JACKSON SOIL & WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2018

Jackson Soil & Water Conservation District
Board of Supervisors

Mack Glass
Greg Hall
Tom Stadsklev
Steve Basford
B.E. Davis, Jr.

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INDEPENDENT AUDITOR’S REPORT

GRIMSLEY, CAVIN & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.
DALE L. CAVIN, C.P.A.

MEMBERS
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jackson Soil and Water Conservation District
Marianna, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Jackson Soil and Water Conservation District as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Jackson Soil and Water Conservation 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 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.

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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 and major fund of Jackson Soil and Water Conservation District as of September 30, 2018, and the respective changes in financial position 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 3-9 and 20 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2019 on our consideration of the Jackson 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 solely 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 effectiveness of Jackson Soil and Water Conservation District's 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 Jackson Soil and Water Conservation District's internal control over financial reporting and compliance.

Grimsley, Cavin & Company

Marianna, Florida
April 2, 2019

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

Jackson
SWCD

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JACKSON SOIL AND WATER CONSERVATION DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the financial statements of the Jackson Soil and Water an analytical overview of the District's financial activities for the fiscal year ended on September 30, 2018. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes. This will assist readers in identifying significant financial issues and changes in the District's financial position.

The Florida Department of Agriculture and Consumer Services (FDACS) administers programs assigned to it by the Florida Legislature under the Soil and Water Conservation Law, Chapter 582 Florida Statutes. The Jackson Soil and Water Conservation District coordinates FDACS Best Management Plan implementation, cost share programs, mobile irrigation labs, and public land management.

The Jackson Soil and Water Conservation District was established on July 20, 1987 as an Independent Special District in accordance with the provisions of the Soil and Water Conservation Law, Chapter 582, Florida Statutes, enacted by the Florida Legislature in 1937. The District's purpose is to aid private landowners, as well as local, state, and federal agencies in solving issues related to soil and water resources. The District is governed by a five-seat Board of Supervisors who are elected in the general elections of Jackson County.

> *"It is the policy of the Legislature to provide for control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development and utilization of soil and water resources, and the disposal of water, and thereby to preserve natural resources, control floods, prevent impairment of dams and reservoirs, assist in maintaining the navigability of rivers and harbors, preserve wildlife, protect the tax base, protect public lands, and protect and promote the health, safety and general welfare of the people of this state."*

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The Jackson Soil and Water Conservation District currently administers five (5) FDACS contracts, three (3) of which are basically "carry overs" from the previous year. The Jackson SWCD was awarded those contracts again, so they continued. There are two (2) new contracts, the RESTORE Project with Office of Energy and Office of Agricultural Water Policy. Though these contracts have been signed and we are busy preparing for producer applications and approval, there has been no actual activity on these contracts yet.

Agricultural Water Quality and Quantity Best Management Practices and Projects Cost-Share Program:

- The objective of the cost-share program is to help improve and protect water resources in Florida by providing cost-share reimbursement to eligible agricultural producers for the implementation of water quality and quantity BMPs and projects.

- To achieve this objective, FDACS has contracted with the Jackson Soil and Water Conservation District to administer a cost-share program that will assist any special district, municipality, county, water management district, agency (governmental or otherwise) or owner or occupier of lands with the engineering, design, and conservation planning services, irrigation management, nutrient management, and water resource protection.

Conservation Technician / Best Management Practices Implementation Assistance:

- The objective in providing a technician for Jackson County increases Best Management Practices Implementation assistance within the Northwest Florida Management District area.

- To achieve this objective, FDACS has contracted with the Jackson Soil and Water Conservation District to employ and administer a technician who will work with producers on a regular basis through site visits, demonstrations, workshops, field days, and other education and technical assistance activities, to assist them in understanding and installing BMPs appropriately and in exploring new and evolving technologies.

Agricultural Mobile Irrigation Lab:

- The objective of the Agricultural Mobile Irrigation Lab is to increase BMPs for water conservation and water quality improvement.

