

**YELLOW RIVER SOIL AND WATER  
CONSERVATION DISTRICT**

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

**SEPTEMBER 30, 2024**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1
MANAGEMENT DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
BALANCE SHEET – GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL REVENUE FUND	21
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING	22
INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL	24
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	25

**INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS**

To the Governing Board  
Yellow River Soil and Water Conservation District  
Crestview, Florida

**Report on the Audit of the Financial Statements**

***Opinions***

I have audited the accompanying financial statements of the governmental activities and each Major Fund of Yellow River Soil and Water Conservation District, Florida (the “District”) as of and for the 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Yellow River Soil and Water Conservation District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objective is 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 auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but it not absolute assurance and therefore is not a guarantee that an audit is conducted in accordance with generally accepted auditing standards and *Government 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards and *Government 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 Yellow River Soil and Water Conservation 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Yellow River Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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, the budgetary comparison schedules, as listed in the Table of Contents, 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 reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based, on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated June 20, 2025 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yellow River Soil and Water Conservation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*James E. Davis*  
Certified Public Accountant

June 20, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 11 through 20.

Its intent is to provide a brief, objective and easily readable analysis of the District's financial performance for the year and its financial position at fiscal year-end September 30, 2024.

**The financial statements for the Yellow River Soil and Water Conservation District were not audited for the years ended September 30, 2021 and 2022.**

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-24 fiscal year are as follows:

- The assets of the District's exceeded its liabilities at the close of the most recent fiscal year by \$127,057.
- The District's total net position, increased by \$20,131.
- As of the close of the current fiscal year, the District's governmental fund reported a fund balance of \$127,057.
- During the current year, General Fund revenues were more than expenditures by \$20,131.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

#### *Government-Wide Financial Statements*

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting.

## **MANAGEMENTS' DISCUSSION AND ANALYSIS - continued**

The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the District's financial health is improving or deteriorating.

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

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

### *Fund Financial Statements*

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

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

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

## **MANAGEMENTS' DISCUSSION AND ANALYSIS - continued**

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

### *Notes to Financial Statements*

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net position as of September 30, 2024.

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

**MANAGEMENTS' DISCUSSION AND ANALYSIS - continued**

	<b>NET POSITION - END OF YEAR</b>	
	Governmental Activities	
	<u>9/30/2024</u>	<u>9/30/2023</u>
Current and Other Assets	\$ 127,057	\$ 106,926
Vehicle - net of depreciation	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 127,057</u>	<u>\$ 106,926</u>
Current Liabilities	\$ -	\$ -
Unearned Grant Revenue	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>
Net Position:		
Investment in Capital Assets	-	-
Unrestricted	<u>127,057</u>	<u>106,921</u>
<b>Total Net Position</b>	<u>\$ 127,057</u>	<u>\$ 106,926</u>

The key elements of the changes in the District's net position for the fiscal year ended September 30, 2024 are as follows:

	<b>Operating Results</b>	
	Governmental Activities	
	<u>9/30/2024</u>	<u>9/30/2023</u>
Program Revenues		
Operating Grants	\$ 70,215	\$ 70,215
General Revenues		
Other Revenue	<u>-</u>	<u>4</u>
<b>Total Revenue</b>	<u>70,215</u>	<u>70,219</u>
Functions/Program Expenses:		
Conservation	<u>50,084</u>	<u>36,751</u>
<b>Total Functions/Program Expenses</b>	<u>50,084</u>	<u>36,751</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 20,131</u>	<u>\$ 33,468</u>

## **MANAGEMENTS' DISCUSSION AND ANALYSIS - continued**

Governmental activities increased the District's net position by \$20,131, or approximately 18.9 percent.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### *Major Governmental Funds*

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance was \$127,057 while the total fund balance was \$127,057. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved fund balance represents 253.68 percent of total General Fund expenditures, while total fund balance represents 253.68 percent of that same amount. The unreserved total fund balance increased by \$20,131 during the year ended September 30, 2024.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2023-24 fiscal year, the District did not amend their budget. Actual expenditures were \$20,131 less than budgeted expenditures.

### CAPITAL ASSETS

The District has capital assets, consisting of a vehicle and office equipment.

