

**HENDRY SOIL AND WATER
CONSERVATION DISTRICT**

Annual Financial Report

September 30, 2014

HENDRY SOIL AND WATER CONSERVATION DISTRICT

September 30, 2014

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BOY, MILLER, KISKER & PERRY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

401 SOUTH W.C. OWEN AVENUE
P. O. BOX 488
CLEWISTON, FLORIDA 33440

(863) 983-5144
(863) 983-9164
FAX (863) 983-3765
bmkcpcas@aol.com

JOHN B. BOY, JR., C.P.A.
DAVID N. MILLER, C.P.A.
WILLIAM C. KISKER, JR., C.P.A.
JOHN C. PERRY, C.P.A.
AMY L. SWINDLE, C.P.A.

90 YEOMANS AVENUE
P. O. BOX 490
LABELLE, FLORIDA 33975

(863) 675-3777
FAX (863) 675-0576
bmkcpcas@aol.com

INDEPENDENT AUDITORS' REPORT

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Hendry Soil and Water Conservation District, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the major fund of Hendry Soil and Water Conservation District, as of September 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity 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 on pages 3 through 6 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 June 2, 2015, on our consideration of Hendry Soil and Water Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Hendry Soil and Water Conservation District's internal control over financial reporting and compliance.

Boy, Miller, Kisker & Perry, P.A.

Clewiston, Florida
June 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Hendry Soil and Water Conservation District would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2014. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

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 an agreement with the United States Department of Agriculture to provide technical assistance to the District, while clerical duties are performed by a Hendry County-funded employee as a normal course of its duties. The District has no employees. The District is classified as a dependent special district under the State of Florida Department of Community Affairs Special District Information Program. These funds were audited as a component unit of Hendry County in prior fiscal years.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2014, by \$121,213.
- The District's total net position increased by \$19,917.
- The District's total revenue (on an accrual basis) was \$430,949 for the fiscal year ended September 30, 2014.
- Total expenses for all of the District's activities were \$411,032 for the year.

District Highlights

- The District is administering soil and water conservation grant programs for a funding source while earning administration fees. The District has contracted with an individual to perform the inspections of the projects completed by farmers.
- The District secured an administrative contract with the Seminole Tribe.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Hendry Soil and Water Conservation District's basic financial statements. The District's annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements themselves consist of three components: government-wide financial data, fund financial data and notes to the financial statements. The District is a special-purpose local government engaged in a single governmental program. The District is allowed to present fund financial data and government-wide financial data combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. These statements present different views of the District as follows:

- The last column of the statements is government-wide financial data that provide both long-term and short-term information about the District's overall financial status.
- The fund financial data focus on individual parts of the District's government, reporting the District's operations in more detail than the government-wide data.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds are reconciled in a footnote to the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Assets exceeded liabilities by \$121,213 for the fiscal year ended September 30, 2014. The largest portion of the District's net position includes cash and investments.

The restricted net position of the District is to be used for conservation projects.