- To achieve this objective, FDACS has contracted with the Jackson Soil and Water Conservation District to provide Mobile Irrigation Lab (MIL) technicians and services for irrigation water management of irrigation systems and to conduct evaluations and follow-up evaluations on irrigation systems to determine estimations of potential and actual water savings within Jackson County and surrounding counties.

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Apalachicola Watershed Agricultural Water Quality Improvements Project (Office of Agricultural Water Policy):

- The objective of the Apalachicola Watershed Agricultural Water Quality Improvements Project is to complete participating farm enrollment in the program and implement the BMPs to reduce sediments and pollutants generated from agricultural operations in the focus area providing cost-share reimbursement to eligible agricultural producers in Jackson, Calhoun, Gulf, Gadsden, Liberty, and Franklin counties; with a primary focus in Jackson and Calhoun counties, for the implementation of water quality and quantity BMPs and projects.

- To achieve this objective, FDACS has contracted with the Jackson Soil and Water Conservation District to administer cost-share program for Landowners and/or Producers to implement Florida Department of Agriculture and Consumer Services (FDACS) and USDA Natural Resources Conservation Service (NRCS) water quality Best Management Practices (BMPs) which will assist any special district, municipality, county, water management district, agency (governmental or otherwise) or owner or occupier of lands with the engineering, design, and conservation planning services, irrigation management, nutrient management, and water resource protection as identified in the scope of work of the agreement.

Apalachicola Watershed Agricultural Water Quality Improvements Project (Office of Energy):

- The objective of the Apalachicola Watershed Agricultural Water Quality Improvements Project is to conduct on-site evaluations of the potential for energy efficiency, renewable energy upgrades and water saving measures and practices on individual farms and help protect water resources and reduce energy consumption by providing cost-share reimbursement to eligible agricultural producers in the Apalachicola River Watershed (Jackson, Calhoun, Gulf, Gadsden, Liberty and Franklin Counties) for the implementation of energy efficiency measures.

- To achieve this objective, FDACS has contracted with the Jackson Soil and Water Conservation District in order to procure and contract with one or more entities to provide on-site evaluations to eligible producers and initiate cost-share agreements to implement the energy efficiency measures identified in the on-site evaluation report. The Jackson Soil and Water Conservation District will provide program outreach and administrative services for this project, including the administration of the cost-share agreements with the producers.

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Jackson Soil and Water Conservation District Highlights

- At the close of Fiscal Year 2018, the Jackson Soil and Water Conservation District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, resulting in a net position of $138,311

- The Jackson Soil and Water Conservation District's total net position increased $27,217 in comparison to the previous year

- The Jackson Soil and Water Conservation District had ($118,253) of unrestricted net position

- Total operating revenues ($732,010) in comparison to the previous year ($700,308).

- Total operating expenditures ($705,568) in comparison to the previous year ($677,976).

Government – wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Jackson Soil and Water Conservation District excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to those program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. These revenues are subject to externally imposed restrictions to those program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The Jackson Soil and Water Conservation District accounts for its services in *general governmental funds.* A fund is a grouping of related accounts being used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental funds are used to account for the sources, uses, and balances of a government's expendable general government financial resources (and the current liabilities). The focus is on how money flows into and out of the general fund and the balances left at year-end that are available for spending.

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

Notes to the Financial Statements

The *notes to the financial statements* give a detailed explanation of the data contained in the preceding statements. These notes are essential to a full understanding of the data provided in the *government-wide* and *fund financial statements.*

Government – wide Financial Analysis

The *government-wide financial statements* are designed so that the user can determine if the District is in a better financial condition or a declined financial condition from the previous year.

The following is a condensed summary of net position for the Jackson Soil and Water Conservation District for fiscal years 2017 and 2018.

