

HARDEE SOIL AND WATER CONSERVATION DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
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YEAR ENDED SEPTEMBER 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hardee Soil and Water Conservation District
Wauchula, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Hardee Soil and Water Conservation District (District), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

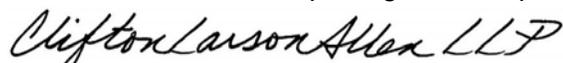
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The schedule of expenditures of state projects is presented for purposes of additional analysis as required by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.


CliftonLarsonAllen LLP

Lakeland, Florida
June 23, 2016

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

ASSETS

Cash and Cash Equivalents	\$ 341,394
Accounts Receivable, Net	123,608
Total Assets	<u>465,002</u>

LIABILITIES

Accounts Payable	125,967
Unearned Revenue	281,500
Due to Other Governments	35,325
Total Liabilities	<u>442,792</u>

NET POSITION

Unrestricted	22,210
Total Net Position	<u>\$ 22,210</u>

See accompanying Notes to Financial Statements.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	Program Revenues			Net (Expense)
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Primary Government:				
Governmental Activities:				
Physical Environment	\$ 769,432	\$ 400	\$ 768,985	\$ -
Total Governmental Activities	\$ 769,432	\$ 400	\$ 768,985	\$ -
General Revenues:				
Interest Income				47
Total General Revenues				47
Change in Net Position				-
Net Position - Beginning of Year				22,210
Net Position - End of Year				\$ 22,210

See accompanying Notes to Financial Statements.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2015**

ASSETS

Cash and Cash Equivalents	\$	341,394
Accounts Receivable, Net		123,608
Total Assets	\$	<u>465,002</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	125,967
Unearned Revenue		281,500
Due to Other Governments		35,325
Total Liabilities		<u>442,792</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources		87,201
Total Deferred Inflows of Resources		<u>87,201</u>

FUND BALANCE

Unassigned		(64,991)
Total Fund Balance		<u>(64,991)</u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	<u>465,002</u>
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Amounts reported for governmental activities in the statement of net position are different because:

Certain receivables are not available to pay current period expenditures, and therefore are reported as deferred inflows of resources in the funds.		87,201
Net Position of Governmental Activities	\$	<u>22,210</u>

See accompanying Notes to Financial Statements.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 611,493	\$ 611,493	\$ 681,784	\$ 70,291
Charges for Services	31,125	31,125	400	(30,725)
Interest	36	36	47	11
Total Revenues	<u>642,654</u>	<u>642,654</u>	<u>682,231</u>	<u>39,577</u>
EXPENDITURES				
Physical Environment	<u>613,358</u>	<u>613,358</u>	<u>769,432</u>	<u>(156,074)</u>
Total Expenditures	<u>613,358</u>	<u>613,358</u>	<u>769,432</u>	<u>(156,074)</u>
NET CHANGE IN FUND BALANCE	29,296	29,296	(87,201)	(116,497)
Fund Balance - Beginning of Year	<u>22,210</u>	<u>22,210</u>	<u>22,210</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 51,506</u></u>	<u><u>\$ 51,506</u></u>	<u><u>\$ (64,991)</u></u>	<u><u>\$ (116,497)</u></u>

See accompanying Notes to Financial Statements.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – BUDGET TO ACTUAL – GENERAL FUND TO THE
 STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2015**

Net Change in Fund Balance - Total Governmental Funds	\$ (87,201)
<p>In the statement of activities, revenue is reported by the amounts earned during the year. In the Governmental Funds, revenue is recorded instead because payments were not received in the timeframe to be considered available.</p>	<u>87,201</u>
Change in Net Position of Governmental Activities	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Hardee Soil and Water Conservation District (District) was established in 1944 in accordance with Chapter 582.10 of the Florida Statutes. The purpose of the District is to help conserve soil and water resources.

The District, as authorized by Chapter 582 of the Florida Statutes, was created for the purpose of controlling or preventing soil erosion and preventing floodwater and sediment damages, and to further the conservation, development and utilization of soil and water resources and the disposal of water. The District conducts surveys, investigations, research, and demonstrations, within the District's boundaries in order to foster improvements by which soil and water resources are conserved and utilized.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting principles and policies used in the preparation of these financial statements.

