

**GADSDEN SOIL & WATER CONSERVATION DISTRICT**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2022**

## TABLE OF CONTENTS

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b>	4
<b>FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION	7
STATEMENT OF ACTIVITIES	8
BALANCE SHEET - GOVERNMENTAL FUNDS	9
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	12
NOTES TO THE FINANCIAL STATEMENTS	13
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND	19
<b>INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, <i>LOCAL GOVERNMENT INVESTMENT POLICIES</i></b>	20
<b>INDEPENDENT AUDITOR'S REPORT REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i></b>	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
<b>SCHEDULE OF FINDINGS</b>	23
<b>INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT REQUIRED BY THE STATE OF FLORIDA</b>	25
<b>RESPONSE</b>	28

INDEPENDENT AUDITOR'S REPORT

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Gadsden Soil and Water Conservation District  
Quincy, Florida

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and major fund of Gadsden Soil and Water Conservation District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Gadsden Soil and Water Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Gadsden Soil and Water Conservation District, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***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 Gadsden Soil and Water Conservation 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***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Gadsden 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gadsden Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-6 and 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting or placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023, on our consideration of the Gadsden Soil and Water Conservation 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gadsden 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 Gadsden Soil and Water Conservation District's internal control over financial reporting and compliance.

*Grimsley & Associates*

Marianna, Florida  
May 23, 2023

Grimsley and Associates, P.A.  
Certified Public Accountants

## MANAGEMENT DISCUSSION AND ANALYSIS



## **MANAGEMENT DISCUSSION AND ANALYSIS 2021-2022**

Gadsden Soil and Water Conservation District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the financial activity, (c) identify changes in the financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues of concern.

Since the Management Discussion and Analysis (MD&A) is designed to focus on current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statement beginning on page 7.

### **Financial Highlights**

The assets of Gadsden Soil and Water Conservation District exceeded its liabilities at September 30, 2022 by \$235,981. This amount may be used to meet the ongoing obligations of the District.

The total net position increased by \$13,698 during the year ended September 30, 2022. This resulted mainly from administration fees from grants.

### **Using this Annual Report**

The financial statement's focus is on the District as a whole (government-wide) and on the major individual funds. This perspective allows the user to address relevant questions, broaden a basis for comparison (year to year) and enhance the District's accountability.

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which are comprised of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The focus is on major funds, rather than fund types. The statement combines and consolidates governmental fund current resources with capital assets. The statements include a Statement of Net Position and a Statement of Activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting.

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

The Statement of Activities presents information showing how the District's net position changed during the 2022 fiscal year. The focus is on both the gross and net costs of various governmental activities that are supported by the District's revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. This statement is intended to summarize and simplify the user's analysis of the cost of various services. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

Both of the financial statements distinguish the functions of the District that are principally supported by intergovernmental revenues (governmental activities). The governmental activities included general government and human services.

The government-wide financial statements can be found on pages 7-8 of the report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the District's near-term financing decisions.

The District maintains one governmental fund and information on this fund is presented in the governmental fund balance sheet and in the governmental fund statement of Revenues, expenditures and changes in Fund Balances.

The basic governmental fund financial statements can be found of pages 9-12 of the report.

### Government-Wide Financial Analysis

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year.

### Statement of Net Assets

The following schedule reflects the condensed Statement of Net Position:

	<b>Statement of Net Position</b>	
	<b>September 30, 2022</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash	\$ 339,145	\$ 365,313
Capital Assets	<u>23,662</u>	<u>-</u>
Total Assets	<u>362,807</u>	<u>365,313</u>
<b>Liabilities</b>		
Accounts Payable	<u>11,445</u>	<u>1,097</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue	<u>115,381</u>	<u>141,933</u>
<b>NET POSITION</b>		
Unrestricted	<u>235,981</u>	<u>222,283</u>
Total Net Position	<u>\$ 235,981</u>	<u>\$ 222,283</u>

The following schedule compares the revenues and expenses for the current year.

**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2022**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 2,813	\$ 5,136
Operating Grants & Contributions	<u>420,373</u>	<u>350,890</u>
Total Program Revenues	<u>423,186</u>	<u>356,026</u>
General Revenues		
Miscellaneous	<u>233</u>	<u>202</u>
Total General Revenues	<u>233</u>	<u>202</u>
Total Revenues	<u>423,419</u>	<u>356,228</u>
<b>EXPENSES</b>		
Governmental Activities		
General Government	<u>409,721</u>	<u>346,661</u>
Total Expenses	<u>409,721</u>	<u>346,661</u>
Change in Net Position	<u>13,698</u>	<u>9,567</u>
Net Position-Beginning	<u>222,283</u>	<u>212,716</u>
Net Positon - Ending	<u>\$ 235,981</u>	<u>\$ 222,283</u>

**Governmental Funds**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2022, the District's governmental fund reported a fund balance of \$235,981, all unassigned.

