# HENDRY SOIL AND WATER CONSERVATION DISTRICT

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

## SEPTEMBER 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Hendry Soil and Water Conservation District

### Report on the Audit of the Financial Statements

### *Opinions*

I have audited the accompanying financial statements of the governmental activities and each Major Fund of Hendry Soil and Water Conservation District, Florida (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about

the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing the audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hendry Soil and Water Conservation District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hendry Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information:***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedule on page 33 as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards, and Chapter 10.550, Local Government Audits, *Rules of the Auditor* General of the State of Florida, and neither schedule is a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In my opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

In accordance with *Government Auditing Standards*, I have also issued a report dated June 1, 2026 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hendry Soil and Water Conservation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*James Davis*

Certified Public Accountant

June 1, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 9 through 33.

Its intent is to provide a brief, objective and easily readable analysis of the District's financial performance for the year and its financial position at fiscal year-end September 30, 2025.

The District was established as a governmental sub-division of the State of Florida, encompassing Hendry County and is authorized under the Soil and Water Conservation Law of 1937 and Chapter 582, Florida Statutes to pursue the policy for conservation as set forth by the Florida Legislature in Chapter 582.05, Florida Statutes:

> "It is the policy of the Legislature to provide for control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development and utilization of soil and water resources, and the disposal of water, and thereby to preserve natural resources, control floods, prevent impairment of dams and reservoirs, assist in maintaining the navigability of rivers and harbors, preserve wildlife, protect the tax base, protect public lands, and protect and promote the health, safety and general welfare of the people of this state."

The Florida Department of Agriculture and Consumer Services (FDACS) administers programs assigned to it by the Florida Legislature under the Soil and Water Conservation Law, Chapter 582 Florida Statues. The District coordinates FDACS Best Management Plan Implementation, cost share programs, mobile irrigation labs and public land management.

This District is governed by a five member Board of Supervisors. The Board members are elected by the registered voters of Hendry County for a four-year term. The Board has agreements with the Florida Department of Agriculture and Consumer Services (FDACS) to provide technical assistance to the District and the surrounding area. The District's clerical duties are performed by a Hendry County-funded employee and the District pays a contractor to oversee conservation activities and has dependent special district under the State of Florida Department of Economic Opportunity Special District Accountability Program.

District Highlights

The District is administering and monitoring soil and water conservation grant programs for a funding source while earning administration fees. The District has hired a technician to perform inspections of grant projects completed by farmers and producers.

## FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-25 fiscal year are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $158,126.
- The District's total net assets, decreased by $(1,666), which represents a 1.04 percent decrease from the 2023-24 fiscal year.
- As of the close of the current fiscal year, the District's governmental fund reported a fund balance of $381,082, a decrease of $60,965 in comparison with the prior year.
- During the current year, General Fund revenues were greater than expenditures by $60,965.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

*Government-Wide Financial Statements*

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the District's financial health is improving or deteriorating.

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

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

*Fund Financial Statements*

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

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

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

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

The District adopts an annual appropriated budget for its governmental fund. A budgetary comparison schedule has been provided for the General Fund.

*Notes to Financial Statements*

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net assets as of September 30, 2025.

The District's net assets are primarily in cash, grant receivables and capital assets. The District uses these funds to provide services to Hendry Soil and Water Conservation District.

**NET ASSETS**
**END OF YEAR**
**GOVERNMENTAL ACTIVITIES**

| | 9/30/2025 | 9/30/2024 |
|---|---|---|
| Cash and cash equivalents | $ 381,177 | $ 448,940 |
| Grants receivable | - | - |
| Capital assets | - | 1,879 |
| Deferred outflows of resources | 21,527 | 21,527 |
| Total assets and deferred outflows | 402,704 | 472,346 |
| | | |
| Accounts payable | 95 | - |
| Unearned grant revenue | 171,467 | 239,585 |
| Net pension liability | 45,896 | 45,869 |
| Deferred inflows of resources | 27,120 | 27,100 |
| Total liabilities and deferred inflows | 244,578 | 312,554 |
| | | |
| Net position | | |
| Net investment in capital assets | - | 1,879 |
| Unassigned | 158,126 | 157,913 |
| Total net position | $ 158,126 | $ 159,792 |

The District's net assets are spread approximately in cash and grants receivable, as well as its investment in capital assets (e.g. equipment and land). The District uses theses capital assets to provide services to Hendry Soil and Water Conservation District; consequently, these assets are not available for future spending.