Basis of Presentation

The District complies with accounting standards established by the Governmental Accounting Standards Board (GASB). The District has implemented GASB Statement No. 34 as amended, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. The District reports only governmental activities; it does not have any business-type activities. Governmental activities are supported largely by operating grants. Operating grants are reported as intergovernmental revenues and interest income are reported as general revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Payments of other items not properly included as program revenues are reported as general revenues.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by a providing separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the District's funds are as follows:

Governmental Fund

- **General Fund** – This fund is used to account for the accumulation and expenditure of resources that are not restricted in any manner but are used for general purposes of the District and do not require the establishment of any other type of 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 the related cash flows.

Governmental fund financial statements are reported using the financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The District is a single program government, devoted to physical environment. It is comprised of a General Fund only and has no other governmental, proprietary or fiduciary funds. The General Fund is the general operating fund and accounts for all the resources of the District.

Budgetary Requirements

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District did not follow the procedures provided by Florida Statutes in establishing final budget balances reported on the financial statements:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for governmental fund types in accordance with procedures and time intervals prescribed by law.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements (Continued)

- Budgets are prepared for the governmental funds on a basis consistent with accounting principles generally accepted in the United States of America.
- Final budget amounts reported are based upon the final amended budget.

Net Position

Net position represents the difference between assets and liabilities. The District may report three categories of net position, as follows: investment in capital assets, restricted net position, and unrestricted net position. Investment in capital assets consist of net capital assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position consists of all other net position that does not meet the definition of the other two components and are available for general use by the District. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as needed. At September 30, 2015, all net position was unrestricted.

Fund Balance and Spending Policy

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, which was implemented by the Board for the year ended September 30, 2011, governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can only be spent only for specific purposes because of charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – includes amounts that can be used for specific purposes. Committed fund balance is reported pursuant to grant funds awarded and passed by the Board, the District's highest level of decision making authority.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance and Spending Policy (Continued)

The fund balance of the General Fund is classified as unassigned.

The Board has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, the Board will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

Accounts Receivable, Net

Accounts receivable are shown at their net realizable value and reduced by an allowance for uncollectible accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

Unearned Revenue

Unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualified expenditures. Unearned revenue is reported as a liability on the balance sheet.

NOTE 2 DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it.

At September 30, 2015, the carrying amount of the District's deposits was \$341,394 and the balance per the bank was \$354,490. The District's interest bearing bank balance is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution, a qualified public depository, all participating institutions are obligated to reimburse the governmental entity for the loss.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3 ACCOUNTS RECEIVABLE

Receivables at September 30, 2015 consist of Best Management Practices grant funds in the amount of \$123,608.

NOTE 4 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of assets, errors and omissions, and natural disasters. The District has not purchased any commercial insurance and currently retains the risk of any loss.

NOTE 5 RELATED PARTY TRANSACTIONS

Transactions with related parties for the fiscal year ended September 30, 2015 were as follows:

Two projects went through the approval process and qualified. The amounts were \$7,128 and \$1,059 that were paid as reimbursement to board members.

**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 Directors
Hardee Soil and Water Conservation District
Wauchula, 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 the major fund of the Hardee Soil and Water Conservation District (District), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2016.

Internal Control Over Financial Reporting

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

Our 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 schedule of findings and responses, we identified certain deficiencies in internal control that we 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2015-001 and 2015-002 to be material weaknesses.

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*.

Hardee Soil and Water Conservation District's Response to Findings

The District's response to the findings identified in our audit are described in the schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.



CliftonLarsonAllen LLP

Lakeland, Florida
June 23, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Directors
Hardee Soil and Water Conservation District
Hardee County, Florida

Report on Compliance for Each Major State Project

We have audited Hardee Soil and Water Conservation District's (the District) compliance with the types of compliance requirements described in the Florida Department of Financial Services State Projects *Compliance Supplement* that could have a direct and material effect on each of the District's major state projects for the year ended September 30, 2015. The District's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Project

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2015.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-003, that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Lakeland, Florida
June 23, 2016

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF STATE PROJECTS
SEPTEMBER 30, 2015**

State Grantor/Pass through Grantor/ Program or Cluster Title	State CSFA Number	Contract or Grant Number	State Expenditures
Florida Department of Agriculture and Consumer Services			
Agricultural Nonpoint Source Best Management Practices Implementation	42.017	021119	\$ 552,898
Agricultural Nonpoint Source Best Management Practices Implementation	42.017	022024	216,115
Total Florida Department of Agriculture and Consumer Services			<u>769,013</u>
Total Expenditures of State Awards			<u>\$ 769,013</u>

