

**OKEECHOBEE SOIL AND WATER
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT

TABLE OF CONTENTS

SEPTEMBER 30, 2018

FINANCIAL SECTION	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement Of Revenues, Expenditures and Changes in Fund Balances-	
Governmental Funds	14
Reconciliation of the Statement Of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds to the Statement of Activities	16
Notes to Financial Statements.....	17
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund.....	33
Budgetary Comparison Schedule – BMP #22862	34
Budgetary Comparison Schedule – BMP #23994	35
Budgetary Comparison Schedule – BMP #24401	36
Budgetary Comparison Schedule – BMP #25021	37
Notes to the Budgetary Comparison Schedules.....	38
Supplemental Florida Retirement System Pension Information:	
Schedule of Employer Proportionate Share of Net Pension Liability	39
Schedule of Employer Contributions	40
Supplemental Health Insurance Subsidy Pension Information:	
Schedule of Employer Proportionate Share of Net Pension Liability	41
Schedule of Employer Contributions	42
Notes to the Required Supplementary Information FRS and HIS	43

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT

TABLE OF CONTENTS

SEPTEMBER 30, 2018

OTHER REPORTING

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*44

Independent Auditor’s Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General46

Schedule of Expenditures of State Financial Assistance and Notes to Schedule.....48

Schedule of Findings and Questioned Costs – State Projects49

Management Letter50

Independent Accountant’s Report/Compliance With Section 218.415, Florida Statutes52

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Okeechobee Soil and Water Conservation District
Okeechobee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Okeechobee Soil and Water Conservation District (the "District"), Okeechobee, Florida 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 from material misstatement.

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

Board of Supervisors
Okeechobee Soil and Water Conservation District

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 each major fund of the 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 the budgetary comparison schedules, schedules of District's proportionate share of net pension liability, and schedules of District's contributions for the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Board of Supervisors
Okeechobee Soil and Water Conservation District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 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.

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co., CPA's LLP
Okeechobee, Florida

March 7, 2019

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(UNAUDITED)

Management's Discussion and Analysis of the financial statements for the Okeechobee Soil and Water Conservation District (the "District") provides a summary of the District's activities for the fiscal year ended September 30, 2018. Management has prepared this Management Discussion and Analysis and is responsible for the completeness and fairness of this information. This discussion and analysis should be read in conjunction with the accompanying financial statements.

The accompanying financial statements include all activities and functions for which the District has direct oversight responsibility and all funds of the District.

FINANCIAL HIGHLIGHTS

- ◆ Funding for the District's general and administrative programs is provided mainly through grants and administrative service fees charged for administering certain programs.
- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2018 by \$1,147,290. Of this amount, \$669,835 is available for use in meeting the District's on-going obligation to help land users protect natural resources. In the previous fiscal year this amount was \$592,129.
- ◆ Grants and contributions received for the fiscal years ended September 30, 2018 and September 30, 2017 were \$4,995,790 and \$4,858,290, respectively.
- ◆ The total expended for project services for the fiscal year ended September 30, 2018 was \$4,712,172. This cost compares to \$4,600,625 expended for the fiscal year ended September 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion is intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three integral components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Each of these components is discussed in further detail in the following paragraphs. This report also contains other supplementary information in addition to the basic 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 government-wide statements include all assets and liabilities and use the accrual basis of accounting, which provides for recording revenues when earned and recording expenses when a liability is incurred, regardless of the timing of related cash flows. The government-wide financial statements include the Statement of Net Position and Statement of Activities.

The Statement of Net Position is used to report all that the District owns (assets and deferred outflows of resources) and owes (liabilities and deferred inflows of resources). The District's assets include financial resources such as cash and amounts due from other governments. The District's liabilities include amounts due to other governments and refundable advances incurred in connection with the District's operation. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(UNAUDITED)

Government-wide Financial Statements (continued)

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 (e.g., refundable advances).

For financial reporting purposes, the District is considered a special-purpose government engaged in a single governmental program.

In summary, the Statement of Net Position reports the District's net position and the Statement of Activities reports the District's changes in net position. The District's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the District's financial health or financial position. Over time, increases and decreases in the District's net position are one indicator of whether financial health is improving or deteriorating. Other factors, such as changes in the District's state grant contractual obligations will also, over time, help assess the overall financial health of the District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to report all of the District's basic services. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

The District's governmental fund financial statements include the Balance Sheet, and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The governmental fund Balance Sheet reports only the financial assets associated with governmental activities. Financial assets include cash as well as other assets that will convert to cash in the short term, such as receivables and investments. Governmental funds do not report capital assets, such as equipment and furniture, because such assets will be used in operations rather than converted to cash and are therefore not spendable. Liabilities are also recognized in governmental funds only to the extent that they are expected to affect a government's near-term financing needs. The difference between asset and liabilities reported in a governmental fund is known as fund balance. This amount, with certain adjustments, represents the balance of financial resources available for appropriation at the end of the current fiscal period. Adjustments are necessary to reserve a portion of the fund balance for commitments that will be honored in the subsequent fiscal period such as contracts entered into at the end of one fiscal period that extended into the next fiscal period. A government may have tentative plans for which they wish to constrain a portion of the unassigned balance. Such constraint would serve to alert financial statement readers to these tentative plans.

