

**PALM BEACH SOIL & WATER  
CONSERVATION DISTRICT  
BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2016  
AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

# PALM BEACH SOIL & WATER CONSERVATION DISTRICT

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# **FINANCIAL SECTION**



# Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Supervisors  
Palm Beach Soil & Water Conservation District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Palm Beach Soil & Water Conservation District (the District) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the Palm Beach Soil & Water Conservation District, as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and page 21 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering District's internal control over financial reporting and compliance.

*Bruce, Swamy, Metz, P.A., CPAs*

Hollywood, Florida  
January 25, 2017

## **PALM BEACH SOIL & WATER CONSERVATION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Palm Beach Soil & Water Conservation District (the District) would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2016. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2016 by \$86,155.
- The District's total net assets increased by \$15,178.
- The District's total revenues for the year ended September 30, 2016 were \$244,393.
- Total expenses for all of the District's activities were \$229,475

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Palm Beach Soil & Water Conservation District's basic financial statements. The District's annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements of the District consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question.

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 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.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**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 state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The District has one fund, the general fund, a governmental fund.

The District's basic services are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between district-wide activities (reported in the statement of net assets and the statement of activities) and the general fund are reconciled on separate schedules.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$86,155 at the close of the most recent fiscal year

The following table highlights the net assets as of September 30:

	<u>2016</u>	<u>2015</u>
Assets, excluding capital assets	\$ 88,361	\$ 78,058
Capital assets, net	<u>10,291</u>	<u>6,442</u>
Total assets	<u><u>98,652</u></u>	<u><u>84,500</u></u>
Current liabilities	5,246	5,665
Non-current liabilities	<u>7,251</u>	<u>7,858</u>
Total liabilities	<u><u>12,497</u></u>	<u><u>13,523</u></u>
Net assets:		
Invested in capital assets	10,291	6,442
Unrestricted	<u>75,864</u>	<u>64,535</u>
Total net assets	<u><u>\$ 86,155</u></u>	<u><u>\$ 70,977</u></u>

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

The following table highlights the changes in net assets for the years ended September 30:

	<u>2015</u>	<u>2015</u>
Revenues:		
General government	\$ 244,393	\$ 250,786
General revenues	260	1,217
Total revenues	244,653	252,003
Expenditures:		
General government	224,952	211,318
Education programs	260	306
Conservation programs	4,263	6,979
Total expenditures	229,475	218,603
Increase (decrease) in net assets	15,178	33,400
Net assets - beginning	70,977	37,577
Net assets - ending	\$ 86,155	\$ 70,977

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In July 2015, the District adopted the budget for fiscal year 2016. Total revenues budgeted for the fiscal year ended September 30, 2016, were \$237,199. Total expenditures budgeted for the year were \$237,199.

Actual total revenues of \$244,653 were \$7,454 more than budgeted revenues of \$237,199 due to additional funding awarded during the year under the contract for the Mobil Irrigation Lab.

Total expenditures were \$7,724 less than budgeted for the year ended September 30, 2016. This variance consists of the following:

- Salaries and benefits were \$2,012 more than budgeted due largely to larger than expected increases in health insurance premiums.
- Conservation program expenses were \$7,780 lower than budgeted due to lower vehicle and equipment maintenance and fuel costs than expected.

**CAPITAL ASSETS**

At September 30, 2016, the District had \$29,928 invested in capital assets. In the government wide financial statements accumulated depreciation of \$19,637 has been taken, which resulted in a net book value of \$10,291. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

It is anticipated the revenues and expenses of the District will increase by approximately \$2,100 for fiscal year 2016-2017.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the Palm Beach Soil & Water Conservation District at 420 South SR 7, Suite 162, Royal Palm Beach, Florida, 33414.

# **BASIC FINANCIAL STATEMENTS**

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 47,471
Accounts receivable	37,042
Prepaid assets	3,848
Capital assets - net	10,291
Total assets	\$ 98,652
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 5,246
Non-current liabilities	
Accrued vacation and sick leave	7,251
Total liabilities	12,497
<b>NET ASSETS</b>	
Investment in capital assets	\$ 10,291
Unrestricted	75,864
Total net assets	\$ 86,155

*The accompanying notes are an integral part of these financial statements*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>Function/programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (expense) Revenue and Changes in Net assets Governmental Activities</u>
Primary government			
Governmental activities:			
General government	\$ 224,952	\$ 136,234	\$ (88,718)
Education activities	260	500	240
Conservation activities	4,263	107,659	103,396
	<u>229,475</u>	<u>244,393</u>	<u>14,918</u>
Total governmental activities			
General revenues:			
Interest income			89
Other revenues			<u>171</u>
Total general revenues			<u>260</u>
Change in net assets			15,178
Net assets - beginning			<u>70,977</u>
Net assets - ending			<u><u>\$ 86,155</u></u>