The key elements of the changes in the District's net assets for the fiscal years ended September 30, 2025 and 2024 are as follows:

**OPERATING RESULTS**
**GOVERNMENTAL ACTIVITIES**

| | 9/30/2025 | 9/30/2024 |
|---|---|---|
| Revenues | | |
| General revenues | | |
| Intergovernmental (grant) revenue | $ 702,103 | $ 632,640 |
| Miscellaneous income | 6,715 | 9,246 |
| Total revenues | 708,818 | 641,886 |
| Program expenses | | |
| Conservation | 710,484 | 699,132 |
| Total expenses | 710,484 | 699,132 |
| Change in net assets | (1,666) | (57,246) |
| Net position, beginning of year | 159,792 | 217,038 |
| Net position, end of year | $ 158,126 | $ 159,792 |

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

*Major Governmental Funds*
The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unrestricted fund balance was $381,082, while the total fund balance was $381,082. As a measure of the General Fund's liquidity, it may be useful to compare both the restricted fund balance and total fund balance to total General Fund expenditures. Restricted fund balance represents 53.6 percent of total General Fund expenditures, while total fund balance represents 53.6 percent of that same amount. The total fund balance decreased by $60,965 during the year ended September 30, 2025.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2024-25 fiscal year, the District did not amend its General Fund budget. At the same time, final expenses were less than of the original budgeted amount by $52,147.

## CAPITAL ASSETS

The District owns no land or buildings for its operations. Office space is provided by the U.S. Department of Agriculture at no cost. Capital assets consist of equipment which is depreciated using the straight-line method over the estimated useful life of the asset (generally 5-10 years).

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Hendry Soil and Water Conservation District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the, Hendry Soil and Water Conservation District, LaBelle, Florida, 33935, (863) 674-5700.

# HENDRY CONSERVATION DISTRICT
# STATEMENT OF NET ASSETS
# SEPTEMBER 30, 2025

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash | $ 381,177 |
| Capital assets, net | - |
| **Total Assets** | 381,177 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred Amount on Pensions | 21,527 |
| **LIABILITIES** | |
| Accounts Payable and Accrued Liabilities | 95 |
| Advance Grant Revenue | 171,467 |
| Noncurrent Liabilities: | |
| Net Pension Liability | 45,896 |
| **Total Liabilities** | 217,458 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred Amount on Pensions | 27,120 |
| **NET ASSETS** | |
| Net investment in Capital Assets | - |
| Unassigned | 158,126 |
| **Total Net Assets** | $ 158,126 |

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

# HENDRY SOIL AND WATER CONSERVATION DISTRICT
# STATEMENT OF ACTIVITIES
# FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue & Changes in Net Assets: Governmental Activities |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Conservation | $ 710,484 | $ - | $ 702,103 | $ - | $ (8,381) |
| **Total Government Activities** | $ 710,484 | $ - | $ 702,103 | $ - | $ (8,381) |
| General Revenues: | | | | | |
| Investment Earnings | | | | | 6,715 |
| Total General Revenue | | | | | 6,715 |
| Change in Net Assets | | | | | (1,666) |
| Net Assets - October 1, 2024 | | | | | 159,792 |
| Net Assets - September 30, 2025 | | | | | $ 158,126 |

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

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**BALANCE SHEET – GOVERNMENTAL FUNDS**
**SEPTEMBER 30, 2025**

| | General Fund |
|---|---|
| **ASSETS** | |
| Cash | $ 381,177 |
| **TOTAL ASSETS** | $ 381,177 |
| **LIABILITIES AND FUND BALANCES** | |
| Liabilities: | |
| Accounts Payable and Accrued Liabilities | $ 95 |
| **Total Liabilities** | 95 |
| Fund Balances: | |
| Unassigned | 381,082 |
| **Total Fund Balances** | 381,082 |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 381,177 |

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

**HENDRY CONSERVATION DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**
**TO THE STATEMENT OF NET ASSETS**
**SEPTEMBER 30, 2025**

| | | |
|---|---|---|
| Fund Balance | $ | 381,082 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital Assets used in Governmental Activities are not financial resources and are, therefore, in the governmental funds. | | - |
| Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position. | | 21,527 |
| Long-term liabilities and deferred income are not payable in the current period and therefore are not reported in the governmental funds. | | (217,363) |
| Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position. | | (27,120) |
| Net Position of Governmental Activities | $ | 158,126 |

