

LAKE SOIL AND WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**LAKE SOIL AND WATER CONSERVATION DISTRICT
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FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors and Management of
Lake Soil and Water Conservation District
Eustis, Florida

Opinions

We have audited the accompanying financial statements of the Lake Soil and Water Conservation District (the "District") as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 7 to the financial statements, on May 22, 2024, the Board of Supervisors passed a resolution to terminate the operations of the District. Our opinion is not modified with respect to this matter.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of the District's proportionate share of the net pension liability and contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 December 26, 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, FL
December 26, 2024

**LAKE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

As management of the Lake Soil and Water Conservation District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2024.

The Lake Soil and Water Conservation District (the “District”) is an independent special district formed in 1944. The District’s statutory authority is Chapter 582 of the Florida Statutes. The purpose of the District is to “provide services for soil and water conservation, and proper utilization of natural resources, and to promote the continued use of land for agricultural purposes.”

The District’s primary operating function is to administer the Mobile Irrigation Lab (MIL) program throughout Lake County, Florida. The MIL program involves conducting extensive irrigation system evaluations, measuring flow rates and pressures, testing water quality, and analyzing water management strategies. The information gathered is used to make recommendations for improvements to the system for water conservation and the health of agriculture. Physical improvements that can increase the efficiency of the irrigation system are detailed, as well as scheduling and water management recommendations.

The Florida Department of Agriculture and Consumer Services (FDACS) administers programs assigned to it by the Florida Legislature under the Soil and Water Conservation Law, Chapter 582 Florida Statutes. The District coordinates FDACS Best Management Plan Implementation, cost share programs, mobile irrigation labs, and public land management. The District’s primary source of funding consists of grant funds received through its contract with FDACS, to administer the MIL program.

Financial Highlights

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of September 30, 2024, by \$25,418 (net position), consisting of \$65,325 investment in capital assets, and a remaining deficit of (\$39,907).

The government’s total net position decreased by \$31,458 for the fiscal year ended September 30, 2024, and decreased \$6,864 in the fiscal year ended September 30, 2023.

Overview of the Financial Statements

The basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements. The statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

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 of the District’s assets and liabilities, and use the accrual basis of accounting, which provides for recording revenues when earned and expenses with 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 the District’s assets, liabilities, deferred outflows, and deferred inflows of resources. The District’s assets include financial resources such as cash and amounts

**LAKE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Overview of the Financial Statements - continued

due from other governments. The District's liabilities include a refundable advance received at the commencement of the MIL contract in July 2020, and the District's proportionate share of net pension liability for participating in the Florida Retirement System (FRS) Pension Plan (see Note 5 to the financial statements for more information on the Plan). Deferred outflows and inflows of resources also consist of the District's proportionate share of these items in the FRS Plan.

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 the underlying event occurs, regardless of the timing of 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).

Fund Financial Statements

For financial reporting purposes, the District is considered a special-purpose government engaged in a single governmental program, thus the Fund Financial statements consist of one fund, the General Fund. 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.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The District's governmental fund financial statements include the Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance. The governmental fund balance sheet reports only the financial assets associated with governmental activities. Financial assets include cash and other assets that will convert to cash in the short term, such as receivables. Governmental funds do not report capital assets, such as property and equipment, because such assets will be used in operations rather than converted to cash and are therefore non-spendable. Liabilities are also recognized in governmental funds only to the extent they are expected to affect a government's near-term financing needs. The difference between assets and liabilities in a governmental fund is known as the fund balance. This amount represents the balance of financial resources available for appropriation at the end of the current fiscal period.

The 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. 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 government funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and 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 the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Financial Analysis

Net position may serve over time as a useful indicator of the District's financial position. At the close of the fiscal year, assets and deferred outflows exceeded liabilities and deferred inflows by \$25,418. Investment in capital assets represents expenditures for vehicles and equipment used in operation of the MIL and, thus, is not available for future spending. The deficit in unrestricted net position of (\$39,907) is a result of investment in capital assets in 2023, deferred resources, and the District's proportionate share of the Florida Retirement System pension liability and related expense.