**Request for Information**

The District's financial statements are designed to present users with a general overview of the District's finances and to demonstrate accountability.

If you have any questions about this report or need additional financial information, you may contact the Gadsden Soil and Water Conservation District at 2140 W. Jefferson St., Quincy, FL 32351.

## FINANCIAL STATEMENTS

Gadsden Soil and Water Conservation District  
Statement of Net Position  
September 30, 2022

---

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 339,145
Capital Assets:	
Equipment, Net of Depreciation	<u>23,662</u>
 Total Assets	 <u>362,807</u>
 <b>LIABILITIES</b>	
Accounts Payable	<u>11,445</u>
Total Liabilities	<u>11,445</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue	<u>115,381</u>
 <b>NET POSITION</b>	
Unrestricted	<u>235,981</u>
Total Net Position	<u>\$ 235,981</u>

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

Gadsden Soil and Water Conservation District  
Statement of Activities  
For the Year Ended September 30, 2022

---

	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 409,721	\$ 2,813	\$ 420,373	\$ 13,465
Total governmental activities	<u>\$ 409,721</u>	<u>\$ 2,813</u>	<u>\$ 420,373</u>	<u>13,465</u>
General Revenues:				
Miscellaneous				<u>233</u>
Total General Revenues				<u>233</u>
Changes in Net Position				<u>13,698</u>
Net Position - beginning				<u>222,283</u>
Net Position - ending				<u>\$ 235,981</u>

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

Gadsden Soil and Water Conservation District  
 Balance Sheet  
 Governmental Funds  
 September 30, 2022

---

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash	\$ <u>339,145</u>	\$ <u>339,145</u>
Total Assets	<u>\$ 339,145</u>	<u>\$ 339,145</u>
 <b>LIABILITIES</b>		
Accounts Payable	\$ <u>11,445</u>	\$ <u>11,445</u>
Total Liabilities	<u>11,445</u>	<u>11,445</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	<u>115,381</u>	<u>115,381</u>
 <b>FUND BALANCES</b>		
Unassigned	<u>212,319</u>	<u>212,319</u>
Total Fund Balances	<u>212,319</u>	<u>212,319</u>
 Total Liabilities & Fund Balances	 <u>\$ 339,145</u>	 <u>\$ 339,145</u>

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

Gadsden Soil and Water Conservation District  
Reconciliation of the Balance Sheet  
To the Statement of Net Position  
September 30, 2022

---

Total Fund Balances - Total Governmental Funds	\$ 212,319
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 are not reported in the funds.	<u>23,662</u>
Total net position	<u><u>\$ 235,981</u></u>

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



Gadsden Soil and Water Conservation District  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended September 30, 2022

---

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Intergovernmental Revenues	\$ 420,373	\$ 420,373
Charges for Services	2,813	2,813
Miscellaneous	233	233
Total Revenues	423,419	423,419
<b>EXPENDITURES</b>		
Current:		
General Government	408,538	408,538
Capital Outlay	24,845	24,845
Total Expenditures	433,383	433,383
Excess (deficiency) of revenue over expenditures	(9,964)	(9,964)
Net Change in Fund Balances	(9,964)	(9,964)
Fund Balances - beginning	222,283	222,283
Fund Balances - ending	\$ 212,319	\$ 212,319

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

Gadsden Soil and Water Conservation District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
In Fund Balances of Governmental Funds to the Statement of Activities  
For the year Ended September 30, 2022

---

Net Change in fund balances - total governmental funds \$ (9,964)

Amounts reported for governmental activities in the  
statement of activities are difference because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets are allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlay \$24,845 exceeded depreciation \$1,183 in  
the current period.

23,662

Changes in net position of governmental activities \$ 13,698

## NOTES TO FINANCIAL STATEMENTS

Gadsden Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2022

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Introduction

The basic financial statements of the Gadsden Soil and Water Conservation District (the "District") are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ended September 30, 2022.

Reporting Entity

The Gadsden Soil and Water Conservation District was established by the Florida Legislature on October 9, 1950 under Florida Statute 582, enacted by the Florida Legislature in 1937. The District is for the purpose of promoting and encouraging the wise use, management and general conservation of the Gadsden County's soil, water and related natural resources.

