

Highlands Soil and Water Conservation District Performance Review

Prepared for:
The Florida Legislature's
Office of Program Policy Analysis
and Government Accountability
(OPPAGA)

August 19, 2024



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Key Takeaways

- The Board of Supervisors for Highlands Soil and Water Conservation District is active, meeting every month of the review period (October 1, 2020, through April 30, 2024) and providing consistent oversight of the District’s programs and activities.
- Highlands Soil and Water Conservation District provides a number of programs and activities, including technical assistance and cost-share support to agricultural producers, conservation education, and funding for conservation practices and research.
- Highlands Soil and Water Conservation District has four full-time staff and one part-time staff, supported primarily by funding provided through contracts with the Florida Department of Agriculture and Consumer Services. The District’s contracts with the Florida Department of Agriculture and Consumer Services comprised the majority of the District’s revenues during the review period, with additional revenue sources including the Florida Department of Environmental Protection, the Highlands County Board of County Commissioners, the City of Avon Park, a community garden initiative, and interest accrued from certificates of deposit.
- Highlands Soil and Water Conservation District’s operations are guided by a five-year strategic Work Plan that establishes goals and objectives for addressing the local community’s short-term and immediate needs.

I. Background

Pursuant to s. [189.0695\(3\)\(b\)](#), *Florida Statutes*, Mauldin & Jenkins (“M&J”) was engaged by the Florida Legislature’s Office of Program Policy Analysis and Government Accountability to conduct performance reviews of the State’s 49 independent soil and water conservation districts. This report details the results of M&J’s performance review of Highlands Soil and Water Conservation District (“Highlands SWCD” or “District”), conducted with a review period of October 1, 2020, through April 30, 2024.

I.A: District Description

Purpose

Chapter [582](#) of the *Florida Statutes* concerns soil and water conservation within the State of Florida. The chapter establishes the processes for creation, dissolution, and change of boundaries of districts; the qualifications, election, tenure, and mandatory meetings of District Supervisors; the oversight powers and duties of the Florida Department of Agriculture and Consumer Services (“FDACS”); and the powers and purpose of the districts. The District’s statutory purpose, per s. [582.02](#), *Florida Statutes*, is “to provide assistance, guidance, and education to landowners, land occupiers, the agricultural industry, and the general public in implementing land and water resource protection practices. The Legislature intends for soil and water conservation districts to work in conjunction with federal, state, and local agencies in all matters that implement the provisions of [ch. [582](#), *Florida Statutes*].”

The District provides a definition of its purpose on the website, which states that its purpose is “promoting and encouraging the wise use, management, and general conservation of the County’s soil, water and related natural resources.”

The District’s website states the District’s mission is “to provide leadership to help people conserve, improve and sustain the natural resources and environment of Highlands County, Florida.”

Service Area

When the District was established in 1942,¹ the service area included the lands near Lake Istokpoga, primarily south and east of the lake. In 1945, the Florida Secretary of State certified the expansion of the District’s service area to include all territory within Highlands County, and the current borders and territory remain the same. The District’s service area includes unincorporated Highlands County, the County’s two cities and one town,² and part or all of the following federal and State conservation lands:

- Avon Park Air Force Range conservation lands
- Lake June-in-Winter Scrub Preserve State Park
- Lake Wales Ridge National Wildlife Refuge

¹ McMullen, K. S., and A. P. Spencer. 1945. *Biennial Report of the State Soil Conservation Board: January 1, 1943 - December 31, 1944*. Biennial Report, Tallahassee: Florida State Soil Conservation Board.

² Cities: Avon Park, Sebring. Town: Lake Placid.

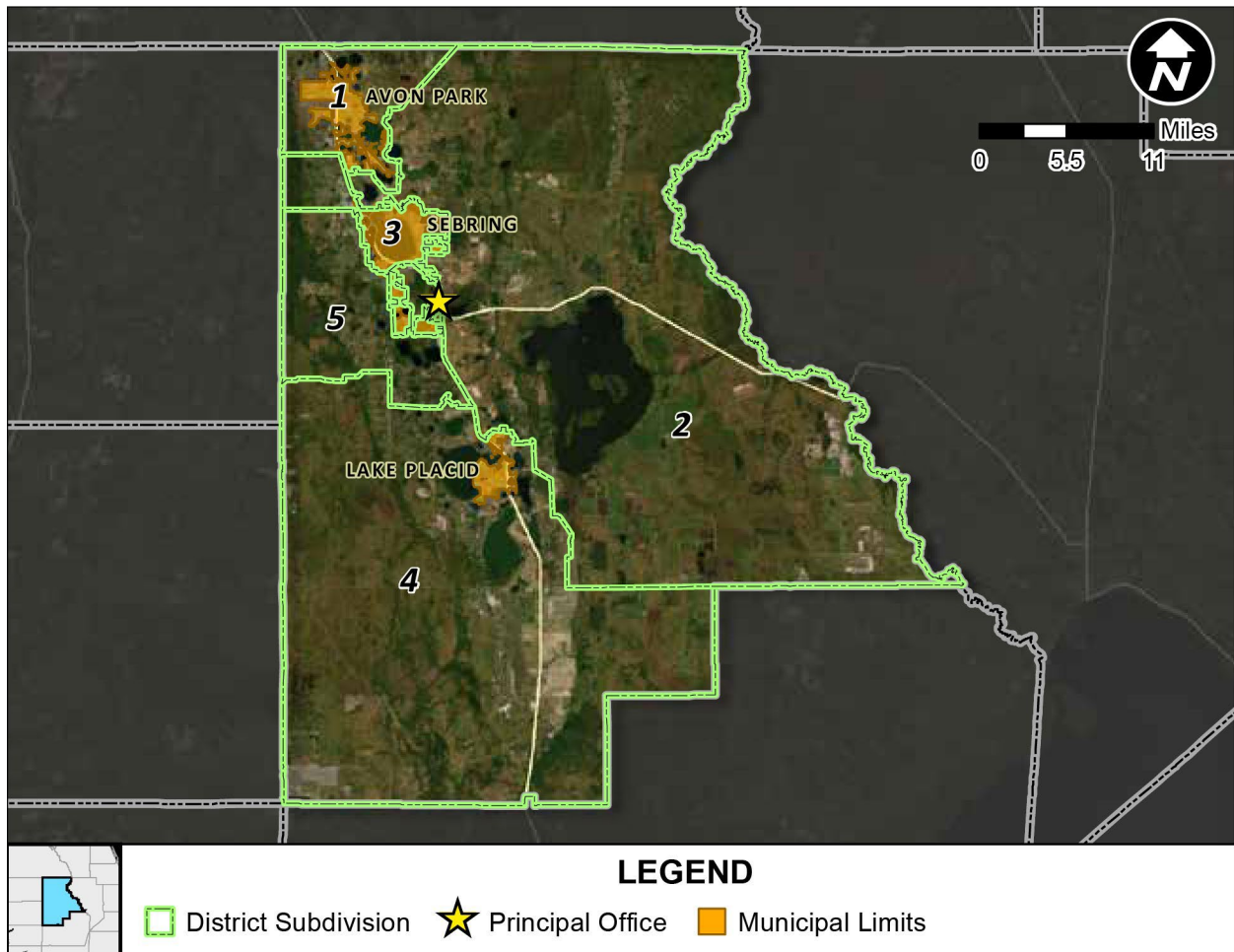
- Lake Wales Ridge Wildlife and Environmental
- Platt Branch Wildlife and Environmental Area