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance is used to report all transactions, events, and interfund activity that increase or decrease fund balances.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(UNAUDITED)

Fund Financial Statements (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS

	Statement of Net Position-	
	Governmental Activities	
	2018	2017
Assets		
Current assets and other assets	\$2,426,224	\$2,628,244
Capital assets, net	477,455	465,494
Total assets	<u>2,903,679</u>	<u>3,093,738</u>
Deferred outflow of resources	<u>72,511</u>	<u>57,808</u>
Liabilities		
Current liabilities	1,713,826	2,009,054
Long-term liabilities	102,888	77,377
Total liabilities	<u>1,816,714</u>	<u>2,086,431</u>
Deferred inflow of resources	<u>12,186</u>	<u>7,492</u>
Net Position		
Invested in capital assets, net	477,455	465,494
Unrestricted	669,835	592,129
Total Net Position	<u><u>\$1,147,290</u></u>	<u><u>\$1,057,623</u></u>

The District's assets decreased \$190,059, deferred outflows increased by \$14,703, liabilities decreased by \$269,717, deferred inflows increased by \$4,694, and net position increased by \$89,667 compared to the prior fiscal year's ending balance.

The net decrease in assets is due to a decrease in cash and cash equivalents of \$234,186, an increase in amount due from other governments of \$31,799, an increase in prepaid expenses of \$367, and an increase in capital assets of \$11,961. The decrease in current liabilities is attributable to a decrease in due to other governments of \$1,104, an increase in accrued liabilities of \$6,906, and a decrease in refundable advances of \$301,030. The decrease in cash and refundable advances is due to the timing of advanced payments on grants. The change in deferred outflows, long-term liabilities and deferred inflows is due entirely to adjusting the net pension liability at September 30, 2018. The increase in net position is the excess of revenues over expenses for the year ended September 30, 2018.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(UNAUDITED)

FINANCIAL ANALYSIS (continued)

	Statement of Activities- Governmental Activities	
	2018	2017
Revenues		
Program revenues		
Operating grants	\$4,995,791	\$4,858,290
General revenues		
Interest income	10,852	1,370
Rent income	14,955	28,431
Total Revenues	5,021,598	4,888,091
Expenses		
General and administrative	81,906	77,404
Personal services	137,853	129,245
Physical environment	4,712,172	4,600,625
Total Expenses	4,931,931	4,807,274
Change in Net Position	89,667	80,817
Net Position - beginning	1,057,623	976,806
Net Position - ending	\$1,147,290	\$1,057,623

The District's total revenue for the fiscal year ended September 30, 2018 was \$4,995,791. The primary source of revenues was grant funds received from the Florida Department of Agriculture and Consumer Services (FDACS), Natural Resources Conservation Services (NRCS), and Board of County Commissioners (BOCC) in the amount of \$4,940,089, \$12,702 and \$43,000, respectively. Rent income totaled \$14,955, or 0.3% of the total revenues. In comparison, revenues for the fiscal year ended September 30, 2017 were \$4,858,290 in grants; and \$28,431 for rent income. Thus, grants increased \$137,501; rent income decreased \$13,476; and investment earnings increased \$9,482. The increase in grants is due to an increase in the amounts funded in various contracts by FDACS.

The District's total expenses for the fiscal year ended September 30, 2018 were \$4,931,931. The major expenses were payments to agricultural producers in the amount of \$4,712,172, personal services in the amount of \$137,853, and general and administrative in the amount of \$81,906. In comparison, expenses for the fiscal year ended September 30, 2017 were \$4,600,625 for payments to agricultural producers, \$129,245 for personal services, and \$77,404 for general and administrative. The increase in agricultural payments to producers in the amounts of \$111,547 related to the increase in amounts funded in various contracts by FDACS.

There are no significant differences in revenue or expenses between the fund statements and the Statement of Activities.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018
(UNAUDITED)

Budgetary Highlights

Budgetary comparison schedules and related notes for the general and producer cost-share funds are contained on pages 33-38. The budgets for the fiscal year ended September 30, 2018 were developed based on the District's anticipated revenues and expenditures for the fiscal year ended September 30, 2018. Budgetary amendments approved during the year provided for a decrease in budgetary appropriations of \$110,990 in the General Fund.

For the General Fund, the available budget exceeded final expenditures by \$100,438. This was due primarily to a budget item for capital outlay that was not utilized. Actual intergovernmental revenues were under budget by \$41,247.

Actual intergovernmental revenues, physical environment expenditures and transfers out were \$7,732, \$8,231 and \$426,864 less than the budgeted amounts in the #23994, #24401 and #25021 Producer Cost-Share Funds.

None of the variations with the final budget are expected to have a significant effect on future services or liquidity.

Economic Factors and the 2018/2019 Budget

With the increased awareness and concerns over the future of water quality and supply, additional opportunities are being presented for the District to manage contracts. The District expects additional grant revenue from the Florida Department of Agriculture and Consumer Services in FY 2018-19, which also results in additional administrative fees at 2% and 5% of revenues received by the District.

