280 of the Florida Statutes.

Investments - Investments consist of short-term investments in pooled cash on deposit with Manatee County, Florida. The pooled cash includes certificates of deposits and various governmental securities. All investments approximate fair value. The District has not formally adopted a written investment policy. According to Florida Statutes 218.415(17) the District is authorized to invest in the following:

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
CONTINUED**

Investments – continued

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in §163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in §280.02.
- (d) Direct obligations of the U.S. Treasury.

The securities listed in (c) and (d) above must be invested such as to provide sufficient liquidity to pay obligations as they come due.

Inventory – The District's inventory consists of chemicals and fuel and is valued at the lower of cost (first-in, first-out) or market. Inventory on hand at the end of the year is recorded as both an asset and as a reservation of fund balance (purchase method).

Prepaid Insurance – The balance of prepaid insurance and the offsetting reservation of fund balance is adjusted as necessary at the end of each fiscal year.

Capital Assets – Capital assets of the District include land, buildings, improvements, and equipment and aircraft, and are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Equipment is being depreciated using the straight line method over the estimated useful lives, currently ranging from 3-7 years. Buildings and improvements lives range from 20-40 years.

Compensated Absences – Accumulated unpaid vacation and compensatory time of the District's employees that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the general fund.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fund Equity – The District has designated funds for specific purposes as follows:

Compensated absences	\$ 50,000
Future capital outlay	1,050,500
Working capital	900,000
Total designated	<u>\$ 2,000,500</u>

These designations are not legally binding. Reserved equity shows amounts that are legally binding. The purpose for each is indicated by the account title on the face of the balance sheet.

Budget Process and Property Tax Recognition – The District operates under a fiscal budget certified by the Board of Commissioners prior to September 15 of each year, which is reviewed and approved by the Florida Department of Agriculture and Consumer Services (DACs). Any amendments to the budget must be approved by DACs. The District must provide its tax rate to be levied to the county property appraiser by September 30 of each year. The county tax collector opens the county tax roll in November with all property taxes due by the following March. A penalty of 3% is assessed in April with tax certificates sold on outstanding property taxes in May and June. All amounts collected by the tax collector are distributed prior to September 30 and, accordingly, there are no property taxes receivable at the end of any fiscal year. Amounts outstanding for property taxes in litigation or bankruptcy are not significant and are recognized as revenue when received.

No expenditures in excess of total fund appropriations are allowable without Board of Commissioner approval. The Board may legally amend the budget. There were budgetary amendments during the current fiscal year. Budget appropriations lapse at year end.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B – INVESTMENTS**

The District has entered into an interlocal agreement with Manatee County Government to invest funds with the Manatee County Investment Pool. The District's amount of investments in this pool at September 30, 2010 is \$3,150,310. The pool is self-regulated and is not registered with the Securities and Exchange Commission. The County has not provided or obtained any legally binding guarantees for the pool during the fiscal year ended September 30, 2010. The pool was rated AAf by Standard and Poor's at September 30, 2010. For more information on the County Investment Pool, please go to [www.manateeclerk.com](http://www.manateeclerk.com).

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE B – INVESTMENTS – CONTINUED**

At September 30 2010, the County's pooled investments are valued in accordance with GASB 31, is as follows:

Type and Number of Investments	Fair Value Method	Interest Rate/ Maturity Range	(Expressed in thousands)		
			Principal Value	Amortized Cost	Fair Value
Local Government Surplus Funds Trust, PRIME account (1)	Cost	0.32% 10/10	\$ 5,456	\$ 5,456	\$ 5,456
Local Government Surplus Trust Funds, Fund B (1)	Current NAV share value		157	157	109
Public Funds Money Market Account (1)	Quoted Market	0.35% 10/10	4,007	4,007	4,007
Certificates of Deposit (7)	Cost	0.41% - 1.59% 10/10 - 7/12	7,000	7,000	7,000
Florida Local Government Investment Trust (1)	Current NAV share value	0.9623% 10/10	5,876	5,876	5,875
Commercial Paper (1)	Quoted Market	4.913% 10/10	2,518	2,459	2,519
U.S. Treasury Notes (6)	Quoted Market	0.875% - 1.375% 2/11 - 2/13	7,000	6,995	7,061
Federal Home Loan Bank (4)	Quoted Market	0.70% - 1.30% 11/11 - 2/13	4,000	3,999	4,003
Federal National Mortgage Association (5)	Quoted Market	0.80% - 1.25% 4/12 - 12/12	5,000	5,000	5,002
Federal Farm Credit Bank (4)	Quoted Market	0.99% - 1.20% 7/11 - 10/12	4,500	4,500	4,516
			<u>\$ 45,514</u>	<u>\$ 45,449</u>	<u>\$ 45,548</u>