Summary of Net Position

	2017	2018
ASSETS:		
Cash	197,114	78,404
Restricted Assets:		
Cash	58,835	181,652
Accounts Receivable	49,248	57,616
Capital Assets Net		20,058
Total Assets	305,197	337,730
LIABILITIES:		
Accounts Payable	17,633	5,572
Salaries Payable		6,681
Accrued Leave		10,696
Total Liabilities	17,633	22,949
DEFERRED INFLOWS OF RESOURCES:		
Unavailable Revenue	176,470	176,470
NET POSITION		
Invested in Capital Assets, Net of Related Debt		20,058
Unrestricted	111,094	118,253
Total Net Position	111,094	138,311

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The following schedule compares the revenues and expenses for the Jackson Soil and Water Conservation District for the current year:

Statement of Activities for the Fiscal Year Ended September 30, 2018

	2017	2018
REVENUES		
Program Revenues	700,258	732,010
Total Revenues	700,258	732,010
General Revenues		
Miscellaneous	50	775
Total General Revenues	50	775
Total Revenues	700,308	732,785
EXPENDITURES		
Governmental Activities		
General Government	677,976	705,568
Total Expenses	677,976	705,568
Change In Net Position	22,332	27,217
Net Position Beginning	88,762	111,094
Net Position Ending	111,094	138,311

Capital Assets

The Jackson Soil and Water Conservation District does not own land or buildings for its operations. The office space is provided by the Jackson County Board of County Commissioners (Extension Office) at no cost. Capital assets consist of equipment which is depreciated using the estimated useful life of the asset (generally 5 to 10 years).

Capital asset activity for the year ending September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Equipment	1,259	21,114	-	22,373
Less Accumulated Depreciation: Equipment	(1,259)	(1,056)	-	(2,315)
Total Capital Assets	-	20,058	-	20,058

Economic Factors and Next Year's Budget

The Jackson Soil and Water Conservation District received 100% of its funding from the Jackson County Board of County Commissioners and the Florida Department of Agriculture and Consumer Services. The District is dependent on the receipt of revenue from other agencies to carry out common goals. Loss of these funds and/or a large decrease in this type of funding would have a material effect on the District and a negative impact on overall operations.

This financial report is designed to provide a general overview of the Jackson Soil and Water Conservation District's finances. Any questions concerning any of the information provided in this report should be directed to:

Jackson Soil and Water Conservation District
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Marianna, FL 32448

FINANCIAL STATEMENTS

Jackson Soil & Water Conservation District
Statement of Net Position
September 30, 2018

	Governmental Activities
ASSETS	
Cash	$ 78,404
Restricted Assets - Cash	181,652
Accounts Receivable	57,616
Capital Assets:	
Equipment, Net of Depreciation	20,058
Total Assets	337,730
LIABILITIES	
Accounts Payable	5,572
Salaries Payable	6,681
Accrued Leave	10,696
Total Liabilities	22,949
DEFERRED INFLOWS OF RESOURCES	
Unavailble Revenue	176,470
NET POSITION	
Invested in Capital Assets, Net of Related Debt	20,058
Unrestricted	118,253
Total Net Position	$ 138,311

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

Jackson Soil & Water Conservation District
Statement of Activities
For the Year Ending September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
General Government	$ 705,568	$ -	$ 732,010	$ 26,442
Total governmental activities	$ 705,568	$ -	$ 732,010	26,442
General Revenues:				
Miscellaneous				775
Total General Revenues				775
Changes in Net Position				27,217
Net Position - beginning				111,094
Net Position - ending				$ 138,311

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

Jackson Soil & Water Conservation District
Balance Sheet
Governmental Funds
September 30, 2018

	General Fund	Total Governmental Funds
ASSETS		
Cash	$ 78,404	$ 78,404
Restricted Assets:		
Cash	181,652	181,652
Accounts Receivable	57,616	57,616
Total Assets	$ 317,672	$ 317,672
LIABILITIES		
Accounts Payable	$ 5,572	$ 5,572
Salaries Payable	6,681	6,681
Accrued Leave	10,696	10,696
Total Liabilities	22,949	22,949
DEFERRED INFLOWS OF RESOURCES		
Unavailble Revenue	176,470	176,470
FUND BALANCES		
Unassigned	118,253	118,253
Total Fund Balances	118,253	118,253
Total Liabilities & Fund Balances	$ 317,672	$ 317,672