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 District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Okeechobee Soil and Water Conservation District, 452 Highway 98 North, Okeechobee, Florida, 34972.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	\$ 2,377,634
Prepaid items	7,869
Due from other governments	40,721
Total Current Assets	2,426,224
Non-Current Assets:	
Capital Assets:	
Depreciable, net	477,455
Total Non-Current Assets	477,455
Total Assets	2,903,679
Deferred Outflow of Resources	
Deferred outflows related to pensions	72,511
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	28,818
Due to other governments	458
Refundable advances from other governments	1,684,550
Total Current Liabilities	1,713,826
Long-Term Liabilities:	
Net pension liability	102,888
Total Liabilities	1,816,714
Deferred Inflow of Resources	
Deferred inflows related to pensions	12,186
Net Position	
Net investment in capital assets	477,455
Unrestricted	669,835
Total Net Position	\$ 1,147,290

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

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Governmental Activities
Expenses	
General government:	
General and administrative	\$ 81,906
Personal services	137,853
Physical environment:	
Operating expenses	4,712,172
Total Expenses	4,931,931
 Program Revenues	
Charge for services	14,955
Operating grants	4,995,791
Total Program Revenues	5,010,746
 Net Program Revenues	 78,815
 General Revenues:	
Interest revenue	10,852
Total General Revenues	10,852
 Change in Net Position	 89,667
Net Position - October 1, 2017	1,057,623
Net Position - September 30, 2018	\$ 1,147,290

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

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>General Fund</u>	<u>#22862 Producer Cost- Share Fund</u>	<u>#23994 Producer Cost- Share Fund</u>
Assets			
Cash and cash equivalents	\$ 692,644	\$ -	\$ 1,088,605
Prepaid items	7,869	-	-
Due from other governments	40,721	-	-
Total Assets	<u>\$ 741,234</u>	<u>\$ -</u>	<u>\$ 1,088,605</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 16,950	\$ -	\$ -
Due to other governments	18	-	193
Refundable advances from other governments	-	-	1,088,412
Total Liabilities	<u>16,968</u>	<u>-</u>	<u>1,088,605</u>
Fund Balances:			
Nonspendable - Prepaid items	7,869	-	-
Committed - Vehicle purchase	26,682	-	-
Unassigned	689,715	-	-
Total Fund Balances	<u>724,266</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 741,234</u>	<u>\$ -</u>	<u>\$ 1,088,605</u>

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

#24401 Producer Cost-Share Fund	#25021 Producer Cost-Share Fund	Total Governmental Funds
\$ 108,512	\$ 487,873	\$ 2,377,634
-	-	7,869
-	-	40,721
<u>\$ 108,512</u>	<u>\$ 487,873</u>	<u>\$ 2,426,224</u>
\$ -	\$ -	\$ 16,950
247	-	458
<u>108,265</u>	<u>487,873</u>	<u>1,684,550</u>
<u>108,512</u>	<u>487,873</u>	<u>1,701,958</u>
-	-	7,869
-	-	26,682
-	-	689,715
<u>-</u>	<u>-</u>	<u>724,266</u>
<u>\$ 108,512</u>	<u>\$ 487,873</u>	<u>\$ 2,426,224</u>

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OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Fund Balances - Total Governmental Funds	\$ 724,266
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. These capital assets consist of:</p>	
Capital assets, depreciable - net	477,455
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds	72,511
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(11,868)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(102,888)
Deferred inflow of resources are not financial resources and, therefore, are not reported in the funds	<u>(12,186)</u>
Net Position - Governmental Activities	<u><u>\$ 1,147,290</u></u>

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

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General Fund</u>	<u>#22862 Producer Cost- Share Fund</u>	<u>#23994 Producer Cost- Share Fund</u>
Revenues			
Intergovernmental revenue	\$ 126,753	\$ 1,023,992	\$ 1,592,268
Rent income	14,955	-	-
Interest revenue	10,852	-	-
Total Revenues	<u>152,560</u>	<u>1,023,992</u>	<u>1,592,268</u>
Expenditures			
Current:			
General government:			
General and administrative	64,373	-	-
Personal services	110,483	-	-
Physical environment:			
Operating expenditures	-	1,003,914	1,561,046
Capital outlay	29,494	-	-
Total Expenditures	<u>204,350</u>	<u>1,003,914</u>	<u>1,561,046</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(51,790)</u>	<u>20,078</u>	<u>31,222</u>
Other Financing Sources (Uses)			
Transfers in	156,866	-	-
Transfers out	-	(20,078)	(31,222)
Total Other Financing Sources (Uses)	<u>156,866</u>	<u>(20,078)</u>	<u>(31,222)</u>
Net Change in Fund Balances	105,076	-	-
Fund Balances - October 1, 2017	619,190	-	-
Fund Balances - September 30, 2018	<u>\$ 724,266</u>	<u>\$ -</u>	<u>\$ -</u>