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE C – FLORIDA RETIREMENT SYSTEM**

Substantially all full-time District employees are participants in the Florida Retirement System, "The System," a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Management Services, Division of Retirement, covers approximately 715,064 full-time employees of various governmental units within the State of Florida.

The System provides for vesting of benefits after 6 years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with 6 or more years of service. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to this retirement system. There is a Deferred Retirement Option Program available to certain members.

The District has no responsibility to the System other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 10.77% and 9.85%; high risk employees, 23.25% and 20.92%; drop employees, 12.25% and 10.91%; elected officials, 18.64% and 16.53%; and senior management, 14.57% and 13.12%; for the System's years ended June 30, 2011 and 2010, respectively. The District's contributions made during the years ended September 30, 2010, 2009, and 2008 were \$127,043, \$122,323, and \$120,731, respectively, equal to the actuarially determined contribution requirements for each year.

**NOTE D – CAPITAL LEASE**

During 2009 the District entered into a capital lease agreement for the purchase of a microscope. The lease stipulated 12 monthly payments of \$504.87, which includes 6.5% annual interest. Lease payments applied to principal totaled \$3,885 for the current fiscal year.

The microscope is included in the equipment area of the capital assets with a cost of \$8,000. Accumulated depreciation through September 30, 2010 is \$2,533. It's net carrying value to the District is \$5,467.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE E – CAPITAL ASSETS**

Changes in capital assets for the year ended September 30, 2010 are as follows:

	October 1, 2009	Additions	Dispositions	September 30, 2010
Non-depreciable assets:				
Land	\$ 40,608	\$ -	\$ -	\$ 40,608
Construction in progress	215,198	448,215	(663,413)	-
Total non-depreciable assets	<u>255,806</u>	<u>448,215</u>	<u>(663,413)</u>	<u>40,608</u>
Depreciable assets:				
Buildings	523,700	663,413	-	1,187,113
Equipment	1,353,978	152,541	(114,737)	1,391,782
Other improvements	77,421	18,410	-	95,831
Aircraft	1,211,407	-	-	1,211,407
Total depreciable assets	<u>3,166,506</u>	<u>834,364</u>	<u>(114,737)</u>	<u>3,886,133</u>
Total capital assets	3,422,312	1,282,579	(778,150)	3,926,741
Less accumulated depreciation	<u>(1,842,531)</u>	<u>(163,045)</u>	<u>93,817</u>	<u>(1,911,759)</u>
Net capital assets	<u>\$ 1,579,781</u>	<u>\$ 1,119,534</u>	<u>\$ (684,333)</u>	<u>\$ 2,014,982</u>

\$163,045 of depreciation expense is included in the statement of activities. The cost of the building placed in service during the year was \$663,413, which was constructed over the past two fiscal years.

**NOTE F – COMPENSATED ABSENCES**

Changes in compensated absences for the year ended September 30, 2010 are as follows:

October 1	Additions	Reductions	September 30	Due within One year
<u>\$ 196,848</u>	<u>\$ 12,125</u>	<u>\$ 21,828</u>	<u>\$ 187,145</u>	<u>\$ 28,373</u>



MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE G – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The District administers a single-employer OPEB plan. The purpose of this plan is to allow retirees the option of continuing participation in the medical, dental and life insurance plans. This is the only post employment benefit the District provides to its retirees other than its pension plans. There are no separately issued financial reports.

Membership in the plan consisted of the following at September 30, 2010, the date of the latest actuarial valuation:

Active plan members	26
Retirees and beneficiaries receiving benefits	<u>1</u>
Total	27

This actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability 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 plan and the annual required contributions of the employer are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented in the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the Actuarial Valuation, the Entry Age Normal (level % of pay) actuarial cost method was used. Select Actuarial Assumptions are listed in the table below:

<b>Funding Interest Rate:</b>	4.5%
<b>Health Care Inflation:</b>	Pre-Medicare: 8.0% in 2009 trending to 5% in 2012 Post-Medicare: 8.0% in 2009, trending to 5% in 2012
<b>Payroll Growth/Inflation Assumption</b>	0.0%
<b>Amortization of UAAL</b>	Level Percentage of Payroll (Closed Amortization over 30 Years)

Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. The special benefit for the retired Director has also been taken into account. In future years, contributions are assumed to increase at the same rate as premiums.