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

# HENDRY SOIL AND WATER CONSERVATION DISTRICT
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
# SEPTEMBER 30, 2025

| | General Fund |
|---|---|
| **REVENUES** | |
| Intergovernmental - Grants | $ 702,103 |
| Miscellaneous: | |
| Interest Income | 6,715 |
| **TOTAL REVENUES** | 708,818 |
| **EXPENDITURES** | |
| Current: | |
| Conservation: | |
| Personal Services | 660,891 |
| Operating Expenditures | 108,892 |
| **TOTAL EXPENDITURES** | 769,783 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | (60,965) |
| Fund Balances, October 1, 2024 | 442,047 |
| **FUND BALANCES, September 30, 2025** | $ 381,082 |

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

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**
**TO THE STATEMENT OF NET ASSETS**
**SEPTEMBER 30, 2025**

| | | |
|---|---|---|
| Net Change in Fund Balance | $ | (60,965) |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report depreciation as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as deprecation expense. Transactions involving capital assets are summarized below: | | |
| Depreciation Expense | | - |
| Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds. | | |
| Net change in the liability for pensions and the deferred outflows and inflows of resources are reported in the government-wide statements, but not in the governmental fund statements. | | 59,299 |
| Change in Net Position of Governmental Activities | $ | (1,666) |

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

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2025**

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- Reporting Entity

  The Hendry Soil and Water Conservation District was authorized under Chapters 582 of the Laws of Florida on May 29, 1944 to promote conservation in Hendry County, Florida. District board members are nonpartisan and elected locally.

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

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

  The financial resources reflected in the financial statements are primarily from various federal and state grants and administrative fees charged by the District which provide the funds necessary to finance the activities and projects of the District. The District has entered into agreements with the National Resource and Conservation Service to help landowners develop Best Management Practices (BMP) for the conservation of soil and water resources. Also, the District has entered into agreements with the Florida Department of Agriculture and Consumer Services (FDACS) to monitor conservation projects. The District earns administrative fees for monitoring the various projects funded by grants provided by these funding agencies.

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

- Basis of Presentation

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

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

The District reports the following major governmental fund:

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

- Basis of Accounting

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

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

  Fiduciary fund (agency fund) statements are prepared using economic resource measurement focus and the accrual basis of accounting.

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

- Measurement Focus

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

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

- Cash and Cash Equivalents

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

- Inventory and Prepaid Items

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

- Interfund Loans and Transfers

  Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

- Capital Assets

  Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the

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

government-wide statement of net assets but are not reported in the governmental fund financial statements. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Description | Estimated Lives |
|---|---|
| Equipment | 5 years |

- Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had deferred outflows at year end related to various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations and retirement contribution payments made by the County after the valuation date of the Florida Retirement System's latest valuation but before the end of the County's fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net positon that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The only such item at year end consists of various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations. These amounts are recognized as inflows of resources in the period that they become available.

- Estimates

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

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

- Governmental Fund Balances

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

***Nonspendable fund balances*** included amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Hendry Soil and Water Conservation District as of September 30, 2025.

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

*Restricted* fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2025, the Hendry Soil and Water Conservation District had $381,082 restricted fund balances, originating from unspent grant funds.

*Committed* fund balances are fund balances constrained for specific purposes imposed by the Hendry Soil and Water Conservation District's formal action of highest level of decision-making authority. As of September 30, 2025, the Hendry Soil and Water Conservation District had no committed fund balances.

*Assigned* fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2025, the Hendry Soil and Water Conservation District had assigned fund balances as indicated on the Balance Sheet.

*Unassigned* fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2025, the Hendry Soil and Water Conservation District had no unassigned fund balances at September 30, 2025.

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

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

***Recently Issued and Implemented Accounting Pronouncements***

## NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual budget prior to the beginning of the next fiscal year based on historical data plus knowledge of current and future events. As the year progresses, the budget is reviewed and amended if the need occurs.

## NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2025 consisted of $381,177 maintained in a local checking account. This depository qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the Hendry Soil and Water Conservation District are classified as category one risk, which means they are insured or collateralized.

## NOTE 4 – CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

| GOVERNMENTAL ACTIVITIES | BALANCE 9/30/2024 | ADDITIONS | DELETIONS | BALANCE 9/30/2025 |
|---|---|---|---|---|
| Machinery and Equipment | $ 26,282 | $ - | $ - | $ 26,282 |
| Accumulated Depreciation | (24,403) | (1,879) | - | (26,282) |
| Total Capital Assets - net | $ 1,879 | $ (1,879) | $ - | $ - |

Depreciation expense for the year ended September 30, 2025 was $1,879.

## NOTE 5 - DEFINED BENEFIT PENSION PLANS

### Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.mvflorida.com).

The District's pension contributions totaled $4,734 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2025.

