

TRAILER ESTATES PARK AND  
RECREATION DISTRICT  
BRADENTON, FLORIDA

FINANCIAL STATEMENTS

Year Ended September 30, 2010

TRAILER ESTATES PARK AND RECREATION DISTRICT

2009-2010 FISCAL YEAR

BOARD OF TRUSTEES

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Trailer Estates Park and Recreation District  
Bradenton, Florida

We have audited the accompanying financial statements of the governmental activities and major fund (the General Fund) of the Trailer Estates Park and Recreation District (the District), of Bradenton, Florida, 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 an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund (the General Fund) of Trailer Estates Park and Recreation 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 our report dated February 11, 2011, 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. 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis beginning on page 3 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

*CPA Associates*

Bradenton, Florida  
February 11, 2011

TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

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The following pages represent Management's Discussion and Analysis (MD&A) for the financial statements of Trailer Estates Park and Recreation District. It depicts and reviews the financial picture and activities as of and for the year ending September 30, 2010.

The intent of this MD&A is to present a picture and assessment of the District's financial performance in an effort to more clearly demonstrate to readers the results of this year's financial operations. Readers should review this MD&A along with the basic financial statements and notes enclosed.

### **Financial highlights**

- The District's assets exceeded its liabilities (net assets at September 30, 2010) by \$266,089 and net assets decreased during the year \$450,159.
- During the year ending September 30, 2010, revenues increased \$187,062 or 17% and expenses (including depreciation of \$75,095) increased \$129,483 or 8% from the prior year.
- During the year, the District borrowed funds in the amount of \$897,500.

### **Using the Financial Statements**

The financial report includes a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity. These financial statements consist of three sections: government-wide financial statements; fund financial statements; and notes to financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements provide both long- and short-term information about the District's overall financial status. These statements are prepared using the accrual basis of accounting similar to private sector businesses. They include a statement of net assets and a statement of activities.

The statement of net assets presents information on the District's assets and liabilities and the difference between the assets and liabilities (net assets) using accounting methods similar to those used by private sector companies. This is a useful way to measure the financial health of the organization.

The statement of activities presents information showing how the District's net assets changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

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Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has one governmental fund, the General Fund.

The General Fund is used to account for essentially the same functions reported in the government-wide financial statements, but is prepared using the modified accrual basis of accounting. The fund financial statements focus on near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year, and is a narrower focus than the government-wide financial statements.

By comparing functions between the two sets of financial statements for the General Fund and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided in the basic financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and General Fund financial statements.

Government-wide Financial Analysis

	2010	(Restated) 2009	Change
Current and other assets	\$ 885,069	364,748	520,321
Capital assets	557,947	632,454	( 74,507)
Total assets	<u>\$ 1,443,016</u>	<u>997,202</u>	<u>445,814</u>
Current liabilities	\$ 263,761	264,496	( 735)
Noncurrent liabilities	913,166	16,458	896,708
Total liabilities	<u>\$ 1,176,927</u>	<u>280,954</u>	<u>895,973</u>
Invested in capital assets, net of related debt	\$ 557,947	632,454	( 74,507)
Unrestricted	( 291,858)	83,794	( 375,652)
Total net assets	<u>\$ 266,089</u>	<u>716,248</u>	<u>( 450,159)</u>

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TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

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**Total Assets** increased \$445,814 as follows:

	<u>Increase/(Decrease)</u>
Cash and cash equivalents	\$ 516,498
Accounts receivable	7,575
Prepaid expenses	( 3,752)
Capital assets	( 74,507)

Cash increased due to proceeds of loans from residents. The decrease in capital assets is due to the depreciation of assets. The accounts receivable increase is due to an increase in invoices outstanding.

**Liabilities** increased \$895,793 as follows:

	<u>Increase/(Decrease)</u>
Accounts payable and accrued expenses	\$ ( 21,214)
Accrued interest	23,339
Deferred rental revenue	( 4,613)
Due to clubs	70
Refundable deposits	1,683
Notes payable	897,500
Compensated absences	( 792)

The decrease of \$21,214 in accounts payable and accrued expenses is because most invoices, including attorney fees, were kept current through September 30, 2010. Invoices submitted after September 30, 2010, for services rendered prior to September 30, 2010, were paid through accounts payable. Accrued interest increased due to the new loans from residents that starting accruing interest in February 2010. We have not had accrued interest expense in the past few years. Deferred rental revenues decreased due to the number of empty boat slips. The economy is also a contributing factor. Many residents have sold their boats or have them for sale in the storage lot.

TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

<b>Statement of Activities</b>			
	2010	(Restated) 2009	Change
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 169,876	157,781	12,095
Operating grants and contributions	2,712	1,854	858
General Revenues:			
Assessments	1,107,396	921,156	186,240
Investment income	889	13,020	( 12,131)
Total revenues	<u>1,280,873</u>	<u>1,093,811</u>	<u>187,062</u>
<b>Expenses</b>			
Culture and recreation	1,707,693	1,601,549	106,144
Interest on long-term debt	23,339	--	23,339
Total expenses	<u>1,731,032</u>	<u>1,601,549</u>	<u>129,483</u>
Change in net assets	( 450,159)	( 507,738)	57,579
Beginning net assets (restated)	716,248	1,223,986	( 507,738)
Ending net assets	<u>\$ 266,089</u>	<u>716,248</u>	<u>( 450,159)</u>