The premiums for the Dental and Life Insurance are anticipated to cover the full cost of the benefit.

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE G – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – CONTINUED**

Valuation date - October 1, 2009

Applicable for fiscal year ending September 30, 2010

Annual Required Contribution	\$ 11,079
Annual OPEB cost/(expense)	\$ 11,079
Estimated net contributions made	<u>(10,064)</u>
Increase/(decrease) in net OPEB obligation	1,015
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 1,015</u>

**Funded status as of October 1, 2009**

Actuarial Accrued Liability (AAL)	\$ 97,049
Actuarial Value of Assets (AVA)	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 97,049</u>
Funded Ratio	<u>0.0%</u>

Three Year Trend Information

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	11,079	90.8%	1,015
9/30/2009	N/A	N/A	N/A
9/30/2008	N/A	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION

MANATEE COUNTY MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
September 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL) EAN	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2009	-	97,049	97,049	0.0%	1,146,983	8.5%
10/1/2008	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2007	N/A	N/A	N/A	N/A	N/A	N/A

OTHER NON-FINANCIAL INFORMATION

# SHINN & COMPANY<sub>LLC</sub>

Certified Public Accountants and Consultants

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www.shinnandcompany.com

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

Board of Commissioners  
Manatee County Mosquito Control District  
Palmetto, Florida

We have audited the financial statements of the governmental activities; the sole major fund (the general fund) of Manatee County Mosquito Control District (the District) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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 basic 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

#### Member

Private Companies Practice Section  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

### 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, 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
February 7, 2011

# SHINN & COMPANY LLC

Certified Public Accountants and Consultants

1001 3rd Ave W., Suite 500 Bradenton, FL 34205

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## "MANAGEMENT LETTER" BASED ON RULE 10.554(1)(i) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Commissioners  
Manatee County Mosquito Control District  
Palmetto, Florida

We have audited the basic financial statements of Manatee County Mosquito Control District ("the District"), Palmetto, Florida, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 7, 2011. These basic financial statements are the responsibility of the District. Our responsibility is to express an opinion on these basic financial statements.

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.

As required under *Government Auditing Standards*, we have issued an Independent Auditors' 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 February 7, 2011. Disclosures in these reports, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General [Section 10.554(1)(i)(1)] require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal controls, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such matters reported in the preceding annual financial audit report.

The Rules of the Auditor General [Section 10.554(1)(i)(2)], state that a management letter shall have a statement as to whether or not the District complied with Section 218.415, Florida Statutes, regarding the investment of its public funds. In connection with our audit of the basic financial statements of the District, the results of our tests indicated compliance with Section 218.415, regarding the investment of public funds.

The Rules of the Auditor General [Section 10.554(1)(i)(3)] require that the management letter include any recommendations to improve the local government entity's financial management. There are no such matters to be reported in the current annual financial audit report.



The Rules of the Auditor General [Section 10.554(1)(i)(4)] require that the management letter include any violations of contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material but more than inconsequential. There are no such matters to be reported in the current annual financial audit report.

The Rules of the Auditor General [Section 10.554(1)(i)(5)] require disclosure in the management letter based on the auditor's professional judgment, of the following matters that are inconsequential to the financial statements considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts of or abuse; (b) control deficiencies that are not significant deficiencies. There are no such matters to be reported in the current annual financial audit report.

The Rules of the Auditor General [Section 10.554(1)(i)(6)] also require 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 basic financial statements. This information has been included in the notes to the basic financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(i)(7.a.)), the scope of our audit included a review of the provisions of Sections 218.503(1), Florida Statutes. In connection with our audit, we determined that the District has not met any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)(7.b)), the financial report 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 2009-2010 fiscal year.

As required by the Rules of the Auditor General (Section 10.554(1)(i)(7.c.) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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. The assessment was done as of September 30, 2010.