The District is bounded on the north by Polk County, east by the Kissimmee River and Okeechobee County, south by Glades County, and west by Desoto County and Hardee County. The total area within the District is 1,106 square miles, with 1,017 square miles of land and 89 square miles of water.

The District’s primary office and meeting space for the Board of Supervisors is located at 4505 George Boulevard, Sebring, Florida 33875. The building is owned by the Highlands County Board of County Commissioners, and also serves as office space for staff employed by the United States Department of Agriculture’s Natural Resources Conservation Service.

Figure 1 is a map of the District’s service area, based on the map incorporated by reference in Rule [5M-20.002\(3\)\(a\)18](#), *Florida Administrative Code*, showing the District’s boundaries, electoral subdivisions, major municipalities within the service area and the District’s principal office.

Figure 1: Map of Highlands Soil and Water Conservation District



(Source: Highlands County GIS, Florida Commerce District Profile)

Population

Based on the Florida Office of Economic and Demographic Research’s Florida population estimates, the population within the District’s service area was 104,385, as of April 1, 2023.

District Characteristics

Highlands SWCD is located in the south-central region of Florida. The economy of the service area is diversified, with the Highlands County Board of County Commissioner's Economic Development Office targeting six primary industries: agriculture, manufacturing and processing, healthcare and life sciences, tourism, logistics and distribution, and aviation. The northwestern region of the District is urban, while the south and east are rural and agricultural. Highlands County consistently ranks as one of the top five Florida counties in cattle and citrus production each year.³

Between 2000 and 2023, the District's population increased by 19.5%. As the District's population has increased, land use dedicated to farming and agriculture has decreased. The District's number of farms as reported in the 2002 and 2022 Census' of Agriculture decreased from 1,035 to 836. Furthermore, the District's land acreage in farms has decreased from 576,900 acres in 2002 to 389,622.^{4,5} As cities within Highlands County such as Avon Park and Sebring have grown in population, land use in Avon Park and Sebring has shifted towards residential and commercial developments. As urban areas within the District have grown, urban or residential agriculture has become more common.⁶

The District contains more than 100 bodies of water including bodies of water that connect to Lake Okeechobee such as canals and the Kissimmee River. The District is part of the Lake Okeechobee Watershed which makes the District an area of concern resulting from the ability of water to flow from the District to Lake Okeechobee.⁷ When producers incorrectly utilize fertilizer to provide nutrients for crops, the District's proximity to Lake Okeechobee creates an opportunity for pollutants such as fertilizer and other harmful runoff from lands in the District to drain into Lake Okeechobee. The largescale agricultural production that makes up the economy of the District in addition to heavy rainfall also contributes to soil erosion which sends sediment runoff downstream. As the water level rises, Lake Okeechobee discharges phosphorus and algae-contaminated waters to bodies of water and lands located East and West of Lake Okeechobee.⁸ The District being part of the Lake Okeechobee Watershed impacts the types of programs needed within the District to address issues of fertilizer misuse and runoff, soil erosion, and water quality and quantity.

³ Highlands County Board of County Commissioners' Economic Development Office. n.d. *Target Industries*. Accessed May 3, 2023. <https://www.highlandsbusiness.com/Advantages/Target-Industries>.

⁴ United States Department of Agriculture. 2002. "2002 Census of Agriculture County Profile." <https://agcensus.library.cornell.edu/wp-content/uploads/2002-Florida-County-Table-28-1.pdf>

^{5,5} United States Department of Agriculture. 2022. "2022 Census of Agriculture County Profile." https://www.nass.usda.gov/Publications/AgCensus/2022/Online_Resources/County_Profiles/Florida/cp12055.pdf.

⁶ The University of Florida's Institute of Food and Agricultural Sciences defines urban or residential agriculture as "the production, processing, distribution, and sale of food within urban and suburban areas for noncommercial/hobby, commercial, educational, or nonprofit purposes. Examples of these activities include: food producing gardens (community, backyard, institutional, market, or rooftop); edible landscaping; bee, poultry, and animal keeping; farmers' markets, CSAs, mobile produce trucks; urban or market farms; and innovative food-production methods, such as hydroponics, aquaponics, and aquaculture."

⁷ The United States Environmental Protection Agency defines a watershed as "an area of land where all of the water that is under it or drains off of it goes to a common waterway, such as a stream, lake, estuary, wetland, aquifer, or even the ocean."

^{8,8} District, South Florida Water Management. n.d. *Addressing Blue-Green Algal Blooms*. Accessed April 23, 2024. <https://www.sfwmd.gov/our-work/addressing-blue-green-algal-blooms>.