**Total Revenues** increased \$187,062 as follows:

	<u>Increase/(Decrease)</u>
Assessments	\$ 186,240
Rent and charges for services	2,099
Investment income	( 12,131)
Social activities	( 3,709)
Miscellaneous	14,563

The assessment increase is primarily due to the increase in the amount of the assessment from \$746 to \$915. Some assessments were paid later so the discount was not a factor. Rent increase was due to the rent of more slips to outside boaters. Investment income decreased due to the drop in interest rates on the money market account. Other investment alternatives were researched, but because we could not know for sure how long we could invest the excess money, we had to keep it liquid. The certificate of deposit rates for 3 to 5 months were the same as the money market account. The Board decided to keep the money liquid. Social activities income is always a guess. Many people did not attend activities due to the division of people in the park and those who did were not always as generous as in the past, due to the poor economy. The miscellaneous income consists mainly of a check disbursement received from the Florida League of Cities for a percentage of our premium and a check for commissions from the water machine in the laundry.

TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

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**Total Expenses** increased \$129,483 as follows:

	<u>Increase/(Decrease)</u>
Payroll and employee benefits	\$ 2,514
Sanitation	( 140)
Utilities	( 6,655)
Cable TV	( 7,802)
Repair and maintenance	4,164
Administrative	110,416
Social activities	( 3,046)
Miscellaneous	7,040
Depreciation	( 347)
Interest	23,339

Payroll and employee benefits increased due to an increase in health insurance premium. There was also overtime that was created due to lawsuit deadlines that had to be met. Utilities decreased, in part, due to conservation efforts of the full time residents during the summer months. Lights were turned off when a room was not in use, air conditioner temperatures were set higher and laundry hours were cut. Repair and maintenance came in under budget even though an increase is shown. This was due to the frugal spending of that department and there were no major repairs. Administrative expense includes attorney fees. We were unable to predict the amount for attorney fees due to the many nuances of the trial and its preparation. Social activities expense cannot be accurately predicted at the time the budget is being prepared. Miscellaneous expense includes audit mailing and club donations.

### **Budgetary Highlights**

In the second quarter of 2009 the Board of Trustees approved a budget for 2009-2010. At that time we were given an amount for attorney fees that the attorney's thought would cover the litigation costs. In the meantime, the trial had to be postponed until October due to health issues concerning our litigator. This meant that we prepared for litigation twice. In addition there were several more depositions added during the summer. All of this increased our expenses in attorney fees to \$320,000 above the budget figure. The law says we have to have a balanced budget. When amending the budget a second time, after fiscal year end, the actual figures were used to make the new budget. Miscellaneous income had a refund check that was not expected. The interest expense was estimated incorrectly on the initial budget.

TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

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**Capital Assets**

At September 30, 2010, the District reported total capital assets of \$2,296,786 net of accumulated depreciation of \$1,738,839 for net capital assets of \$557,947. There was \$589 of equipment added during the fiscal year. Current depreciation expense of \$75,095 was recognized in 2010.

**Capital Assets (net)**

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Land	\$ 100,000	100,000	--
Buildings	276,552	314,393	( 37,841)
Furniture and equipment	60,801	78,738	( 17,937)
Improvements	120,594	139,322	( 18,728)
	<u>\$ 557,947</u>	<u>632,453</u>	<u>( 74,506)</u>

See Note C to the financial statements for a detail of activity during the fiscal year and other related information.

**Long-term Debt**

During the year the District borrowed funds and issued promissory notes to residents of the District in the amount of \$897,500. See Note D to the financial statements for additional information regarding the debt provisions and annual debt service requirements.

**Economic Factors and Next Year's Budget**

The budget for fiscal year 2010-2011 will receive an increase in assessments from \$915 to \$1,300. This should cover all costs and repay the loans that were approved last year. The Marina continues to be a factor. There will need to be repair work done on the middle dock and dredging will be needed soon. More boat spaces are open than we expected. Residents are selling their boats and no one is replacing them. The Board is looking for ways to promote the Marina. People continue to spend less and the results show in loss of income to social events. Many residents think that when the assessment is paid, the cost of social events is included. The cost of waste removal will be lowered \$2,500 a month due to the signing of a new contract with Waste Pro, a new business in Manatee County. The interest expense will be less as loans are paid back.

TRAILER ESTATES PARK & RECREATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2010  
(Unaudited)

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**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with interest. Questions concerning any of the information in this report or requests for additional information should be addressed to the Treasurer and the Board of Trustees of Trailer Estates Park & Recreation District, 1903 69<sup>th</sup> Avenue West, Bradenton, Florida 34207.

TRAILER ESTATES PARK & RECREATION DISTRICT  
STATEMENT OF NET ASSETS  
September 30, 2010

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ASSETS	
Cash and cash equivalents	\$ 846,746
Accounts receivable	19,202
Prepaid expenses	19,121
Capital assets (net of accumulated depreciation)	
Land	100,000
Buildings	276,552
Furniture and equipment	60,801
Improvements	120,594
	1,443,016
Total assets	1,443,016
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	184,692
Accrued interest	23,339
Deferred rental revenue	35,269
Refundable deposits	20,461
	263,761
Noncurrent liabilities	
Due within one year	170,000
Due in more than one year	743,166
	913,166
Total liabilities	1,176,927
Net assets	
Invested in capital assets, net of related debt	557,947
Unrestricted	( 291,858)
	266,089
Total net assets	\$ 266,089

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See accompanying notes to financial statements.