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

#24401 Producer Cost- Share Fund	#25021 Producer Cost- Share Fund	Total Governmental Funds
\$ 2,191,769	\$ 61,009	\$ 4,995,791
-	-	14,955
-	-	10,852
<u>2,191,769</u>	<u>61,009</u>	<u>5,021,598</u>
-	-	64,373
-	-	110,483
2,087,399	59,813	4,712,172
-	-	29,494
<u>2,087,399</u>	<u>59,813</u>	<u>4,916,522</u>
<u>104,370</u>	<u>1,196</u>	<u>105,076</u>
-	-	156,866
(104,370)	(1,196)	(156,866)
<u>(104,370)</u>	<u>(1,196)</u>	<u>-</u>
-	-	105,076
-	-	619,190
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,266</u>

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 105,076

Amount reported for governmental activities in the Statement of
Activities are different 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 as depreciation expense.
This is the amount by which capital outlays exceeded depreciation
expense in the current period. 11,961

Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are not
reported as expenditures in governmental funds. (27,370)

Change in Net Position - Governmental Activities \$ 89,667

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

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of the financial report of the Okeechobee Soil and Water Conservation District (the “District”) conform to accounting principles generally accepted in the United States of America as applicable to local governments. This report, the accounting systems, and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB).

The following summary of the District’s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

A. Reporting Entity

Okeechobee Soil and Water Conservation District (the “District”) was formed January 11, 1951 and is a governmental sub-division of the State of Florida, and is authorized under Florida Statutes Chapter 582. The District forms partnerships with federal, state and local governments, as well as private organizations, to help carry out a variety of environmental and educational programs, provide technical assistance, and other services to help land users protect natural resources.

The District is an independent special district administered by a five member board of supervisors elected by the voters of Okeechobee County. The District for financial reporting purposes includes all of the funds relevant to the operation of the District. There are no separately administered organizations, which are controlled by, or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Therefore, in accordance with U.S. generally accepted accounting principles, the District has determined that there are no potential component units that it must include within its financial statements.

B. Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the District. The effect of interfund balances has been removed from the statement of net position. The District has only governmental activities and does not engage in any business-type activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services, operating grants, and capital grants.

Transfers in and transfers out in the amount of \$156,866 between governmental activities were eliminated.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statement Presentation:

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures.

The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, and other restrictions.

GASB Statement No. 34 sets forth minimum criteria (percentage of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses) for the determination of major funds. The District has used GASB Statement No. 34 minimum criteria for major fund determination. Major governmental funds are reported as separate columns in the fund financial statements.

The following is a brief description of the specific funds used by the District.

Major Governmental Funds:

General Fund - accounts for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.

Producer Cost-Share Funds (#22862, #23994, #24401 and #25021) - accounts for revenues and expenditures for grants with the Florida Department of Agriculture and Consumer Services to assist local agricultural producers with the implementation of certain best management practices. As of September 30, 2018, fund #22862 was closed out during the year and did not have any assets or liabilities.

C. Measurement Focus and Basis of 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 as soon as all eligibility requirements imposed by the provider have been met.

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.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

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 they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board has provided otherwise in its commitment or assignment actions.

D. Cash and Cash Equivalents

For financial reporting purposes, the District considers cash and cash equivalents to be cash on hand, cash in banks, and short-term investments with maturities less than three months when acquired, including restricted assets.

E. Investments

The District reports investments at their fair value on the balance sheet with unrealized gains and losses credited to investment income. Amounts invested in the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") and short-term money market investments are reported as cash equivalents at amortized cost.

F. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Capital Assets

Capital assets purchased in the governmental funds are recorded as expenditures at time of purchase. Such assets are recorded at historical cost or estimated historical cost. Capital assets are defined as assets with a cost of \$750 or more that have a useful life that extends beyond one year. Donated capital assets are recorded at fair market value at the date of donation. Depreciation on capital assets is a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable assets.

H. Refundable Advances from Other Governments

The District receives advances from certain grants it administers and records any unspent amounts as a liability. If the District does not spend the grant dollars it is required to refund the money back to the granting source.

I. Compensated Absences

The personnel policy adopted by the District allows for payment of unused vacation days upon termination or resignation. A liability for compensated absences in the amount of \$11,868 has been recorded in the governmental funds financial statements.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Outflows / Inflows of Resources

The District has one item that qualifies for reporting as deferred outflows of resources, which is reported in the government-wide statement of net position. This item is the deferred outflow related to pensions. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Details on the composition of deferred outflows related to pensions are reported in a subsequent note.

The District has one item that qualifies for reporting as deferred inflows of resources in the government-wide statement of net position. This item is the deferred inflow related to pensions. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Details on the composition of deferred inflows related to pensions are reported in a subsequent note.

K. Pensions

In the government-wide statement of net position, liabilities are recognized for the Okeechobee Soil and Water Conservation District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deduction from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, defined benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with benefits terms. Investments are reported at fair value.

L. Use of Estimates

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

M. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables are planned to be eliminated shortly after year end.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Government-wide Net Position

Government-wide net position is divided into three categories:

- ◆ Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding and was used to finance those assets.
- ◆ Restricted – consist of amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government, and contributors), through constitutional provisions, by enabling legislation, or contributor restrictions.
- ◆ Unrestricted – all other net position is reported in this category.

O. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- ◆ Nonspendable – amounts that are not in spendable form (such as prepaid items or long term investments) or are required to be maintained intact.
- ◆ Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- ◆ Committed– amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board members) and its highest level action (i.e. Resolution). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- ◆ Assigned – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors.
- ◆ Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 2 – CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposit may not be returned to it. Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as “Qualified Public Depositories,” a multiple financial institution collateral pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits. The District’s deposits were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes, as of September 30, 2018.

Cash and cash equivalents at September 30, 2018 consist of:

Cash on hand	\$	150
Demand deposits		1,693,578
Florida PRIME		683,906
Total cash and cash equivalents		\$ 2,377,634

Investments – The District has not adopted a formal investment policy, and utilizes the guidelines of Florida Statute section 218.415(17). Florida Statutes authorize the District to invest in direct obligations of the U.S. Treasury, the Local Government Surplus Funds Trust Fund (Florida PRIME), savings accounts or certificates of deposit in state-certified qualified public depositories, and SEC registered money market funds.

The District invests funds throughout the year with the Florida PRIME, an investment pool is administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Investments in Florida PRIME are made pursuant to Chapter 125.31, Florida Statutes. The investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Florida PRIME meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore the pool is reported at amortized cost.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may be extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2018, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

The Florida PRIME is rated by Standard and Poor’s with a credit risk rating of AAAM and a weighted average maturity of 33 days at September 30, 2018. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District has no policy on interest rate risk.

NOTE 3 – INTERFUND ACTIVITY

During the year ended September 30, 2018, the District made interfund transfers to move \$156,866, the administrative portion of the grants, from the grant funds to the General Fund to cover administrative costs, as provided in the grant agreements.

NOTE 4 – FACILITY AND ADMINISTRATIVE ASSISTANCE

The District is provided office space and administrative staff assistance by the Natural Resource Conservation Service (the “Service”). The Service has not charged the District rent for the facility or any fees for the administrative assistance. No amounts have been recorded in the financial statements to reflect the amount of contributed personnel costs or rent. The District’s Board of Supervisors does not expect this arrangement to change.

NOTE 5 – RISK MANAGEMENT PROGRAMS

The District carries professional liability insurance on directors and officers, workers’ compensation insurances on its employees and commercial liability insurance on buildings and equipment.

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities:</u>	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 86,045	\$ -	\$ -	\$ 86,045
Capital assets, being depreciated:				
Building	413,403	-	-	413,403
Vehicle	28,491	29,494	-	57,985
Less accumulated depreciation	(62,445)	(17,533)	-	(79,978)
Total capital assets being depreciated, net	379,449	11,961	-	391,410
Governmental Activities Capital Assets	\$465,494	\$ 11,961	\$ -	\$477,455

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 7 – LEASES

The District leases building space to one tenant under the terms of a three year lease agreement expiring on January 31, 2020 with minimum annual rent including tax of \$15,953. Total lease revenue for the fiscal year ended September 30, 2018 was \$14,955. Future minimum rental payments required under the terms of the lease agreement are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 15,953
2020	5,318
Total	<u>\$ 21,271</u>

NOTE 8 – RETIREMENT PLAN

General Information about the Florida Retirement System

The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions related to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The District's FRS and HIS pension expense totaled \$23,904 for the fiscal year ended September 30, 2018.

FRS Pension Plan

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with DROP for eligible employees. The general classes of membership are as follows: *Regular Class* – Members of the FRS who do not qualify for membership in the other classes and *Senior Management Service Class (SMSC)* – Members in senior management level positions. .

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants

DROP, subject to provisions of section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors’ benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 or more years of service	1.68
Regular Class members initially enrolled after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 or more years of service	1.68
Senior Management Service Class	2.00

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

Class	July 1, 2017		July 1, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.0%	7.92%	3.0%	8.26%
FRS, Senior Management Service	3.0%	22.71%	3.0%	24.06%
FRS, DROP	0.0%	13.26%	0.0%	14.30%

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than the DROP participants, include 0.06 percent for administrative costs of the investment plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The District’s contributions, including employee contributions, to the Plan totaled \$7,276 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the District reported a liability of \$63,879 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the District’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the District's proportionate share was .000212136 percent, which was an increase of .000048859 percent from its proportionate share measured as of June 30, 2017.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

For the fiscal year ended September 30, 2018, the District recognized pension expense of \$16,223. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,413	\$ 196
Change of assumptions	20,878	-
Net difference between projected and actual earnings on Pension Plan investments	-	4,937
Changes in proportion and differences between District's Pension Plan contributions and proportionate share of contributions	18,207	1,149
District's Pension Plan contributions subsequent to the measurement date	1,230	-
Total	\$ 45,728	\$ 6,282

The deferred outflows of resources related to the Pension Plan, totaling \$1,230 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ending September 30	Amount
2019	\$ 13,462
2020	10,859
2021	3,942
2022	5,289
2023	3,748
Thereafter	916

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The 2018 FRS Actuarial Assumption Conference selected a return assumption of 7.00 percent, which is a *prescribed assumption* as defined by Actuarial Standards of Practice Number 27.

