

**HILLSBOROUGH SOIL AND WATER  
CONSERVATION DISTRICT**

**ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2018**

**Hillsborough Soil and Water Conservation District  
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September 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors  
Hillsborough Soil and Water Conservation District  
Hillsborough County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Hillsborough Soil and Water Conservation District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2018, 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 an opinion 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 the 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 opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District as of September 30, 2018, and the respective changes in financial position thereof for the fiscal 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 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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2018, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Hamilton & Phillips, LLC

November 27, 2018

**Hillsborough Soil and Water  
Conservation District**

**Management's Discussion and Analysis**

The management of the Hillsborough Soil and Water Conservation District ("District") would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's Independent Auditors' Report, basic financial statements, and accompanying notes.

**FINANCIAL HIGHLIGHTS**

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$81,214.

The District's total net position increased by \$12,397 from the prior fiscal year.

The District's total revenue was \$492,732 for the fiscal year ended September 30, 2018.

The District's total expenses for all activities were \$480,335 for the year.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**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 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 government'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.

Hillsborough Soil and Water  
Conservation District

Management's Discussion and Analysis

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 has a single 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. 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 differences between the 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

Assets exceeded liabilities by \$81,214 at the close of the most recent fiscal year. The unrestricted net position may be used to meet the District's ongoing operations.

The following table highlights the net position as of September 30, 2018:

Cash and Cash Equivalents	\$	112,135
Total Assets	\$	112,135
Reimbursement Payable	\$	30,921
Net position - Unrestricted		81,214
Total Net Position	\$	112,135

The following table highlights the changes in net position for the year ended September 30, 2018:

Revenue		
Intergovernmental Revenue	\$	197,121
Conservation Activities		295,611
Total Revenue		492,732
Program Expenses		
General Government		202,523
Conservation		277,812
Total Expenses		480,335
Increase in Net Position		12,397
Net Position - Beginning		68,817
Net Position - Ending	\$	81,214

Hillsborough Soil and Water  
Conservation District

Management's Discussion and Analysis

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources received. If you have questions about this report or need additional financial information, contact the Board of Supervisors at Hillsborough Soil and Water Conservation District, 201 S. Collins Street, Suite 202, Plant City, Florida, 33563.

Hillsborough Soil and Water Conservation District  
Statement of Net Position  
September 30, 2018

**Assets**

Cash and cash equivalents	<u>\$ 112,135</u>
<b>Total Assets</b>	<b><u><u>\$ 112,135</u></u></b>

**Liabilities**

Reimbursement payable	<u>\$ 30,921</u>
<b>Total Liabilities</b>	<b>30,921</b>

**Net Position**

Unrestricted	<u>81,214</u>
<b>Total Liabilities &amp; Net Position</b>	<b><u><u>\$ 112,135</u></u></b>



Hillsborough Soil and Water Conservation District  
Statement of Activities  
For the Fiscal Year Ended September 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
Primary Government:				
Government Activities:				
General Government	\$ 202,524	\$ 197,121	\$ -	\$ (5,403)
Conservation Activities	277,812	-	295,611	17,800
Total Governmental Activities	480,335	197,121	295,611	12,397
Change in Net Position				12,397
Net Position - Beginning				68,817
Net Position - Ending				<u>\$ 81,214</u>

Hillsborough Soil and Water Conservation District  
Balance Sheet - Governmental Funds  
September 30, 2018

	<u>Major Fund</u>	<u>Total Governmental Fund</u>
<b>Assets</b>	<u>General Fund</u>	
Cash and cash equivalents	\$ 112,135	\$ 112,135
<b>Total Assets</b>	<u><u>\$ 112,135</u></u>	<u><u>\$ 112,135</u></u>
 <b>Liabilities</b>		
Reimbursement payable	\$ 30,921	\$ 30,921
Total liabilities	30,921	30,921
 <b>Fund Balance</b>		
Unassigned	<u>81,214</u>	<u>81,214</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u><u>\$ 112,135</u></u>	<u><u>\$ 112,135</u></u>

Hillsborough Soil and Water Conservation District  
Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Governmental Fund  
For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
<b>Revenues</b>			
Intergovernmental	\$ 263,134	\$ 197,121	\$ (66,013)
Grants	242,875	295,611	52,736
Total revenues	506,009	492,732	(13,277)
<b>Expenditures</b>			
Current:			
General Government	263,134	202,523	(60,611)
Conservation	242,875	277,812	34,937
Total Expenditures	506,009	480,335	(25,674)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	12,397	<u>\$ 12,397</u>
Fund Balance - Beginning		<u>68,817</u>	
Fund Balance - Ending		<u>\$ 81,214</u>	

Hillsborough Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2018

(1) Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies and practices of Hillsborough Soil & Water Conservation District (the "District") which affect significant elements of the accompanying financial statements.