Net capital assets decreased due to depreciation of \$17,616. The District sold two vehicles that were disposed of for total proceeds of \$14,367, resulting in a gain of \$16,914 in the government-wide statement of activities.

Lake Soil and Water Conservation District Net Position

	2024	2023
ASSETS		
Current assets	\$ 170,397	\$ 181,162
Capital assets, net	65,325	80,394
Total Assets	235,722	261,556
Deferred outflows of resources	64,694	91,186
LIABILITIES		
Unearned revenue	104,807	125,675
Net pension liability	138,167	144,253
Total Liabilities	242,974	269,928
Deferred inflows of resources	32,024	25,938
NET POSITION		
Investment in capital assets	65,325	80,394
Unrestricted	(39,907)	(23,518)
Total Net Position	\$ 25,418	\$ 56,876

Assets of the District consist of cash of \$170,397 and net capital assets of \$65,325 as of September 30, 2024. Liabilities consist of unearned revenues from an advance of \$104,807 from the Mobile Irrigation Lab contract. Net pension liability, deferred outflows, and deferred inflows relate to the District's proportionate share for participating in the Florida Retirement System Pension Plan. The District enrolled and began contributing to the plan during the 2021 fiscal year.

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

**LAKE SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Financial Analysis - continued

Lake Soil and Water Conservation District Statement of Activities

	2024	2023
Revenues	\$ 322,305	\$ 438,906
Expenses	353,763	432,042
Change in net position	\$ (31,458)	\$ 6,864

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

The District has a single fund, the General Fund. At the end of the fiscal year 2024, unassigned and total fund balance was \$65,590. As a measure of liquidity, the fund balance represents 19% of total current-year expenditures. The General Fund balance increased by \$10,103 during the fiscal year ended 2024.

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2024, amounts to \$65,325 (net of \$37,351 accumulated depreciation). This investment in capital assets includes vehicles and equipment. In the prior fiscal year ending September 30, 2023, the District disposed of two vehicles and replaced them with purchases of two new vehicles at a cost of \$88,078. The following table displays the District's capital assets.

Governmental Activities Capital Assets

	2024	2023
Equipment	\$ 14,598	\$ 14,598
Vehicles	88,078	88,078
	102,676	102,676
Less accumulated depreciation	(37,351)	(22,282)
Capital assets, net	\$ 65,325	\$ 80,394

Additional information on the District's capital assets can be found in Note 3 of the Notes to the Financial Statements section of this report.

Economic Factors

1. The average unemployment rate of the Lake County area at September 30, 2024 is 3.80%. This is compared to 3.40% for the state and 3.90% for the nation.
2. At September 30, 2024, inflation nationally, as indicated by the Consumer Price Index was 2.44%.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Lake Soil and Water Conservation District, Board of Supervisors, 2755 S Bay Street, Suite D, Eustis, FL 32726.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 170,397
Capital assets, net	65,325
Total Assets	235,722
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pensions	64,694
Total Assets and Deferred Outflows of Resources	\$ 300,416
 LIABILITIES	
Unearned grant revenue - Mobile Irrigation Lab	\$ 104,807
Net Pension Liability	138,167
Total Liabilities	242,974
 DEFERRED INFLOWS OF RESOURCES	
Deferred amount on pensions	32,024
Total Liabilities and Deferred Inflows of Resources	274,998
 NET POSITION	
Invested in capital assets	65,325
Unrestricted	(39,907)
Total Net Position	\$ 25,418

**LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue & Changes in Net Assets</u>
Governmental Activities:			
Conservation - MIL Program	\$ 308,941	\$ 305,391	\$ (3,550)
Total Government Activities	\$ 308,941	\$ 305,391	\$ (3,550)
General Revenues (Expenses):			
General government			(44,822)
Gain on disposal of vehicles			16,914
			(27,908)
Change in Net Position			(31,458)
Net Position - Beginning of Year			56,876
Net Position - End of Year			\$ 25,418

