

HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors and Management of the
Hillsborough Soil and Water Conservation District
Plant City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Hillsborough Soil and Water Conservation District (the "District") as of and for the fiscal year ended September 30, 2022, 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. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund thereof 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2024, on our consideration of the district's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hamilton & Associates CPA, LLC

Brandon, Florida
January 8, 2024

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

The management of the Hillsborough Soil and Water Conservation District ("District") would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's Independent Auditors' Report, basic financial statements, and accompanying notes.

Financial Highlights

The assets of the District exceeded its liabilities as of September 30, 2022, by \$48,233 (net position). This amount may be used to meet the government's ongoing operating obligations.

The government's total net position increased \$2,267 for the fiscal year ended September 30, 2022.

The District's total expenses for all activities were \$319,089 for the year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the 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 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.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund, the general fund, a governmental fund.

Governmental Funds - are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The differences between the district-wide activities (reported in the statement of net assets and the statement of activities) and the general fund are reconciled on separate schedules.

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

The notes to the financial statements provide additional information that is essential to a full understanding of a government's financial position.

Financial Analysis

Assets exceeded liabilities by \$48,233 at the close of the most recent fiscal year. The unrestricted net position may be used to meet the District's ongoing operations.

The following table highlights the net position as of September 30, 2022:

	2022	2021
Assets	\$ 89,381	\$ 87,114
Total Assets	89,381	87,114
Liabilities and Net Position		
Deferred grant revenue	\$ 41,148	\$ 41,148
Net position - Unrestricted	48,233	45,966
Total Liabilities and Net Position	\$ 89,381	\$ 87,114

Assets of the District consist entirely of cash deposits held in financial institutions at September 30, 2022. Liabilities at September 30, 2022 consist of the unrecognized balance of an advance of \$52,500 from the renewed FDACS contract period through 2024. The District does not own capital assets.

The following table highlights the changes in net position for the year ended September 30, 2022:

Revenue		
Intergovernmental Revenue	\$ 164,439	\$ 163,403
Conservation Activities	156,917	138,380
Total Revenue	321,356	301,783
Program Expenses		
General Government	164,439	163,403
Conservation	154,650	175,112
Total Expenses	319,089	338,515
Decrease in Net Position	2,267	(36,732)
Net Position - Beginning	45,966	82,698
Net Position - Ending	\$ 48,233	\$ 45,966

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Financial Analysis - continued

Intergovernmental revenues consist of revenues from Hillsborough County for administrative costs of running the District's operations. Revenues from Conservation activities consist primarily of grants from the Florida Department of Agriculture and Consumer Services (FDACS). Likewise, expenses are for administrative and general government activities, and for conservation activities.

The District has a single fund, the General Fund. The net position is unrestricted and available for use in the District's operations at the discretion of the Board of Supervisors.

Requests for Information

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources received. If you have questions about this report or need additional financial information, contact the Board of Supervisors at Hillsborough Soil and Water Conservation District, 201 S. Collins Street, Suite 203, Plant City, Florida, 33563.

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022**

ASSETS

Cash and cash equivalents	<u>\$ 89,381</u>
Total Assets	<u><u>\$ 89,381</u></u>

LIABILITIES AND NET POSITION

Deferred grant revenue	<u>\$ 41,148</u>
Total Liabilities	41,148

Net Position

Unrestricted	<u>48,233</u>
Total Liabilities & Net Position	<u><u>\$ 89,381</u></u>

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Primary Government:				
Government Activities:				
General Government	\$ 164,439	\$ 164,439	\$ -	\$ -
Conservation Activities	154,650	22,040	134,877	2,267
Total Governmental Activities	319,089	186,479	134,877	2,267
Change in Net Position				2,267
Net Position - Beginning				45,966
Net Position - Ending				\$ 48,233

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

ASSETS	<u>General Fund</u>
Cash and cash equivalents	<u>\$ 89,381</u>
Total Assets	<u><u>\$ 89,381</u></u>
LIABILITIES AND FUND BALANCE	
Deferred grant revenue	<u>\$ 41,148</u>
Total liabilities	41,148
Fund Balance	
Unassigned	<u>48,233</u>
Total Liabilities & Fund Balance	<u><u>\$ 89,381</u></u>

