

**LAKE SOIL AND WATER CONSERVATION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2018**

# LAKE SOIL AND WATER CONSERVATION DISTRICT

## Elected Officials

<u>Supervisors</u>	<u>Group Number</u>	<u>Term Expires</u>
Mary B. Farner, Chairman	5	January 2019
Melanie Rose, Vice-Chairman	1	January 2019
Timothy O'Connell II, Treasurer	4	January 2021
Rose Fitzpatrick, Supervisor	2	January 2021
Susan Fetter, Supervisor	3	November 2018

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors of the  
Lake Soil and Water Conservation District  
Tavares, Florida

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

We have audited the accompanying financial statements of the Lake Soil and Water Conservation District (the "District") as of and for the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity 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 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 June 27, 2019 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 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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Orlando, Florida

June 27, 2019

As management of the Lake Soil and Water Conservation District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2018.

### **Financial Highlights**

The assets of the District exceeded its liabilities as of September 30, 2018 by \$82,151 (net position). This amount may be used to meet the government’s ongoing operating obligations.

The government’s total net position increased by \$2,135 for the fiscal year ended September 30, 2018 and increased by \$3,209 for the fiscal year ended September 30, 2017.

### **Overview of the Financial Statements**

The organization-wide and fund financial statements are combined for this annual report, as all activities of the District are governmental activities. The report consists of the organization-wide and fund financial statements and notes to the financial statements. The 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 Position and Governmental Fund Balance Sheet presents information on all of the District’s assets and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance presents information showing how the District’s net position changed during the most recent fiscal year. The District uses the economic resources measurement focus and the accrual basis of accounting. All changes in net position are reported 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 (i.e., grants receivable and earned). These governmental activities are primarily supported by grants.

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. 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. All of the District’s grants are shown in the General Fund.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.

### **Financial Analysis**

Net position may serve over time as a useful indicator of the District’s financial position. At the close of the fiscal year, assets exceeded liabilities by \$82,151. Investment in capital assets represents 52.3% of net position and, thus, is not available for future spending. The balance is unrestricted net position of \$39,176 and is available to meet the District’s ongoing operating obligations. While there may be long-term management plans for unrestricted net position, they must be shown as unrestricted until external legal restrictions on their use occur. The District has no restricted net position at September 30, 2018.

Net capital assets increased by \$42,975 from the prior year due to capital assets acquired in fiscal year 2018, net of depreciation expense. This also affected the investment in capital assets component of net position for a corresponding change.

### Lake Soil and Water Conservation District Net Position

	2018	2017
<b>ASSETS</b>		
Current assets	\$ 175,896	\$ 121,582
Capital assets, net	42,975	-
Total Assets	218,871	121,582
<b>LIABILITIES</b>		
Current liabilities	136,720	41,566
<b>NET POSITION</b>		
Investment in capital assets	42,975	-
Unrestricted	39,176	80,016
Total Net Position	\$ 82,151	\$ 80,016

Assets of the District primarily consist of cash of \$104,187 and a grant receivable of \$67,067 as of September 30, 2018. Current liabilities consist of accounts payable for Mobile Irrigation Lab fourth quarter expenses and an advance of \$76,466 from the Mobile Irrigation Lab grant.

While the statement of net position shows the change in financial position of net position, the statement of activities provides answers as to the nature and source of these changes.

### Lake Soil and Water Conservation District Statement of Activities

	2018	2017
Revenues	\$ 269,095	\$ 160,854
Expenses	267,458	157,645
Change in net position	2,135	3,209

Revenues primarily consist of intergovernmental revenue from the State of Florida for the Mobile Irrigation Lab grant. Likewise, expenses are primarily related to the Mobile Irrigation Lab project.

The District has a single fund, the General Fund. At the end of fiscal year 2018, unassigned fund balance was \$34,534, while the total fund balance was \$39,176. As a measure of liquidity, the unassigned fund balance represents 11% of total current-year expenditures and the total fund balance represents 13% of total current-year expenditures. The General Fund fund balance decreased by \$40,840 during the fiscal year ended 2018. The decrease was primarily due to capital outlay expenditures of \$37,743 for two vehicles paid from the District's unassigned fund balance reserves.

## Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2018 amounts to \$42,975 (net of accumulated depreciation). This investment in capital assets includes vehicles and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$42,975 due to capital asset acquisitions of \$52,341, offset by current-year depreciation of \$9,366. The following table displays the District's capital assets.

### Governmental Activities Capital Assets

	<u>2018</u>	<u>2017</u>
Equipment	\$ 14,598	\$ -
Vehicles	<u>37,743</u>	<u>-</u>
	52,341	-
Less accumulated depreciation	<u>(9,366)</u>	<u>-</u>
Capital assets, net	<u>\$ 42,975</u>	<u>\$ -</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

## Economic Factors

1. The average unemployment rate of the Lake County area is 2.9%. This is compared to 3.5% for the state and 3.7% for the nation.
2. At September 30, 2018, inflation nationally, as indicated by the Consumer Price Index, was 2.3%.

## Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Lake Soil and Water Conservation District, Board of Supervisors, 1951 Woodlea Road, Tavares, FL 32778.



**LAKE SOIL AND WATER CONSERVATION DISTRICT**

**STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET**

**September 30, 2018**

	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 102,786	\$ -	\$ 102,786
Certificates of deposit	1,401	-	1,401
Due from other governments	67,067	-	67,067
Prepaid items	4,642	-	4,642
Capital assets, net	-	42,975	42,975
	<b>TOTAL ASSETS</b>	<b>\$ 42,975</b>	<b>\$ 218,871</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 60,254	\$ -	\$ 60,254
Unearned grant revenue - Mobile Irrigation Lab	76,466	-	76,466
	<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>136,720</b>
<b>FUND BALANCES / NET POSITION</b>			
Fund balances:			
Nonspendable prepaid items	4,642	(4,642)	-
Unassigned	34,534	(34,534)	-
	<b>TOTAL FUND BALANCE</b>	<b>(39,176)</b>	<b>-</b>
	<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 175,896</b>	
<b>Net position:</b>			
Invested in capital assets		42,975	42,975
Unrestricted		39,176	39,176
	<b>TOTAL NET POSITION</b>	<b>\$ 82,151</b>	<b>\$ 82,151</b>

The accompanying notes are an integral part of the financial statements.

**LAKE SOIL AND WATER CONSERVATION DISTRICT**

**STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE**

**Year Ended September 30, 2018**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
Intergovernmental	\$ 269,095	\$ -	\$ 269,095
Donations	475	-	475
Interest	23	-	23
TOTAL REVENUES	<u>269,593</u>	<u>-</u>	<u>269,593</u>
<b>EXPENDITURES / EXPENSES</b>			
Current:			
General Government	44,568	(31,053)	13,515
Conservation	265,865	(11,922)	253,943
TOTAL EXPENDITURES	<u>310,433</u>	<u>(42,975)</u>	<u>267,458</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,840)	-	-
CHANGE IN NET POSITION	-	42,975	2,135
<b>FUND BALANCE / NET POSITION</b>			
BEGINNING OF YEAR	<u>80,016</u>	<u>-</u>	<u>80,016</u>
END OF YEAR	<u>\$ 39,176</u>	<u>\$ 42,975</u>	<u>\$ 82,151</u>

The accompanying notes are an integral part of the financial statements.

# LAKE SOIL AND WATER CONSERVATION DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 293,767	\$ 293,767	\$ 269,095	\$ (24,672)
Donations	1,000	1,000	475	(525)
Interest	50	50	23	(27)
TOTAL REVENUES	294,817	294,817	269,593	(25,224)
<b>EXPENDITURES</b>				
Current:				
General Government:				
General services	16,064	16,064	6,825	9,239
Capital outlay	-	-	37,743	(37,743)
Total General Government	16,064	16,064	44,568	(28,504)
Conservation:				
Water resource development cost share	7,128	7,128	7,512	(384)
Mobile Irrigation Lab	271,625	271,625	243,755	27,870
Capital outlay	-	-	14,598	(14,598)
Total Conservation	278,753	278,753	265,865	12,888
TOTAL EXPENDITURES	294,817	294,817	310,433	(15,616)
NET CHANGE IN FUND BALANCE	-	-	(40,840)	(40,840)
FUND BALANCE - BEGINNING OF YEAR	-	-	80,016	80,016
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 39,176	\$ 39,176

The accompanying notes are an integral part of the financial statements.

# LAKE SOIL AND WATER CONSERVATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

The Lake Soil and Water Conservation District (the “District”) is an independent special district formed in 1944. The District’s statutory authority is Chapter 582 of the Florida Statutes.

The purpose of the District is to “provide services for soil and water conservation, and proper utilization of natural resources, and to promote the continued use of land for agricultural purposes.”

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

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements report information on all the activities of the primary government. The District only has governmental activities and does not engage in any business-type activities.

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

Fund financial statements are presented for the District’s General Fund. This fund is considered to be a major fund.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

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 are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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. Grants and similar items are recognized as revenue when received and reported as reservations of net position until all eligibility requirements imposed by the provider have been met.

**Assets, Liabilities, and Net Position**

- 1) **Deposits and Investments** - The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute allows public deposits only at qualified depositories that have deposited required collateral in the name of the Treasurer of the State of Florida under the Florida Security for Deposits Act. Therefore, all deposits are entirely insured by FDIC or Florida's multiple financial institution collateral pool.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The District's investments are certificates of deposit in qualified depositories.