Government-wide Financial Statements

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Gadsden Soil and Water Conservation District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to those program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Gadsden Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2022

---

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements

Fund Financial Statements are provided for the governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basis of Accounting

The Government–Wide Statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or as soon enough thereafter to pay current liabilities. Gadsden Soil and Water Conservation District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liabilities are incurred, as under accrual accounting.

Grants and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when Gadsden Soil and Water Conservation District receives cash.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as needed.

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. Governmental Funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Gadsden Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2022

---

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Gadsden Soil and Water Conservation District reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Cash and Investments

Amounts shown as cash include cash in checking accounts, cash on hand and cash in saving accounts.

Capital Assets and Depreciation

Capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Gadsden Soil and Water Conservation District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Capital assets are depreciated using the straight-line method. Estimated useful lives, in years, for depreciable assets for the furniture, machinery and equipment is 3-30 years.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Budget Process

Florida Statutes govern the preparation, adoption, and administration of the budget for the District. Independent Special Districts must file its proposed budget with the County Clerk in which it is located by September 1<sup>st</sup> each year.

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 those estimates.

Gadsden Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2022

---

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Risk Management and Insurance

The District insures itself against losses from casualty and accident by purchased insurance through Auto-Owners. The District believes the level of insurance purchased is adequate to protect against material loss.

Deferred Inflows of Resources

Deferred inflows of resources represent acquisition of resources that applies to future reporting periods and will not be recognized as an inflow of resource (revenue) until then. The District has unavailable revenue which arises under a modified accrual basis of accounting that qualified for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and arises for grant revenue that has been received prior to the incurrence of qualifying expenditures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

At September 30, 2022, Gadsden Soil and Water Conservation District had no nonspendable, restricted, committed, or assigned fund balances. Gadsden Soil and Water Conservation District does not have a formal policy for minimum fund balances. The District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned.

Gadsden Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2022

NOTE 2 – CASH

At September 30, 2022 the carrying amount of the Gadsden Soil and Water Conservation District cash was \$ 339,145 and the bank balance was \$346,268. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida’s Public Deposit Act. Provisions of the act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk or interest rate risk. The District has not formally adopted deposit and investment policies that limit the District’s allowable deposits or investment and address the specific types of risk to which the District might be exposed

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ending September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Equipment	\$ -	\$ 24,845	\$ -	\$ 24,845
Less Accumulated Depreciation: Equipment	-	(1,183)	-	(1,183)
Total Capital Assets	<u>\$ -</u>	<u>\$ 23,662</u>	<u>\$ -</u>	<u>\$ 23,662</u>
General government				<u>\$ 1,183</u>
Total governmental depreciation expense				<u>\$ 1,183</u>



Gadsden Soil and Water Conservation District  
Notes to Financial Statements  
September 30, 2022

---

NOTE 3 – GRANTS

The Gadsden Soil and Water Conservation District has the following agreements with the Florida Department of Agriculture and Consumer Services.

	<u>Agreement #</u>	<u>CSFA #</u>	<u>Grant Revenue</u>
Florida Department of Agriculture and Consumer Services	27701	42.017	338,443
Florida Department of Agriculture and Consumer Services	26229	42.017	70,930
			<u>\$ 409,373</u>

Additionally, the grants and contributions includes contributions from the Gadsden County Board of County Commissioners in the amount of \$11,000 in direct contributions.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information  
Gadsden Soil and Water Conservation District  
Budgetary Comparison Schedule – General Fund  
For the Year Ending September 30, 2022

---

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 460,580	\$ 460,580	\$ 420,373
Charges for Services	5,500	5,500	2,813
Miscellaneous Revenues	-	-	233
Total Revenues	466,080	466,080	423,419
<b>EXPENDITURES</b>			
Current:			
General Government	462,195	462,195	408,538
Capital Outlay	-	-	24,845
Total Expenditures	462,195	462,195	433,383
Excess (deficiency) of revenues over expenditures	3,885	3,885	(9,964)
Net Change in Fund Balances	3,885	3,885	(9,964)
Fund Balances - beginning	222,283	222,283	222,283
Fund Balances - ending	\$ 226,168	\$ 226,168	\$ 212,319

Note: This schedule is prepared on the modified accrual basis of accounting.