### ***Florida Retirement System Pension Plan***

Substantially all full-time District employees are participants in the System, a defined benefit, cost sharing, multiple employer public retirement system, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement. The plan covers full time employees of various governmental units within the State of Florida.

The System's funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due (see rates below). Level

## NOTE 5 - DEFINED BENEFIT PENSION PLANS

percentages of payroll employer contribution rates established by state law are determined using the entry-age actuarial funding method.

The System provides for those employees hired prior to July 1, 2011 vesting of benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after age 62 with six or more years of service. For Special Risk Class members, normal retirement is age 55 with at least six years of Special Risk service, or twenty-five years of Special Risk service, regardless of age, or age 52 with 25 years of Special Risk service and up to four years of active duty wartime service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years Florida Retirement System Pension Plan (continued) of service or thirty-three years regardless of age.

For Special Risk Class members, normal retirement is age 60 with at least eight years of Special Risk service, or thirty years of Special Risk service, regardless of age. Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Participating employer contributions are based upon state-wide rates established by the State of Florida. These rates are applied to employee salaries as follows: regular employees-14.03% DROP Program-22.02%, special risk employees-35.19%, senior management-33.24% and elected officials- 54.57%. The rate applied to employee salaries for employee contributions was 3.00% for all classifications with the exception of DROP program participants who do not make contributions.

The District's contributions to the System Pension Plan ("Pension Plan") for the years ended September 30, 2025 and 2024 were $3,499 and $5,648 respectively, and equal to the actuarially determined contributions for each year. The District's contributions to the Retiree Health Insurance Subsidy Program ("HIS") for the years ended September 30, 2025 and 2024 were $1,240, and $1,397 respectively, and equal to the actuarially determined contributions for each year. These contributions were paid by their due date. Total payroll for the District employee covered by the System pension plan and HIS was $55,633 the year ended September 30, 2025. The District's total payroll was $55,633 for the same period.

## NOTE 5 - DEFINED BENEFIT PENSION PLANS

The District has no responsibility to the System other than to make the periodic payments required by State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315- 9000.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At September 30, 2025, the District reported a liability of $23,905 for its proportionate share of the collective net pension liability for the Pension Plan. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The District's proportion of the collective net pension liability was based on the employers' shares of contributions to the Pension Plan relative to the total employer contributions of all participating employers. At June 30, 2025, the System's proportion of the Pension Plan was 0.000061795%, which was the same as its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the District recognized pension expense of $3,485 at September 30, 2025, the District reported deferred outflows and deferred inflows of resources related to the Pension Plan from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Economic Experience | $ 2,415 | $ (1,589) |
| Changes in Actuarial Assumptions | 3,276 | (17,192) |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | - |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | 7,352 | 3,624 |
| District Contributions Subsequent to the Measurement Date | 358 | - |
| Total | $ 13,401 | $ (15,157) |

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (continued)

$358 of deferred outflows resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

The balance of deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ended September 30, | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension, Expense, Net |
|---|---|---|---|
| 2026 | $ 1,340 | $ - | $ 1,340 |
| 2027 | 1,340 | - | 1,340 |
| 2028 | 1,340 | - | 1,340 |
| 2029 | 1,340 | - | 1,340 |
| 2030 | 1,340 | - | 1,340 |
| Thereafter | 6,701 | - | 6,701 |
| Total | $ 13,401 | $ - | $ 13,401 |

Actuarial assumptions. The total pension liability for the Pension Plan was determined by an actuarial valuation as of June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.40% per year |
| Salary Increases | 3.25%, Average, including inflation |
| Investment Rate of Return | 6.7%, Net of Pension Plan Investment Expense, Including Inflation |

The actuarial assumptions used in the actuarial valuation as of June 30, 2025 for the Pension Plan were based on the results of an investigation of the economic and demographic experience for the System based upon participant data for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP- 2018.

The long-term expected rate of return for the Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (continued)

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|---|---|---|---|---|
| Cash | 1.00% | 3.30% | 3.30% | 1.10% |
| Fixed Income | 29.00% | 5.70% | 5.60% | 3.90% |
| Global Equity | 45.00% | 8.60% | 7.00% | 18.20% |
| Real Estate (Property) | 12.00% | 8.10% | 6.80% | 16.60% |
| Private Equity | 11.00% | 12.40% | 8.80% | 28.40% |
| Strategic Investments | 2.00% | 6.60% | 6.20% | 8.70% |
| Totals | 100.00% | | | |

Note: (1) As outlined in the Pension Plan's investment policy
* Includes assumed rate of inflation of 2.40%