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE PROJECTS
SEPTEMBER 30, 2015**

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of State Projects presents the activity of all state programs of Hardee Soil and Water Conservation District (District). The District is defined in Note 1 to the District's basic financial statements for the year ended September 30, 2015.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Projects is presented using the modified accrual basis of accounting for awards.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2015**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness	Yes
Significant deficiencies identified not considered to be material weaknesses	None noted
Noncompliance material to basic financial statements noted	No

State Projects

Internal control over major programs	
Material weaknesses identified	None noted
Significant deficiencies identified not considered to be a material weaknesses	Yes
Type of auditor's report on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance or Chapter 10.557, Rules of the Auditor General?	No

Identification of major programs:

State Projects

Agricultural Nonprofit Source Best Management Practices Implementation	<u>CSFA No.</u> 42.017
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Dollar threshold used to determine Type A and Type B programs:

State Projects	\$230,704
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Auditee qualified as low-risk	No
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**HARDEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2015**

SECTION II – FINANCIAL STATEMENT AUDIT

Material Weaknesses

2015-001 – PREPARATION OF FINANCIAL STATEMENTS

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

Criteria: The District's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Effect: The design of the controls over the financial reporting process would affect the ability of the District to report their financial data consistently with the assertions of management in the financial statements.

Cause: The District has no employees and limited resources.

Recommendation: We recommend that the District management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, personnel with training and experience in financial statement preparation will need to be hired and a number of policies, procedures, and reviews will need to be developed and implemented.

Response: The District concurs.

2015-002 – COMPLY WITH FLORIDA STATUTE BUDGET REQUIREMENTS

Condition: Actual expenditures exceeded the budget.

Criteria: Chapter 189.016(3), Florida Statutes.

Effect: The District over expended its adopted budget which was not in compliance with Florida Statutes.

Cause: In the prior year, the District did not formally adopt a budget. In the current year, the District adopted a budget; however, they did not make any amendments throughout the year to ensure their adopted budget was not over expended at year end. The District operated on a cash basis throughout the year. The conversion to modified accrual for increased the expenses and resulted in the District over expending its budget which put the District out of compliance with Florida Statutes.

Recommendation: We recommend implementing procedures and policies to ensure the annual budget is created and amended to keep the District within budget.

Response: The District concurs.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSE (CONTINUED)
SEPTEMBER 30, 2015**

SECTION III – STATE PROJECTS FINDINGS AND QUESTIONED COSTS

Significant Deficiency

2015-003 – GRANT REPORTING REQUIREMENTS

Condition: Specific grant reporting requirements are not being met.

Criteria: The District is responsible for the following:

- Submitting a copy of the annual audit report within 45 days of completion.
- Maintaining internal controls over reports submitted to the grantor.

Effect: The District did not submit the annual report timely and financial reports submitted to the grantor were not reviewed prior to submission.

Cause: The District only recently became aware that it was required to implement an internal control of a review process and submit the annual audit report within a certain timeliness criteria.

Recommendation: We recommend reviewing grant agreement thoroughly and noting all requirements, including timeliness of submissions for reporting as well as implementing a review process for all reports submitted.

Response: The District concurs.

**HARDEE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSE (CONTINUED)
SEPTEMBER 30, 2015**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Year Findings		Current Year Status			
		Cleared	Partially Cleared	Not Cleared	Reference
2014-001 Preparation of Financial Statements	Material Weakness			X	2015-001
2014-002 Formal Bank Reconciliation and Review Process	Material Weakness	X			
2014-003 Comply with Florida Statute Budget Requirements	Material Weakness		X		2015-002

MANAGEMENT LETTER

Board of Directors
Hardee Soil and Water Conservation District
Wauchula, Florida

Report on the Financial Statements

We have audited the financial statements of the Hardee Soil and Water Conservation District (District), Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 23, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida; 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 23, 2016, 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. See summary schedule of prior audit findings for status of significant findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

Section 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 conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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 the same.

Annual Financial Report

Section 10.554(1)(i)5.b. 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 the annual financial report for the District for the fiscal year ended September 30, 2015, filed with the Department of Financial Services pursuant Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we 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 our audit, we did not have 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, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



CliftonLarsonAllen LLP

Lakeland, Florida
June 23, 2016

INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Hardee Soil and Water Conservation District
Wauchula, Florida

We have examined the Hardee Soil and Water Conservation District (District), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



CliftonLarsonAllen LLP

Lakeland, Florida
June 23, 2016