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

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT*  
*INVESTMENT POLICIES*

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES*

Board of Supervisors  
Gadsden Soil and Water Conservation District  
Quincy, Florida

We have examined Gadsden Soil and Water Conservation District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for Gadsden Soil and Water Conservation District's compliance with those requirements. Our responsibility is to express an opinion on Gadsden Soil and Water Conservation District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Gadsden Soil and Water Conservation District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Gadsden Soil and Water Conservation District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on Gadsden Soil and Water Conservation District's compliance with specified requirements.

In our opinion, Gadsden Soil and Water Conservation District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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.

*Grimsley & Associates*

Marianna, Florida  
May 23, 2023

Grimsley and Associates, P.A.  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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*

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## 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*

Board of Supervisors  
Gadsden Soil and Water Conservation District  
Quincy, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Gadsden Soil and Water Conservation District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Gadsden Soil and Water Conservation District's basic financial statements and have issued our report thereon dated May 23, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Gadsden Soil and Water Conservation District's internal control over financial reporting (internal control) as a basis for designing 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 Gadsden Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gadsden Soil and Water Conservation 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, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.



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 as item 2017-003 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. We consider the deficiency described in the accompanying schedule as item 2017-001 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Gadsden Soil and Water Conservation 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 financial statements. 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*.

### **Gadsden Soil and Water Conservation District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Gadsden Soil and Water Conservation District's response to the findings identified in our audit and described in the accompanying section titled Response to Audit Findings. Gadsden Soil and Water Conservation District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and 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.

*Grimsley & Associates*

Marianna, Florida  
May 23, 2023

Grimsley & Associates, P.A.  
Certified Public Accountants

## SCHEDULE OF FINDINGS

Gadsden Soil and Water Conservation District  
Schedule of Findings  
September 30, 2022

---

2017-001

Criteria – Custody of assets, record keeping and recording of assets should have adequate separation.

Condition – Due to the size of the organization, proper separation of duties may not be feasible.

Effect – Controls should be implemented to help compensate for the weaknesses.

Cause – This is a small one-person bookkeeping system.

Recommendation – Management should remain very active and involved in the day-to-day operations. It is essential that records be maintained current and up-to-date. Controls should be established to provide checks and balances.

Gadsden Soil and Water Conservation District  
Schedule of Findings  
September 30, 2022

---

2017-003

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

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

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

Cause – The District has a small accounting staff necessitated by the overall small size of the entity. They do not consider it cost effective to develop and maintain a system of internal accounting control sufficient by itself to allow the preparation of financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements.

Recommendation – The District should continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of their accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT  
REQUIRED BY THE STATE OF FLORIDA

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Supervisors  
Gadsden Soil and Water Conservation District  
Quincy, Florida

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

We have audited the financial statements of the Gadsden Soil and Water Conservation District, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 23, 2023.

### **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 Auditor General.

### **Other Reporting Requirements**

We have issued our 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*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 23, 2023, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

The schedule of findings items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
2017-001	2017-001	2017-001
2017-003	2017-003	2017-003

**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 disclosed in the notes to the financial statements.

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Gadsden Soil and Water Conservation District met one or more of the conditions described in Section 218.503(1) Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Gadsden 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Gadsden Soil and Water Conservation District. It is management’s responsibility to monitor Gadsden Soil and Water Conservation District’s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

**Specific Information**

As required by Section 218.39(3)©, Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Gadsden 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 as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as 0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$3,575.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as 0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes as 0.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrant 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 Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Grimsley & Associates*

Marianna, Florida  
May 23, 2023

Grimsley and Associates, P.A.  
Certified Public Accountants



## RESPONSE TO AUDIT FINDINGS



## *Gadsden Soil & Water Conservation District*

2140 West Jefferson Street - Quincy, Florida 32351 - (850) 875-7255

May 23, 2023

Grimsley, Cavin & Company, P.A.  
P.O. Box 220  
Marianna, FL 32447

Re: Audit for Fiscal Year Ended September 30, 2022

To whom it may concern:

This letter is in response to the audit findings for the above referenced period for the Gadsden Soil and Water Conservation District. We have listed below, our responses to the findings noted by your Company.

- 1) Regarding Schedule of Findings, Item 17-001: The District will continue to make every effort to separate the record keeping duties from the custody of assets as much as possible with our small administrative staff. The board will maintain an active role in the day-to-day operations.
- 2) Regarding Schedule of Findings, Item 17-003: The District considers the cost of maintaining a system of internal control to be prohibitive. The small size of the entity, as well as the minimal number of staff, precludes the establishment of such a system.

Sincerely,

Michael Brown, Chairman  
Gadsden Soil and Water Conservation District