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

Jackson Soil & Water Conservation District
Reconciliation of the Balance Sheet
To the Statement of Net Position
For the Year Ended September 30, 2018

Total Fund Balances - Total Governmental Funds	$ 118,253
Amounts reported for governmental activities in the Statemen tof Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,058
Total net position	$ 138,311

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

Jackson Soil and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year Ended September 30, 2018

	General Fund	Total Governmental Funds
REVENUES		
Intergovernmental Revenues	$ 681,986	$ 681,986
Contributions	28,910	28,910
Miscellaneous	775	775
Total Revenues	711,671	711,671
EXPENDITURES		
Current:		
General Government	704,512	704,512
Total Expenditures	704,512	704,512
Excess (deficiency) of revenue over expenditures	7,159	7,159
Net Change in Fund Balances	7,159	7,159
Fund Balances - beginning	111,094	111,094
Fund Balances - ending	$ 118,253	$ 118,253

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

Jackson Soil and 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, 2018

Net Change in fund balances - total governmental funds	$ 7,159
Amounts reported for governmental activities in the statement of activities are difference because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets, is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which depreciation $1,056 exceeded capital outlay $0 in the current period.	(1,056)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This was the amount of contributions of capital assets.	21,114
Changes in net position of governmental activities	$ 27,217

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Jackson Soil and Water Conservation District ("the District") was established July 20, 1987 as an independent special district in accordance with the provisions of the Soil and Water Conservation Law, Chapter 582, Florida Statutes, enacted by the Florida Legislature in 1937. The District is governed by a five-seat board of supervisors who are elected in the general elections of Jackson County.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and interpretations). The most significant accounting policies established GAAP and used by the District are discussed below.

Reporting Entity

The District's purpose is to provide assistance to private landowners, as well as local, state and federal agencies to solve problems related to soil and water resources.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Jackson Soil and Water Conservation District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to those program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. These revenues are subject to externally imposed restrictions to those program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements

Fund financial statements are provided for the governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basis of Accounting

The government–wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or as soon enough thereafter to pay current liabilities. Jackson Soil and Water Conservation District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liabilities are incurred, as under accrual accounting.

Grants and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when Jackson Soil and Water Conservation District receives cash.

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

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Jackson Soil and Water Conservation District reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Cash and Investments

Amounts shown as cash include cash in checking accounts, cash on hand and cash in saving accounts.

Capital Assets and Depreciation

Capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Jackson Soil and Water Conservation District maintains a capitalization threshold of $1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Capital assets are depreciated using the straight-line method. Estimated useful lives, in year, for depreciable assets for the furniture, machinery and equipment is 3-30 years.

Deferred Inflows of Resources

The District's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. Deferred inflows of resources are reported in the District's statement of net position and its governmental fund balance sheet for revenue that is not considered available. The District will not recognize the related revenues until they are available under the modified accrual basis of accounting.

Compensated Absences

The District accrued accumulated unpaid vacation leave when earned (or estimated to be earned) by the employee.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Budget Process

Florida Statutes govern the preparation, adoption, and administration of the budget for the District. Independent Special Districts must adopt a budget by resolution each fiscal year.

Estimates

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

Risk Management and Insurance

The District purchased liability insurance to cover the Mobile Irrigation Lab Technicians. The District did not deem any other insurance necessary for the fiscal year ended September 30, 2018.

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or be enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

At September 30, 2018, Jackson Soil and Water Conservation District had no nonspendable, restricted, committed, or assigned fund balances. Jackson Soil and Water Conservation District does not have a formal policy for minimum fund balances. The District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned.