The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.90%	2.90%	1.80%
Intermediate-Term Bonds	18.00%	4.40%	4.30%	4.00%
Global equity	54.00%	7.60%	6.30%	17.00%
Real estate	11.00%	6.60%	6.00%	11.30%
Private equity	10.00%	10.70%	7.80%	26.50%
Strategic investments	6.00%	6.00%	5.70%	8.60%
Total	<u><u>100.00%</u></u>			
Assumed Inflation - Mean			2.6%	1.9%

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of			
the net pension liability	\$ 116,614	\$ 63,896	\$ 20,112

Pension Plan Fiduciary Net Position - Detailed information regarding the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2018, the District reported no payables for outstanding contributions to the Plan required for the fiscal year ended September 30, 2018.

HIS Plan

Plan Description – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution rate was 1.66%. The District contributed 100% of its statutorily required contributions for the current year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$2,342 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the District reported a liability of \$39,009 for

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the District’s contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the District’s proportionate share was 0.000368565 percent, which was an increase of 0.000096595 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the District recognized pension expense of \$7,681. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 596	\$ 66
Change of assumptions	4,338	4,124
Net difference between projected and actual earnings on HIS Plan investments	24	-
Changes in proportion and differences between District's HIS Plan contributions and proportionate share of contributions	21,482	1,714
District's HIS Plan contributions subsequent to the measurement date	343	-
Total	<u>\$ 26,783</u>	<u>\$ 5,904</u>

The deferred outflows of resources related to the HIS Plan, totaling \$343 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ending September 30	Amount
2019	\$ 5,315
2020	5,313
2021	5,153
2022	2,711
2023	719
Thereafter	1,325

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018

NOTE 8 – RETIREMENT PLAN (continued)

Actuarial Assumptions – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.87 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net pension liability	\$ 44,429	\$ 39,010	\$ 34,491

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2018, the District reported no payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 9 – ECONOMIC DEPENDENCY

The District received 99% of its total revenues from the State of Florida Department of Agriculture and Consumer Services. The District generally earns an administrative fee between 2% and 5% on contracts of this nature, and future revenues of this type are dependent on the District receiving these contracts in the future. Management, however, believes the District would remain in existence if the funding from these contracts ended.

NOTE 10 – RELATED PARTY TRANSACTIONS

During the year, one member of the District's Board of Supervisors was the owner of a company that received grants for which the District acted as the paying agent. The District has no conflict of interest associated with the grants because the eligibility and award of the grants was performed by another agency. The grants awarded and paid to the board member's company amounted to \$2,807.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Intergovernmental revenue	\$ 260,619	\$ 168,000	\$ 126,753	\$ (41,247)
Rent income	26,565	14,930	14,955	25
Investment revenue	1,370	10,517	10,852	335
Total Revenues	<u>288,554</u>	<u>193,447</u>	<u>152,560</u>	<u>(40,887)</u>
Expenditures				
General government:				
General and administrative	122,778	127,788	64,373	63,415
Personal services	263,000	120,000	110,483	9,517
Capital outlay	30,000	57,000	29,494	27,506
Total Expenditures	<u>415,778</u>	<u>304,788</u>	<u>204,350</u>	<u>100,438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(127,224)</u>	<u>(111,341)</u>	<u>(51,790)</u>	<u>59,551</u>
Other Financing Sources (Uses)				
Transfers in	108,994	161,000	156,866	(4,134)
Total Other Financing Sources (Uses)	<u>108,994</u>	<u>161,000</u>	<u>156,866</u>	<u>(4,134)</u>
Net Change in Fund Balance	(18,230)	49,659	105,076	55,417
Fund Balances - October 1, 2017	<u>619,190</u>	<u>619,190</u>	<u>619,190</u>	<u>-</u>
Fund Balances - September 30, 2018	<u><u>\$ 600,960</u></u>	<u><u>\$ 668,849</u></u>	<u><u>\$ 724,266</u></u>	<u><u>\$ 55,417</u></u>