**LAKE SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET - GENERAL FUND
AS OF SEPTEMBER 30, 2024**

ASSETS	
Cash and cash equivalents	\$ 170,397
Total Assets	\$ 170,397
 LIABILITIES	
Unearned grant revenue - Mobile Irrigation Lab	\$ 104,807
Total Liabilities	104,807
 FUND BALANCES	
Unassigned	65,590
Total Liabilities & Fund Balance	\$ 170,397

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances governmental funds	\$ 65,590
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	65,325
Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position	64,694
Net pension liability is not payable in the current period and therefore is not reported in the governmental fund	(138,167)
Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position	(32,024)
Net Position of Governmental Activities	\$ 25,418

**LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

REVENUES	
Grants - Mobile Irrigation Lab	\$ 304,676
Miscellaneous	715
Total Revenues	305,391
 EXPENDITURES / EXPENSES	
Current:	
General Government	18,330
Conservation	291,325
Total Expenditures	309,655
 OTHER FINANCING SOURCES	
Proceeds from sale of vehicles	14,367
 NET CHANGE IN FUND BALANCE	 10,103
 FUND BALANCE - BEGINNING OF YEAR	 55,487
 FUND BALANCE - END OF YEAR	 \$ 65,590

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GENERAL FUND TO THE
STATEMENT OF ACTIVITIES**

Net Change in Fund Balance - General Fund	\$ 10,103
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance because:	
In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in in net assets differs from the change in fund balance by the cost of capital assets sold.	
Proceeds from sale of capital assets	(14,367)
Gain from sale of capital assets	16,914
Depreciation on capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	
	(17,616)
Net change in the net pension related outflows/inflows and net liability	(26,492)
Change in Net Position of Governmental Activities	\$ (31,458)

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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.

Assets, Liabilities, and Net Position

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

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

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Net Position - continued

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

- 2) *Receivable from Other Governments* – This amount represents reimbursable grant expenditures that are due from other governments.
- 3) *Prepays* – Prepays represent payments made to vendors for services that will benefit beyond September 30, 2024. These payments are recorded as expenditures or expenses when consumed rather than when purchased.
- 4) *Capital Assets* – Capital assets include equipment and vehicles and are reported in governmental activities in the government-wide financial statements. Property, plant, equipment, and intangibles with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Equipment and vehicles purchased in the General Fund are recorded as expenditures at time of purchase in the governmental fund statements. Gifts or contributions of capital assets are recorded in the General Fund at acquisition value at the time received. Depreciation and amortization have been provided on capital assets as a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable and amortizable assets, which range from 3-5 years.
- 5) *Unearned Revenues* – Grant funds received in excess of costs incurred are recorded as unearned revenues.
- 6) *Deferred Outflows / Inflows of Resources* – in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows represent a consumption of net position that applies to a future period. The District reports deferred outflows related to various actuarial assumption changes and valuations from the District's share of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program (refer to Note 5 for more on the FRS Pension Plans).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position that applies to a future period. The District reports deferred inflows from its share of the FRS Pension Plans.

- 7) *Fund Balances* – In accordance with generally accepted accounting standards, the District classifies governmental fund balances as follows:
 - *Non-spendable Fund Balance* – represents fund balance that is (a) not in a spendable form, such as prepaid items, or (b) legally or contractually required to be maintained intact, such as an endowment.
 - *Unassigned Fund Balance* – represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications of the General Fund.

Date of Management's Review

Management has evaluated subsequent events through December 26, 2024, the date on which the financial statements were available to be issued and found.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 2 – BUDGETS

The District’s Board of Supervisors adopts a budget for anticipated revenues and expenses that are under the Board’s control. All appropriations lapse at fiscal year-end. The legal level of budgetary control is at the fund level.