NOTE 2 – CASH

Jackson Soil & Water Conservation District, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institutions are required to pledge U.S. Government Securities as collateral for such funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk or interest rate risk. The District has not formally adopted deposit and investment policies that limit the District's allowable deposits or investment and address the specific types of risk to which the District might be exposed. The District maintains cash balances at one bank in Marianna, Florida. At September 30, 2018, the carrying amount of the district's deposits was $260,056 and the bank balance was $260,809. $250,000 was covered by federal depository insurance, $10,809 was subject to Custodial Risk (risk of loss due to bank failure) but collateralized with securities pledged by the financial institution and held in trust, but not in the District's name.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ending September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Equipment	$ 1,259	$ 21,114	$ -	$ 22,373
Less Accumulated Depreciation:				
Equipment	(1,259)	(1,056)	-	(2,315)
Total Capital Assets	$ -	$ 20,058	$ -	$ 20,058

Depreciation expense was charged to governmental activities as follows:

General government	$ 1,056
Total governmental depreciation expense	$ 1,056

NOTE 4 – COMPENSATED ABSENCES PAYABLE

The amount of accumulated leave may not exceed 240 hours for full-time employees. The District does not pay employees for accumulated sick leave at termination. The total accrued leave payable at September 30, 2018 was $10,696.

NOTE 5 – GRANTS

The Jackson Soil and Water Conservation District has the following agreements with the Florida Department of Agriculture and Consumer Services.

	Agreement #	CSFA #	Grant Revenue
Florida Department of Agriculture and Consumer Services	024392	42.017	$ 460,800
Florida Department of Agriculture and Consumer Services	024318	42.017	58,215
Florida Department of Agriculture and Consumer Services	024351	42.017	155,071
			$ 674,086

The grants and contributions includes contributions from the Jackson County Board of County Commissioners in the amount of $28,910 for in-kind services related to salaries and benefits paid on behalf of the Organization and $7,900 in direct contributions.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Jackson Soil and Water Conservation District
Budgetary Comparison Schedule – General Fund
For the Year Ending September 30, 2018

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Intergovernmental Revenues	82,301	785,026	681,986
Contributions	-	-	28,910
Miscellaneous Revenues	-	-	775
Total Revenues	82,301	785,026	711,671
EXPENDITURES			
Current:			
General Government	82,301	785,026	704,512
Total Expenditures	82,301	785,026	704,512
Excess (deficiency) of revenues over expenditures	-	-	7,159
Net Change in Fund Balances	-	-	7,159
Fund Balances - beginning	111,094	111,094	111,094
Fund Balances - ending	$ 111,094	$ 111,094	$ 118,253

Note: This schedule is prepared on the modified accrual basis of accounting.

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

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

GRIMSLEY, CAVIN & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.
DALE L. CAVIN, C.P.A.

MEMBERS
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

Board of Directors
Jackson Soil and Water Conservation District
Marianna, Florida 32448

We have examined Jackson Soil and Water Conservative District's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2018. Management of the District 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, Jackson Soil and Water Conservation District, complied, in all material respects, with the requirements of Section 218.415, Florida Statutes for the year ended September 30, 2018.

Grimsley, Cavin & Company

April 2, 2019
Marianna, Florida

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

Post Office Box 220 ● 4243 Lafayette Street ● Marianna, Florida 32447-0220 ● 850-526-3910 ● FAX 850-482-6019

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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*

GRIMSLEY, CAVIN & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.
DALE L. CAVIN, C.P.A.

MEMBERS
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
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*

Board of Directors
Jackson Soil and Water Conservation District
Marianna, Florida

We have audited, 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, the financial statements of the governmental activities and major fund of Jackson Soil and Water Conservation District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Jackson Soil and Water Conservation District's basic financial statements and have issued our report thereon dated April 2, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jackson Soil and Water Conservation 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 Jackson Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson Soil and Water Conservation District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2007-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2006-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson Soil and Water Conservation 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*.

Jackson Soil and Water Conservation District's Response to Findings

Jackson Soil and Water Conservation District's response to the findings identified in our audit is described in the section of this report titled Response to Audit Findings. Jackson Soil and Water Conservation District's response was no subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Grimsley, Cavin & Company

Marianna, Florida
April 2, 2019

Grimsley, Cavin & Company, P.A
Certified Public Accountants

SCHEDULE OF FINDINGS

2006-001

Criteria – Custody of assets, record keeping and recording of assets should have adequate separation.

