

**LEON SOIL AND WATER
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

**LEON SOIL AND WATER CONSERVATION DISTRICT
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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the District Supervisors,
Leon Soil and Water Conservation District:

We have audited the accompanying financial statements of the governmental activities and the major fund of Leon Soil and Water Conservation District as of and for the year ended September 30, 2010, which collectively comprise Leon Soil and Water Conservation District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Leon Soil and Water Conservation 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Leon Soil and Water Conservation District, as of September 30, 2010, and the respective changes in financial position 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 May 18, 2012, on our consideration of the Leon Soil and Water Conservation 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

James Moore & Co., P.L.C.

Tallahassee, Florida
May 18, 2012

Management's Discussion and Analysis

As management of Leon Soil and Water Conservation District, we are pleased to offer the following assessment of the operations of Leon Soil and Water Conservation District (the "District") for the year ended September 30, 2010.

Financial Highlights

The assets of the District exceeded its liabilities at September 30, 2010 by \$20,350.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net 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.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 6 – 7 of this report.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one fund, which is the governmental fund.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The District maintains one governmental fund, the general fund.

The basic governmental fund financial statements can be found on pages 8 – 9 of this report.

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 to the financial statements can be found on pages 10 – 13 of this report.

Government-wide Financial Analysis

Net Assets: The District’s net assets increased by \$4,604 from fiscal year 2009.

Changes in Net Assets: The District’s program revenues increased by \$47,514 from 2009 program revenues. The primary cause of this increase was due to receipt of operating grants in the current year.

**Leon Soil and Water Conservation District’s
Net Assets**

	2010	2009
Current Assets	\$ 64,888	\$ 54,896
Current Liabilities	44,538	39,150
Unrestricted Net Assets	\$ 20,350	\$ 15,746

At the end of the current fiscal year, the Leon Soil and Water Conservation District is able to report a positive balance in net assets. The same situation held true for the prior fiscal year.

**Leon Soil and Water Conservation District's
Changes in Net Assets**

	2010	2009
Program revenues:		
Operating grants and contributions	\$ 153,020	\$ 105,506
Total program revenues	153,020	105,506
General revenues:		
Other	223	489
Total revenues	153,243	105,995
Expenses		
Conservation	146,210	100,094
General government	2,429	3,660
Total expenses	148,639	103,754
Increase in net assets	4,604	2,241
Net assets, beginning of year	15,746	13,505
Net assets, end of year	\$ 20,350	\$ 15,746

Request for Information

This report is designed to provide a general overview of Leon Soil and Water Conservation District's finances for all those with an interest in the District's finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

Leon Soil and Water Conservation District
615 Paul Russell Road
Tallahassee, Florida 32301

**LEON SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

ASSETS	Governmental Activities
Current assets	
Cash and cash equivalents	\$ 59,888
Certificate of deposit	5,000
Total Assets	64,888
LIABILITIES	
Current liabilities	
Accounts payable	23,718
Deferred revenue	20,820
Total Liabilities	44,538
NET ASSETS	
Unrestricted	20,350
Total Liabilities and Net Assets	\$ 64,888

The accompanying notes to financial statements
are an integral part of this statement.

**LEON SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental activities:			
Conservation	\$ 146,210	\$ 153,020	\$ 6,810
General government	2,429	-	(2,429)
Total governmental activities	<u>\$ 148,639</u>	<u>\$ 153,020</u>	<u>4,381</u>
		General revenues:	
		Other	223
		Change in net assets	<u>4,604</u>
		Net assets, beginning of year	15,746
		Net assets, end of year	<u>\$ 20,350</u>

The accompanying notes to financial statements
are an integral part of this statement.

**LEON SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2010**

ASSETS	<u>General</u>
Cash and cash equivalents	\$ 59,888
Certificate of deposit	5,000
Total assets	<u><u>\$ 64,888</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 23,718
Deferred revenue	20,820
Total liabilities	<u>44,538</u>
Fund balances:	
Unreserved	20,350
Total liabilities and fund balances	<u><u>\$ 64,888</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**LEON SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	General Fund
Revenues	
Grants and contracts	\$ 153,020
Other revenues	223
Total revenues	153,243
Expenditures	
General Government:	
General services	2,429
Conservation:	
Lake Munson Project	71,000
FAMU Project	74,511
Lincoln High School Project	699
Total expenditures	148,639
Excess of revenues over expenditures	4,604
Fund balance, beginning of year	15,746
Fund balance, end of year	\$ 20,350

The accompanying notes to financial statements
are an integral part of this statement.