*Discount rate*. The discount rate used to measure the total pension liability for the Pension Plan was 6.70%. The Plan's fiduciary net position was projected to be available to make all future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70% for the Pension Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.70%) or 1-percentage point higher (7.70%) than the current rate:

| | 1% Decrease (5.70%) | Current Discount Rate (6.70%) | 1% Increase (7.70%) |
|---|---|---|---|
| Differences Between Expected and Actual Economic Experience | $ 79,910 | $ 46,780 | $ 19,063 |

*Pension plan fiduciary net position*. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2025. The auditor's report dated January 12, 2025 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2025 along with supporting schedules is also available. The additional financial and actuarial information

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (continued)

is available from the following website:
http://www.dms.myflorida.com/workforce_operations/retirement/publications.

### Health Insurance Subsidy Program

Health Insurance Subsidy Program Chapter 112, Florida Statutes, established the HIS, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Contributions to the HIS plan are included in contributions to the Pension Plan noted above. The Pension Plan contributes 1.66% of each covered employee's salary to the HIS Plan. The remainder is contributed to the Pension Plan, with the exception for 0.04% that is contributed to administrative expenses.

Eligible retirees and beneficiaries receive a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions*. At September 30, 2025, the District reported a liability of $21,964 for its proportionate share of the collective net pension liability. For the Health Insurance Subsidy program ("HIS Plan"), the net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportion of the collective net pension liability was based on the employers' shares of contributions to the HIS Plan relative to the total employer contributions of all participating employers. At June 30, 2025, the District's proportion of the HIS Plan was 0.000146417%, which was a the same as its proportion measured as of June 30, 2024.

For the year ended September 30, 2025, the District recognized HIS Plan pension expense of $2,196. At September 30, 2025, the District reported deferred outflows and deferred inflows of resources related to the HIS Plan from the following sources:

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (continued)

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 212 | $ (42) |
| Changes in Assumptions | 389 | (2,600) |
| Net Difference Between Projected and Actual Earnings on Pension Program Investments | - | (8) |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate | 7,306 | (9,313) |
| Employer Contributions Subsequent to the Measurement Date | 219 | - |
| Total | $ 8,126 | $ (11,963) |

$219 of deferred outflows resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Amounts reported as deferred outflows and deferred inflows of resources related to the HIS Plan will be recognized in the pension's expense as follows:

| Year Ended September 30, | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension, Expense, Net |
|---|---|---|---|
| 2025 | $ 813 | $ - | $ 813 |
| 2026 | 813 | - | 813 |
| 2027 | 813 | - | 813 |
| 2028 | 813 | - | 813 |
| 2029 | 813 | - | 813 |
| Thereafter | 4,061 | - | 4,061 |
| Total | $ 8,126 | $ - | $ 8,126 |

The total pension liability for the HIS Plan was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.40% per year |
| Salary Increases | 3.25%, Average, including inflation |
| Investment Rate of Return | 6.7%, Net of Pension Plan Investment Expense, Including Inflation |

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (continued)

The actuarial assumptions used in the actuarial valuation as of July 1, 2022 for the HIS Plan were based on the results of an investigation of the economic and demographic experience for the Florida Retirement System ("FRS") based upon participant data for the period July 1, 2013 to June 30, 2018.

Mortality rates were based on the Generational PUB-2010 with Projected Scale MP-2018.

The long-term expected rate of return for the HIS Plan investments was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

*Discount rate*. The discount rate used to measure the total pension liability for the HIS Plan was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion rate is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.65% for the HIS Plan as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65%) or 1-percentage point higher (4.65%) than the current rate:

| | 1% Decrease (2.65%) | Current Discount Rate (3.65%) | 1% Increase (4.65%) |
|---|---|---|---|
| District's proportionate share of collective net pension liability | $ 38,467 | $ 33,718 | $ 29,781 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. The supporting actuarial information is included in the GASB Statement No. 68 Report for the System prepared as of June 30, 2025. The auditor's report dated January 12, 2025 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of June 30, 2025 along with supporting schedules is also available. The additional financial and actuarial information

## NOTE 5 - DEFINED BENEFIT PENSION PLANS (continued)

is available from the following website:
http://www.dms.myflorida.com/workforce_operations/retirement/publications.

## NOTE 6 - DEFINED CONTRIBUTION PLAN

***Florida Retirement System Pension Plan***

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment

Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Special Risk Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2023-24 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class. The percentages are the same as those listed previously to the FRS Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS

## NOTE 6 - DEFINED CONTRIBUTION PLAN (continued)

Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled $0 for the year ended September 30, 2025.