- 2) *Receivable from Other Governments* - This amount represents reimbursable grant expenditures that are due from other governments.
- 3) *Prepays* - Prepays represent payments made to vendors for services that will benefit beyond September 30, 2018. These payments are recorded as expenditures or expenses when consumed, rather than when purchased.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Assets, Liabilities, and Net Position (continued)

- 4) *Capital Assets* - Capital assets include equipment and vehicles and are reported in governmental activities in the government-wide financial statements. Property, plant, equipment and intangibles with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Equipment and vehicles purchased in the General Fund are recorded as expenditures at time of purchase in the governmental fund statements. Gifts or contributions of capital assets are recorded in the General Fund at acquisition value at the time received. Depreciation and amortization have been provided on capital assets as a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable and amortizable assets, which range from 3-5 years.
- 5) *Unearned Revenues* - Grant funds received in excess of costs incurred are recorded as unearned revenues.
- 6) *Fund Balances* - In accordance with generally accepted accounting standards, the District classifies governmental fund balances as follows:
  - *Nonspendable Fund Balance* - represents fund balance that is (a) not in a spendable form, such as prepaid items, or (b) legally or contractually required to be maintained intact, such as an endowment.
  - *Unassigned Fund Balance* - represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications of the General Fund.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Adjustments were made to include capital assets (net of accumulated depreciation) on the statement of net position. This resulted in a net difference between ending governmental fund balances and total net position of \$42,975.

Ending governmental fund balances	\$ 39,176
Capital assets, net	<u>42,975</u>
Total net position	<u>\$ 82,151</u>

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Adjustments were made to include depreciation expense and eliminate capital outlay expenditures on the statement of activities. This resulted in a net difference between “excess (deficiency) of revenues over (under) expenditures” and “change in net position” of \$42,975.

Excess (deficiency) of revenues over (under) expenditures	\$ (40,840)
Depreciation expense	(9,366)
Capital outlay expenditures	<u>52,341</u>
Change in net position	<u>\$ 2,135</u>

**NOTE 3 - BUDGETS**

The Board adopts a budget for anticipated revenues and expenses that are under the Board’s control. All appropriations lapse at fiscal year-end. The legal level of budgetary control is the fund level. The General Fund had expenditures in excess of appropriations of \$15,616 for the fiscal year ended September 30, 2018.

**NOTE 4 - CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year:

	<u>Balance</u> <u>10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
Equipment	\$ -	\$ 14,598	\$ -	\$ 14,598
Vehicles	-	37,743	-	37,743
Less: Accumulated depreciation	<u>-</u>	<u>(9,366)</u>	<u>-</u>	<u>(9,366)</u>
Total capital assets, net	<u>\$ -</u>	<u>\$ 42,975</u>	<u>\$ -</u>	<u>\$ 42,975</u>

Depreciation expense of \$6,690 is charged to the general government function and \$2,676 is charged to the conservation function.

**NOTE 5 - ECONOMIC DEPENDENCY**

The District derived 98% of its revenue from the Mobile Irrigation Lab grant from the State of Florida. Eighty three percent of the District’s expenses were related to this grant as well.

**NOTE 6 - RELATED PARTY**

The staff that serves the District is supplied by the Lake County, Florida Board of County Commissioners. There is no amount recognized in the financial statements for the value of this staff. Personnel costs are primarily paid by the County. The Mobile Irrigation Lab expenses are paid by the County, as its staff provides the services for this grant. The District is then invoiced by the County for the expenses and services related to the Mobile Irrigation Lab grant.





**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 Supervisors of the  
Lake Soil and Water Conservation District  
Tavares, Florida

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, the governmental activities and General Fund of the Lake Soil and Water Conservation District (the “District”) as of and for the 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 June 27, 2019.

**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 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 over financial reporting 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control that we consider to be material weaknesses.

### **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*.

We noted certain other matters that we reported to the District's management in a separate letter dated June 27, 2019.

### **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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
June 27, 2019



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Supervisors of the  
Lake Soil and Water Conservation District  
Tavares, Florida

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

We have audited the basic financial statements of the Lake Soil and Water Conservation District (the "District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 27, 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 also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 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, which are dated June 27, 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 annual financial audit report. Finding 2017-001 was identified in the first preceding financial audit report and was not corrected in the current financial audit.

### **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. The legal authority 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 that we apply appropriate procedures and report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, the results of our tests did not indicate that the District met any of the conditions described in Section 218.503(1), Florida Statutes.

**Financial Condition and Management (Continued)**

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 District. 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.

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. In connection with our audit, we had the following recommendation which was identified in the first preceding audit report:

**MLO 2017-001 – ACCOUNTING SOFTWARE**

**Condition**

During our audit of the District's financial statements for the year ended September 30, 2018, we, again, noted that the District maintained its financial activity in physical checkbook registers and could not easily produce financial statements without manually adding up checks and deposits for the year. This made it difficult for the District to easily summarize its financial position and year-to-date results.

**Recommendation**

We recommend that the District acquire and implement a simple accounting software, such as QuickBooks, in order to ease the financial reporting burden on the District's bookkeeper.

**Management Response**

Management concurs with the recommendation and approved the purchase of accounting software in fiscal year 2019 to assist with managing the check registers and producing financial statements.

**Special District Component Units**

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

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 the attention of those charged with governance. In connection with our audit, we did not have 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, members of the District, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
June 27, 2019



## INDEPENDENT ACCOUNTANT'S REPORT

Board of Supervisors of the  
Lake Soil and Water Conservation District  
Tavares, Florida

We have examined the Lake Soil and Water Conservation District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with those requirements. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Orlando, Florida  
June 27, 2019