

Holmes Creek Soil and Water Conservation District
Financial Statements
For the Fiscal Year Ended September 30, 2020

Holmes Creek Soil & Water Conservation District
Board of Supervisors

Seat 1: Randall Baker
Seat 2: Terry Watkins
Seat 3: Judy Powell
Seat 4: Joe Franklin
Seat 5: Jerry Wright

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

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MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Holmes Creek Soil and Water Conservation District
Bonifay, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Holmes Creek Soil and Water Conservation District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Holmes Creek Soil and Water Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Holmes Creek Soil and Water Conservation District as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on pages 4-6 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of the Holmes Creek Soil and Water Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holmes Creek 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 Holmes Creek Soil and Water Conservation District's internal control over financial reporting and compliance.

Grimsley & Associates

Marianna, Florida
May 24, 2021

Grimsley and Associates, P.A.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS 2019-2020

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

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

Financial Highlights

The assets of Holmes Creek Soil and Water Conservation District exceeded its liabilities at September 30, 2020 by \$152,408. This amount may be used to meet the ongoing obligations of the District.

The total net position increased by \$15,332 during the year ended September 30, 2020.

Using this Annual Report

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the District's net position changed during the 2020 fiscal year. The focus is on both the gross and net costs of various governmental activities that are supported by the District's revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. This statement is intended to summarize and simplify the user's analysis of the cost of various services. An increase or decrease in net position is an indication of whether the District's financial health is improving or deteriorating.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found of pages 9-11 of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position

The following schedule reflects the condensed Statement of Net Position:

	Statement of Net Position	
	September 30, 2020	
	2020	2019
Assets		
Cash	\$ 248,237	\$ 230,620
Equipment, Net of Depreciation	-	152
Total Assets	<u>248,237</u>	<u>230,772</u>
Liabilities and Deferred Inflows of Resources		
Accounts Payable	9,899	47,864
Unavailable Revenue	<u>85,930</u>	<u>45,832</u>
Total Liabilities and Deferred Inflows of Resources	<u>95,829</u>	<u>93,696</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	-	152
Unrestricted	<u>152,408</u>	<u>136,924</u>
Total Net Position	<u>\$ 152,408</u>	<u>\$ 137,076</u>

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

**Statement of Activities
For the Fiscal Year Ended September 30, 2020**

	<u>2020</u>	<u>2019</u>
REVENUES		
Program Revenues		
Charges for Services	\$ 577	\$ 819
Operating Grants & Contributions	<u>370,974</u>	<u>485,657</u>
Total Program Revenues	<u>371,551</u>	<u>486,476</u>
General Revenues		
Miscellaneous	<u>60</u>	<u>65</u>
Total General Revenues	<u>60</u>	<u>65</u>
Total Revenues	<u>371,611</u>	<u>486,541</u>
EXPENSES		
Governmental Activities		
General Government	<u>356,279</u>	<u>452,928</u>
Total Expenses	<u>356,279</u>	<u>452,928</u>
Change in Net Position	<u>15,332</u>	<u>33,613</u>
Net Position - beginning	<u>137,076</u>	<u>103,463</u>
Net Positon - ending	<u>\$ 152,408</u>	<u>\$ 137,076</u>

Governmental Funds

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

As of September 30, 2020, the District's governmental fund reported a fund balance of \$152,408, all unassigned.

Capital Assets

Detailed information about the District's capital assets can be obtained in the financial statements.

Request for Information

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

If you have any questions about this report or need additional financial information, you may contact the Holmes Creek Soil and Water Conservation District at 103 North Oklahoma Street, Bonifay, Florida, 32425.

FINANCIAL STATEMENTS

Holmes Creek Soil and Water Conservation District
Statement of Net Position
September 30, 2020

	Governmental <u>Activities</u>
ASSETS	
Cash	\$ 248,237
Total Assets	<u>248,237</u>
LIABILITIES	
Accounts Payable	<u>9,899</u>
Total Liabilities	<u>9,899</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue	<u>85,930</u>
Total Deferred Inflows of Resources	<u>85,930</u>
NET POSITION	
Unrestricted	<u>152,408</u>
Total Net Position	<u>\$ 152,408</u>

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

Holmes Creek Soil and Water Conservation District
Statement of Activities
For the Year Ended September 30, 2020

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 356,279	\$ 577	\$ 370,974	\$ 15,272
Total Governmental Activities	<u>\$ 356,279</u>	<u>\$ 577</u>	<u>\$ 370,974</u>	<u>15,272</u>
General Revenues:				
Miscellaneous				<u>60</u>
Total General Revenues				<u>60</u>
Changes in Net Position				<u>15,332</u>
Net Position - beginning				<u>137,076</u>
Net Position - ending				<u>\$ 152,408</u>