TRAILER ESTATES PARK & RECREATION DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2010

	<u>Program Revenues</u>			Net (Expense) Revenue and Change in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities				
Culture and recreation	\$ 1,707,693	169,876	2,712	( 1,535,105)
Interest on long-term debt	23,339			( 23,339)
Total expenses	<u>\$ 1,731,032</u>	<u>169,876</u>	<u>2,712</u>	<u>( 1,558,444)</u>
General revenues				
Assessments				1,107,396
Investment income				889
Total general revenues				<u>1,108,285</u>
Change in net assets				( 450,159)
Net assets - beginning (restated) (See Note F)				<u>716,248</u>
Net assets - ending				<u>\$ 266,089</u>

See accompanying notes to financial statements.

TRAILER ESTATES PARK & RECREATION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS - GENERAL FUND  
September 30, 2010

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ASSETS		
Cash and cash equivalents	\$	846,746
Accounts receivable		19,202
Prepaid expenses		<u>19,121</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>885,069</u></u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable and accrued expenses	\$	184,692
Deferred rental revenue		35,269
Refundable deposits		<u>20,461</u>
Total liabilities		<u>240,422</u>
Fund balance		
Unreserved - designated		5,245
Unreserved - undesignated		<u>639,402</u>
Total fund balance		<u>644,647</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b><u><u>885,069</u></u></b>
Fund balance - above	\$	644,647
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		557,947
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds		<u>( 936,505)</u>
Net assets of governmental activities, page 10	\$	<u><u>266,089</u></u>

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See accompanying notes to financial statements.

TRAILER ESTATES PARK & RECREATION DISTRICT  
 GOVERNMENTAL FUNDS - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Assessments	\$ 1,106,089	1,107,080	1,107,396	316
Rent	105,166	124,900	115,767	( 9,133)
Investment income	10,000	840	889	49
Social activities	20,000	18,900	18,894	( 6)
Miscellaneous	13,000	31,750	37,927	6,177
<b>Total revenues</b>	<u>1,254,255</u>	<u>1,283,470</u>	<u>1,280,873</u>	<u>( 2,597)</u>
Expenditures				
Current				
Culture and recreation				
Payroll and employee benefits	336,560	347,300	337,792	9,508
Sanitation	175,000	150,700	150,659	41
Utilities	110,500	93,100	93,092	8
Cable TV	237,000	182,700	201,110	( 18,410)
Repair and maintenance	75,000	61,500	59,991	1,509
Administrative	434,000	768,200	751,711	16,489
Social activities	28,150	25,400	27,354	( 1,954)
Miscellaneous	8,000	12,200	11,680	520
Debt service - interest	30,000	24,400	--	24,400
Capital outlay	--	--	589	( 589)
<b>Total expenditures</b>	<u>1,434,210</u>	<u>1,665,500</u>	<u>1,633,978</u>	<u>31,522</u>
Excess (deficiency) of revenues over (under) expenditures	( 179,955)	( 382,030)	( 353,105)	28,925
Other financing sources				
Proceeds of notes	130,000	897,500	897,500	--
<b>Net Change in Fund Balance</b>	( 49,955)	515,470	544,395	28,925
Fund balance - beginning (restated) (See Note F)	100,252	100,252	100,252	--
<b>Fund balance - ending</b>	<u>\$ 50,297</u>	<u>615,722</u>	<u>644,647</u>	<u>28,925</u>
Net change in fund balance - above			544,395	
Amounts reported for governmental activities in the statement of activities are different because:				
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 depreciation expense (\$75,095) exceeded capital outlays (\$589) in the current year.			( 74,506)	
The issuance of long-term debt (e.g. notes) provides current financial resources to governmental funds (\$897,500), while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.			( 897,500)	
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Change in accrued interest	( 23,340)			
Change in compensated absences	<u>792</u>		( 22,548)	
<b>Change in net assets of governmental activities (page 11)</b>			<u>\$ ( 450,159)</u>	

See accompanying notes to financial statements.

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Trailer Estates Park & Recreation District, Bradenton, Florida (the District):

Reporting Entity: The District is a political subdivision of Manatee County, Florida, and was created in 1969, by special legislative act HR 2595 in accordance with the Florida Law Chapter 69-1287. The District is governed by a nine-member Board of Trustees and is independent of all local governing bodies.

Although the District is a special district located within Manatee County, the Manatee County Board of County Commissioners does not exercise any control over the District. Control is primarily determined based upon the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Because the District elects its own Board of Trustees, levies its own taxes, and is responsible for its own operations, the District is not included with Manatee County's financial statements and is presented independently of the County.

Criteria for determining if other entities are potential component units which should be reported within the District's financial statements are described in GASB Statement No. 14. The application of these criteria provide for identification of any entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Based on these criteria, no potential component units are included within the reporting entity of the District.

The District is an instrumentality of the State of Florida and is exempt from Federal income tax.

Basis of Presentation: The financial statements of the District have been prepared in accordance 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. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments.

Government-Wide and Fund Financial Statements: The District's basic financial statements include both government-wide (reporting on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., Statement of Net Assets and Statement of Activities) report information on all non-fiduciary activities of the District. The government-wide financial statements present governmental activities only. The District has no business-type activities. Separate financial statements are provided for the General Fund.