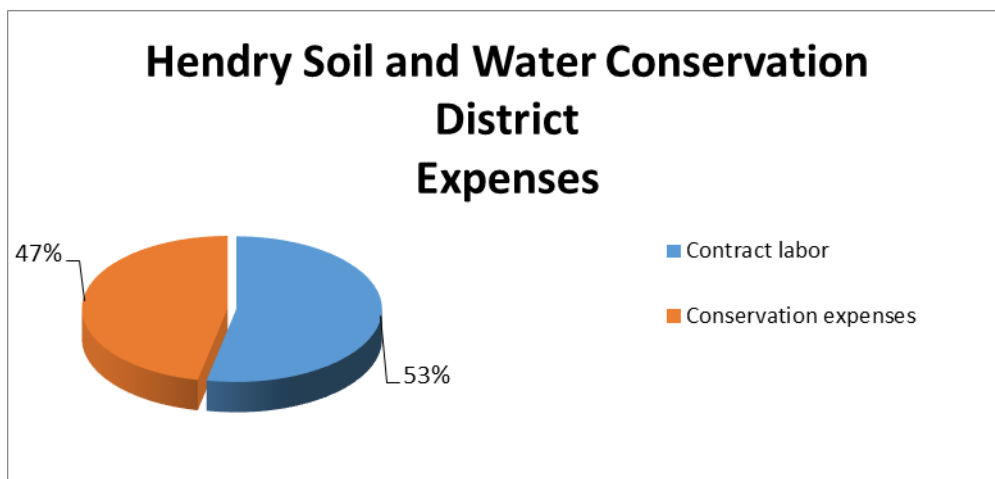
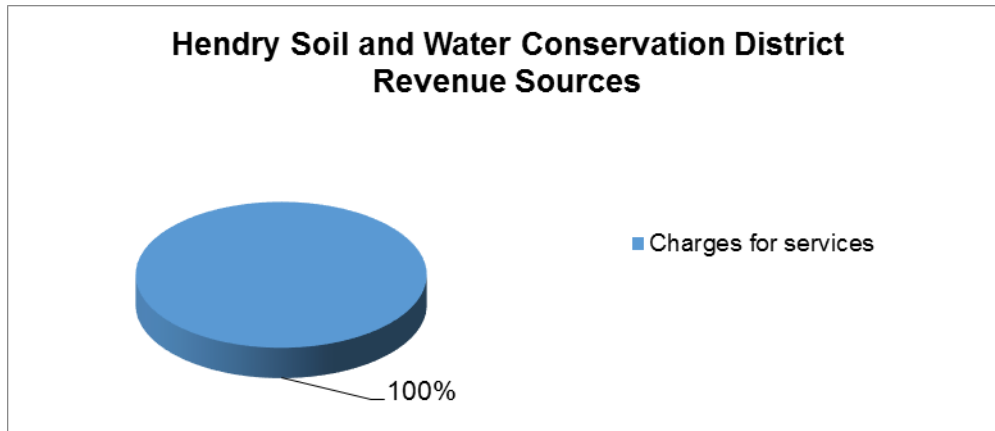
The following table highlights the net position as of September 30, 2014, and 2013:

	<u>2014</u>	<u>2013</u>
Cash and investments	\$ 275,054	\$ 202,146
Total assets	<u>275,054</u>	<u>202,146</u>
Current liabilities	3,231	850
Unearned revenue	<u>150,610</u>	<u>100,000</u>
Total liabilities	<u>153,841</u>	<u>100,850</u>
Net position		
Restricted	<u>121,213</u>	<u>101,296</u>
Total net position	<u>\$ 121,213</u>	<u>\$ 101,296</u>

The following table highlights the changes in net position for the year ended September 30, 2014, and 2013:

	<u>2014</u>	<u>2013</u>
Revenue		
Charges for services	\$ 36,139	\$ 69,565
Intergovernmental revenue	394,702	448,708
Investment earnings	<u>108</u>	<u>116</u>
Total revenue	<u>430,949</u>	<u>518,389</u>
Program expenses		
Conservation	<u>411,032</u>	<u>489,183</u>
Increase in net position	19,917	29,206
Net position, October 1,	<u>101,296</u>	<u>72,090</u>
Net position, September 30,	<u>\$ 121,213</u>	<u>\$ 101,296</u>

The following graphs present the sources of revenue and expenses for the fiscal year ended September 30, 2014:



DEBT ADMINISTRATION

Debt

The following table presents the District's total outstanding debt for the fiscal year ended September 30, 2014, and 2013:

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 3,231	\$ 850
Unearned revenue	<u>150,610</u>	<u>100,000</u>
Total outstanding debt September 30,	<u>\$ 153,841</u>	<u>\$100,850</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Secretary, Noreen Berden, 1085 Pratt Boulevard; LaBelle, Florida 33935, Telephone No. (863) 674-5700.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Statement of Net Position and
Governmental Funds Balance Sheet
September 30, 2014

	<u>General Fund</u>	<u>FDA & CA Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ -	\$ 150,610	\$ 150,610	\$ -	\$ 150,610
Investments	<u>124,444</u>	<u>-</u>	<u>124,444</u>	<u>-</u>	<u>124,444</u>
Total assets	<u>124,444</u>	<u>150,610</u>	<u>275,054</u>	<u>-</u>	<u>275,054</u>
Liabilities					
Accounts payable	3,231	-	3,231	-	3,231
Unearned revenue	<u>-</u>	<u>150,610</u>	<u>150,610</u>	<u>-</u>	<u>150,610</u>
Total liabilities	<u>3,231</u>	<u>150,610</u>	<u>153,841</u>	<u>-</u>	<u>153,841</u>
Fund balance/net position					
Fund balance					
Unassigned	<u>121,213</u>	<u>-</u>	<u>121,213</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>121,213</u>	<u>-</u>	<u>121,213</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 124,444</u>	<u>\$ 150,610</u>	<u>\$ 275,054</u>		
Net position					
Restricted for conservation				<u>121,213</u>	<u>121,213</u>
Total net position				<u>\$ 121,213</u>	<u>\$ 121,213</u>