NOTE 3 – CAPITAL ASSETS

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

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Equipment	\$ 14,598	\$ -	\$ -	\$ 14,598
Vehicles	88,078	-	-	88,078
Less: Accumulated depreciation	(22,282)	(17,616)	2,547	(37,351)
Total capital assets, net	<u>\$ 80,394</u>	<u>\$ (17,616)</u>	<u>\$ 2,547</u>	<u>\$ 65,325</u>

NOTE 4 – ECONOMIC DEPENDENCY

The District derived 99.8% of its revenue from the FDACS grant to administer the MIL program. In addition, 94.0% of the District’s expenses were related to this grant. The District currently receives funding under the following agreement:

<u>State Agency / Project</u>	<u>CFDA/ CFSA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Florida Department of Agriculture and Consumer Services Agricultural Nonpoint Source Best Management Practices Implementation / Mobile Irrigation Lab	42.017	27061	<u>\$ 291,325</u>

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN

General Information about the Florida Retirement System

Beginning in the fiscal year ending September 30, 2021, the District’s employees participate in the Florida Retirement System (FRS). 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 pension plan in 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

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN - Continued

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 non-integrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website:

https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

The District's total pension expense for the year ended September 30, 2024 was \$26,492.

FRS Pension Plan

Description

The FRS Pension 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.
- *Senior Management Service Class (SMSC)* – members in senior management level positions
- *Special Risk Class* – members who are special risk employees, such as law enforcement officers, meet the criteria for this class.

All members enrolled in the FRS Plan after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The FRS 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 FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS 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 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 FRS 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 enrolled 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.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN - Continued

The following chart shows the percentage value for each year of service credit earned:

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 years of service	1.68%
Elected District Officers	3.00%
Senior Management Service Class	2.00%
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00%
Service on and after October 1, 1974	3.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled after July 1, 2011, there will not be a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pre-tax basis. The contribution rates effective during the 2020-21 fiscal year were as follows:

- Regular employees 11.51%
- Senior Management Service 32.46%
- FRS, DROP 19.13%

The District’s contributions, including employee contributions to the FRS Plan totaled \$21,380 for the fiscal year-ended September 30, 2024.

FRS Plan Costs and Deferred Outflows / Inflows of Resources

At September 30, 2024, the District reported a liability of \$70,591 for its proportionate share of the FRS Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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 through June 30, 2024, relative to the total employer contributions received from all participating employers. At June 30, 2024, the District’s proportionate share was 0.000182477%.

For the fiscal year-ended September 30, 2024, the District recognized pension expense of \$24,770. In addition, the District’s proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions totaled \$57,685 and \$21,692, respectively.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN – Continued

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases, including inflation	3.50%
Investment rate of return, net of pension plan investment expense, including inflation	6.70%

Mortality rates are based on the Generational PUB-2010 with Projection Scale MP-2021 tables. The actuarial assumptions used in the July 1, 2024 valuation were based on results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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 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:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.10%
Intermediate-Term Bonds	29.00%	5.70%	5.60%	3.90%
Global equity	45.00%	8.60%	7.00%	18.20%
Real estate	12.00%	8.10%	6.80%	16.60%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.60%	6.20%	8.70%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.40%	1.50%

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. 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 calculating the total pension liability is equal to the long-term expected rate of return.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN – Continued

Sensitivity Analysis

The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, 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 (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of net pension liability	\$ 124,167	\$ 70,591	\$ 25,710

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. At September 30, 2024, the District reported no payables for outstanding contributions to the Plan required for the fiscal year ended September 30, 2024.

HIS Plan

Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363 Florida Statutes. 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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum of \$225 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, 2024, the HIS contribution rate was 2.00%. The District contributed 100% of its 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 \$5,579 for the year ended September 30, 2024.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN - Continued

HIS Plan Costs and Deferred Outflows / Inflows of Resources

At September 30, 2024, the District reported a liability of \$67,576 for its proportionate share of the HIS Plan net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportionate share of the net pension liability was based on the District's contributions to the FRS during the measurement period for employer payroll dates between July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all participating employers. At June 30, 2024, the District's proportionate share was 0.00045048%.

For the fiscal year ended September 30, 2024, the District recognized its proportionate share of the HIS pension expense of \$3,789. In addition, the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to the HIS Plan totaled \$33,501 and \$10,333, respectively.

