

**POLK COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2018

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Governing Board
Polk County Soil and Water Conservation District
Bartow, Florida

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of Polk County Soil and Water Conservation District, Florida (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary fund type of the County as of September 30, 2018, and the changes in financial position and the respective budgetary comparison for the major funds 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 on pages 3 through 6 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 reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information:

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedule on page 18 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance on page 26 is presented for purposes of additional analysis as required by Chapter 10.550, Local Governmental Entity Audits, Rules of the Auditor General, State of Florida, and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule on page 18 and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated November 11, 2019 on my consideration of the District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

James E. Davis
Certified Public Accountant

November 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Polk County Soil and Water Conservation District has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 7 through 18.

Its intent is to provide a brief, objective and easily readable analysis of the District's financial performance for the year and its financial position at fiscal year-end September 30, 2018.

One of the key changes in financial presentation is the requirement to capitalize fixed assets and record depreciation.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-18 fiscal year are as follows:

- The assets of the District's exceeded its liabilities at the close of the most recent fiscal year by \$42,514.
- The District's total net position, increased by \$31,854.
- As of the close of the current fiscal year, the District's governmental fund reported a fund balance of \$53,485.
- During the current year, General Fund revenues exceeded expenditures by \$40,736.
- A financial audit of the District was not conducted for the previous year ended September 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in one category:

- Governmental activities – This represents the District's conservation services. Support functions such as administration are also included. Support from the State of Florida provides most of the resources that support these activities.

MANAGEMENTS' DISCUSSION AND ANALYSIS - continued

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within the category discussed below.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's only fund, the General Fund.

The District adopts an annual appropriated budget for its governmental fund. A budgetary comparison schedule has been provided for the General Fund.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net position as of September 30, 2018.

The District's net position are spread approximately equally in cash and cash equivalents and a vehicle.

MANAGEMENTS' DISCUSSION AND ANALYSIS - continued

**NET POSITION -
END OF YEAR**
Governmental
Activities

	<u>9/30/2018</u>
Current and Other Assets	\$ 53,485
Vehicle - net of depreciation	<u>29,289</u>
Total Assets	<u>\$ 82,774</u>
Current Liabilities	\$ -
Unearned Grant Revenue	<u>40,260</u>
Total Liabilities	<u>40,260</u>
Net Position:	
Investment in Capital Assets	29,289
Unrestricted	<u>13,225</u>
Total Net Position	<u>\$ 42,514</u>

The key elements of the changes in the District's net position for the fiscal year ended September 30, 2018 are as follows:

Operating Results
Governmental
Activities

	<u>9/30/2018</u>
Program Revenues	
Operating Grants	\$ 66,299
General Revenues	
Other Revenue	<u>476</u>
Total Revenue	<u>66,775</u>
Functions/Program Expenses:	
Conservation	<u>34,921</u>
Total Functions/Program Expenses	<u>34,921</u>
Increase (Decrease) in Net Position	<u>\$ 31,854</u>

MANAGEMENTS' DISCUSSION AND ANALYSIS - continued

Governmental activities increased the District's net position by \$20,715, or approximately 16.0 percent.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance was \$53,485, while the total fund balance was \$53,485. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved fund balance represents 80.7 percent of total General Fund expenditures, while total fund balance represents 80.7 percent of that same amount. The unreserved total fund balance increased by \$43,736 during the year ended September 30, 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2017-18 fiscal year, the District did not adopt a budget.

CAPITAL ASSETS

The District has capital assets, consisting of a vehicle.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Polk County Soil and Water Conservation District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the, Polk County Soil and Water Conservation District, Bartow, Florida 33830.

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Governmental Activities
ASSETS	
Cash & Cash Equivalents	\$ 53,485
Vehicle, net of depreciation	29,289
Total Assets	\$ 82,774
LIABILITIES	
Unearned Grant Revenue	\$ 40,260
NET ASSETS	
Net Investment in Capital Assets	29,289
Unrestricted	13,225
Total Net Position	42,514
TOTAL LIABILITIES AND NET POSITION	\$ 82,774

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

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Conservation	\$ 34,921	\$ -	\$ 66,299	\$ -	\$ 31,378
Total Government Activities	\$ 34,921	\$ -	\$ 66,299	\$ -	\$ 31,378
General Revenues:					
Other Revenue					476
Total General Revenue					476
Change in Net Position					31,854
Net Position -October 1, 2017 (unaudited)					10,660
Net Position - September 30, 2018					\$ 42,514

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

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General Fund
ASSETS	
Cash & Cash Equivalents	\$ 53,485
TOTAL ASSETS	\$ 53,485
LIABILITIES AND FUND BALANCES	
Liabilities:	\$ -
Total Liabilities	-
Fund Balances:	
Unassigned	53,485
Total Fund Balances	53,485
TOTAL LIABILITIES AND FUND BALANCES	\$ 53,485