## NOTE 7 – RISK MANAGEMENT

The Hendry Soil and Water Conservation District is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a public entity risk pool administered by the Florida League of Cities, Inc. with insurance programs for general liability, auto, property and workers' compensation. The District pays an annual premium to the Florida League of Cities, Inc., for these insurance programs. Participation in the pool is non-assessable. There were no significant reductions in coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three years.

## NOTE 8 – SIGNIFICANT FUNDING SOURCE

The District's operations are substantially dependent on the receipt of revenue from the Florida Department of Agriculture and Consumer Services (FDACS) and U.S. Department of Agriculture. Loss of these funds and/or large decreases in this type of funding would have a material effect on the District and a negative impact on overall operations. For the year ended September 30, 2025, 99% of total General Fund revenue is attributable to fund received from FDACS and U.S. Department of Agriculture.

## NOTE 9 – CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

## NOTE 10 – GASB STATEMENT NO. 87, LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District has not entered in to any leases.

## NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 1, 2026, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

# HENDRY SOIL AND WATER CONSERVATION DISTRICT
# REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULE
# GENERAL AND MAJOR SPECIAL REVENUE FUNDS
# FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| | General Fund | | | |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
| **REVENUES** | | | | |
| Intergovernmental | $ 700,000 | $ 700,000 | $ 702,103 | $ 2,103 |
| Miscellaneous: | | | | |
| Investment Earnings | - | - | 6,715 | 6,715 |
| | - | - | 6,715 | 6,715 |
| **TOTAL REVENUE** | 700,000 | 700,000 | 708,818 | 8,818 |
| **EXPENDITURES** | | | | |
| Grant Expenses - Conservation | 700,000 | 700,000 | 769,783 | (69,783) |
| **TOTAL EXPENDITURES** | 700,000 | 700,000 | 769,783 | (69,783) |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | - | - | (60,965) | (60,965) |
| Fund Balances, October 1, 2024 | - | - | 442,047 | 442,047 |
| **FUND BALANCES, SEPT. 30, 2025** | $ - | $ - | $ 381,082 | $ 381,082 |

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
**FLORIDA RETIREMENT SYSTEM PENSION PLAN[1]**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025***

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| District's proportion of the net pension liability (asset) | 0.000061795% | 0.000061795% | 0.000117% | 0.000130% | 0.000083% | 0.000077% |
| District's proportionate share of the net pension liability (asset) | $ 45,896 | $ 23,905 | $ 46,780 | $ 49,628 | $ 19,546 | $ 33,704 |
| District's covered-employee payroll | $ 55,633 | $ 48,108 | $ 48,108 | $ 63,390 | $ 44,334 | $ 38,272 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.83% | 0.97% | 0.97% | 78.29% | 44.08% | 88.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.50% | 96.53% | 96.53% | 96.25% | 96.40% | 78.85% |

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability (asset) | 0.000067% | 0.000052% | | | |
| District's proportionate share of the net pension liability (asset) | $ 23,247 | $ 15,858 | | | |
| District's covered-employee payroll | $ 34,432 | $ 29,478 | | | |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 67.52% | 53.76% | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 82.61% | 84.26% | | | |

*The amounts presented for each fiscal year were determined as of June 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

See Independent Auditor's Report

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**SCHEDULE OF DISTRICT CONTRIBUTIONS -**
**FLORIDA RETIREMENT SYSTEM PENSION PLAN[1]**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025***

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Contractually required contribution | $ 3,494 | $ 3,499 | $ 5,692 | $ 5,984 | $ 4,086 | $ 3,914 |
| Contributions in relation to the contractually required contribution | (3,494) | (3,499) | (5,692) | (5,984) | (4,086) | (3,914) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 53,633 | $ 48,108 | $ 48,108 | $ 63,390 | $ 44,334 | $ 38,272 |
| Contributions as a percentage of covered-employee payroll | 6.51% | 11.83% | 11.83% | 9.44% | 9.22% | 10.23% |

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 3,351 | $ 2,738 | | | |
| Contributions in relation to the contractually required contribution | (3,351) | (2,738) | | | |
| Contribution deficiency (excess) | $ - | $ - | | | |
| District's covered-employee payroll | $ 34,432 | $ 29,478 | | | |
| Contributions as a percentage of covered-employee payroll | 9.73% | 9.29% | | | |

*The amounts presented for each fiscal year were determined as of June 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE**
**NET PENSION LIABILITY**
**HEALTH INSURANCE SUBSIDY PENSION PLAN**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025***