### REQUESTS FOR INFORMATION

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 127,057
Vehicle, net of depreciation	-
<b>Total Assets</b>	<b>\$ 127,057</b>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Wages	\$ -
<b>NET ASSETS</b>	
Net Investment in Capital Assets	-
Unrestricted	127,057
<b>Total Net Position</b>	<b>127,057</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 127,057</b>

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

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

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>					
Conservation	\$ 50,084	\$ -	\$ 70,215	\$ -	\$ 20,131
<b>Total Government Activities</b>	<u>\$ 50,084</u>	<u>\$ -</u>	<u>\$ 70,215</u>	<u>\$ -</u>	<u>\$ 20,131</u>
General Revenues:					
					-
					-
					<u>-</u>
					-
					20,131
					106,926
					<u>\$ 127,057</u>

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	General Fund
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 127,057
<b>TOTAL ASSETS</b>	<b>\$ 127,057</b>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts Payable and Accrued Wages	\$ -
<b>Total Liabilities</b>	<b>-</b>
Fund Balances:	
Unassigned	127,057
<b>Total Fund Balances</b>	<b>127,057</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 127,057</b>

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

**Total Fund Balances - Governmental Funds** \$ 127,057

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. -

**Total Net Position - Governmental Activities** \$ 127,057

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024**

	<u>General Fund</u>
<b>REVENUES</b>	
Intergovernmental:	
Local	\$ 70,215
Miscellaneous:	
Other Revenue	-
<b>TOTAL REVENUES</b>	<b>70,215</b>
 <b>EXPENDITURES</b>	
Current:	
Conservation	50,084
<b>TOTAL EXPENDITURES</b>	<b>50,084</b>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 <b>20,131</b>
 Fund Balances, October 1, 2023	 106,926
 <b>FUND BALANCES, SEPTEMBER 30, 2024</b>	 <b>\$ 127,057</b>

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

<b>Net Change in Fund Balance - Governmental Funds</b>	\$	33,468
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Capital assets purchased with governmental funds are accounted for as an expense of current funds.		-
Depreciation expense not recorded in governmental funds		-
		-
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b>33,468</b>
		<b>33,468</b>

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

▪ Reporting Entity and Legal Authority

The Yellow River Soil and Water Conservation District was authorized under Chapters 582 of the Laws of Florida to promote conservation in Okaloosa County, Florida. District board members are nonpartisan and elected locally. The District was established June 17, 1941 as an independent special district in accordance with the provisions of the Soil and Water Conservation Law, Chapter 582, Florida Statutes, enacted by the Florida Legislature in 1937.

The District is an independent special district administered by a five member board of supervisors elected by the voters of Okaloosa County. The District for financial reporting purposes includes all of the funds relevant to the operation of the District. There are not separately administered organizations, which are controlled by, or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Therefore, in accordance with U.S. generally accepted accounting principles, the District has determined that there are no potential component units that it must include within its financial statements.

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

▪ Basis of Presentation

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

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

The District reports the following major governmental fund:

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

▪ Basis of Accounting

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

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

Fiduciary fund (agency fund) statements are prepared using economic resource measurement focus and the accrual basis of accounting. The District had no fiduciary funds at September 30, 2024.

▪ Measurement Focus

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

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

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

▪ Cash and Cash Equivalents

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

▪ Inventory and Prepaid Items

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

▪ Estimates

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

▪ Governmental Fund Balances

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

***Nonspendable fund balances*** included amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Yellow River Soil and Water Conservation District as of September 30, 2024.

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

*Restricted* fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2024, the Yellow River Soil and Water Conservation District had no restricted fund balances.

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)**

*Committed* fund balances are fund balances constrained for specific purposes imposed by the Yellow River Soil and Water Conservation District's formal action of highest level of decision making authority. As of September 30, 2024, the Yellow River Soil and Water Conservation District had no committed fund balances.

*Assigned* fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2024, the Yellow River Soil and Water Conservation District had no assigned fund balances as indicated on the Balance Sheet.

*Unassigned* fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2024, the Yellow River Soil and Water Conservation District had only unassigned fund balances.

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

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at September 30, 2024 consisted of \$127,057 maintained in local checking accounts and certificates of deposits. This depository qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the Yellow River Soil and Water Conservation District are classified as category one risk, which means they are insured or collateralized.

**NOTE 3 – CHANGE IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below:

Depreciation expense for the year ended September 30, 2024 was \$0.

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**NOTE 3 – CHANGE IN CAPITAL ASSETS (continued)**

	BALANCE 10/1/2023	ADDITIONS	DELETIONS	BALANCE 9/30/2024
<b>GOVERNMENTAL ACTIVITIES</b>				
Equipment - vehicle	\$ 41,020	\$ -	\$ -	\$ 41,020
Furniture and Fixtures	30,704	-	-	30,704
	71,724	-	-	71,724
Accumulated Depreciation	(71,724)	-	-	(71,724)
Total Capital Assets - net	\$ -	\$ -	\$ -	\$ -

**NOTE 4 – DEPOSITS**

At September 30, 2024, the District’s carrying amount was \$127,057 and bank balance was \$127,057, consisting entirely of demand deposits. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government’s deposits may not be returned to it. The Authority’s monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Authority’s total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of Collateral Management, Division of Treasury, and Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Authority has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 4 – DEPOSITS (continued)**

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

**NOTE 5 – RISK MANAGEMENT**

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

**NOTE 6 – SIGNIFICANT FUNDING SOURCE**

During the fiscal year ended September 30, 2024, the District received a substantial amount of its funding from Okaloosa County. Significant reductions in the level of this funding, if this were to occur, could have an adverse effect on the District's programs and activities.

**NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

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

**NOTE 8 – CONTINGENCIES**

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

**NOTE 9 – SUBSEQUENT EVENTS**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 20, 2025, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**YELLOW RIVER SOIL AND WATER CONSERVATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
33FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 70,215	\$ 70,215	\$ 70,215	\$ -
Miscellaneous:				
Other Revenue	-	-	-	-
<b>TOTAL REVENUE</b>	<u>70,215</u>	<u>70,215</u>	<u>70,215</u>	<u>-</u>
<b>EXPENDITURES</b>				
Conservation:				
Personnel	40,370	40,370	35,059	5,311
Other Expenditures	29,845	29,845	15,025	14,820
<b>TOTAL EXPENDITURES</b>	<u>70,215</u>	<u>70,215</u>	<u>50,084</u>	<u>20,131</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	20,131	33,468
Fund Balances, October 1, 2023	-	-	106,926	73,458
<b>FUND BALANCES, SEPTEMBER 30, 2024</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,057</u>	<u>\$ 106,926</u>

See Independent Auditor's Report

**JAMES E. DAVIS, CPA**

1733 Old Plank Road  
Crawfordville, FL 32327  
Phone: (850) 445-5878

---

---

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

Board of Directors  
Yellow River Soil and Water Conservation District  
Crestview, Florida

I have audited the financial statements of Yellow River Soil and Water Conservation District, Florida (the District), as of and for the year ended September 30, 2024, and have issued my report thereon dated June 20, 2025. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis

I consider Finding 2017-03 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

I consider Finding 2017-01 to be a significant deficiency.

### Compliance and Other Matters

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

I noted certain other matters that were reported to the District in a separate letter dated June 20, 2025.

### District's Response to Findings

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

### Purpose of this Report

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

*James E. Davis*  
Certified Public Accountant

June 20, 2025

**JAMES E. DAVIS, CPA**

1733 Old Plank Road  
Crawfordville, FL 32327  
Phone: (850) 445-5878

---

---

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

Yellow River Soil and Water Conservation District  
Crestview, Florida

I have examined the Yellow River Soil and Water Conservation District’s (the District) compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2024. Management is responsible for the District’s compliance with those requirements. My responsibility is to express an opinion on the District’s compliance based on my examination.

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

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

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

*James E. Davis*  
Certified Public Accountant

June 20, 2025

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

---

---

## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

Yellow River Soil and Water Conservation District  
Crestview, Florida

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

I have audited the financial statements of Yellow River Soil and Water conservation District as of and for the fiscal year ended September 30, 2024 and have issued my report thereon dated June 20, 2025.

### **Auditor's Responsibility**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

### **Other Reports and Schedules**

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, June 20, 2025, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

#### **2017-01 – Segregation of Duties**

Condition: Certain accounting and administrative duties were not segregated sufficiently to achieve an adequate internal control structure.

Cause: Limited staff available.

Criteria: Accounting duties should be adequately segregated.

Effect: Errors or fraud could occur without being detected and corrected in a timely manner.

Recommendation: While the costs associated with achieving proper segregation of duties may outweigh the benefits, the District should strive to separate custody, authorization, and record keeping duties to the extent possible.

Response of Responsible Officials and planned corrective action: The District's funding does not allow for more than one fulltime employee for administrative duties. We will review our internal control structure to see if changes are feasible.

**Findings 2017-02 and 2017-03 were corrected prior to the fiscal years ended September 30, 2024.**

### **Current Year Audit Findings**

**There are no new audit findings for the year ended September 30, 2024.**

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is contained in the footnotes on page 15.

### **Financial Condition**

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

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

### **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. The District does not include any special district component units.

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year is 2.
- b. The total number of independent contracts to whom nonemployee compensation was paid in the last month of the District's fiscal year was 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$36,029.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- f. There are no construction projects with a total cost of at least \$65,000 approved by the District that are scheduled to begin on or after October 1<sup>st</sup> of the fiscal year being reported.
- g. 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. The District did not amend its budget during the year ended September 30, 2024.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for Yellow River Soil and Water Conservation District for the fiscal year ended September 30, 2024, to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(1), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2024. In connection with my audit, I determined that these two reports were in agreement. This report is delinquent.

### **Other Matters**

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

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

**Purpose of this Letter**

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

*James E. Davis*  
Certified Public Accountant

June 20, 2025