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

Holmes Creek Soil and Water Conservation District
 Balance Sheet
 Governmental Funds
 September 30, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash	\$ 248,237	\$ 248,237
Total Assets	<u>\$ 248,237</u>	<u>\$ 248,237</u>
 LIABILITIES		
Accounts Payable	\$ 9,899	\$ 9,899
Total Liabilities	<u>9,899</u>	<u>9,899</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources		
Unavailable Revenue	<u>85,930</u>	<u>85,930</u>
Total Deferred Inflows of Resources	<u>85,930</u>	<u>85,930</u>
 FUND BALANCE		
Unassigned	<u>152,408</u>	<u>152,408</u>
Total Fund Balances	<u>152,408</u>	<u>152,408</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 248,237</u>	<u>\$ 248,237</u>

Note: There are no reconciling items between the Balance Sheet and the Statement of Net Position.

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

Holmes Creek Soil and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Intergovernmental Revenues	\$ 370,974	\$ 370,974
Charges for Services	577	577
Miscellaneous	<u>60</u>	<u>60</u>
Total Revenues	<u>371,611</u>	<u>371,611</u>
EXPENDITURES		
Current:		
General Government	<u>356,127</u>	<u>356,127</u>
Total Expenditures	<u>356,127</u>	<u>356,127</u>
Excess (deficiency) of Revenue over Expenditures	<u>15,484</u>	<u>15,484</u>
Fund Balances - beginning	<u>136,924</u>	<u>136,924</u>
Fund Balances - ending	<u>\$ 371,611</u>	<u>\$ 371,611</u>

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

Holmes Creek Soil and Water Conservation District
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2020

Net Change in fund balances - total government funds \$ 15,484

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount
by which depreciation \$152 exceeded capital outlay \$0
in the current period.

(152)

Changes in net position of governmental activities \$ 15,332

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

NOTES TO FINANCIAL STATEMENTS

Holmes Creek Soil and Water Conservation District
Notes to Financial Statements
September 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ended September 30, 2020.

Reporting Entity

The District was established April 25, 1958 as an independent special district in accordance with the provisions of the Soil and Water Conservation Law, Chapter 582, Florida Statutes, enacted by the Florida Legislature in 1937. The District's purpose is to provide assistance to private landowners, as well as local, state and federal agencies to solve problems related to soil and water resources. The District is governed by a five-seat board of supervisors who are elected in the general elections of Holmes County.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The District has no business-type activities.

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

Fund Financial Statements

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

Holmes Creek Soil and Water Conservation District
Notes to Financial Statements
September 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Accounting

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

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

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

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

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

Governmental Funds

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

Holmes Creek Soil and Water Conservation District
Notes to Financial Statements
September 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The District reports the following major governmental fund:

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

Cash and Investments

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

Capital Assets and Depreciation

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

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

Net Position

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

Budget Process

Florida Statutes govern the preparation, adoption, and administration of the budget for the District. Independent Special Districts must adopt a budget by resolution each fiscal year.

Estimates

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

Holmes Creek Soil and Water Conservation District
Notes to Financial Statements
September 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Risk Management and Insurance

The District did not purchase insurance to insure itself from casualty, accident and dishonesty. The District did not deem insurance was necessary for the fiscal year ended September 30, 2020.

Deferred Inflows of Resources

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

Fund Equity

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

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

At September 30, 2020, the District had no nonspendable, restricted, committed, or assigned fund balances. The District does not have a formal policy for minimum fund balances. The District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned.

Holmes Creek Soil and Water Conservation District
Notes to Financial Statements
September 30, 2020

NOTE 2 – CASH

The District, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institutions are required to pledge U.S. Government Securities as collateral for such funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk or interest rate risk. The District has not formally adopted deposit and investment policies that limit the District's allowable deposits or investment and address the specific types of risk to which the District might be exposed. The District maintains cash balances at one bank in Bonifay, Florida. At September 30, 2020 the carrying amount and bank balance of the district's deposits was \$248,237. The bank balance was covered by federal depository insurance.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ending September 30, 2020 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Equipment	\$ 6,089	\$ -	\$ -	\$ 6,089
Less Accumulated Depreciation:				
Equipment	<u>(5,937)</u>	<u>(152)</u>	<u>-</u>	<u>(6,089)</u>
Total Capital Assets	<u>\$ 152</u>	<u>\$ (152)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – GRANTS AND AGREEMENTS

The District has the following agreements with the Florida Department of Agriculture and Consumer Services.