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| District proportion of the net pension liability (asset) | 0.000146917% | 0.000146917% | 0.0002129% | 0.000211% | 0.000108% | 0.000110% |
| District's proportionate share of the net pension liability (asset) | $ 21,964 | $ 21,964 | $ 33,718 | $ 23,114 | $ 13,261 | $ 13,464 |
| District's covered-employee payroll | $ 53,633 | $ 48,108 | $ 48,108 | $ 63,390 | $ 44,334 | $ 38,272 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 40.95% | 70.09% | 70.09% | 36.46% | 29.91% | 35.18% |
| Plan fiduciary net position as a percentage of the total pension liability | 3.65% | 3.66% | 3.66% | 3.23% | 3.56% | 3.00% |

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| District proportion of the net pension liability (asset) | 0.000095% | 0.000074% | | | |
| District's proportionate share of the net pension liability (asset) | $ 10,707 | $ 7,841 | | | |
| District's covered-employee payroll | $ 34,432 | $ 29,478 | | | |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 31.10% | 26.60% | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 2.63% | 2.15% | | | |

*The amounts presented for each fiscal year were determined as of June 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

See Independent Auditor's Report

**HENDRY SOIL AND WATER CONSERVATION DISTRICT**
**SCHEDULE OF DISTRICT CONTRIBUTIONS**
**HEALTH INSURANCE SUBSIDY PENSION PLAN[1]**
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025***

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Contractually required contribution | $ 1,240 | $ 1,240 | $ 1,397 | $ 1,327 | $ 2,135 | $ 635 |
| Contributions in relation to the contractually required contribution | (1,240) | (1,240) | (1,397) | (1,327) | (2,135) | (635) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 53,633 | $ 48,108 | $ 48,108 | $ 63,390 | $ 49,334 | $ 38,272 |
| Contributions as a percentage of covered-employee payroll | 2.31% | 2.51% | 2.51% | 2.09% | 4.82% | 1.66% |

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 572 | $ 489 | | | |
| Contributions in relation to the contractually required contribution | (572) | (489) | | | |
| Contribution deficiency (excess) | $ - | $ - | | | |
| District's covered-employee payroll | $ 34,432 | $ 29,478 | | | |
| Contributions as a percentage of covered-employee payroll | 1.66% | 1.66% | | | |

***The amounts presented for each fiscal year were determined as of June 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

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

Board of Directors
Hendry Soil and Water Conservation District
LaBelle, Florida

I have audited the financial statements of Hendry Soil and Water Conservation District, Florida (the District), as of and for the year ended September 30, 2025, and have issued my report thereon dated June 1, 2026. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying management letter, I identified no deficiencies in internal control that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. No deficiencies were noted that were considered to be a material weakness.

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

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

*James Davis*
Certified Public Accountant

June 1, 2026

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## 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

Hendry Soil and Water Conservation District
LaBelle, Florida

I have examined the Hendry Soil and Water Conservation District's (the District) compliance with the requirements of Section 218.415, Florida Statues, Local Government Investment Policies, during the year ended September 30, 2025. Management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on the District's compliance based on my examination.

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

In my opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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

*James Davis*
Certified Public Accountant

June 1, 2026

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Hendry Soil and Water Conservation District
LaBelle, Florida

### Report on the Financial Statements

I have audited the financial statements of Hendry Soil and Water Conservation District as of and for the fiscal year ended September 30, 2025 and have issued my report thereon dated June 1, 2026.

### Auditor's Responsibility

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

### Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, June 1, 2026, should be considered in conjunction with this management letter.

### Prior Year Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. I reported the following finding and recommendation, which Hendry Soil and Water Conservation District has been unable to address due to financial constraints, in the preceding annual financial report:

14-01 Financial Statement Preparation Knowledge –

Criteria – Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition – The Auditing Standards Board in Statement No. 115 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards – prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

Cause and Effect – Personnel's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards Prohibits the District from being able to prepare financial statements with adequate and proper disclosures and free of material misstatements.

Recommendation – I would encourage Hendry Soil and Water Conservation District personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with GAAP.

Management Response – This requirement is a burden to small districts and funding does not allow us to employ personnel with accounting background described above. The Board believes the internal control system is adequate to protect the District's assets.

**Note: As a small entity with limited funding, the Hendry Soil and Water Conservation District will continue to have this finding. During the current year efforts will be made to find an accountant outside the association is assist with understanding of government codes. The Board is involved in the review and management of the District's financials.**

## Current Year Audit Findings

There were no Current Year Audit Findings.

## Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is contained in the footnotes on page 16.

## Financial Condition

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

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

## Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Hendry Soil and Water Conservation District's boundaries during the fiscal year under audit.

## Special District Component Units

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

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

a. The total number of district employees compensated in the last pay period of the District's fiscal year is 1.

b. The total number of independent contracts to whom nonemployee compensation was paid in the last month of the District's fiscal year was 3.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is $55,633.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was $37,382.

e. There are no construction projects with a total cost of at least $65,000 approved by the District that are scheduled to begin on or after October 1st of the fiscal year being reported.

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, see page 31 of the financial statements.

**Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for Hendry Soil and Water Conservation District for the fiscal year ended September 30, 2025, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(1), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2025. In connection with my audit, I determined that these two reports were in agreement, as the audit report will be used to complete the annual financial report.

**Other Matters**

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

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

**Purpose of this Letter**

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

*James Davis*
Certified Public Accountant

June 1, 2026

# HENDRY SOIL AND WATER CONSERVATION DISTRICT
# SCHEDULE OF FINANCIAL ASSISTANCE
# FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

| STATE AGENCY/PASS THROUGH ENTITY/PROJECT | CFDA/CFSA NUMBER | CONTRACT/GRANT NUMBER | EXPENDITURES |
|---|---|---|---|
| FEDERAL ASSISTANCE | | | |
| U.S. Department of Agriculture | | | |
| Natural Resources Conservation Service | | | |
| Conservation Technical Assistance | 10.902, 10.912 | NR224209XXXX0011 | 44,381 |
| | | Total Federal Assistance | $ 44,381 |
| STATE ASSISTANCE | | | |
| Florida Department of Agriculture and Consumer Services | | | |
| Agricultural Nonprofit Source Best Management Practices Implementation | | | |
| Lower West Coast Mobile Irrigation Laboratory | 42.017 | 26242 | $ 46,965 |
| | 42.017 | 27693 | 383,026 |
| | 42.017 | 32782 | 353,982 |
| | 42.011 | 32340 | 59,094 |
| | | Total State Assistance | $ 843,067 |
| | | Total Assistance | $ 887,448 |

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
## FISCAL YEAR ENDED SEPTEMBER 30, 2025

### A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Hendry Soil and Water Conservation District.

2. No significant deficiencies were reported in the Independent Auditor's report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.

3. No instances of noncompliance material to the financial statements of Hendry Soil and Water Conservation District were disclosed during the audit.

4. The audit disclosed no significant deficiencies in internal control over any major federal program and state project.

5. The report on compliance with requirements applicable to the major state projects expressed an unqualified opinion.

6. The audit disclosed no findings related to the major state project.

7. The District had two major state programs – FDACS #27693 and #32782.

8. The threshold for distinguishing Type A and Type B project was $300,000 for major state projects.

### B. FINDINGS – FINANCIAL STATEMENTS

See Management Letter for discussion of recommendations resulting from audit of financial statement.

Management response is included in the Management Letter.

### C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AND STATE PROJECTS

None

## D. OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required as there were no prior audit findings related to Federal programs or State projects.

2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To Hendry Soil and Water Conservation District

### Report on Compliance for Each Major Federal Program and State Project

I have audited the Hendry Soil and Water Conservation District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, that could have a direct and material effect on each of Hendry Soil and Water Conservation District's major Federal programs and State projects for the year ended September 30, 2025. The Hendry Soil and Water Conservation District's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with Federal and State Statues, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

### Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Hendry Soil and Water Conservation District's major Federal programs and State projects based on my audit of the types of compliance requirements referred to above. I conducted my 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements' Cost Principles,* and *Audit Requirements for Federal Awards* (Uniform Guidance); Chapter **10.550**, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter **10.550**, Rules of the Auditor General, require that I 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 Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Hendry Soil and Water Conservation District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major Federal program and State project. However, my audit does not provide a legal determination of the Hendry Soil and Water Conservation District's compliance.

**Opinion on Each Major Federal Program and State Project**

In my opinion, the Hendry Soil and Water Conservation 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 Federal programs and State projects for the year ended September 30, 2025.

**Report on Internal Control Over Compliance**

Management of the Hendry Soil and Water Conservation 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 my audit of compliance, I considered the Hendry Soil and Water Conservation District internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or 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 Federal program and State project and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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, I do not express an opinion on the effectiveness of the Hendry Soil and Water Conservation 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 Federal program or 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 Federal program or 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 as a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a Federal program or 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance, and Chapter **10.550**, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*James Davis*
Certified Public Accountant

June 1, 2026