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements: 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 tax assessments 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Government Fund Financial Statements: Governmental funds 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax assessments 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.

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity: Reservations of fund balance represent amounts that are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets: Net assets represent the difference between assets and liabilities in the Statement of Net Assets. Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. All net assets not reported as invested in capital assets, net of related debt and restricted are reported as unrestricted net assets.

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.

Encumbrances: Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed in the General Fund.

Budgets and Budgetary Accounting: The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Treasurer and Budget Committee prepare a preliminary budget to be presented to the Board of Trustees and residents. Two or more meetings are held for resident comments and suggestions. Public hearings are conducted by the District to obtain taxpayer comments.
2. The budget is approved at the March Board of Trustees meeting.
3. Tax bills are rendered, become a lien against the property, and are due on November 1, of each year. Payments of assessments due are allowed various discounts if paid in the months of November to February. Assessments become delinquent on April 1.
4. Tax certificates are sold by the County Tax Collector on June 1.
5. No expenditures in excess of total fund appropriations are allowable without Board of Trustee approval. The Board of Trustees may legally amend the budget.
6. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Appropriations lapse at year-end.

Cash and Cash Equivalents: Cash and cash equivalents include amounts on deposit in checking and money market accounts.

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets: Capital assets, which include land, buildings, improvements and infrastructure assets, are reported in the governmental activities of the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life of more than one year. Purchased or constructed capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Years</u>
Buildings	10 - 39
Furniture and equipment	3 - 10
Improvements	5 - 20

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Compensated Absences: The District allows salaried employees vacation and sick leave based upon the number of years of service to the District. Unused vacation hours lapse at year-end. Sick leave vests at 50% for up to 100 days, after 20 years of service and the attainment of age 55, or with any number of years of service after reaching a retirement age of 65. The District has recorded a liability for accrued sick leave in the amount of \$15,666 as of September 30, 2010 based on expected future payments.

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 – CASH AND CASH EQUIVALENTS

At September 30, 2010, the carrying amount of the District's deposits was \$846,746 and the bank balance was \$863,504. The Federal Deposit Insurance Corporation insures each depositor up to \$250,000 for non-interest bearing account balances. At September 30, 2010, the District had \$613,504 of uninsured cash balances. However, all deposits are with institutions that are Qualified Public Depositories and, therefore, covered by amounts in excess of depository insurance pursuant to Florida Statutes Chapter 280 *Florida Security for Public Deposits Act*.

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE C – CAPITAL ASSETS

Changes in capital assets by major classes of assets during the year ended September 30, 2010, consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 100,000	--	--	100,000
Capital assets being depreciated				
Buildings	1,344,835	--	--	1,344,835
Furniture and equipment	243,890	589	--	244,479
Improvements	607,472	--	--	607,472
Total capital assets being depreciated	<u>2,196,197</u>	<u>589</u>	<u>--</u>	<u>2,196,786</u>
Less accumulated depreciation for				
Buildings	1,030,442	37,841	--	1,068,283
Furniture and equipment	165,152	18,526	--	183,678
Improvements	468,150	18,728	--	486,878
Total accumulated depreciation	<u>1,663,744</u>	<u>75,095</u>	<u>--</u>	<u>1,738,839</u>
Total capital assets being depreciated, net	<u>532,453</u>	<u>( 74,506)</u>	<u>--</u>	<u>457,947</u>
Governmental activities capital assets, net	<u>\$ 632,453</u>	<u>( 74,506)</u>	<u>--</u>	<u>557,947</u>

Depreciation expense of \$75,095 was charged to governmental activities.

NOTE D – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2010, was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ --	897,500	--	897,500	170,000
Compensated absences	16,458	--	( 792)	15,666	--
	<u>\$ 16,458</u>	<u>897,500</u>	<u>( 792)</u>	<u>913,166</u>	<u>170,000</u>

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE D – LONG-TERM LIABILITIES (CONTINUED)

During the year, the District borrowed funds and issued forty-nine promissory notes to residents of the District for a total amount of \$897,500 to provide funding to pay legal costs related to the Sunshine Law/Public Records Lawsuit. These notes were issued in amounts ranging from \$1,000 to \$100,000 at interest rates ranging from 3% to 5% payable annually, and with final maturities extending to April 15, 2013.

The annual debt service requirements to maturity for these notes are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 170,000	40,770	210,770
2012	139,500	35,490	174,990
2013	<u>588,000</u>	<u>33,166</u>	<u>621,166</u>
	<u>\$ 897,500</u>	<u>109,426</u>	<u>1,006,926</u>

NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the past three years.

NOTE F – RESTATEMENT

Beginning net assets for the governmental activities and beginning fund balance for the General Fund have been restated to reflect prior period adjustments to record compensated absences and contributions designated for beautification projects that previously should have been recognized.

	<u>Governmental Activities</u>	<u>General Fund</u>
Net Assets/Fund Balance, October 1, 2009	\$ 726,344	93,890
Prior period adjustments		
Contributions	6,362	6,362
Compensated absences	<u>( 16,458)</u>	<u>--</u>
Restated Net Assets/Fund Balance, October 1, 2009	<u>\$ 716,248</u>	<u>100,252</u>

TRAILER ESTATES PARK AND RECREATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

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NOTE G – LAWSUIT

During the year, the District was involved in a lawsuit with two residents, who were seeking declaratory relief and reasonable legal fees in regard to alleged violations of Florida's Sunshine Laws and/or Public Records Laws. Subsequent to year end on November 5, 2010, the District obtained a verdict related to the ongoing case of Smith & Denson vs. Trailer Estates. In the final judgment, the Manatee County Circuit Court rendered in favor of the District on all counts. On January 14, 2011, the plaintiffs filed a Notice of Appeal to the Second District Court of Appeals.