See Independent Auditor's Report and accompanying notes to this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE – BMP #22862
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,023,992	\$ 1,023,992	\$ 1,023,992	\$ -
Total Revenues	<u>1,023,992</u>	<u>1,023,992</u>	<u>1,023,992</u>	<u>-</u>
Expenditures				
Physical environment	1,003,914	1,003,914	1,003,914	-
Total Expenditures	<u>1,003,914</u>	<u>1,003,914</u>	<u>1,003,914</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,078</u>	<u>20,078</u>	<u>20,078</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	(20,078)	(20,078)	(20,078)	-
Total Other Financing Sources (Uses)	<u>(20,078)</u>	<u>(20,078)</u>	<u>(20,078)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - October 1, 2017	-	-	-	-
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report and accompanying notes to this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE – BMP #23994
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Intergovernmental revenue	\$ 1,600,000	\$ 1,600,000	\$ 1,592,268	\$ (7,732)
Total Revenues	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,592,268</u>	<u>(7,732)</u>
Expenditures				
Physical Environment	1,568,627	1,568,627	1,561,046	7,581
Total Expenditures	<u>1,568,627</u>	<u>1,568,627</u>	<u>1,561,046</u>	<u>7,581</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>31,373</u>	<u>31,373</u>	<u>31,222</u>	<u>(151)</u>
Other Financing Sources (Uses)				
Transfers out	(31,373)	(31,373)	(31,222)	151
Total Other Financing Sources (Uses)	<u>(31,373)</u>	<u>(31,373)</u>	<u>(31,222)</u>	<u>151</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - October 1, 2017	-	-	-	-
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report and accompanying notes to this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE – BMP #24401
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Intergovernmental revenue	\$ 2,200,000	\$ 2,200,000	\$ 2,191,769	\$ (8,231)
Total Revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,191,769</u>	<u>(8,231)</u>
Expenditures				
Physical Environment	2,156,863	2,156,863	2,087,399	69,464
Total Expenditures	<u>2,156,863</u>	<u>2,156,863</u>	<u>2,087,399</u>	<u>69,464</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>43,137</u>	<u>43,137</u>	<u>104,370</u>	<u>61,233</u>
Other Financing Sources (Uses)				
Transfers out	(43,137)	(43,137)	(104,370)	(61,233)
Total Other Financing Sources (Uses)	<u>(43,137)</u>	<u>(43,137)</u>	<u>(104,370)</u>	<u>(61,233)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report and accompanying notes to this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE – BMP #25021
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Intergovernmental revenue	\$ 487,873	\$ 487,873	\$ 61,009	\$ (426,864)
Total Revenues	<u>487,873</u>	<u>487,873</u>	<u>61,009</u>	<u>(426,864)</u>
Expenditures				
Physical Environment	478,307	478,307	59,813	418,494
Total Expenditures	<u>478,307</u>	<u>478,307</u>	<u>59,813</u>	<u>418,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,566</u>	<u>9,566</u>	<u>1,196</u>	<u>(8,370)</u>
Other Financing Sources (Uses)				
Transfers out	(9,566)	(9,566)	(1,196)	8,370
Total Other Financing Sources (Uses)	<u>(9,566)</u>	<u>(9,566)</u>	<u>(1,196)</u>	<u>8,370</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances - October 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report and accompanying notes to this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

NOTE 1 – BUDGETARY INFORMATION

Budgets are to be prepared and adopted annually for the general and special revenue funds in accordance with procedures and time intervals prescribed by Florida Statute 189.418(3). Accordingly, the Board adopted an annual budget for the general and special revenue funds for the fiscal year ended September 30, 2018. The District is not required to submit its budget to any regulatory agencies.

The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. All budget amendments, which change the legally adopted total appropriations for a fund, are approved by the Board and may be amended at any Board meeting within sixty (60) days after the fiscal year-end. The level of control for appropriations is exercised at the fund level. Appropriations lapse at year-end. Budgets are prepared using the same modified accrual basis as is used to account for actual transactions.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION
SEPTEMBER 30, 2018
(UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability*	0.000212136%	0.000163277%	0.000174058%	0.000121326%
District's proportionate share of the net pension liability* \$	63,879	\$ 48,296	\$ 43,950	\$ 15,671
District's covered payroll*	\$ 98,175	\$ 81,031	\$ 91,398	\$ 65,179
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	65.07%	59.60%	48.09%	24.04%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

*The amounts presented for each fiscal year were determined as of June 30

*Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

See Independent Auditor's Report and accompanying notes,
which are an integral part of this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
SUPPLEMENTAL FLORIDA RETIREMENT SYSTEM PENSION INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,276	\$ 4,250	\$ 5,129	\$ 5,502
Contributions in relation to the contractually required contribution	<u>7,276</u>	<u>4,250</u>	<u>5,129</u>	<u>5,502</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 97,493	\$ 86,692	\$ 90,721	\$ 89,842
Contributions as a percentage of covered-employee payroll	7.46%	4.90%	5.65%	6.12%

*Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

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which are an integral part of this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF NET PENSION LIABILITY
SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PENSION INFORMATION
SEPTEMBER 30, 2018
(UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability*	0.000368565%	0.000271970%	0.000296066%	0.000214853%
District's proportionate share of the net pension liability*	\$ 39,009	\$ 29,081	\$ 34,505	\$ 21,912
District's covered payroll*	\$ 98,175	\$ 81,031	\$ 91,398	\$ 65,179
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	39.73%	35.89%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

*The amounts presented for each fiscal year were determined as of June 30

*Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

See Independent Auditor's Report and accompanying notes,
which are an integral part of this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE SUBSIDY PENSION INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,342	\$ 1,439	\$ 1,520	\$ 1,092
Contributions in relation to the contractually required contribution	<u>2,342</u>	<u>1,439</u>	<u>1,520</u>	<u>1,092</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 97,493	\$ 86,692	\$ 90,721	\$ 89,842
Contributions as a percentage of covered-employee payroll	2.40%	1.66%	1.68%	1.22%

*Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

See Independent Auditor's Report and accompanying notes,
which are an integral part of this schedule.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY
SEPTEMBER 30, 2018
(UNAUDITED)

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program:

1. Actuarial assumptions for defined benefit plans are reviewed annually by the Florida Retirement System. The FRS Pension Plan has a valuation performed annually whereas the HIS Program has a valuation performed biennially which was updated for GASB reporting in the year a valuation was not performed. The most recent experience study for the pension plan was completed in 2014 for the period of July 1, 2008 through June 30, 2013.
2. Method and assumptions used in calculation of actuarially determined contributions:

FRS Pension Plan

Valuation Date	July 1, 2018	July 1, 2017
Actuarial Cost Method	Entry Age	Entry Age

Actuarial Assumptions:

Discount Rate	7.00%	7.10%
Investment Rate of Return	7.00%	7.10%
Projected Salary Increases	3.25%	3.25%
Rate of Inflation Adjustment	2.60%	2.60%

Mortality Assumption:

Generational RP-2000 with Projection Scale BB Tables

HIS Program

Valuation Date	July 1, 2018	July 1, 2017
Actuarial Cost Method	Entry Age	Entry Age

Actuarial Assumptions:

Discount Rate	3.87%	3.58%
Investment Rate of Return	N/A	N/A
Projected Salary Increases	3.25%	3.25%
Rate of Inflation Adjustment	2.60%	2.60%

Mortality Assumption:

Generational RP-2000 with Projection Scale BB Tables

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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
Okeechobee Soil and Water Conservation District
Okeechobee, 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 of the governmental activities and each major fund of Okeechobee Soil and Water Conservation District (the "District"), Okeechobee, Florida, 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 March 7, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co., CPA's LLP
Okeechobee, Florida

March 7, 2019

Wicks, Brown, Williams & Co., CPA's LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Board of Supervisors
Okeechobee Soil and Water Conservation District
Okeechobee, Florida

Report on Compliance for Each Major State Project

We have audited the Okeechobee Soil and Water Conservation District, (the "District"), Okeechobee, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the District's major State projects for the year ended September 30, 2018. The District's major State projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs – State Projects.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Project

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co., CPA's LLP
Okeechobee, Florida

March 7, 2019

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For The Year Ended September 30, 2018

State Agency State Project	CFSA Number	Grant/ Contract Number	Expenditures
<u>State Agency:</u>			
Department of Agriculture and Consumer Services			
Water Policy Best Management Practices Cost Share:			
Technician	42.017	24311	\$ 71,050
General BMP	42.017	22862	1,023,992
General BMP	42.017	23994	1,592,268
General BMP	42.017	24401	2,191,769
General BMP	42.017	25021	61,009
TOTAL STATE FINANCIAL ASSISTANCE			<u><u>\$ 4,940,088</u></u>

See Independent Auditors report and notes to schedule

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State grant activity of the Okeechobee Soil and Water Conservation District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General.

OKEECHOBEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
For The Year Ended September 30, 2018

SECTION I. SUMMARY OF AUDITOR’S RESULTS:

Financial Statements:

Type of auditor’s report issued:	<u>Unmodified opinion</u>	
Internal control over financial reporting:		
Material weaknesses identified	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified	_____ Yes	_____ <u>X</u> None reported
Noncompliance material to financial statements noted:	_____ Yes	_____ <u>X</u> No

State Financial Assistance:

Internal control over each major State project:		
Material weaknesses identified	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified	_____ Yes	_____ <u>X</u> None reported
Type of auditor’s report issued on compliance for major State projects:	<u>Unmodified opinion</u>	
Any audit findings which are required to be reported under Chapter 10.557, Rules of the Auditor General:	_____ Yes	_____ <u>X</u> None reported
Identification of major State projects: CSFA Number(s), Name of Program	_____	
42.017, Water Policy Best Management Practices Cost Share		
Dollar threshold used to distinguish between Type A and Type B for State projects:	_____ \$ 300,000	

SECTION II. FINDINGS – FINANCIAL STATEMENTS:

There were no findings required to be reported under the Florida Single Audit Act.

SECTION III. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS:

There were no findings required to be reported under the Florida Single Audit Act.

SECTION IV. OTHER ISSUES:

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

Wicks, Brown, Williams & Co., CPA's LLP

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Okeechobee Soil and Water Conservation District, Okeechobee, Florida, (the "District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 7, 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 Florida 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*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550, Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs - State Projects; 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 March 7, 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 all findings and recommendations made in the preceding annual financial audit report.

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 name and legal authority for the District were disclosed in the notes to the financial statements. There were no component units related to the District.

Financial Condition and Management

Section 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 District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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.

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 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. In connection with our audit, we did not have any such 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 which warrants 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, State and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Wicks, Brown, Williams & Co.

Wicks, Brown, Williams & Co., CPA's LLP
Okeechobee, Florida

March 7, 2019

Wicks, Brown, Williams & Co., CPA's LLP

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INDEPENDENT ACCOUNTANT'S REPORT COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

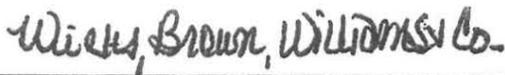
Board of Supervisors
Okeechobee Soil and Water Conservation District
Okeechobee, Florida

We have examined the Okeechobee Soil and Water Conservation District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the fiscal year ended September 30, 2018. Management is responsible for the Okeechobee Soil and Water Conservation District's compliance with those requirements. Our responsibility is to express an opinion on the Okeechobee Soil and Water Conservation District's compliance based on our examination.

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

In our opinion, the Okeechobee Soil and Water Conservation District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Wicks, Brown, Williams & Co., CPA's LLP
Okeechobee, Florida

March 7, 2019