I.B: Creation and Governance

Highlands SWCD was chartered on February 5, 1942, as the Istokpoga Soil Conservation District, following a successful referendum of local landowners and subsequent petition to the Florida State Soil Conservation Board.⁹ The District was created under the authority of [the State Soil Conservation Districts Act (herein referred to as “ch. 582, Florida Statutes”).¹⁰ In 1946, the District expanded and changed its name to the Highlands Soil Conservation District. The Florida Legislature amended ch. 582, Florida Statutes, in 1965 to expand the scope of all soil conservation districts to include water conservation and rename the District to the Highlands Soil and Water Conservation District.¹¹

The District is governed by a Board of Supervisors. Supervisors are unpaid, nonpartisan public officials elected by the voters within the service district. M&J analyzed the Supervisors’ elections, appointments, and qualifications within the in-scope period pursuant to applicable *Florida Statutes*.¹²

As of this report, the District has five Supervisors. Based on affirmations received and reviewed by M&J, the current Supervisors meet the residency and qualification requirements of s. 582.19(1), *Florida Statutes*, which went into effect in the November 2022 election of all five seats. During the review period (October 1, 2020, through April 30, 2024), there has been one vacancy on the Board, as illustrated in Figure 2. The District had a vacancy from December 2020 to January 2021.

Figure 2: Supervisor Terms

Seat	FY21				FY22				FY23				FY24		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	R. Doug Deen														
2	Dr. John Causey								G. Steve Smith						
3	s.k.		T.J. Wohl												
4	Pam Fentress								Dr. John Causey						
5	G. Steve Smith								Sara Sebring						

Legend for FY21

Scott Kirouac (S.K.)

(Source: Highlands SWCD meeting minutes)

⁹ McMullen, K. S., and A. P. Spencer. 1945. *Biennial Report of the State Soil Conservation Board: January 1, 1943 - December 31, 1944*. Biennial Report, Tallahassee: Florida State Soil Conservation Board.

¹⁰ ch. 582, *Florida Statutes* (1939), available online as ch. 19473, *Laws of Florida*.

¹¹ ch. 65-334, *Laws of Florida*.

¹² Including s. 582.15, *Florida Statutes*, s. 582.18, *Florida Statutes*, s. 582.19, *Florida Statutes*, Rule 5M-20.002, *Florida Administrative Code*, and ch. 2022-191, *Laws of Florida*.

During the review period, the District met 40 times¹³ and met the mandatory meeting requirement of s. [582.195, Florida Statutes](#), to meet at least once per calendar year with all five Supervisors for both 2022 and 2023, meeting in January 2022 and January 2023. The District additionally met five times in 2022 with all five Supervisors, and seven times in 2023 with all five Supervisors. The District additionally met one time in a workshop. M&J has determined that the District did not properly notice each meeting. Findings and recommendations related to election and appointment of Supervisors and notices of public meetings will be described in section II.D (Organization and Governance) of this report.

Local regulations in the Highlands County Code of Ordinances mention the District in relation to land clearing. Section [12.12.620.E.2](#), Highlands County Code of Ordinances, states “Agricultural operations are encouraged to implement a soil and water conservation district approved conservation plan, including the use of Best Management Practices, as applicable to the specific area being cleared.”

I.C: Programs and Activities

The following are a list of programs and a list of activities conducted by the District during the review period (October 1, 2020, through April 30, 2024), along with a brief description of each program or activity.

- Mobile Irrigation Laboratory
 - The Mobile Irrigation Laboratory provides technical assistance to agricultural property owners related to the improvement of irrigation systems and related equipment.
- Best Management Practices (“BMP”) Cost-Share and Conservation Technician BMP Implementation Assistance programs
 - The BMP Cost-Share and Conservation Technician BMP Implementation Assistance programs provide Florida Department of Agriculture and Consumer Services (“FDACS”) funding to the District to administer reimbursement agreements with local agricultural producers and provide landowners with technical assistance related to implementing practices to improve water quality in agricultural and urban discharges.
- Ag-Venture
 - Ag-Venture is an education program that provides an opportunity for elementary students to gain experience, understanding, and appreciation of local agriculture.
- Stolen Saddle Ranch Water Storage Project
 - The Stolen Saddle Ranch Water Storage Project funds a feasibility study regarding a potential water storage project in the lower Peace River Basin.

¹³ Meetings occurred in October, November, and December 2020; January, February, March, April, May, June, August, September, October, November, and December 2021; January, February, March, April, May, June, July, August, September, October, November, and December 2022; January, February, March, April, May, June, July, August, September, October, November (twice), and December 2023; and January, February, March, and April 2024.

- Heartland Community Garden
 - The District, in coordination with the Highlands County Board of County Commissioners, provides space for and maintains a Community Garden for the public to rent plots to grow crops.
- Annual Inspection for the Avon Park Mitigation Sites
 - The District conducts an annual inspection of Avon Park’s mitigation sites as a neutral third-party.
- Regional Landowner Expo
 - The Regional Landowner Expo is a meeting that the District hosts in which farmers attend various classes on topics related to relevant issues in the agricultural community.
- Monitoring of Projects
 - The District monitors projects related to protection of natural resources such as Sentinel Landscape, Istokpoga Marsh Watershed project, and Basin Management Action Plans.
- Trainings and Local Meetings
 - The District participated in the following trainings and local meetings:
 - Leadership and personal development trainings with the University of Florida’s Wedgworth Leadership Institute for Agriculture and Natural Resources
 - Soil and water conservation district statewide administrative training
 - Agriculture and conservation district associations meetings and conferences
 - Agriculture Industry Day for the Leadership Highlands Class
 - Florida Department of Agriculture and Consumer Services statewide staff trainings
- Financial Support
 - The District provides financial support and donations to organizations such as Ag-Angels, Warner University, Highlands County Natural Resources Department, and Avon Park High School.
- Annual Report
 - The District creates and publishes an Annual Report each year.

I.D: Intergovernmental Interactions

The following is a summary of federal agencies, State agencies, and/or public entities with which the District interacts, including the means, methods, frequency, and purpose of coordination and communication.

United States Department of Agriculture’s Natural Resources Conservation Service

The District maintains a Memorandum of Understanding (“MOU”) with the United States Department of Agriculture’s Natural Resources Conservation Service (“NRCS”) with the purpose of codifying that the organizations will work cooperatively to assist producers within Highlands County. The District shares an office building with NRCS and an NRCS District Conservationist attends the Highlands SWCD Board meetings to provide an update on initiatives that NRCS is working on.