*The accompanying notes are an integral part of these financial statements*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds	Total Governmental Funds
	General	
<b>ASSETS</b>		
Cash	\$ 47,471	\$ 47,471
Accounts receivable	37,042	37,042
Prepaid expenses	3,848	3,848
Total assets	\$ 88,361	\$ 88,361
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,246	\$ 5,246
Total liabilities	5,246	5,246
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	3,848	3,848
Unassigned	79,267	79,267
Total fund balance	\$ 83,115	\$ 83,115
Total liabilities and fund balance	\$ 88,361	\$ 88,361

*The accompanying notes are an integral part of these financial statements*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2016**

Fund balance - governmental funds	\$	83,115
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of  net assets are different because:</p>		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not  financial resources and therefore are not reported  in the governmental funds</p>		
Cost of capital assets	29,926	
Accumulated depreciation	<u>(19,635)</u>	10,291
<p style="margin-left: 40px;">Long-term liabilities, are not due and payable in the current period,  and therefore are not reported in the fund statements</p>		
Compensated absences		<u>(7,251)</u>
Net assets of governmental activities	\$	<u><u>86,155</u></u>

*The accompanying notes are an integral part of these financial statements*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Major Fund	Total
	General	Governmental Fund
Revenues:		
Intergovernmental revenue	244,393	244,393
Interest income	89	89
Other revenues	171	171
Total revenue	244,653	244,653
Expenditures		
Current:		
Salaries and benefits	193,632	193,632
Conservation program	4,263	4,263
Education	260	260
General and administrative	29,432	29,432
Capital outlay	6,343	-
Total expenditures	233,930	227,587
Excess (deficiency) of revenues over (under) expenditures	10,723	17,066
Fund balance - beginning	72,393	72,393
Fund balance - ending	\$ 83,116	\$ 89,459

*The accompanying notes are an integral part of these financial statements*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds	\$	17,066
Amounts reported for governmental activities in the statement of activities are different because:		
Changes in long-term compensated absences are reflected in the statement of activities but not in the fund financial statements		607
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Less current year depreciation		<u>(2,495)</u>
Change in net assets of governmental activities	\$	<u><u>15,178</u></u>

*The accompanying notes are an integral part of these financial statements*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**1. NATURE OF ORGANIZATION AND REPORTING ENTITY**

*The reporting Entity*

Palm Beach Soil & Water Conservation District (the “District”) was formed January 17, 1979, as a governmental sub-division of the State of Florida, and is authorized under Florida Statutes Chapter 582. The District forms partnerships with federal, state and local governments, as well as private organizations, to carry out a variety of environmental and educational programs, provide technical assistance and other services to help land users protect natural resources.

The District is an independent special district administered by a five member board of supervisors. For financial purposes, the District includes all of the funds and account groups relevant to the operation of the District. There are no separately administered organizations, which are controlled by, or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States 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.

*Financial Reporting Entity*

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the District. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization’s governing board. Based on the application of these criteria, there were no component units that met the criteria described above.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Government-wide/Governmental Fund Financial Statements*

The District is a special-purpose government engaged in one primary government activity, soil and water conservation. The District accounts for all financial resources in one fund, the General Fund, which includes all *government activities* of the District, which are supported primarily by intergovernmental revenues. Accordingly, the Government-wide and Governmental Fund financial Statements of the District are combined using a columnar format that reconciles individual line items of General Fund financial data to Government-wide data in separate columns on the face of the financial statements. The Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Measurement Focus and Basis of Presentation*

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become 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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Non-ad valorem assessments (special assessments) and interest on investments are susceptible to accrual and so have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

*Program Revenues*

The District is contracted by government entities to perform specific activities and duties as outlined in Note 1. Charges and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received by the District.

*Budget*

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- At the July or August board meeting, the District staff submits to the Board of Supervisors the proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing.
- Prior to October, the budget is approved by the Board of Supervisors.
- The Board of Supervisors must approve all budget changes.
- The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental entities.

Total budgeted amounts reflect all amendments approved by the Board of Supervisors. All annual appropriations lapse at the end of the fiscal year.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Cash and cash equivalents*

The district maintained cash balances at financial institutions which hold insurance provided by the Federal Depository Insurance Corporation. All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. In the event of the failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

*Investments*

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415(17) Florida Statutes. The District may invest any surplus public funds in the following:

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

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited in certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the general fund and reports investments at fair value.

The District did not report any investments in the current year.

*Capital assets*

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, sidewalks and similar items) are reported in the governmental activities columns of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

*Net Assets*

In the fund financial statements, governmental funds report non-spendable and restricted fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. Under GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Fund balances are required to be reported according to the following classifications:

*Non-spendable fund balance* – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amounts of loans and notes receivable, as well as property acquired for resale.