During the current fiscal year, the District incurred in excess of \$600,000 in legal fees. Overall, the District has incurred in excess of \$1.1 million in fees related to this case. In the event the Plaintiff is successful on appeal, the District could be responsible for any reasonable attorney fees and costs incurred by the Plaintiffs which have been estimated in excess of \$2,000,000.

NOTE H – SUBSEQUENT EVENTS

The District has evaluated all subsequent events through February 11, 2011, the date the financial statements were available to be issued. No material subsequent events occurred which would have a material impact on the District's financial statements, except as noted in Note G above.

## OTHER REPORTS



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 Trustees  
Trailer Estates Park and Recreation District  
Bradenton, Florida

We have audited the financial statements of the governmental activities and General Fund of Trailer Estates Park and Recreation District, Bradenton, Florida, (the District) as of and for the year ended September 30, 2010, and issued our report thereon dated February 11, 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the Management Letter, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 significant deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider Audit Finding 10-2 reported in the Management Letter to be a material weakness.

## **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*.

Management's responses to the audit findings reported in the Management Letter were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use the Board of Trustees, management and applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*CPA Associates*

Bradenton, Florida  
February 11, 2011



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Trustees  
Trailer Estates Park and Recreation District  
Bradenton, Florida

We have audited the financial statements of the Trailer Estates Park and Recreation District, Bradenton, Florida, (the District) as of and for the fiscal year ended September 30, 2010, and have issued our report thereon February 11, 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. We have issued our 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*. Disclosures in that report, which is dated February 11, 2011, 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 governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

- Section 10.554(1)(i)1., Rules of the auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Findings 10-1 and 10-2 reported in the Current Year Findings and Recommendations are repeat audit findings from the previous audit.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415 Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we reported Findings 10-1 and 10-2 in the Current Year Findings and Recommendations.
- Section 10.554 (1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we noted Finding 10-1 reported in the Current Year Findings and Recommendations.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to financial statements. The District disclosed the required information in the notes to financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District met one of the conditions described in Section 218.503(1). In the Statement of Net Assets, the District reported an unrestricted net asset deficit in the amount of \$291,858. This deficit is the result of the excessive legal costs incurred to defend the District in the Sunshine Law/Public Records lawsuit.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Trustees, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*CPA Associates*

Bradenton, Florida  
February 11, 2011

## CURRENT YEAR FINDINGS AND RECOMMENDATIONS

### (10-1) Marina Rentals

As discussed with the District in the prior year audit, the District needs to continue efforts to implement controls related to the marina slip rentals. In the prior audit, we noted that there was no procedure in place to reconcile the occupancy of the marina slips with the rental revenues being billed and recorded in the financial and accounting records. Although, the District initiated procedures to have the Treasurer monitor and document the occupancy of the boat slips on a monthly basis for comparison with the accounting records, these procedures were discontinued during the year. Therefore, there is no assurance that all amounts due the District are being billed, recorded, and collected.

**Therefore, we encourage the District to continue efforts to implement controls related to the marina slip rentals which would provide management and the Board with assurance that all monies due the District have been billed, recorded, and collected.**

### (10-2) Audit Adjustments

The District is responsible for accurate financial reporting which includes detecting and preventing misstatements in the financial statements, as well as within the underlying financial records. As noted in the prior year, our audit revealed several audit adjustments that were necessary for the fair presentation of the financial statements.

Although the District relies on the independent auditor for the fair presentation of the financial statements, the auditor cannot be a part of the District's internal control system. Therefore, based on the amount of adjustments made as a result of the audit, the District has a material weakness regarding the fairness of financial reporting.

**Therefore, we recommend that the District implement procedures to ensure all entries are properly recorded prior to commencement of the audit to facilitate the preparation of financial statements in accordance with generally accepted accounting principles.**

## **TRAILER ESTATES PARK & RECREATION DISTRICT**

**1903 69<sup>TH</sup> AVENUE WEST**

**BRADENTON, FLORIDA 34281**

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### **DISTRICT RESPONSES TO CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

#### **(10-1) Marina Rentals**

As discussed with the District in the prior year audit, the District needs to continue efforts to implement controls related to the marina slip rentals. In the prior audit, we noted that there was no procedure in place to reconcile the occupancy of the boat slips on a monthly basis for comparison with the accounting records, these procedures discontinued during the year. Therefore, there is no assurance that all amounts due the District are being billed, recorded, and collected.