See accompanying notes to financial statements.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Statement of Activities and Governmental
Fund Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended September 30, 2014

	General Fund	FDA & CA Fund	Total	Adjustments	Statement of Activities
Expenditures/expenses					
Contract labor	\$ 8,700	\$ -	\$ 8,700	\$ -	\$ 8,700
Conservation projects and grants	-	394,702	394,702	-	394,702
Conservation expenses	<u>7,630</u>	<u>-</u>	<u>7,630</u>	<u>-</u>	<u>7,630</u>
Total expenditures/expenses	<u>16,330</u>	<u>394,702</u>	<u>411,032</u>	<u>-</u>	<u>411,032</u>
General revenues					
Charges for services	36,139	-	36,139	-	36,139
Intergovernmental revenue	-	394,702	394,702	-	394,702
Interest income	<u>108</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>108</u>
Total general revenues	<u>36,247</u>	<u>394,702</u>	<u>430,949</u>	<u>-</u>	<u>430,949</u>
Excess of revenues over expenditures/expenses	19,917	-	19,917	-	-
Changes in net position	-	-	-	-	19,917
Fund balance/net position					
Beginning of year	<u>101,296</u>	<u>-</u>	<u>101,296</u>	<u>-</u>	<u>101,296</u>
End of year	<u>\$ 121,213</u>	<u>\$ -</u>	<u>\$ 121,213</u>	<u>\$ -</u>	<u>\$ 121,213</u>

See accompanying notes to financial statements.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Original Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
Charges for services	\$ 22,280	\$ 36,139	\$ 13,859
Intergovernmental revenue	-	-	-
Interest income	-	108	108
Total revenues	<u>22,280</u>	<u>36,247</u>	<u>13,967</u>
Expenditures			
Conservation			
Contract labor	10,000	8,700	1,300
Conservation expenses	<u>12,280</u>	<u>7,630</u>	<u>4,650</u>
Total expenditures	<u>22,280</u>	<u>16,330</u>	<u>5,950</u>
Excess of revenues over expenditures	<u>\$ -</u>	19,917	<u>\$ 19,917</u>
Fund balance, beginning of year		<u>101,296</u>	
Fund balance, end of year		<u>\$ 121,213</u>	

See accompanying notes to financial statements.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

The accounting methods and procedures adopted by Hendry Soil and Water Conservation District conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of Hendry Soil and Water Conservation District's Annual Financial Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Hendry Soil and Water Conservation District (the District) was created under general law on May 29, 1944, by a petition of the State Soil Conservation Board. The District was organized in accordance with Florida Statutes, Chapter 582. The District is governed by an elected board of five individuals from Hendry County. The operations of the District are performed by employees of the U.S. Department of Agriculture and Hendry County in accordance with various Memorandums of Understanding between the District and the other governmental agencies.

The District is a dependent special district as classified in the Special District Information Program operated as a program of the Florida Department of Community Affairs. The board members are elected by popular vote of the registered voters of Hendry County. The first election was held on July 22, 1944. The professional staff of the Natural Resources Conservation Service is provided by employees of the U.S. Department of Agriculture, while clerical and other operating expenses are provided by Hendry County Board of County Commissioners.

The financial resources reflected on the attached financial statements are certain fundraising projects which provide resources to finance the activities and projects of the District. The District has entered into agreements with the South Florida Water Management District to help the landowners develop Best Management Practices (BMP) for the conservation of soil and water resources. The District also entered into agreements with Florida Department of Agriculture and Consumer Services to monitor conservation projects. The District earned an administrative fee for monitoring the various projects funded by the grants provided by the funding agencies.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Significant changes in the Statement include the following:

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity (continued)

A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure (roads, bridges, etc.).

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement all of the provisions of the Statement.