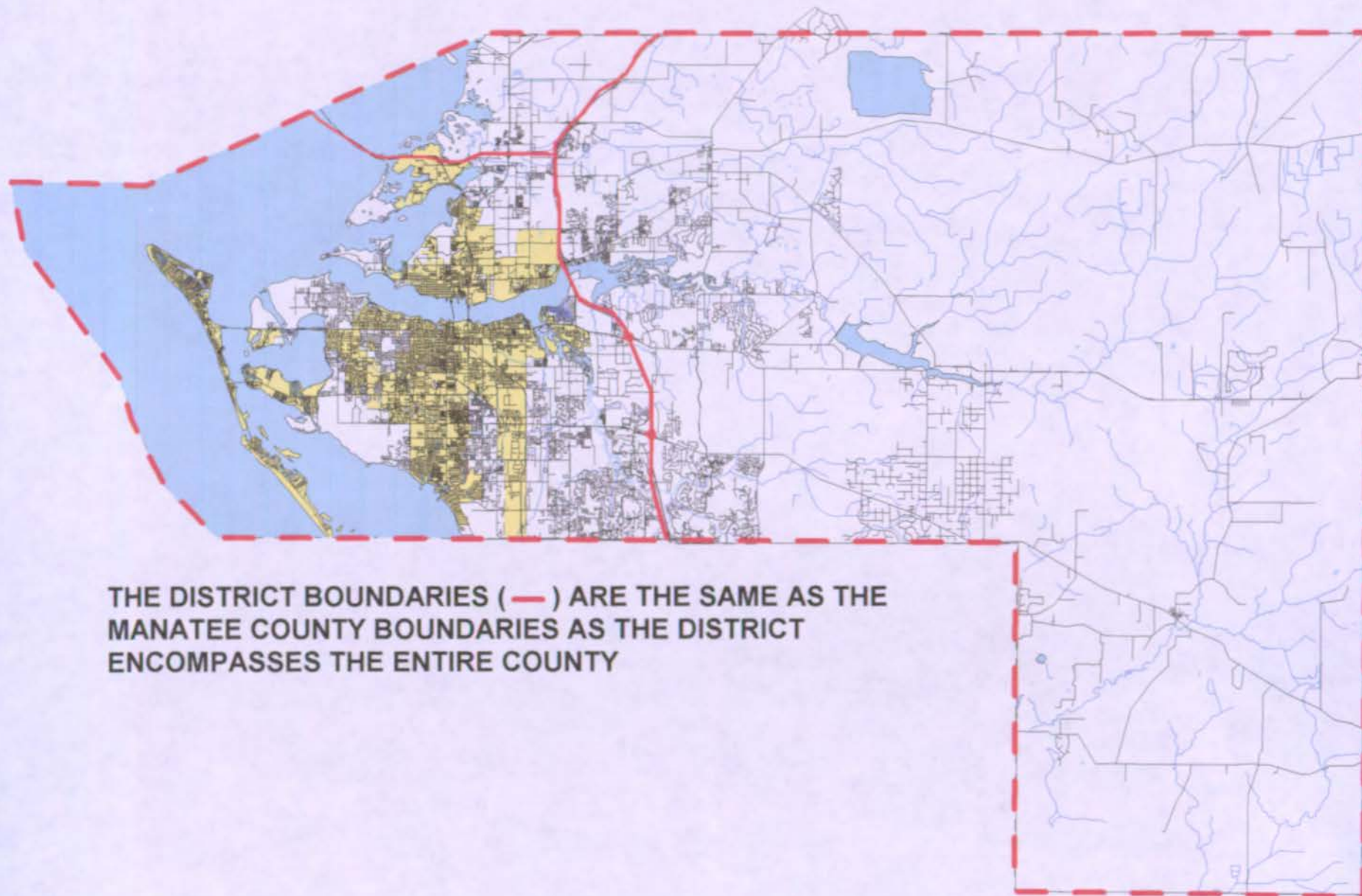
This "Management Letter" is intended solely for the information of the Board of Commissioners, District's management, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Shinn & Company LLC*

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
February 7, 2011

## MANATEE COUNTY MOSQUITO CONTROL DISTRICT



THE DISTRICT BOUNDARIES ( — ) ARE THE SAME AS THE  
MANATEE COUNTY BOUNDARIES AS THE DISTRICT  
ENCOMPASSES THE ENTIRE COUNTY