	<u>Agreement #</u>	<u>CSFA #</u>	<u>Grant Revenue</u>
Florida Department of Agriculture and Consumer Services	24394	42.017	\$ 304,066
Florida Department of Agriculture and Consumer Services	26235	42.017	<u>66,908</u>
			<u>\$ 370,974</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
 Holmes Creek Soil and Water Conservation District
 Budgetary Comparison Schedule – General Fund
 For the Year Ending September 30, 2020

	Budgeted Amounts		Actual Amounts (GAAP Basis)
	Original	Final	
REVENUES			
Intergovernmental Revenues	\$ 17,500	\$ 17,500	\$ 370,974
Charges for Services	300	300	577
Miscellaneous Revenues	-	-	60
Total Revenues	17,800	17,800	371,611
EXPENDITURES			
Current:			
General Government	2,500	2,500	356,127
Total Expenditures	2,500	2,500	356,127
Excess (deficiency) of revenues over expenditures	15,300	15,300	15,484
Net Change in Fund Balances	15,300	15,300	15,484
Fund Balances - beginning	136,924	136,924	136,924
Fund Balances - ending	\$ 152,224	\$ 152,224	\$ 152,408

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

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

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

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Supervisors
Holmes Creek Soil and Water Conservation District
Bonifay, Florida

We have examined Holmes Creek Soil and Water Conservation District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for Holmes Creek Soil and Water Conservation District's compliance with those requirements. Our responsibility is to express an opinion on Holmes Creek Soil and Water Conservation District's compliance based on our examination.

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

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

In our opinion, Holmes Creek Soil and Water Conservation District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Grimsley & Associates

Marianna, Florida
May 24, 2021

Grimsley and Associates, P.A.
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Supervisors
Holmes Creek Soil and Water Conservation District
Bonifay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Holmes Creek Soil and Water Conservation District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Holmes Creek Soil and Water Conservation District's basic financial statements and have issued our report thereon dated May 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Holmes Creek Soil and Water Conservation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing on the effectiveness of the Holmes Creek Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Holmes Creek Soil and Water Conservation District's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2007-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule as item 2003-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Holmes Creek Soil and Water Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2019-001.

Holmes Creek Soil and Water Conservation District's Response to Findings

The Holmes Creek Soil and Water Conservation District's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The Holmes Creek Soil and Water Conservation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Grimsley & Associates

Marianna, Florida
May 24, 2021

Grimsley & Associates, P.A.
Certified Public Accountants

SCHEDULE OF FINDINGS

Holmes Creek Soil and Water Conservation District
Schedule of Findings
September 30, 2020

2003-002

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

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

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

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

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

Response – The District will continue to make every effort to separate the record keeping duties from the custody of assets as much as possible with our small administrative staff. The board will maintain an active role in the day-to-day operations.

Holmes Creek Soil and Water Conservation District
Schedule of Findings
September 30, 2020

2007-001

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

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

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

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

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

Response – The District considers the cost of maintaining a system of internal controls to be prohibitive. The small size of the entity, as well as the minimal number of staff, precludes the establishment of such a system.

Holmes Creek Soil and Water Conservation District
Schedule of Findings
September 30, 2020

2019-001

Criteria – Per Florida Statute Chapter 189.016 the adopted budget must regulate expenditures of the special district, and an officer of a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget.

Condition – The special district over-expended their general fund budget.

Effect – The Conservation District is in technical violation of Florida Statutes, Chapter 189.016.

Cause – The special district did not budget for all expenditures related to the grant being executed by the district.

Recommendation – The special district should ensure the budget is adequate to cover all expenditures in order to be in compliance with Florida Statute, Chapter 189.016.

Response – The District will monitor the budget and amend as needed in the coming fiscal year to ensure the budget is not over-expended and that the District is in compliance with Florida Statutes, Chapter 189.016.

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

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

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

Board of Supervisors
Holmes Creek Soil and Water Conservation District
Bonifay, Florida

Report on the Financial Statements

We have audited the financial statements of the Holmes Creek Soil and Water Conservation District, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 24, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 24, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

The schedule of findings items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2018-19 FY Finding #	2017-18 FY Finding #
2003-002	2003-002	2003-002
2007-001	2007-001	2007-001
2019-001	N/A	N/A

The Management letter items are as follows:

None

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Holmes Creek Soil and Water Conservation District met one or more of the conditions described in Section 218.503(1) Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Holmes Creek Soil and Water Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Holmes Creek Soil and Water Conservation District. It is management’s responsibility to monitor Holmes Creek Soil and Water Conservation District’s financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Prior Year Findings

None

Current Year Findings

None

Marianna, Florida
May 24, 2021

Grimsley & Associates

Grimsley and Associates, P.A.
Certified Public Accountants