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

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

Total Fund Balances - Governmental Funds	\$	53,485
Amounts reported for governmental activities in the statement of net position are different because:		
Unassigned grant revenue recognized as revenue in the year received in governmental funds.		(40,260)
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.		<u>29,289</u>
Total Net Position - Governmental Activities	\$	<u><u>42,514</u></u>

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

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	<u>General Fund</u>
REVENUES	
Intergovernmental:	
State	\$ 106,559
Miscellaneous:	
Other Revenue	476
TOTAL REVENUES	107,035
 EXPENDITURES	
Current:	
Conservation	66,299
TOTAL EXPENDITURES	66,299
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 40,736
 Fund Balances, October 1, 2017 - unaudited	 12,749
 FUND BALANCES, SEPTEMBER 30, 2018	 \$ 53,485

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

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Net Change in Fund Balance - Governmental Funds	\$	40,736
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Unassigned grant revenue recognized as revenue in the year received in governmental funds.		(40,260)
Capital assets purchased with governmental funds are accounted for as an expense of current funds.		29,289
Depreciation expense not recorded in governmental funds		<u>2,089</u>
Change in Net Position - Governmental Activities	\$	<u><u>31,854</u></u>

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

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies as applicable to governmental units, which has been consistently, applied in the preparation of the financial statements of the various funds and account groups follows.

- Reporting Entity

The Polk County Soil and Water Conservation District was authorized under Chapters 582 of the Laws of Florida to promote conservation in Polk County, Florida. District board members are nonpartisan and elected locally.

The District is an independent special district administered by a five member board of supervisors elected by the voters of Polk County. The District for financial reporting purposes includes all of the funds relevant to the operation of the District. There are not 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.

The purpose of the Polk County Soil and Water Conservation District is to “annually assess the condition of the soils and waters, both above and below ground, in Polk County; to educate the public about the state of the soils and waters; and to promote and advocate conservation practices and policies which will benefit the soils and waters of the County.”

- Basis of Presentation

These financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*.

The Authority reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources, which are not properly accounted for in another fund. Activities related to the promotion of conservation practices flow through the General Fund.

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are : (a) revenues are recorded in the accounting period in which they become available and measureable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measureable, except for accumulated sick and vacation compensation, which are expensed when paid.

Fiduciary fund (agency fund) statements are prepared using economic resource measurement focus and the accrual basis of accounting. The District had no fiduciary funds at September 30, 2018.

▪ Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

▪ Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand as well as demand deposits, and certificates of deposit with original maturities of twelve months or less.

▪ Inventory and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

▪ Estimates

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

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Governmental Fund Balances

Fund balances are classified either as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances included amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Polk County Soil and Water Conservation District as of September 30, 2018.

Spendable fund balances are classified based on a hierarchy of the Polk County Soil and Water Conservation District's ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2018, the Polk County Soil and Water Conservation District had no restricted fund balances.

Committed fund balances are fund balances constrained for specific purposes imposed by the Polk County Soil and Water Conservation District's formal action of highest level of decision making authority. As of September 30, 2018, the Polk County Soil and Water Conservation District had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2018, the Polk County Soil and Water Conservation District had no assigned fund balances as indicated on the Balance Sheet.

Unassigned fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2018, the Polk County Soil and Water Conservation District had only unassigned fund balances.

When expenditures are incurred for purposes for which restricted or unrestricted fund classifications could be used, it is the Polk County Soil and Water Conservation District's policy to use restricted funds first, then unrestricted.

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual budget prior to the beginning of the next fiscal year based on historical data plus knowledge of current and future events. As the year progresses, the budget is reviewed and amended if the need occurs.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2018 consisted of \$53,485 maintained in local checking accounts and certificates of deposits. This depository qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the Polk County Soil and Water Conservation District are classified as category one risk, which means they are insured or collateralized.

NOTE 4 – CHANGE IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	BALANCE 10/1/2017	ADDITIONS	DELETIONS	BALANCE 9/30/2018
GOVERNMENTAL ACTIVITIES				
Equipment - vehicle	\$ -	\$ 31,378	\$ -	\$ 31,378
Accumulated Depreciation	-	(2,089)	-	(2,089)
Total Capital Assets - net	\$ -	\$ 29,289	\$ -	\$ 29,289

Depreciation expense for the year ended September 30, 2018 was \$2,089.

NOTE 5 – RISK MANAGEMENT

The Polk County Soil and Water Conservation District is exposed to various risk of loss related to torts; thefts of, damage to property of others. The Polk County Soil and Water Conservation District purchases insurance to protect itself against these risks.

NOTE 6 – SIGNIFICANT FUNDING SOURCE

During the fiscal year ended September 30, 2018, the District received a substantial amount of its funding from the State of Florida. Significant reductions in the level of this funding, if this were to occur, could have an adverse effect on the District's programs and activities.

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

No post employment benefits were provided by the District, as there were no employees.

NOTE 8 – CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed.