(a) **Organization and Purpose** - Hillsborough Soil and Water Conservation District (the "District") is an independent special district created on August 5, 1946. The District was organized in accordance with Florida Statutes, Chapter 582. The purpose of the District is to "promote and encourage the wise use, management and general conservation of soil, water and related natural resources".

The District is governed by an elected board of five individuals from Hillsborough County. The operations of the District are performed by employees of Hillsborough County and the U.S. Department of Agriculture as outlined in the Memorandum of Understanding.

(b) **Reporting Entity** - The District's financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District. These funds were audited as a component unit of Hillsborough County in prior fiscal years.

(c) **Basic Financial Statements - Government-wide Statements** - The District is a special-purpose government engaged in one primary 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 Position and the Statements of Activities.

**Hillsborough Soil and Water Conservation District**  
**Notes to Financial Statements**  
**September 30, 2018**

(d) **Measurement Focus and Basis of Presentation** - The Government-wide financial statements are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**(e) Assets, Liabilities and Net Assets -**

**Cash Deposits**

The District's cash deposits are held by a commercial bank qualified as a public depository under Florida law. All deposits are insured by the Federal Deposit Insurance Corporation.

**Receivables**

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

(f) **Budgets and Budgetary Accounting** - The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The Board of Supervisors submits to the Chief Deputy, Clerk of County Commissioners, a proposed operating budget for the fiscal year. The operating budget includes the proposed expenditures for the upcoming year.
- b) The budget is approved by the Board of County Commissioners.
- c) The budget for the District is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- d) Any amendments to the budget must be approved by the Board of County Commissioners.

(g) **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Hillsborough Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2018

(2) Cash

The District's cash balances were entirely covered by federal depository insurance. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

As of September 30, 2018, the cash balances consisted of the following:

Petty Cash	\$	129
Checking Accounts - CenterState Bank		112,006
Total	\$	<u>112,135</u>

(3) Operational Support

The District's operations are supported in part by the United States Department of Agriculture through the Natural Resource Conservation Service (NRCS). As such, the partnership with NRCS provides the District with its office space and other occupancy costs including but not limited to utilities, janitorial services, and telephone service at no cost to the District. The NRCS also provides the District the use of office equipment at no cost. The benefit of such subsidies is not reflected within the financial statements as no objective basis is available to value these benefits.

(4) Economic Dependence

The District's operations are substantially dependent on the receipt of revenue from the Florida Department of Agriculture and Consumer Services (FDACS) and Hillsborough County. Loss of these funds and/or large decreases in this type of funding would have a material effect on the District and a negative impact on overall operations.

(5) Subsequent Events

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date of these financial statements were available to be issued. Management determined there are no subsequent events which require disclosure.



**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  
Hillsborough Soil and 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 and the major fund of Hillsborough Soil and Water Conservation District ("District"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2018.

**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 opinion 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 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, and contracts, 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 do not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performing 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.

A handwritten signature in cursive script, appearing to read "Hamilton Phillips".

Brandon, Florida

November 27, 2018





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

To the Board of Supervisors  
Hillsborough Soil and Water Conservation District

We have audited the accompanying basic financial statements of Hillsborough Soil and Water Conservation District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated November 27, 2018.

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; and Chapter 10.550, rules of the Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General dated November 27, 2018. Disclosures in that report should be considered in conjunction with this management letter.

Our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government 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 report audit.

There were no findings or recommendations made in the preceding annual financial audit.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management.

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, 2018.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with 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 which warrants attention of those charged with governance.

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, 2018.

Section 10.554(1)(i)4., 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 the financial statements.

The title and legal authority of the District are disclosed in the notes to the financial statements.

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Hillsborough Soil and Water Conservation District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met.

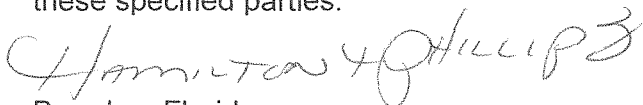
In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we determine whether the annual financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2018 financial audit report.

In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Hillsborough Soil and Water Conservation District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Hamilton & Phillip", is written over the printed name "Brandon, Florida".

Brandon, Florida  
November 27, 2018