Actuarial Assumptions

The total HIS liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases, including inflation	3.25%
Municipal bond rate	3.65%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018 tables. The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.65%. 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 Analysis

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.93%, 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 (2.93%) or one percentage point higher (4.93%) than the current rate:

**LAKE SOIL AND WATER CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE 5 – MULTI-EMPLOYER DEFINED BENEFIT RETIREMENT PLAN - Continued

	1% decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
District's proportionate share of net pension liability	\$ 76,927	\$ 67,576	\$ 59,814

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. At September 30, 2024, the District reported no payables for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida Department of Agriculture and Consumer Services (FDACS). 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 by the grantor cannot be determined at this time.

The District leases its main office location in Eustis, Florida under a three-year lease term through June 30, 2026. Monthly rents due are \$1,628 per month over the term of the lease. The lease agreement does not provide for an annual increase in rents.

NOTE 7 – SUBSEQUENT EVENTS

On May 22, 2024, the District’s Board of Supervisors approved a resolution to dissolve the District after determining that the continued operation of the District is not administratively practicable and feasible under the provisions of F.S. Chapter 582. Subsequent to September 30, 2024, the District continued to operate under the terms of the FDACS contract through the contract termination date of December 31, 2024. Upon the contract closeout, the balance of unearned advance revenues received from FDACS are required to be returned to the FDACS at the date of contract termination.

REQUIRED SUPPLEMENTARY INFORMATION

**LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues				
Intergovernmental	\$ 462,583	\$ 462,583	\$ 286,346	\$ (176,237)
Administrative fees	28,129	28,129	18,330	(9,799)
Donations	-	-	715	715
	<u>490,712</u>	<u>490,712</u>	<u>305,391</u>	<u>(185,321)</u>
Total Revenues				
Expenditures				
Current:				
General Government:				
General services	28,129	28,129	18,330	(9,799)
Conservation:				
Mobile Irrigation Lab	462,583	462,583	291,325	(171,258)
	<u>490,712</u>	<u>490,712</u>	<u>309,655</u>	<u>(181,057)</u>
Total Expenditures				
Net Change in Fund Balance	-	-	(4,264)	(4,264)
Other Financing Sources - Proceeds from disposal of vehicles	-	-	14,367	14,367
Fund Balance - Beginning of Year			55,487	
Fund Balance - End of Year			<u>\$ 65,590</u>	

**LAKE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

PROPORTIONATE SHARE OF NET PENSION LIABILITY²:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of net pension liability	0.00018248%	0.00018248%	0.00026741%	0.00018603%
District's proportionate share of net pension liability	\$ 70,591	\$ 72,711	\$ 99,498	\$ 14,052
District's covered-employee payroll	\$ 149,188	\$ 163,053	\$ 164,994	\$ 156,257
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.32%	44.59%	60.30%	8.99%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%

SCHEDULE OF DISTRICT CONTRIBUTIONS:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 4,476	\$ 4,892	\$ 4,950	\$ 4,688
Contributions in relation to the contractually required amount	<u>19,267</u>	<u>10,104</u>	<u>14,202</u>	<u>9,259</u>
Deficiency (excess)	(14,791)	(5,212)	(9,252)	(4,571)
District's covered-employee payroll	\$ 149,188	\$ 163,053	\$ 164,994	\$ 156,257
Contributions as a percentage of covered-employee payroll	12.91%	6.20%	8.61%	5.93%

¹ Information is required to be presented for 10 years. The District enrolled in the Plan beginning in the 2021 fiscal year ending September 30, 2021, therefore only information for years available will be presented until a full 10-year trend can be compiled.

²The FRS GASB 68 Actuarial Report Exhibits used to estimate the District's proportionate share were not available at the date of this report. Therefore, the proportionate share from the September 30, 2023 fiscal year was used to estimate the liability at September 30, 2024.