*Restricted fund balance* – Amounts that can be spent only for a specific purpose stipulated by external resource providers such as creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enacted legislation.

*Committed fund balance* – Amounts that can be used only for the specific purpose determined by a formal action of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action that originally imposed the constraint.

*Assigned fund balance* – Includes spendable fund balance amounts, established by the Board of Supervisors, that are intended to be used for specific purposes that are neither constrained nor committed.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the government fund. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Use of Estimates*

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables and useful lives and impairment of tangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

*Basis of accounting*

The general fund has been accounted for using the modified accrual basis of accounting. Revenues have been recognized in the period in which they became susceptible to accrual, which is when they became measurable and available to pay liabilities of the current period. Revenues are susceptible to accrual when collected in the current year or within 60 days subsequent to year-end, provided that amounts received pertain to billings through the fiscal year just ended. Interest is recorded when earned. Expenditures are recorded when the liability has been incurred.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(CONTINUED)**

**3. CAPITAL ASSETS**

Depreciation is computed using the straight-line method over a period of 10 years that was estimated as the useful lives of the underlying assets. The following is a summary of changes in capital assets for the fiscal year ended September 30, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Computer equipment	\$ 3,078	\$ -	\$ -	\$ 3,078
Office equipment	7,531	6,343	(4,990)	8,884
Public relations-banners	1,752	-	-	1,752
Vehicle	13,609	-	-	13,609
Office furniture	2,605	-	-	2,605
Total capital assets being depreciated	<u>\$ 28,575</u>	<u>\$ 6,343</u>	<u>\$ (4,990)</u>	<u>\$ 29,928</u>
Less accumulated depreciation for:				
Computer equipment	(1,828)	(308)	-	(2,136)
Office equipment	(6,545)	(765)	4,990	(2,320)
Public relations-banners	(1,752)	-	-	(1,752)
Vehicle	(9,524)	(1,360)	-	(10,884)
Office furniture	(2,484)	(61)	-	(2,545)
Total accumulated depreciation	<u>\$ (22,133)</u>	<u>\$ (2,494)</u>	<u>\$ 4,990</u>	<u>\$ (19,637)</u>
Total capital assets being depreciated, net	<u>6,442</u>	<u>3,849</u>	<u>-</u>	<u>10,291</u>
Governmental activitied capital assets, net	<u>\$ 6,442</u>	<u>\$ 3,849</u>	<u>\$ -</u>	<u>\$ 10,291</u>

Depreciation expense for the year ended September 30, 2016 was \$2,494.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(CONTINUED)**

**4. ACCRUED VACATION AND SICK LEAVE**

Vested and accumulated vacation leave that is expected to be utilized during the year was reported as an expenditure and fund liability of the General Fund. Unused vested and accumulated vacation leave is paid out to the employee upon termination. Sick leave benefits have been accrued since they are expected to be paid when an employee retires or otherwise terminates employment. The following is a summary of changes in accrued vacation and sick leave for the year ended September 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in less than one year</u>
<u>Governmental activities</u>					
Accrued vacation and sick leave	<u>\$7,858</u>	<u>\$13,509</u>	<u>(\$14,116)</u>	<u>\$7,251</u>	<u>\$ -</u>

**5. LEASE COMMITMENT**

The District is provided office space by The Natural Resources Conservation Service (the “Service”). The Service has not charged the District rent and management expects this policy to remain in effect.

**6. DEFINED BENEFIT PENSION PLAN**

All District employees are currently participants in the non-contributory defined benefit Florida Retirement System, a cost-sharing multi-employer defined benefit pension plan. The funding methods and determination of benefits payable are provided in various acts of the Florida State Legislature. The District is required to contribute specified percentages of its employees’ gross earnings to the plan. The rate of contributions for the year ended September 30, 2016 was 10.26%.

For the year ended September 30, 2016, the District contributed \$14,322 to the plan. The plan provides vesting of benefits after six years of qualifying service. Participants are eligible for normal retirement after ten years of service and the attaining of age 62 or 36 of service regardless of age. Early retirement may be taken any time after completing ten years of service; however, a five percent benefit reduction occurs for each year prior to normal retirement.

The plan does not make separate measurements of assets and pension benefit obligations for participating employers. Additional information and ten year historical trend information can be obtained from the separately issued Florida Retirement Plan Comprehensive Annual Financial Report.

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(CONTINUED)**

**7. 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. The District purchases commercial insurance for property, general liability, non-ownership automobile liability, and public official's liability. There were no changes in insurance coverage from the prior year and there were no settlements which exceeded insurance coverage.

The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of the District to individual claims of \$100,000 and \$200,000 for all claims relating to the same accident.