Florida Department of Agriculture and Consumer Services

The District maintains contracts with FDACS related to the Best Management Practices and Mobile Irrigation Laboratory programs. The District also has contracts with FDACS to support a cooperative working relationship to provide administrative services and employ Best Management Practice Technicians and Mobile Irrigation Lab staff. District staff maintain contact with Contract Managers from FDACS on a daily basis by phone or email to review tasks, discuss procedures and practices, or submit invoices for reimbursement related to contracts, and also to communicate performance of District staff related to meeting minimum performance standards.

Florida Department of Environmental Protection

As of FY23, the District maintains an Administrative Services Agreement with the Florida Department of Environmental Protection (“FDEP”) to serve as a fiscal managing agent of the grant from FDEP to the owners of the Stolen Saddle Ranch. The District communicates with FDEP matters related to management and administration of the grant on a weekly basis by phone or email.

Highlands County Board of County Commissioners

The District maintains an MOU with the Highlands County Board of County Commissioners (“BoCC”) that allows for the District to use an office building owned by the BoCC to house District staff and conduct Board meetings free of charge. In return, the District partners with BoCC on various initiatives and programs. A County Commissioner provides updates at Board meetings related to environmental projects conducted in Highlands County.

City of Avon Park

The District maintains an Interlocal Agreement with the city of Avon Park to inspect two mitigation properties on an annual basis. The mitigation sites are in place for mitigation involving the protection of the Florida Sand Skinks, a species of lizard. The District coordinates inspections on an annual basis by phone and in-person during the inspections.

University of Florida’s Institute of Food and Agricultural Sciences Extension Office in Highlands County

The District collaborates with the University of Florida’s Institute of Food and Agricultural Sciences Extension Office in Highlands County, with which the District shares an office building, allowing for frequent in-person interactions.

I.E: Resources for Fiscal Year 2022 – 2023

The following figures quantify and describe the District’s resources for Fiscal Year 2022 – 2023 (October 1, 2022, through September 30, 2023, herein referred to as “FY23”). Figure 3 shows the total amount of revenues, expenditures, and long-term debt maintained by the District in FY23. Figure 4 shows the number of paid full-time and part-time staff, contracted staff, and volunteers by employer. Figure 5 shows the number and type of vehicles, number and type of major equipment, and number and type of facilities owned, leased, and used by the District.

Figure 3: FY23 Finances

	Revenues	Expenditures	Long-term Debt
Total for Year	\$5,501,399	\$5,352,608	\$0

(Source: District FY23 Profit and Loss Statement)

Figure 4: FY23 Program Staffing

	Full-time Staff	Part-time Staff	Contracted Staff	Volunteers
District-Employed staff	4	1	0	0

(Source: District FY23 Profit and Loss Statement)

Figure 5: FY23 Equipment and Facilities

	Number	Ownership Status	Type(s)
Vehicles	4	4 owned by the District	3 Ford F150s; 1 John Deere Gator utility terrain vehicle
Major Equipment	1	1 owned by the District	1 enclosed trailer for hauling of utility terrain vehicle
Facilities	1	1 owned by the Highlands Board of County Commissioners	1 principal office/meeting space

(Source: District FY23 Profit and Loss Statement)

II. Findings

The Findings sections summarize the analyses performed, and the associated conclusions derived from M&J's analysis. The analysis and findings are divided into the following four subject categories:

- Service Delivery
- Resource Management
- Performance Management
- Organization and Governance

II.A: Service Delivery

Overview of Services

The following section identifies and describes programs conducted by the District during the review period (October 1, 2020, through April 30, 2024).

Mobile Irrigation Laboratory ("MIL")

The MIL provides technical assistance to agricultural property owners related to the improvement of irrigation systems and related equipment. MIL Team Leader and Technicians are responsible for conducting evaluations on agricultural irrigation systems in a manner that follows all Florida Department of Agriculture and Consumer Services ("FDACS") procedures, documenting inspections, conducting conservation education and outreach activities, and attending quarterly Irrigation Conservation Committee meetings.

Best Management Practices ("BMP") Cost-Share and Conservation Technician BMP Implementation Assistance Programs

A Best Management Practice ("BMP") is defined as "a practice or combination of practices determined by the coordinating agencies,¹⁴ based on research, field-testing, and expert review, to be the most effective and practicable on-location means, including economic and technological considerations, for improving water quality in agricultural and urban discharges. Best Management Practices for agricultural discharge shall reflect a balance between water quality improvements and agricultural productivity."¹⁵ Producers in an area with a Basin Management Action Plan¹⁶ are required to either implement BMPs or conduct water quality monitoring.¹⁷

¹⁴ Department of Agriculture and Consumer Services, Department of Environmental Protection, and South Florida Water Management District

¹⁵ s. [373.4595\(2\)\(a\)](#), *Florida Statutes* (2023)

¹⁶ Defined by the Florida Department of Environmental Protection as "a framework for water quality restoration that contains local and state commitments to reduce pollutant loading through current and future projects and strategies."

¹⁷ s. [403.067\(7\)\(b\)2.g.](#), *Florida Statutes* (2023)

The BMP Cost-Share Program is designed to help agricultural producers offset the expenses related to implementing BMPs. Producers are reimbursed up to 75% of the project with a reimbursement cap of \$50,000. Any necessary engineering work for the project is reimbursed at 100%. District staff perform regular site visits for producers enrolled in the BMP Cost-Share Program to confirm their compliance with the terms of their agreement(s).

The Conservation Technician BMP Implementation Assistance program allows the District to employ two Conservation Technicians to provide services to agricultural producers with their BMP enrollment. They assist with completing the Notice of Intent to Implement BMP Enrollment forms. The Technicians conduct Implementation Verification site visits on an enrolled property every two years to ensure compliance with BMPs. Also, Technicians conduct site visits on enrolled properties that receive cost-share funds to ensure that cost-share projects are maintained.