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		Actual Amounts	(Negative)
Revenues				
Intergovernmental	\$ 300,176		\$ 164,439	\$ (135,737)
Programs	150,000		156,917	6,917
Total revenues	450,176		321,356	(128,820)
Expenditures				
Current:				
General Government	300,176		164,439	135,737
Conservation	150,000		154,650	(4,650)
Total Expenditures	450,176		319,089	131,087
Excess (deficiency) of revenues over (under) expenditures	\$ -		2,267	\$ 2,267
Fund Balance - Beginning			45,966	
Fund Balance - Ending			\$ 48,233	

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Government-Wide and Fund Financial Statements

The District is a special-purpose government engaged in one primary activity, soil and water conservation. The District accounts for all financial resources in one fund, the General Fund, which includes all government activities of the District, which are supported primarily by intergovernmental revenues. Accordingly, the Government-wide and Governmental Fund Financial Statements of the District are combined using a columnar format that reconciles individual line items of General Fund financial data to Government-wide data in separate columns on the face of the financial statements. The Government-wide financial statements consist of the Statement of Net Position and the Statements of Activities.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become 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 sixty days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Net Position

- 1) *Cash and Cash Equivalents* – The District's cash deposits are held by a commercial bank qualified as a public depository under Florida law. All deposits are insured by the Federal Deposit Insurance Corporation.
- 2) *Deferred grant revenues*– This amount represents the balance of a \$52,500 advance from the FDACS at the commencement of the current contract period. Advances that are unspent by the District over the life of the contract are required to be remitted back to FDACS at the contract closeout period.
- 3) *Fund Balances* – In accordance with generally accepted accounting standards, the District classifies governmental fund balances as follows:
 - *Unrestricted Fund Balance* – represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications of the General Fund.

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

Use of Estimates

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

Date of Management's Review

Management has evaluated subsequent events through January 8, 2024, the date on which the financial statements were available to be issued and found no significant events requiring disclosure.

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 2 – CASH

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

As of September 30, 2022, the cash balances consisted of the following:

Petty Cash	\$	200
Checking Accounts - SouthState Bank		89,181
Total		\$ 89,381

NOTE 3 – OPERATIONAL SUPPORT

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

NOTE 4 – ECONOMIC DEPENDENCE

The District's operations are substantially dependent on the receipt of revenue from the Florida Department of Agriculture and Consumer Services (FDACS) and Hillsborough County. Revenues from the FDACS contract accounted for 86% of program revenues during the fiscal year ending September 30, 2022. Loss of these funds and/or large decreases in this type of funding would have a material effect on the District and a negative impact on overall operations.

The District recognized revenues from the following agreements with FDACS:

Contract Period	Contract	CSFA	Revenues
April 29, 2021 - June 30, 2024	27691	42.017	\$ 134,877

NOTE 5 – INTERGOVERNMENTAL REVENUES AND EXPENDITURES

Employees of the District are compensated by Hillsborough County, Florida through the Board of County Commissioners (BOCC). Additional operating costs are also covered by through the relationship with the BOCC. Such costs consist of salaries, wages, benefits, and other operating expenses incurred during the fiscal year. Total expenditures provided for during the fiscal year ending September 30, 2022 were \$164,439. The District recognizes as revenues the amount of expenditures provided for by the BOCC as intergovernmental revenues in the statement of revenues, expenditures, and changes in fund balance and as general government in the government-wide financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Supervisors of the
Hillsborough Soil and Water Conservation District
Plant City, 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 General Fund of Hillsborough Soil and Water Conservation District ("District"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses on page 18 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported

under *Government Auditing Standards*. These instances are included in the accompanying schedule of findings on page 18.