**8. RELATED PARTY DISCLOSURE**

The District's major source of revenue is through contracts/interlocal agreements with Florida Department of Agriculture and Consumer Services ("FDAC"), Palm Beach County and the Natural Resources Conservation Service ("NRCS"). The FDAC agreement is for operation of the mobile irrigation lab for a total of \$107,659 for fiscal year 2016. The District has two agreements with Palm Beach County. The first agreement is Ag Reserve Funding for \$57,234, whereby the District ensures that lands owned by the County and leased to others are being used according to acceptable agricultural practices. The second agreement in the amount of \$79,000 is for water resource conservation services.

**9. SUBSEQUENT EVENTS**

Management has performed an evaluation of subsequent events up to the date the financial statements were available to be issued, which was January 16, 2017 and had determined that there were no events that would require modification of the financial statements or disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budget		Actual	Variance favorable (unfavorable)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 236,750	\$ 236,750	\$ 244,393	\$ 7,643
Interest	55	55	89	34
Other revenues	394	394	171	(223)
	<u>237,199</u>	<u>237,199</u>	<u>244,653</u>	<u>7,454</u>
<b>Expenditures:</b>				
Current operating:				
Salaries and benefits	191,013	191,013	193,025	(2,012)
Conservation program	12,143	12,143	4,263	7,880
Education	900	900	260	640
General and administrative	33,143	33,143	31,927	1,216
Total expenditures	<u>237,199</u>	<u>237,199</u>	<u>229,475</u>	<u>7,724</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,178</u>	<u>\$ 15,178</u>

*See notes to required supplementary information*

**PALM BEACH SOIL & WATER CONSERVATION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

The District is required to establish a budgetary system and an approved Annual Budget for the General Fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2016.

General fund revenue approximated the budgeted amount for the year ended September 30, 2016. The variance between budgeted and actual general fund expenditures is mainly the result of a reduction in personnel expense due to the retirement of a long term employee and the hired replacement employee receiving a lower salary and higher costs related to conservation programs due to the addition of the NRCS contract.

## **COMPLIANCE SECTION**



# Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

## **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***

To the Board of Supervisors  
Palm Beach Soil & Water Conservation District

We have audited, in accordance with the 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, the financial statements of the governmental activities of Palm Beach Soil & Water Conservation District (the District), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 25, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brent, Swamy, Metz, P.A., CPAs*

Hollywood, Florida

January 25, 2017



Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON DISTRICT'S COMPLIANCE WITH  
SECTION 218.415 FLORIDA STATUTES, REGARDING THE INVESTMENT OF  
PUBLIC FUNDS**

To the Board of Supervisors  
Palm Beach Soil & Water Conservation District

We have examined Palm Beach Soil & Water Conservation District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on District's compliance with specified requirements.

In our opinion, the District complied, in all

*Brunt, Sweeney, Matz, P.A., CPAs*

Hollywood, Florida  
January 25, 2017



## Brunt, Sweeney, Matz, P.A.

Certified Public Accountants

### MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Supervisors  
Palm Beach Soil & Water Conservation District

We have audited the accompanying general purpose financial statements of the Palm Beach Soil & Water Conservation District, West Palm Beach, Florida (the "District") as of and for the year ended September 30, 2016, and have issued our report thereon dated January 25, 2017.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 general purpose financial statements are free of material misstatement.

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters dated January 25, 2017. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters described in Rule 10.554(1)(f) as required by the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the general purpose financial statements of the District, as described in the first paragraph, we report the following, which is included on the following page.

We have organized our comments in the following manner:

- I. Status of prior year findings and recommendations.
- II. Current year findings and recommendations.
- III. Compliance with the Provisions of the Auditor General of the State of Florida.

This report is intended for the information of the members of the Board of Supervisors, management, and the Auditor General of the State of Florida. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Brunt, Sweeney, Matz, P.A., CPAs*

January 25, 2017

## **REPORT TO MANAGEMENT**

### **I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

No findings in current year

### **II. STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

No findings in prior year

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

*There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2016, except as noted above.*

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes regarding the investment of public funds.

*The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.*

3. Any recommendations to improve the local governmental entity's financial management.

*There are no such matters discovered, or that came to attention of, the auditor, to be reported for the fiscal year ended September 30, 2016, except as noted above.*

4. 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.

*There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2016, except as noted above.*

5. For matters that have an inconsequential effect on the financial statements, considering both the quantitative and qualitative factors, the following may be reported based on professional judgment:

- a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.
- b. Deficiencies in internal control that are not significant deficiencies.

*There were no such matters discovered by, or that came to the attention of the auditor, that in our judgment are required to be reported, for the fiscal year ended September 30, 2016, except as noted above.*

6. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2016 financial audit report.
8. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.