Government Accounting Standards Board (GASB) Statement 14 entitled "The Financial Reporting Entity" establishes criteria for determining which organizations should be included in a governmental financial reporting entity. Based upon application of these criteria, the District has determined that there are no additional governmental departments, agencies, institutions, commissions, public authorities or other governmental organizations operating within the jurisdiction of the Supervisors that would be considered component units to be included in the financial statements of the District.

Basic Financial Statements - Government-wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's activities and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions and activities. The functions are also supported by general government revenues (special assessments). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the District's functions and activities.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements - Government-wide Statements (continued)

The District is a special-purpose government engaged in a single governmental program. The District is allowed to present their fund financial data and their government-wide financial data combined, using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following are descriptions of the governmental funds of the District:

General Fund

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

Special Revenue Funds

The Special Revenue Funds are used to account for revenue, the use of which is restricted or designated for specific purposes.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental activities in the governmental-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Deposits and Investments

The District has not adopted an investment policy since it follows Florida Statute 218.45 for investment decisions. Florida Statutes authorize investments that include money market accounts, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration (SBA), obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds.

The District follows state statutes for allowable investments. However, state statutes do not specifically address the risks disclosed in GASB No. 40. No policy exists for the following risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Investments consist of noninterest-bearing and interest-bearing bank accounts at financial institutions that qualify as public depositories. These funds are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Securities for Public Deposits Act (Florida Statutes 280).

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments (continued)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank balances and carrying amounts is due to outstanding checks and/or deposits in transit.

Receivables

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Fund Balance and Net Position

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Supervisors through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the Board of Supervisors. Assigned fund balance is limitation imposed by a designee of the Board of Supervisors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is policy of the District to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the District that committed amounts would be reduced first, followed by assigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

In the government-wide financial statements, the difference between the District's total assets and total liabilities represents net position. Net position displays three components - invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Substantially all governmental fund revenues are accrued. Assessments are billed and collected within the same period in which the taxes are levied. Subsidies and grants which finance either capital or current operations, are reported as nonoperating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported for governmental activities in the period the inventory items are used, rather than in the period purchased.

Capitalization Policy

The capitalization policy of the District is to capitalize all assets with a cost of \$750 or more with an expected life of one year or more.

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Secretary submits to the Board of Supervisors a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is legally enacted through passage of a resolution.
3. All budget changes must be approved by the Board of Supervisors.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
5. The District did not make any budget amendments.

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed in the District's accounting system.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Date of Management's Review

Management has evaluated subsequent events through June 2, 2015, the date on which the financial statements were available to be issued.

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS

Cash

At year end, the District's cash consisted of a noninterest-bearing checking account with a carrying amount and bank balance of \$150,610 in a financial institution which has been designated as a qualified public depository.

Deposits

At September 30, 2014, the carrying amount of the District's interest-bearing and noninterest-bearing checking accounts was \$275,054 and the bank's balances were \$275,054.

These deposits and the noninterest-bearing account are insured by the Federal Deposit Insurance Corporation or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Under this Act, financial institutions that qualify as public depositories pledge securities that have a market value equal to 50% - 125% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Depository Security Trust Fund has a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Investments

Florida Statutes authorize investments that include money market accounts, savings accounts repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration (SBA), obligations of the U.S. Government, governmental agencies guaranteed by the U.S. Government, and certain bond mutual funds.

HENDRY SOIL AND WATER CONSERVATION DISTRICT
Notes to Financial Statements
September 30, 2014

NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (continued)

Investments (continued)

During the year, investments consisted of an interest-bearing checking account that had carrying amounts and market values of \$124,444 as of September 30, 2014.

Due to the District's use of short-term interest-bearing bank accounts in financial institutions that are covered by federal depository insurance or collateral pledged under Florida Statutes Chapter 280, it is considered that credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk to these assets are nominal or nonexistent.

NOTE 3 - FUND BALANCE AND NET POSITION

Classifications of the fund balance and restrictions of the net position of the District are created to either (1) satisfy legal covenants that require that a portion of the fund balance/net position be segregated, or (2) identify the portion of the fund balance/net position that is not appropriable for future expenditures. A specific restriction of the net position is as follows:

Restricted for Conservation

This restriction represents the portion of the net position that is grant funds restricted for conservation projects.