The BMP programs are administered by the District on behalf of FDACS. The District receives reimbursement for all costs related to the program including BMP Technician salaries, equipment, vehicles, travel, administrative expenses, and the cost-share reimbursements. The District's Executive Director performs administrative duties under the contract. Administrative duties include responsibility for employing staff, office support to process and track payroll, perform human resource duties, manage the FDACS Cost-Share Assistance program, manage accounts payable and receivable and ensure that candidates for the BMP Technician positions meet FDACS standards.

Ag-Venture

The District is represented on the Ag-Venture Board and provides financial support for the annual Ag-Venture program. Ag-Venture is a three-day educational program that provides an opportunity for third grade students to gain experience, understanding, and appreciation of local agriculture through educational displays, demonstrations, and hands-on activities. Ag-Venture addresses the need to teach children and the youth about the importance of agriculture in their daily lives. Ag-Venture teaches children about the agricultural commodities raised throughout Florida and increases public awareness of the importance of agriculture.

Stolen Saddle Ranch Water Storage Project

The District administers and manages a grant from the Florida Department of Environmental Protection ("FDEP") provided to the owners of the Stolen Saddle Ranch located in DeSoto County. The purpose of the grant is to conduct a feasibility study regarding a potential water storage project in the lower Peace River Basin. The District serves as the fiscal managing agent of the grant. DEP's Grant includes the need for a neutral party to manage the funds. The benefits of the program include collaboration with FDEP and the collection of an administrative fee paid to the District.

Heartland Community Garden

The District maintains a Community Garden for the public to rent plots to grow crops such as vegetables, flowers, or herbs. The need addressed by the Community Garden is for residents to collaborate and learn hands-on about producing their own food. Expected benefits of the garden include a sense of community and improved health from being outside and physically active while growing their chosen crops.

Annual Inspection for the Avon Park Mitigation Sites

The District conducts an annual inspection of Avon Park's mitigation sites and fulfills the need for a neutral third-party. Avon Park staff approached the District in 2014 to conduct inspections of their two mitigation sites as Avon Park needed a neutral entity to complete annual inspections and reports. Benefits of the program include the District's collaboration with the City of Avon Park and compensation.

Regional Landowner Expo

The Regional Landowner Expo is an event that the District hosts in cooperation with the Central Florida Regional Planning Council in which landowners in the District attend a one-day event. This event is offered to landowners (regardless of acreage) to provide information from County, State, Federal, and non-governmental organizations and to participate in conversations related to technical assistance, cost-share opportunities, conservation easements, and the financial implications of each. Landowners of all levels of ownership attend to learn about the many programs available to them. The District assists in the planning of the event and sponsors the lunch. The program helps to fulfill the need for grower and landowner education within the community about programs available to them with a priority given to conservation. Benefits of the program include providing expertise to growers and the opportunity to refer growers to other services offered by the District such as the BMP and MIL programs.

Monitoring of Projects

The District monitors projects related to protection of natural resources such as Sentinel Landscape, Istokpoga Marsh Watershed project, and Basin Management Action Plans. As such, The District stays up to date on any projects in these areas in coordination with the Highlands County Board of County Commissioners. The need fulfilled by these activities includes the need for the District to remain informed of critical issues that may impact the District and District residents. Benefits of monitoring other projects include the ability to provide expertise or monetary support, and to consider such projects when planning District services.

Trainings and Local Meetings

The District participates in/conducts the following trainings and attends local and statewide meetings. The need that the following activities address is the need for the District to collaborate with other organizations in Highlands County and Florida, and to provide expertise on soil and water conservation issues in Highlands County. Benefits of such activities include interacting with landowners, citizens, and other organizations so the District is well-informed to serve clients efficiently and be effective leaders while helping to increase awareness of the District. Examples of trainings and local meetings that the District participated in include:

- District personnel attend and complete leadership and personal development trainings with the University of Florida's Wedgworth Leadership Institute for Agriculture and Natural Resources.
- District personnel attend the Soil and Water Conservation District statewide administrative training.
- District personnel attend agriculture association meetings, Association of Florida Conservation District area and annual meetings, and National Association of Conservation District meetings.

- District personnel teach the Agriculture Industry Day for the Leadership Highlands Class.
- District personnel attend the Florida Department of Agriculture and Consumer Services' Office of Agricultural Water Policy statewide staff trainings.

Financial Support

The District provides financial support and donations to local entities. Providing financial support helps to solve the problem of reduced funds of schools, governments, and nonprofit entities and helps to encourage students to pursue careers in agriculture or natural resources. Benefits of these donations include increased awareness of the District and forming relationships within the community. The District provided financial support and donations to the following entities during the review period:

- Ag-Angels
- University of Florida's Institute of Agriculture and Food Sciences
- Warner University
- Highlands County Natural Resources Department
- Avon Park High School

Annual Report

The District creates and publishes an Annual Report each year. Annual Reports detail the District's accomplishments, challenges faced by the District, progress in completing goals, and performance measures. This report is presented to each Highlands County Commissioner, the Highlands County Administrative Team and the Florida Department of Agriculture and Consumer Services annually as a method of providing them with the knowledge of the District's accomplishments, financial activities and updated work plans.

Analysis of Service Delivery

The services, programs, and activities offered and conducted by the District are within the scope of the District's statutory purpose and authority. The MIL, BMP, and Community Garden programs align to the District's authority to demonstrate best management practices and conservation projects.¹⁸ Programs such as the Stolen Saddle Ranch Contract Management and the annual inspection for the Avon Park mitigation site align to the District's authority to cooperate with governmental and local entities.¹⁹ The activity of monitoring projects related to natural resources aligns to the District's authority to conduct research.²⁰ Programs and activities related to Ag-Venture, conducting trainings/attending meetings, and financial support align to the District's authority to provide or assist in providing training and education programs that further the District's purpose.²¹

¹⁸ [s. 582.20\(2-3\), Florida Statutes \(2023\)](#)

¹⁹ [s. 582.20\(3\), Florida Statutes \(2023\)](#)

²⁰ [s. 582.20\(1\), Florida Statutes \(2023\)](#)

²¹ [s. 582.20\(7\), Florida Statutes \(2023\)](#)

M&J has not identified any alternative methods for the District to provide services that would reduce costs or improve performance. M&J analyzed performance data relating to meeting minimum performance standards, in addition to performing a financial analysis of the District's budget, profit and loss statements, and financial statements to determine where costs could be saved. The District provides its most costly services through the BMP and MIL programs in which expenses are reimbursed by FDACS. Furthermore, the District's Executive Director has researched methods to save costs when providing services. For example, meeting minutes indicate the District has requested FDACS to cover part of operating expenses like supplies and office safety measures such as window tinting services. As such, the District is strategic regarding costs related to services provided through contracts with FDACS.