Condition – Due to the size of the organization, proper separation of duties may not be feasible.

Effect – Controls should be implemented to help compensate for the weaknesses.

Cause – This is a small one-person bookkeeping system.

Recommendation – Management should remain very active and involved in the day-to-day operations. It is essential that records be maintained current and up-to-date. Controls should be established to provide checks and balances.

2007-001

Criteria – An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

Condition – The District relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles.

Effect – Since the auditor cannot be a part of an entity's system of internal accounting control, the District's system of internal accounting control over the financial reporting is not sufficient, by itself, to prevent, detect or correct misstatements in the audited financial statements.

Cause – The District has a small accounting staff necessitated by the overall small size of the entity. They do not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements.

Recommendation – The District should continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of their accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT
REQUIRED BY THE STATE OF FLORIDA

GRIMSLEY, CAVIN & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.
DALE L. CAVIN, C.P.A.

MEMBERS
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Jackson Soil and Water Conservation District
Marianna, Florida

Report on the Financial Statements

We have audited the financial statements of the Jackson Soil and Water Conservation District as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 2, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 2, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

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The management letter items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2016-17 FY Finding #	2015-16 FY Finding #
14-001	14-001	14-001

The schedule of findings items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2016-17 FY Finding #	2015-16 FY Finding #
2006-001	2006-001	2006-001
2007-001	2007-001	2007-001

Official Title and Legal Authority

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 this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Jackson Soil and Water Conservation District has met one or more of the conditions described in Section 218.503(1) Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Jackson Soil and Water Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Jackson Soil and Water Conservation District. It is management's responsibility to monitor the Jackson Soil and Water Conservation District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. See items below under Prior Year Findings for our recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrant the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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, the Mayor and City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Prior Year Findings

14-001: It was noted during the audit that a board member does not approve all invoices prior to payment. It is recommended that a member of the board of directors review and approve all invoices prior to their payment to ensure proper internal controls are in place. This item remains.

Current Year Findings

None

Grimsley, Cavin & Company

Marianna, Florida
April 2, 2019

Grimsley, Cavin & Company, P.A.
Certified Public Accountants

RESPONSE TO AUDIT FINDINGS

Jackson SWCD

Jackson Soil and Water Conservation District
2741 Pennsylvania Avenue – Suite 3
Marianna, Florida 32448
Office: 850-372-4793 | FAX: 850-482-7952

April 4, 2019

Grimsley, Cavin, and & Company, P.A.
P.O. Box 220
Marianna, FL 32447

Re: Audit for Fiscal Year 2017 - 2018

This letter is in response to the audit findings for the above referenced period of the Jackson Soil and Water Conservation District. We have listed below, our response to the findings noted by your Agency:

1) Regarding Schedule of Findings, Item 2006-001: The Jackson SWCD continues to make every effort to separate the record keeping duties from the custody of assets as much as possible. We have a ONE PERSON staff who keeps the Board of Supervisors aware of all day to day operations. The Board maintains an active role in every aspect.

2) Regarding Schedule of Findings, Item 2007-001: The Jackson SWCD considers the cost of maintaining a system of internal controls to be prohibitive. The small size of our entity, and the ONE PERSON staff precludes establishing such a system.

3) Regarding Schedule of finding, Item 14-001 (page 27 of audit report) – In a Board Meeting, and in the official minutes of that Board meeting, the Jackson Soil and Water Conservation District Board members unanimously approved a motion directing the District Coordinator to pay all invoices for dues / fees / reports / expenses as they are received. All payments are required to have two (2) Board Member signatures on the checks written for said payments. The District Coordinator keeps the Board informed of any, and all expenditures. The Jackson Soil and Water Conservation District Board maintains an active role in the day to day operations and will continue to do so. We will make a conscious effort to "initial" all invoices.

Should you require anything further, please advise.

Respectfully,

B.E. Davis, Jr. - Chairman
Jackson Soil and Water Conservation District