Purpose of this Report

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

Hamilton & Associates CPA, LLC

Brandon, Florida
January 8, 2024

**INDEPENDENT AUDITORS' MANAGEMENT LETTER
 PURSUANT TO THE RULES OF THE AUDITOR GENERAL
 FOR THE STATE OF FLORIDA**

Board of Supervisors of the
 Hillsborough Soil and Water Conservation District
 Plant City, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Hillsborough Soil and Water Conservation District, Hillsborough County, Florida ("District") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated January 8, 2024.

Auditor's Responsibility

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; and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have also issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated January 8, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Prior audit findings disclosed in the preceding fiscal year have carried over to the current fiscal year and are reported in the schedule of findings on page 18.

Uncorrected Audit Findings	
Current Year Finding	2020-21 FY Finding
2022-01	2021-01
2022-02	2021-02
2022-03	

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, the results of our tests did not indicate that the District met any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 219.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the District reported:

- a. The total number of District employees compensated in the last pay period of the fiscal year was 3.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the District's fiscal year was 0.
- c. All compensation earned or awarded to employees, whether paid or accrued, regardless of contingency was \$121,079.
- d. All compensation earned or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- e. The District has no construction projects with a total cost of at least \$65,000 approved and scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes - see page 9 of the financial statements.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to 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 warrants the attention of those charged with

governance. We have communicated such matters to the Board of Supervisors, and they are included in the accompanying schedule of findings.

Purpose of this Letter

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

Hamilton & Associates CPA, LLC

Brandon, Florida
January 8, 2024

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

2021-01 Internal Control over Financial Reporting

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

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

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

Cause – The District is limited by the overall small size of the entity. It is not cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with GAAP, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements.

Recommendation – The Board is active in monitoring the financial position of the District. The Board should continue to actively monitor the activities of the District to maintain a system of proper checks and balances.

Note: As a small entity with limited funding, the above findings will be recurring, given the size of the District and limited personnel. The Board is actively involved in the review and management of the District's financials.

2021-02 Annual Financial Report and Audited Financial Statements

Criteria - Annual Financial Reports and Audited Financial Statements are due no later than nine months after fiscal year-end.

Condition - The District is not in compliance with the requirement to file an Annual Financial Report and Audited Financial Statements with the State of Florida. The Annual Financial Report and Audited Financial Statements for the fiscal years ending September 30, 2022 and 2021 are delinquent.

Effect - Failure to submit the Annual Report in a timely manner could subject the District to penalties and potential loss of funding.

Recommendation – The Board and management should ensure that the Annual Financial Report and Audited Financial Statements are filed in accordance with Chapter 218, Florida Statutes, which requires that Local Governments submit their Annual Financial Report within 9 months of the financial period close.

Management's Response: Management acknowledges the importance of submitting the audited financial statements and reports in a timely manner. The 2021 annual audit was completed in March of 2023 and the 2022 annual audit was completed in January 2024. The 2023 fiscal year audit will be engaged to be completed within the nine-month deadline.

2022-01 Reconciliation of Bank Accounts

Criteria - An entity's system of internal control over financial reporting should include periodic reconciliations of bank accounts.

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

2022-01 Reconciliation of Bank Accounts - continued

Condition - The District maintains four bank accounts for specified purposes. Formal reconciliations are not performed by management to proper account for all checks issued and outstanding at the end of the accounting period (monthly, quarterly, annually, etc.). During our testing of transactions, we noted there are 30 outstanding checks totaling \$275.00 issued from the Hillsborough 100 account in the prior fiscal year ending September 30, 2021. These checks did not appear to clear the bank statement during the fiscal year 2022. Further, the check sequences on the Hillsborough 100 appeared to originate from three separate check books or registers. Checks were issued with prefixes in the 1000, 1100-1200, and 9000 ranges. Each of these checks also had three separate bank names – the current banking institution of SouthState Bank as well as the former institutions which it since acquired- Valrico State Bank, and CenterState Bank.

Effect – By not capturing outstanding checks in-transit, the District could overstate its cash balances in the Annual Report. Multiple checkbooks could lead to misappropriation of assets or theft if proper physical security is not maintained.