By administering the BMP and MIL programs through the District, FDACS saves time and money and is able to supplement its staffing allotment. As the District is responsible for hiring personnel whose salaries are funded through FDACS contracts, the District assists FDACS operate more efficiently and economically than it would if FDACS was responsible for hiring staff and had to pay the entire Executive Director salary for program administration.

While the District is able to efficiently manage funds related to contracts, the District recorded a deficit for FY21 and FY22 whereby expenditures exceeded revenues. M&J provides a full analysis of the District's budgeting trends in the Trends and Sustainability subsection of this report. For this reason, the District should consider analyzing costs that are not reimbursed from contracts to minimize avoidable expenditures.

Programs provided by the District through reimbursable contracts are affordable and within the District's financial means. Also, the District has been successful in meeting and exceeding minimum performance standards outlined in contracts with FDACS and therefore, does not need to make changes to service delivery to improve performance. M&J provides an analysis of the District's performance in the Performance Measures and Standards subsection of this report.

Although the District does not yet have a written succession plan, the District began the process of succession planning and decided to hire an additional full-time Administrative Specialist in late 2024 or early 2025 in anticipation of the Executive Director's planned retirement. The role of the Administrative Specialist position will be to provide consistency and institutional knowledge in preparation of the Executive Director's retirement. As a result, the District is making strides towards efficiency and economic operation.

Recommendation: The District should consider analyzing the District's expenses that are not reimbursed from contracts to minimize avoidable expenditures and to ensure that the District no longer records a deficit.

Recommendation: The District should consider continuing succession planning by documenting all program processes, procedures, and organizational information to ensure consistent understanding and operations of programs. The District should consider identifying what resources will be required to adequately plan for the transition and retirement of the Executive Director and Supervisors and ensure the continuation of programs when the current Executive Director retires, and Supervisors complete their tenures on the Board.

Comparison to Similar Services/Potential Consolidations

The District and the University of Florida’s Institute of Food and Agricultural Sciences Extension Office in Highlands County (“UF/IFAS Extension”) collaborate on outreach events in the community. While the District and UF/IFAS Extension serve similar community needs, UF/IFAS Extension addresses the need for technical expertise and research in the agricultural field on behalf of the University of Florida while the District focuses on providing programs to address needs related to the conservation of soil and water. The District and UF/IFAS Extension are able to help each other be more efficient from a mutual partnership where UF/IFAS Extension can provide the technical expertise, and the District provides the accompanying program that UF/IFAS Extension can refer producers to.

The Highlands County Natural Resources Department (“Department”) shares a similar mission to the District and addresses needs to ensure that public waters and environments are protected and are safe for the public. The District addresses needs relating to conservation of soil and water and implementation of best management practices. Because the District and Department share similar missions, the District and the Department may collaborate or request assistance from each other. In 2023, the District provided a \$25,000 contribution to a Department project to develop a floating island to help improve water quality in Lake June in Highlands County.

II. B: Resource Management

Program Staffing

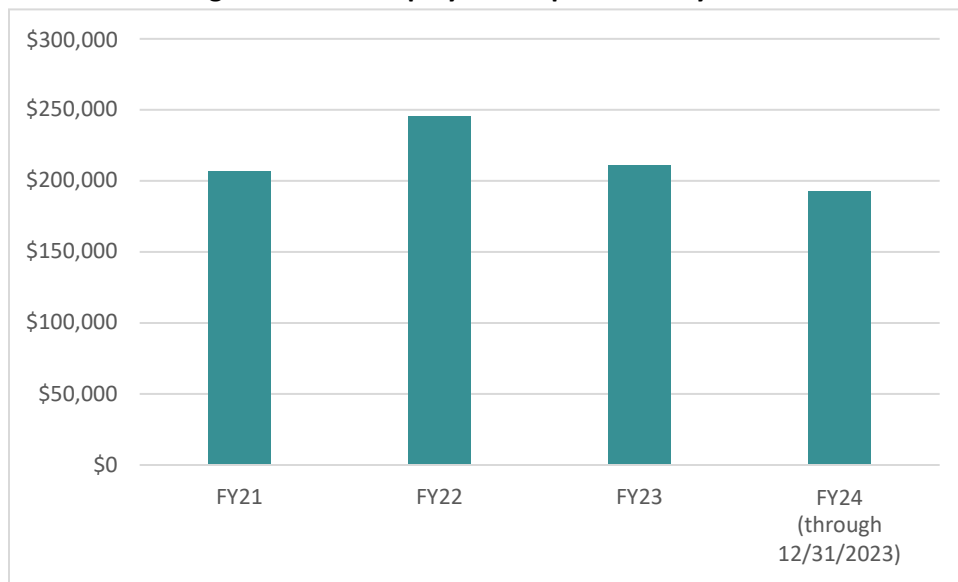
During the review period (October 1, 2020, through April 30, 2024), the District had four paid full-time positions: an Executive Director, a Best Management Practices (“BMP”) Technician, a Mobile Irrigation Laboratory (“MIL”) Manager, and a MIL Technician. In December 2019, the District filled a previously staffed part-time BMP Technician position. The District plans to propose a new paid full-time Administrative Specialist position to the Board for approval, which would be filled in late 2024 or early 2025. During the review period, the District did not have contracted positions or regular volunteers who assist with District operations. The District utilizes 150 volunteers on an annual basis for outreach events and the Community Garden program.