**Therefore, we encourage the District to continue efforts to implement controls related to the marina slip rentals which would provide management and the Board with assurance that all monies due the District have been billed, recorded, and collected.**

**Answer:**

**In November 2009, a procedure to monitor boat slip rentals was initiated by the District. To alleviate a potential conflict of interest, the procedure was revised in April 2010, to utilize the Maintenance Department or a Trustee that had no rental in the Marina. The purpose of this procedure was to assure that there was appropriate usage of the marina slips, consistent with the billings. In May 2010, there were changes to the Marina slip rental process (the Maintenance Department became responsible for the assignment of the boat slips) and the Marina Trustee resigned. With this, the procedure lost its controls.**

**In November 2010, the procedure was initiated again with a new Trustee conducting the monthly monitoring. The District will review the audit deficiencies in this area and make any changes to the on-going procedure to assure sufficient accountability of the Marina rentals. These monthly reports will be kept in a binder to be reviewed by the auditors.**

## **(10-2) Audit Adjustments**

The District is responsible for accurate financial reporting which includes detecting and preventing misstatements in the financial statements, as well as within the underlying financial records. As noted in the prior year, our audit revealed several audit adjustments that were necessary for the fair presentation of the financial statements.

Although the District relies on the independent auditor for the fair presentation of the financial statements, the auditor cannot be a part of the District's internal control system. Therefore, based on the amount of adjustments made as a result of the audit, the District has a material weakness regarding the fairness of financial reporting.

**Therefore, we recommend that the District implement procedures to ensure all entries are properly recorded prior to commencement of the audit to facilitate the preparation of financial statements in accordance with generally accepted accounting principles.**

**Answer:**

**We agree that the entries should be made before the audit. Although the Treasurer has, in the past, checked for entry errors, the procedure has not been faithfully followed and, as a result, by the end of the fiscal year there are items that have not been corrected. The Treasurer will write a procedure and follow the directions monthly to keep entry errors from being overlooked until the year-end audit. These items will be kept in a binder to be reviewed by the auditors.**

## OTHER FINANCIAL INFORMATION



AUDITOR'S REPORT  
ON CHARTS AND GRAPHS

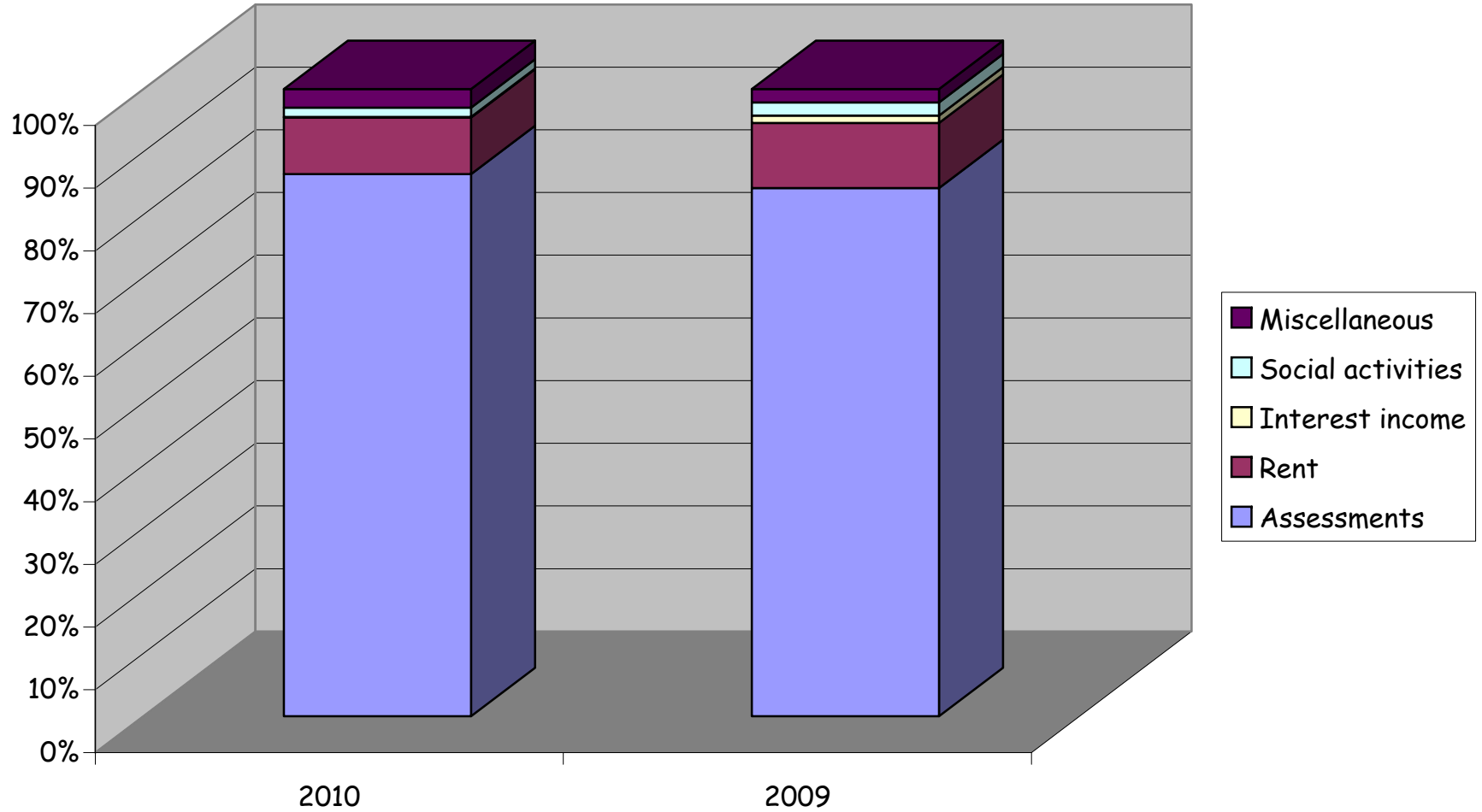
Board of Trustees  
Trailer Estates Park and Recreation District  
Bradenton, Florida