Recommendation - Management should ensure that all checkbooks and registers are properly accounted for and consider destroying checks with the former bank names so that only one set of checks is in use for each account to ensure proper custody. In addition, management should prepare a formal reconciliation of each bank account periodically (monthly, quarterly, or annually) to ensure a proper accounting of all transactions and proper cutoff of in-transit items.

Management's Response:

Management will ensure that all checkbooks in use are accounted for and destroy old checkbooks issued under the former bank name(s). A single checkbook will be used for future disbursements or disbursements will be made via electronic funds transfer when possible. Management will reconcile bank statements monthly within 10 business days of statement issuance.

2022-02 Compliance with FDACS Contract Reporting

Criteria – The District is required to comply with the terms of the FDACS Contract or risk being subject to penalties or termination.

Condition –

- i) Per the terms of the FDACS Contract 27691, the District is required to submit the reporting package for reimbursement within two weeks of the initial disbursement to producers. During our testing, we noted that 9 out of ten were marked as received by FDACS outside of the two-week reporting period.
- ii) Further, under the terms of the FDACS Contract, Scope of Work Section IV.b., cost-share funds are to be distributed to producers by ACH electronic funds transfer (section IV.b. in Contract 27691 - Scope of Work). The District continues to distribute funds via manual check. Per review of the minutes of the Board of Supervisors, the FDACS has recommended that disbursements should be made via ACH electronic funds transfer.
- iii) Per Section IV.g-h,j, the District is required to maintain a year-to-date accounting spreadsheet of Cost-Share BMP Agreements by participant/producer and provide a copy with each payment package. Appropriate physical backup files of all invoices, receipts, payments, and forms should also be maintained by the District. During our testing of documentation, the District was unable to provide physical copies of all the required documentation; however, they were able to obtain the submitted documentation from FDACS as evidence of the transactions incurred during the fiscal year.

**HILLSBOROUGH SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

2022-02 Compliance with FDACS Contract Reporting - continued

Effect – Subsequent to the fiscal year ending September 30, 2022, in February of 2023 the District received notice of non-compliance with the terms of the FDACS Contract #27691 occurring in the fiscal year ending September 30, 2023, and faces possible monetary fines or termination of the contract if left uncorrected.

Management's Response:

Management and the Board of Supervisors are working with the FDACS to correct the instances of non-compliance. The District has hired a new Executive Director in December 2023 to oversee the implementation of corrective action to bring the District in compliance with the contract terms. Management expects to have a system implemented for electronic disbursements in the first quarter of 2024.

2022-03 Other Non-Contract Expenses

Criteria - An entity's system of internal control over financial reporting should include proper authorization and documentation of disbursements of funds.

Condition –

- i) The District maintains three bank accounts in addition to the FDACS funding account, that are used for general operating expenditures and events relating to the Hillsborough 100 and Envirothon programs. The Envirothon program had no activity during the fiscal year ending September 30, 2022. The Operating account receives revenues in the form of admin fees of 5% of disbursements relating to the FDACS contract. Expenditures are primarily general office expenses, storage rental, and annual dues. The Hillsborough 100 account receives revenues from the annual Strawberry U-Pick event and occasionally donations and other local grants awarded. Disbursements are made in the form of supplies for the event(s) held and awards to local students who participate. Bank statements for the months of April and June for the Hillsborough 100 account were not provided during the audit and we were unable to verify the nature of the transactions occurring in those months.
- ii) We noted during testing that reimbursements were made to employees from both the Operating and Hillsborough 100 account. Reimbursements were made for travel incurred or purchases of supplies for events and assisting in setup.

Recommendation - We recommend that management consider implementing a formal reimbursement request form to ensure proper authorization and documentation of such reimbursements. Management should also ensure that all supporting documentation for expenses are maintained as a proper audit trail.

Management's Response:

Management is working with staff to implement a formal reconciliation process to prepare for the annual audit. In addition, a formal check register will be maintained to account for all checks issued during the year. A formal reimbursement form will be required to be submitted with supporting documentation to allow for proper authorization.