- The Executive Director is responsible for the daily operations of the District, including coordinating Board meetings, outreach events, and trainings; maintaining documentation related to agreements, contracts, and billing; administering contracts and grants; and monitoring performance of District staff.
- The BMP Technicians are responsible for enrolling producers in the commodity specific BMP Manuals. The Technicians conduct Implementation Verification site visits to farms to ensure that producers are implementing BMPs appropriately. Also, BMP Technicians must provide assistance to producers on cost-share projects funded through the FDACS BMP Cost-Share Program. They also serve as a resource to producers to share information about other government and assistance programs.
- The MIL Manager is responsible for overseeing operations of the District’s MIL contract with Florida Department of Agriculture and Consumer Services (“FDACS”) and ensuring that the District meets minimum performance standards. The MIL Technician is responsible for fieldwork duties related to conducting MIL inspections and assisting producers.

- The District plans to add a full-time Administrative Specialist position between late 2024 and early 2025 as part of succession planning for the Executive Director’s retirement. At the time of this report, the position has not been approved by the Board.

During the review period, District salary expenses have varied. From FY21 to FY22, salary costs increased by \$38,570. Minor fluctuations in salary costs resulted from cost-of-living increases or bonuses of three to five percent approved by Board Supervisors in FY22, FY23, and FY24. Larger fluctuations resulted from increases in salaries set by FDACS in the District’s BMP and MIL contracts. From FY22 to FY23, salary costs decreased by \$34,402. In FY23, lower salary costs were associated with extended periods of vacancies in positions. In FY23, the District had a total of two vacancies in which both the BMP Technician and MIL Technician positions were vacant for six months, resulting in lowered salary costs. From FY23 to FY24 (through 12/21/2023), salary costs decreased by \$17,965 due to only reporting salary costs for the first quarter. Figure 6 depicts the compensation of employees for each year in the review period.

Figure 6: Total Employee Compensation by Year²²

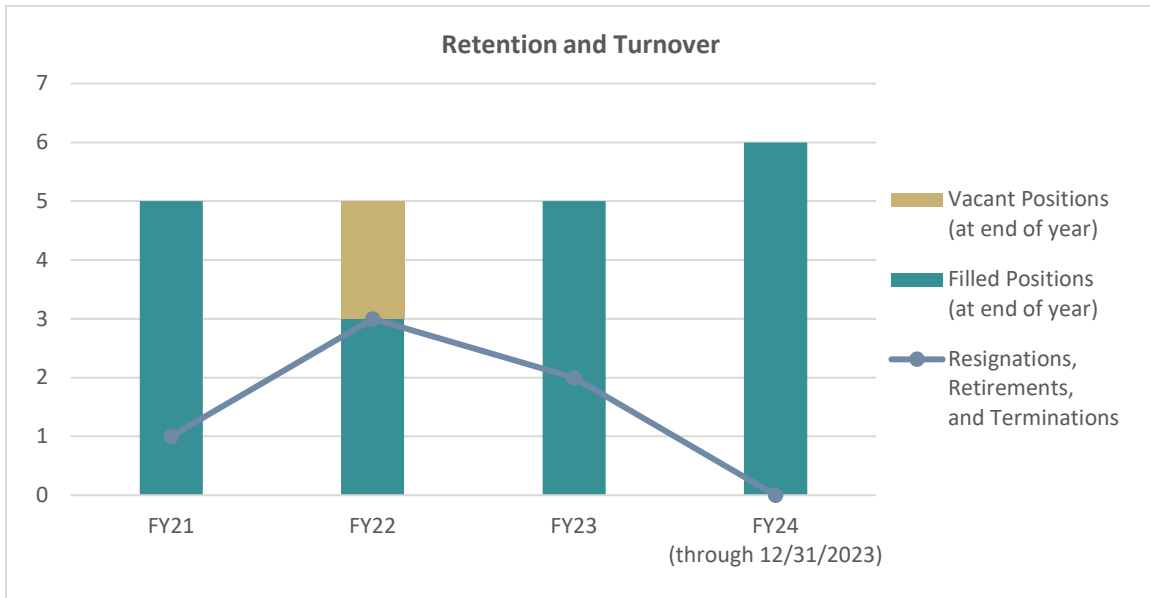


(Source: District Employee Compensation Data from FY21-FY24)

During the review period, the District has experienced turnover in its BMP and MIL positions. In FY22, the turnover rate peaked at 60% with three resignations or terminations resulting in three vacancies. One of the vacancies from FY22 carried over to FY23 and resulted in three vacancies in the BMP Technician, MIL Manager, and MIL Technician positions, which lasted five, one, and six months, respectively. Implications of such staffing trends include the increased time and effort that the Executive Director spent to advertise the positions, screen candidates, and onboard candidates. While the District was still able to meet minimum performance standards outlined in FDACS contracts in FY22 and FY23, the increased amount of time and effort of the Executive Director spent on recruiting and hiring resulted in less time spent on other duties such as outreach opportunities. Detailed vacancies and vacancy rates are demonstrated in Figure 7.

²² Tables in this report are through December 31, 2023, for FY24 to maintain consistency across all district reports.

Figure 7: Employee Retention and Turnover



(Source: District Retention and Turnover Data from FY21-FY24)

Recommendation: The District should consider assessing and analyzing current recruiting and hiring practices with the purpose of reducing turnover rates. As a result, the District could consider changing the means of recruiting qualified candidates, or the criteria or qualifications on which candidates are hired.

Equipment and Facilities

During the review period and at the time of this report, the District owned three Ford F150 trucks which were purchased with funds from the District’s BMP and MIL contracts with FDACS. In FY22, the District purchased a John Deere Gator utility terrain vehicle for use by the MIL staff to navigate around citrus grove inspection sites that have trees that are too closely planted for trucks to drive between. Also, the District purchased an enclosed cargo trailer to transport the utility terrain vehicle to MIL inspection sites. Implications of using contract funds to purchase vehicles and major equipment include cost savings for the District so that the District does not have to use its own funds for such purchases. The District’s vehicles and major equipment acquired before and during the review period are demonstrated in Figure 8.