**LAKE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PLAN¹
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

PROPORTIONATE SHARE OF NET PENSION LIABILITY²:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of net pension liability	0.00045048%	0.00045048%	0.00041915%	0.00031603%
District's proportionate share of net pension liability	\$ 67,576	\$ 71,542	\$ 44,394	\$ 38,766
District's covered-employee payroll	\$ 149,188	\$ 163,053	\$ 164,994	\$ 156,257
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.30%	43.88%	26.91%	24.81%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%

SCHEDULE OF DISTRICT CONTRIBUTIONS:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,984	\$ 3,261	\$ 3,300	\$ 3,125
Contributions in relation to the contractually required amount	7,225	3,789	3,396	2,359
Deficiency (excess)	(4,241)	(528)	(96)	766
District's covered-employee payroll	\$ 149,188	\$ 163,053	\$ 164,994	\$ 156,257
Contributions as a percentage of covered-employee payroll	4.84%	2.32%	2.06%	1.51%

¹ Information is required to be presented for 10 years. The District enrolled in the Plan beginning in the 2021 fiscal year ending September 30, 2021, therefore only information for years available will be presented until a full 10-year trend can be compiled.

² The FRS GASB 68 Actuarial Report Exhibits used to estimate the District's proportionate share were not available at the date of this report. Therefore, the proportionate share from the September 30, 2023 fiscal year was used to estimate the liability at September 30, 2024.

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 and Management of
Lake Soil and Water Conservation District
Eustis, 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 Lake Soil and Water Conservation District (the "District"), as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 26, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control in prior audits, described below as items 2021-01 and 2021-02, that we consider to be significant deficiencies.

2021-01 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 the financial statements and related notes in conformity with generally accepted accounting principles (GAAP).

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

Cause – The District has a small staff necessitated by the overall small size of the entity. It is not considered cost effective to develop and maintain a system of internal controls over financial reporting sufficient enough 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 District should consider the effects of the cost and benefits of implementing such a system with the understanding that due to the size of the entity, they will need external assistance with preparation and understanding of financial statements in accordance with GAAP.

Response – The District considers the cost of maintaining a system of internal controls to be prohibitive. The small size of the entity and the one person staff precludes establishing such a system.

2021-02 –Accounting Records and Software

Criteria – The use of an accounting system to record transactions allows for the preparation of a trial balance to facilitate the annual audit and preparation of financial statements.

Condition – The District maintains its financial activity in manually prepared reports based off of activity in the District’s three bank accounts. Therefore, the District cannot produce a general ledger, trial balance, or facilitate the preparation of financial statements without manually adding up deposits, checks, and electronic payments for the fiscal year. Therefore there are no reconciliation procedures available to prevent and detect errors in the manual creation of financial data.

Effect – The external auditors are relied upon to summarize the monthly financials and create a trial balance based off of the manually prepared reports in order to prepare the financial statements and disclosures in accordance with GAAP.

Cause – the District does not utilize formal accounting software to record transactions as they occur in order to properly reconcile the bank accounts and provide a trial balance to facilitate the annual audit.

Recommendation – The District should consider acquiring and implementing an accounting software (such as QuickBooks) or consider the cost of utilizing a third-party bookkeeper to prepare accounting entries on periodic basis (monthly, quarterly, or annually).

Response – The District will continue to assess the costs and benefits of implementing such a system, with respect to the size of the entity. The Board actively monitors transactions on a monthly basis and authorizes expenditures.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 does 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
December 26, 2024

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

Board of Supervisors and Management of
Lake Soil and Water Conservation District
Eustis, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Lake Soil and Water Conservation District, Hillsborough County, Florida (the "District") as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated December 26, 2024

Auditors' 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 December 26, 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. The following audit findings were identified in the preceding financial audit report:

Prior Audit Findings
2021-01
2021-02

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. We did not have any additional findings in the current year. Please refer to prior year findings included in our report of the district's internal control over financial reporting on pages 24-26.

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 two.
- b. There were no independent contractors to whom non-employee compensation was paid in the last month of the District's fiscal year.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$149,188.
- d. There was no compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency.
- e. There are no construction projects with a total cost of at least \$65,000 approved by the District scheduled to begin on or after October 1 of the fiscal year being reported.
- f. There were no amendments to the final budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

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. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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
December 26, 2024

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the Lake Soil and Water Conservation District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2024. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with those requirements. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

Hamilton & Associates CPA, LLC

Brandon, Florida
December 26, 2024