Our report on our audit of the basic financial statements of Trailer Estates Park and Recreation District, Bradenton, Florida, (the District) as of and for the year ended September 30, 2010, appears on page 1 of the audited financial statements. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The charts and graphs on pages 29-33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

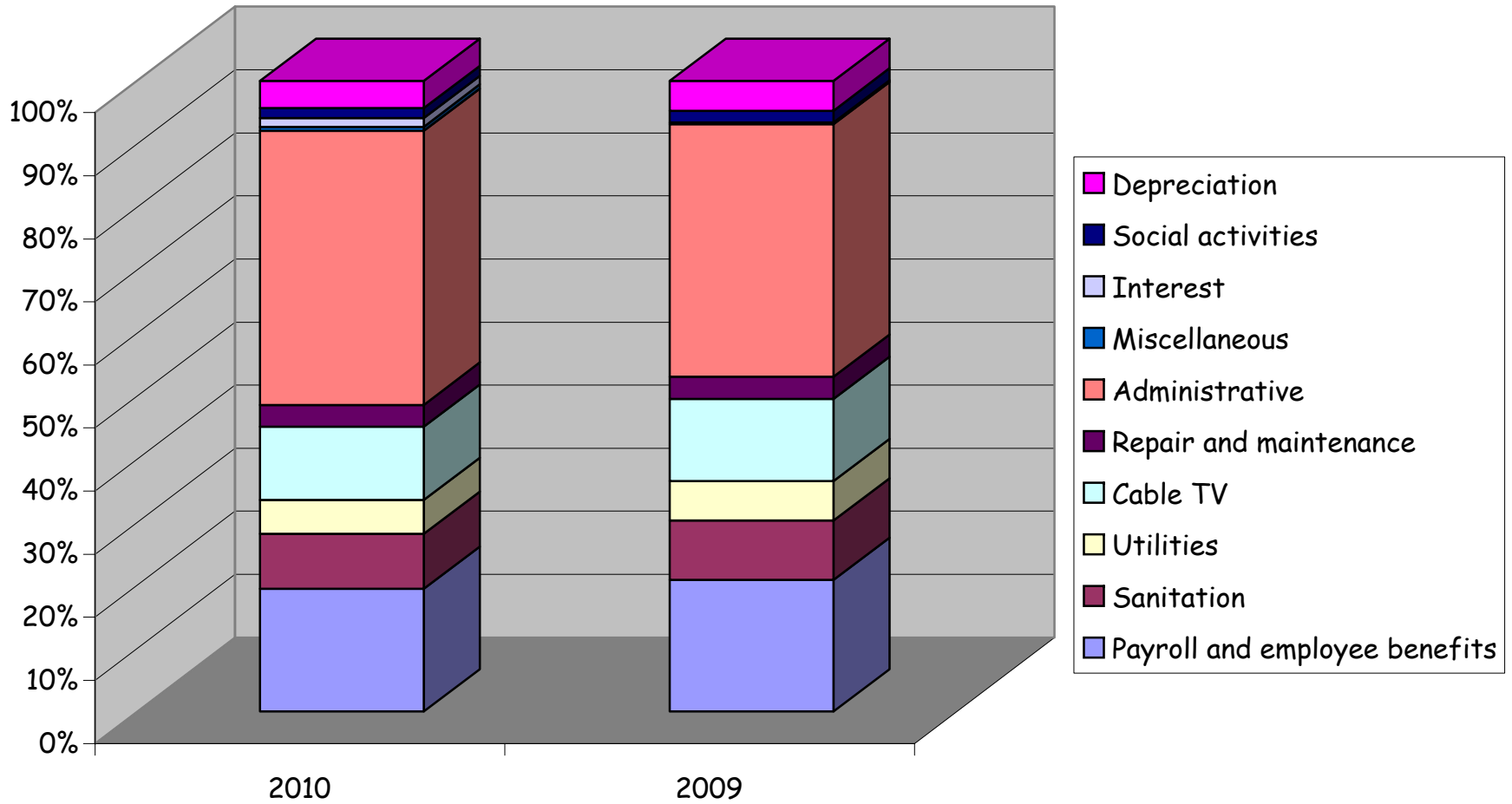
*CPA Associates*

Bradenton, Florida  
February 11, 2011

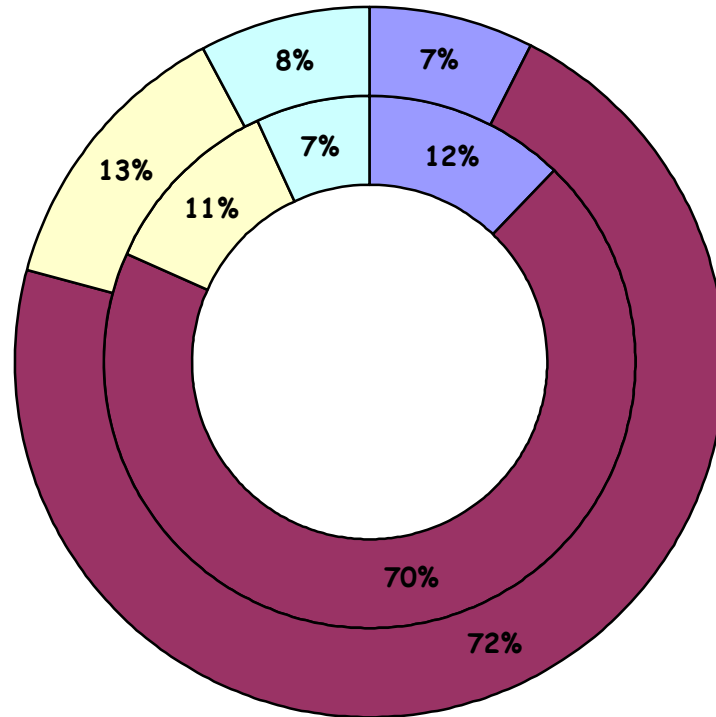
## Trailer Estates Park and Recreation District Revenue Composition