BOY, MILLER, KISKER & PERRY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

401 SOUTH W.C. OWEN AVENUE
P.O. BOX 488
CLEWISTON, FLORIDA 33440

(863) 983-5144
(863) 983-9164
FAX (863) 983-3765
bmkpcpas@aol.com

JOHN B. BOY, JR., C.P.A.
DAVID N. MILLER, C.P.A.
WILLIAM C. KISKER, JR., C.P.A.
JOHN C. PERRY, C.P.A.
AMY L. SWINDLE, C.P.A.

90 YEOMANS AVENUE
P.O. BOX 490
LABELLE, FLORIDA 33975

(863) 675-3777
FAX (863) 675-0576
bmkpcpas@aol.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the governmental activities and the major fund of Hendry Soil and Water Conservation District, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Hendry Soil and Water Conservation District's basic financial statements and have issued our report thereon dated June 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hendry Soil and Water Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hendry Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Hendry 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 following paragraph, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Hendry Soil and Water Conservation District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

PRIOR YEAR COMMENT WHICH CONTINUES TO APPLY

Finding 2011-1 - Internal Control Over Financial Reporting

Statement on Auditing Standards require the auditor to determine if Hendry Soil and Water Conservation District is capable of preparing the enclosed financial statements and has the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements. We have determined that Hendry Soil and Water Conservation District does not currently have the skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements.

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. Given the limitations described in the first paragraph of this section, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hendry 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.

Boy, Miller, Kisker & Perry, P.A.

Clewiston, Florida
June 2, 2015

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**INDEPENDENT ACCOUNTANT'S REPORT ON
COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 218.415, FLORIDA STATUTES,
REQUIRED BY RULE 10.556(10) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined Hendry Soil and Water Conservation District's compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for Hendry Soil and Water Conservation District's compliance with those requirements. Our responsibility is to express an opinion on Hendry 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 and, accordingly, included examining, on a test basis, evidence about Hendry Soil and Water Conservation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Hendry Soil and Water Conservation District's compliance with specified requirements.

In our opinion, Hendry Soil and Water Conservation District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

Boy, Miller, Kisker & Perry, P.A.

Clewiston, Florida
June 2, 2015

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the financial statements of Hendry Soil and Water Conservation District, whose headquarters is located in LaBelle, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 2, 2015.

Auditors' 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 Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance With Government Auditing Standards; 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 (if any) in those reports and schedule, which are dated June 2, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Finding 2011-1 included in the Report on Internal Control Over Financial Reporting regarding the District's internal control over financial reporting was included in each of the two preceding annual financial audit reports. There were no other findings or recommendations included in the prior year annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. Hendry Soil and Water Conservation District was created under general law on May 29, 1944, by a petition of the State Soil Conservation Board. The District was organized in accordance with Florida Statutes, Chapter 582. There are no other entities that are considered to be component units requiring disclosure in the financial statements of Hendry Soil and Water Conservation District.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires we report the results of our 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 our audit, we determined that 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. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Hendry Soil and Water Conservation District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for Hendry Soil and Water Conservation District for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

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

Boy, Miller, Kisker & Perry, P.A.

Clewiston, Florida
June 2, 2015

**HENDRY SOIL AND WATER CONSERVATION DISTRICT
P.O. BOX 248
LABELLE, FLORIDA 33975**

June 3, 2015

**AUDITEE'S RESPONSE TO AUDITORS'
REPORTS AND MANAGEMENT LETTER**

David W. Martin, CPA
Auditor General
State of Florida

Re: Fiscal Year 2013-2014

Dear Mr. Martin:

The Rules of the Auditor General (Section 10.558(1)) require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited in the auditors' report and management letter.

AUDITORS' COMMENT CONTAINED IN THE REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Finding 2011-1

Internal Control Over Financial Reporting

The District has determined that it is not economically feasible to comply with the requirements of Statement on Auditing Standards. The District is a small governmental entity with limited financial resources. The District possesses the business and operational acumen to detect any material misstatements in their financial records. If the District employed an individual with the knowledge required by the Statement, the financial cost incurred would exceed the benefit.

If you need additional information, please contact our office.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Hendry", written in a cursive style.

Hendry Soil and Water Conservation District
Chairman