LEON SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(1) **Reporting Entity:**

Leon Soil and Water Conservation District (the “District”) is an independent special district created as provided for in Section 5E of Chapter 18144, Acts of 1937, as amended by Chapter 19473, Acts of 1939. The District’s statutory authority is Chapter 582 of the Florida Statutes.

The purpose of the District is to “annually assess the condition of the soils and waters, both above and below ground, in Leon County; to educate the public about the state of the soils and waters; to educate the public about conservation practices which will enhance the conditions of the soils and waters; and to promote and advocate conservation practices and policies which will benefit the soils and waters of the County.”

There are no component units that should be included within the District’s financial statements.

(2) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of the District which affect significant elements of the accompanying financial statements:

- (a) **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 nonfiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund. The District reports one governmental fund.

- (b) **Basis of Presentation**—

Governmental Fund Type—Governmental funds are the funds through which most governmental functions typically are financed. The acquisition, use and balances of the District’s expendable financial resources and the related liabilities are accounted for through a governmental fund. The measurement focus is based upon determination of changes in working capital, rather than upon net income determination. The following is the District’s governmental fund type:

- The general fund is established to account for resources devoted to financing the general operations of the District. All operating resources are recorded in the general fund.

LEON SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(2) **Summary of Significant Accounting Policies:** (Continued)

- (c) **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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and actual collection will occur either a) during the current period or, b) after the end of the period but in time to pay current fund liabilities. Generally, Federal and state grant revenues are recorded as revenue when they are susceptible to accrual and conditions of the grant have been satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

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

- (d) **Cash and Cash Equivalents**—Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less.

State statutes authorize the District to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating and savings and CD accounts in state-certified public depositories.

- (e) **Use of 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.

- (f) **Deferred Revenue**—Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue from grant drawdowns made prior to meeting all eligibility requirements was \$20,820.

- (g) **Advertising**—Advertising costs are charged to operations as incurred.

LEON SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(3) **Significant Funding Source:**

During the fiscal year ended September 30, 2010, the District received a substantial amount of its funding from the State of Florida, Department of Environmental Protection, as well as from Leon County, Florida. Significant reductions in the level of this funding, if this were to occur, could have an adverse effect on the District's programs and activities.

(4) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

- (a) **Demand and Time Deposits**—The District maintains demand deposits with one bank. At year end, the carrying amount of the District's deposits was \$64,888 and the bank balance was \$65,295. Of the bank balances, \$65,295, was covered by Federal depository insurance or by collateral held by the District's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

(5) **Budget:**

The District does not approve an annual budget as it is not legally required to adopt one. Each grant funded project has a budget which usually overlaps the District's fiscal years.

(6) **New Accounting Pronouncement:**

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting, effective for the District's fiscal year beginning October 1, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The District is currently evaluating the effect that Statement No. 54 will have on its financial statements.

LEON SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

(7) **Contingencies:**

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida and Leon County, Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

(8) **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.

(9) **Subsequent Events:**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 18, 2012, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**LEON SOIL AND WATER CONSERVATION DISTRICT
OFFICIALS
SEPTEMBER 30, 2010**

District Supervisors

Blas Gomez
Sean McGlynn
Misty Penton
Brian Acosta

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the District Supervisors,
Leon Soil and Water Conservation District:

We have audited the financial statements of the governmental activities and major fund of Leon Soil and Water Conservation District as of and for the year ended September 30, 2010, which collectively comprise Leon Soil and Water Conservation District's basic financial statements and have issued our report thereon dated May 18, 2012. 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 Leon Soil and Water Conservation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Leon Soil and Water Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Leon Soil and Water Conservation 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 discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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 the deficiencies described below as Findings 2009-01 through 2009-03 and 2010-01 to be material weaknesses.

Finding 2009-01: Significant Adjustments and Preparation of Financial Statements:

Under professional standards promulgated by the American Institute of Certified Public Accountants, there is a rebuttable assumption that a deficiency in internal control exists when the financial statements and related disclosures are drafted by the auditor, unless the District possesses an accounting department that is staffed with personnel with the requisite skills and training to perform such functions and the function was performed by the auditor as an accommodation to management. For this engagement, financial statements were submitted to us by management that were generated as a by-product of the bookkeeping system. We proposed certain material adjustments to these financial statements as a result of our audit, drafted the final financial statements, drafted the disclosures required by professional standards and submitted the draft to management for approval.

Due to the nature and size of the District, it may not be practical or possible to prepare financial statements and related notes in accordance with GAAP. Therefore, management may wish to acknowledge and accept this deficiency or develop compensating controls.