## Trailer Estates Park and Recreation District Expense Composition

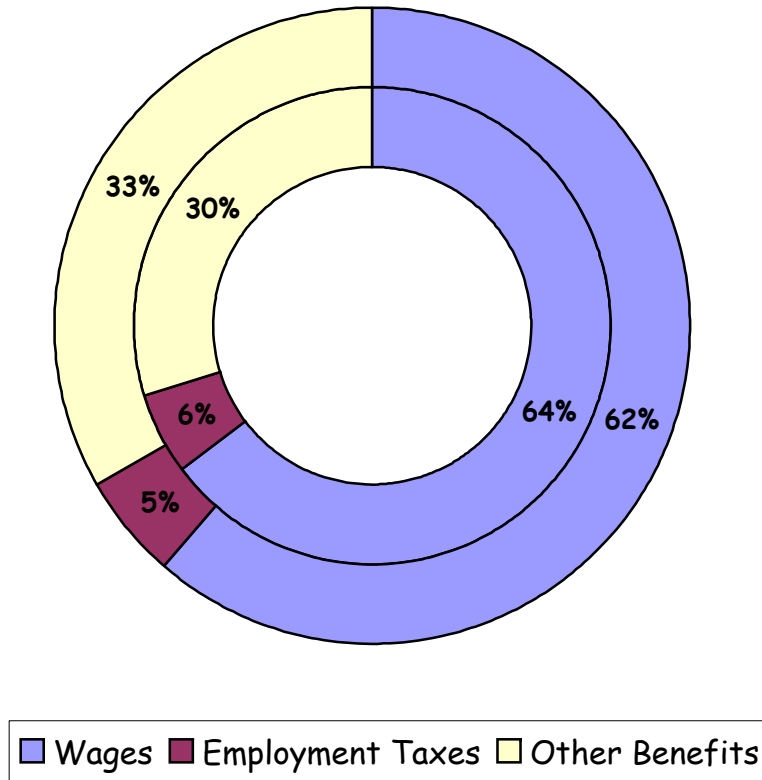


**Trailer Estates Park and Recreation District  
Utilities Expense Detail  
2010 (outer) vs. 2009 (inner)**

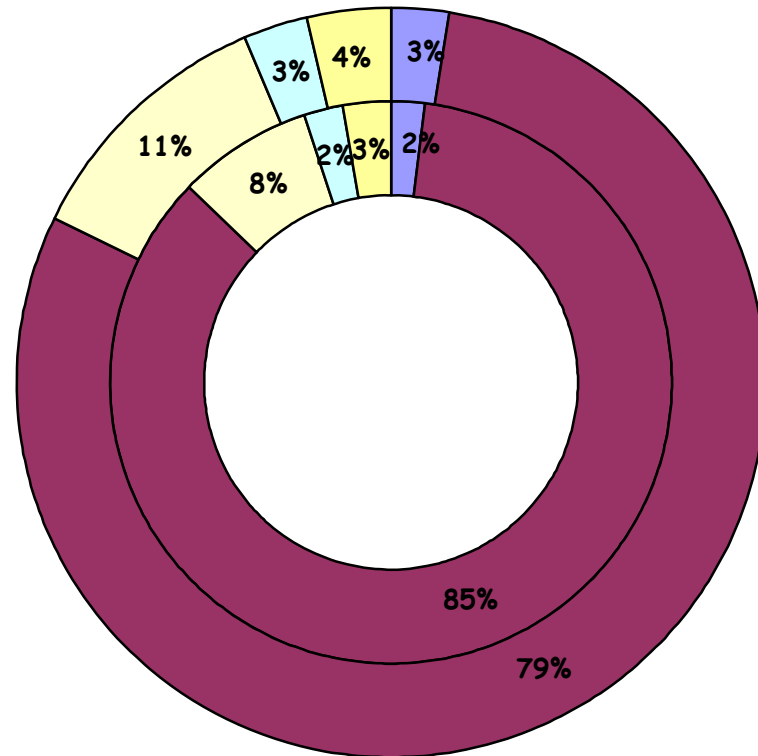


■ Telephone ■ Electric ■ Water ■ Natural Gas

**Trailer Estates Park and Recreation District  
Payroll and Related Benefits Expense Detail  
2010 (outer) vs. 2009 (inner)**



**Trailer Estates Park and Recreation District  
Administration Expense Detail  
2010 (outer) vs. 2009 (inner)**



■ Accounting 
 ■ Legal 
 ■ Insurance 
 ■ Office 
 ■ Other