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 11, 2019, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**POLK COUNTY SOIL AND WATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 106,559	\$ 106,559
Miscellaneous:				
Other Revenue	-	-	476	476
TOTAL REVENUE	-	-	107,035	107,035
EXPENDITURES				
Conservation:				
Grant Related Expense	-	-	66,299	66,299
TOTAL EXPENDITURES	-	-	66,299	66,299
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	40,736	40,736
Fund Balances, October 1, 2017 - unaudited	-	-	12,749	12,749
FUND BALANCES, SEPTEMBER 30, 2018	\$ -	\$ -	\$ 53,485	\$ 53,485

See Independent Auditor's Report

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Polk County Soil and Water Conservation District
Bartow, Florida

I have audited the financial statements of Polk County Soil and Water Conservation District, Florida (the District), as of and for the year ended September 30, 2018, and have issued my report thereon dated November 11, 2019. I conducted my 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.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying management letter, I identified certain deficiencies in internal control that I consider to be material weaknesses.

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 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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies 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 of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain other matters that were reported to the District in a separate letter dated November 11, 2019.

District's Response to Findings

The District's responses to the findings identified in my audit are included in the accompanying management letter. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

James E. Davis
Certified Public Accountant

November 11, 2019

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Polk County Soil and Water Conservation District
Bartow, Florida

I have examined the Polk County Soil and Water Conservation District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on the District's compliance based on my examination.

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

In my opinion, the 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 management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

James E. Davis
Certified Public Accountant

November 11, 2019

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Polk County Soil and Water conservation District
Bartow, Florida

Report on the Financial Statements

I have audited the financial statements of Polk County Soil and Water conservation District as of and for the fiscal year ended September 30, 2018 and have issued my report thereon dated November 11, 2019.

Auditor's Responsibility

I conducted my 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, June 27, 2019, should be considered in conjunction with this management letter.

Current Year Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and recommendation, which Polk County Soil and Water conservation District has been unable to address due to financial constraints, in the preceding annual financial report:

18-01 Financial Statement Preparation Knowledge –

Criteria – Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition – The Auditing Standards Board in Statement No. 115 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards –

prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Polk Soil and Water Conservation District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small districts and funding does not allow us to employ personnel with accounting background described above. The Board believes the internal control system is adequate to protect the District's assets.

Note: As a small entity with limited funding, the Polk Soil and Water Conservation District will continue to have this finding. The Board is involved in the review and management of the District's financials.

18-02 Budgets –

Criteria – The District did not prepare or operate a budget for the year ended September 30, 2018.

Condition – The District is required by Florida Statutes and best financial practices to adopt a budget and produce financial reports comparing operations to budget.

Cause and Effect – The lack of a budget does not give the Board standards with which to compare financial operations.

Recommendation – I recommend that in the future that the Board adopt an annual budget based upon its goal for the upcoming year.

Management Response – The Board will adopt a budget, as required for upcoming fiscal years.

18-03 Documentation for Financial Transactions –

Criteria – Documentation for financial transactions should be maintained to support financial statements and grant/agreement reimbursements.

Condition – Support for some of the reimbursements for the Florida Department of Agriculture and Consumer Service's Agreement were not found by the District during the audit. I was able to obtain these records from the Department to assist with my audit.

Cause and Effect – The District is required to maintain support for all reimbursements requests. Not having complete documentation violates the Agreement between the District and the Department.

Recommendation – I recommend that care be taken to insure documentation is maintained and accessible. As a safeguard, the District should consider scanning all documentation and save on the District's data processing system.

Management Response – The District has taken efforts to insure that this situation will not occur in the future.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is contained in the footnotes.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that I report the results of my determination as to whether or not Polk County Soil and Water Conservation District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined Polk County Soil and Water Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for Polk County Soil and Water Conservation District for the fiscal year ended September 30, 2018, to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(1), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. In connection with my audit, I determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Purpose of this Letter

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

James E. Davis
Certified Public Accountant

November 11, 2019

**ADDITIONAL REPORTS PREPARED IN ACCORDANCE
WITH THE PROVISIONS OF THE OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133 AND
THE RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

**POLK SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDS SEPTEMBER 30, 2018**

<u>STATE AGENCY/PASS THROUGH ENTITY/PROJECT</u>	<u>CFDA/CFSA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>EXPENDITURES</u>
<hr/>			
Florida Department of Agriculture and Consumer Services			
Agricultural Nonprofit Source Best Management Practices Implementation	42.017	25019	\$ 66,299
			<hr/>
			<u>\$ 66,299</u>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Polk County Soil and Water Conservation District.
2. No significant deficiencies were reported in the Independent Auditor's report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Polk County Soil and Water Conservation District were disclosed during the audit.
4. The audit disclosed no significant deficiencies in internal control over any major federal program and state project.
5. The report on compliance with requirements applicable to the major state projects expressed an unqualified opinion.
6. The audit disclosed no findings related to the major state projects.
7. The District had no major state project.
8. The threshold for distinguishing Type A and Type B project was \$300,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS

See Management Letter for discussion of recommendations resulting from audit of financial statement,

Management response is included in the Management Letter.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AND STATE PROJECTS

None

D. OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required as there were no prior audit findings related to Federal programs or State projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.