Finding 2009-02: Segregation of Duties:

Segregation of duties is normally difficult to accomplish within a small organization, but management should be ever mindful of areas that can easily be improved. Therefore, we recommend the following procedures be implemented:

- Cash receipts should be deposited by a person other than the person who collects the cash receipt and records the receipt in the accounting records.
- All cash disbursement checks need to be signed by two authorized signers.
- All cash disbursement checks should be mailed to a vendor by a person who does not prepare checks.

Finding 2009-03: Bank Reconciliations

We noted that the District's bank reconciliations were not prepared for one bank account. In addition, we noted certain bank reconciliations were not signed off on as being reviewed. We recommend that as part of the monthly accounting closeout procedures that bank reconciliations be prepared for all bank accounts and all bank reconciliations be signed off by a member of management that is not responsible for the preparation of the reconciliation.

Finding 2010-01: Supporting Documentation for Cash Disbursements

During the course of our audit, we noted two disbursements that were not supported by a receipt or vendor invoice. We recommend that the District maintain supporting documentation for all disbursements paid from the District's accounts.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leon Soil and Water Conservation 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 an instance of noncompliance or other matter identified as Finding 2010-02 below that is required to be reported under *Government Auditing Standards*.

Finding 2010-02: Filing Audit on a Timely Basis

The Leon Soil and Water Conservation District has not complied with Chapter 218.39 of the Florida Statutes. Any special district with revenues or the total of expenditures and expenses in excess of \$100,000, as reported on the fund financial statements, is required to have an annual financial audit of its accounts and records completed within 12 months after the end of its fiscal year by an independent certified public accountant retained by the District and paid from its public funds. We recommend that the District ensure the independent audit, if required, is completed in a timely manner.

Leon Soil and Water Conservation District's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit Leon Soil and Water Conservation District's response and, accordingly, we express no opinion on it.

Pursuant to Chapter 119, Florida Statutes, this report 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 report is intended solely for the information and use of Leon Soil and Water Conservation District's management, the District Supervisors, and State awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.C.

Tallahassee, Florida
May 18, 2012

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER
10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

To the District Supervisors,
Leon Soil and Water Conservation District:

We have audited the financial statements of Leon Soil and Water Conservation District, as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated May 18, 2012.

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 Compliance and Other Matters. Disclosures in the report, which is dated May 18, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below:

Current year audit finding 2009-01 Significant Adjustments and Preparation of Financial Statements was reported as an audit finding in the September 30, 2009 audit report.

Current year audit finding 2009-02 Segregation of Duties was reported as an audit finding in the September 30, 2009 audit report.

Current year audit finding 2009-03 Bank Reconciliations was reported as an audit finding in the September 30, 2009 audit report.

Current year recommendation 2009-04 Investigate Old, Outstanding Checks was reported as a recommendation in the September 30, 2009 audit report.

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Leon Soil and Water Conservation 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 had the following recommendation:

Recommendation 2009-04: Investigate Old, Outstanding Checks

We noted the bank account reconciliations included several very old, outstanding checks. We recommend that management review these old, outstanding items and remove them following State of Florida unclaimed property laws.

- 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 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 did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed as required by accounting principles generally accepted in the United States of America in Note I. to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Leon Soil and Water Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Leon Soil and Water Conservation 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 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 District Supervisors, Leon Soil and Water Conservation District's management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
May 18, 2012

LEON SOIL AND WATER CONSERVATION DISTRICT

Corrective Action Plan

Finding 2009-01: Significant Adjustments and Preparation of Financial Statements:

With respect to preparation of the financial statements and related notes, while it has been the District's practice to have a supervisor prepare monthly financial reports for the District Board and financial reports in preparation for the annual audit, we have relied upon the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosure in advance for the year end audit procedures; consequently, the District declines to do so at the time.

Finding 209-02: Segregation of Duties:

Due to the District's size, there are only certain procedures that the District can implement to alleviate segregation of duties issues. The District will have all checks signed by two authorized signers and will deposit cash receipts in a timely manner.

Finding 2009-03: Bank Reconciliations:

The District will have a District Supervisor review and initial the bank reconciliations every month. The bank reconciliations will be signed off by a member of management that is not responsible for preparation of the reconciliations.

Finding 2010-04: Investigate Old, Outstanding Checks:

The District will review old, outstanding items and remove them following State of Florida unclaimed property laws.

Finding 2010-01: Supporting Documentation for Cash Disbursements:

The District will maintain supporting documentation for all disbursements paid from the District's accounts.

Finding 2010-02: Filing Audit on a Timely Basis:

The District will ensure that the independent audit, if required, be completed in a timely manner.