Figure 8: Ownership Status of District Vehicles and Major Equipment by Type

Vehicle or Major Equipment Type	Ownership Status			
	FY21	FY22	FY23	FY24
Ford F150s (3)	Equipment owned by the District	Equipment owned by the District	Equipment owned by the District	Equipment owned by the District
John Deere Gator Utility Terrain Vehicle	N/A	Equipment owned by the District	Equipment owned by the District	Equipment owned by the District
Enclosed Trailer	N/A	Equipment owned by the District	Equipment owned by the District	Equipment owned by the District

(Source: District Inventory Data from FY21-FY24)

The District utilizes an office building owned by the Highlands County Board of County Commissioners (“BoCC”) to house the District’s staff and resources, as well as to host its monthly Board meetings. A memorandum of understanding between the District and the BoCC governs the use of the facility. The District does not use, own, or lease any other facilities. Figure 9 identifies the ownership status of the District facilities based on how the District utilized the facility during the review period.

Figure 9: Ownership Status of District Facilities by Type

Facility Type	Ownership Status			
	FY21	FY22	FY23	FY24
Principal Office/ Meeting Space	Office owned by the Highlands Board of County Commissioners; and used by the District at no cost	Office owned by the Highlands Board of County Commissioners; and used by the District at no cost	Office owned by the Highlands Board of County Commissioners; and used by the District at no cost	Office owned by the Highlands Board of County Commissioners; and used by the District at no cost

(Source: Interview with District Supervisors)

Current and Historic Revenues and Expenditures

The District received revenues from six sources during the review period, as shown in Figure 10. The District’s primary source of revenue is contract payments from FDACS, including administrative fees for administering the programs. The District receives between 2% and 5% of the contract amount per year depending on the rate outlined in the contracts.

The District additionally receives revenue from three other sources for administration of specific projects. The District serves as the fiscal managing agent for a Florida Department of Environmental Protection (“FDEP”) grant to the Stolen Saddle Ranch and receives 5% administrative fees on all payments made through the grant. The District receives a flat payment of \$1,000 per year from the City of Avon Park to conduct neutral third-party inspections of mitigation sites. Additionally, the District manages a Community Garden and rents the 47 plots to residents for \$20 per year.

In addition to program management, the District, through the partnership agreement, receives the monthly funds for the employer’s contribution to the Executive Director’s state retirement contribution from BoCC and generates revenues through accrued interest from certificates of deposit used to invest District surplus funds. The certificates of deposit generate an average of \$9,864 per year.

Figure 10: Total Revenues by Source Table

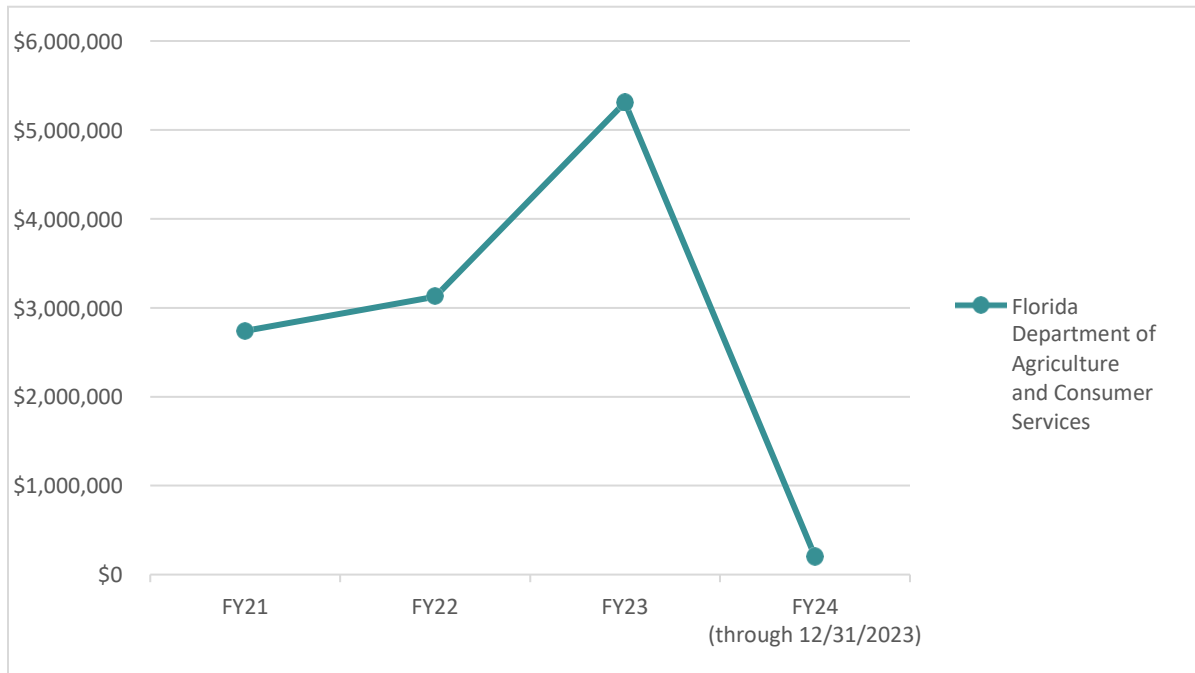
Revenue Source	Total Revenues			
	FY21	FY22	FY23	FY24 (through 12/31/2023)
Florida Department of Agriculture and Consumer Services	\$2,738,296	\$3,125,651	\$5,307,937	\$201,459
Florida Department of Environmental Protection	\$0	\$0	\$174,685	\$127,604
Highlands County Board of County Commissioners	\$9,644	\$11,006	\$9,018	\$3,392
Community Garden	\$530	\$645	\$750	\$168
City of Avon Park	\$1,000	\$1,000	\$1,000	\$0
Interest	\$12,599	\$8,984	\$8,008	\$0
Total Revenues	\$2,762,069	\$3,147,286	\$5,501,398	\$332,623

(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

The District’s main source of revenue is from BMP and MIL contracts with FDACS including administrative fees. Revenues from FDACS significantly increased from FY22 to FY23 with a BMP Cost-Share contract that generated \$3,996,561 of revenues. Revenues from FDACS decreased between FY23 and FY24 due to M&J only reporting the District’s finalized revenues for the first quarter. Figure 11 depicts variations in revenues earned from contracts with FDACS by each year in the review period.

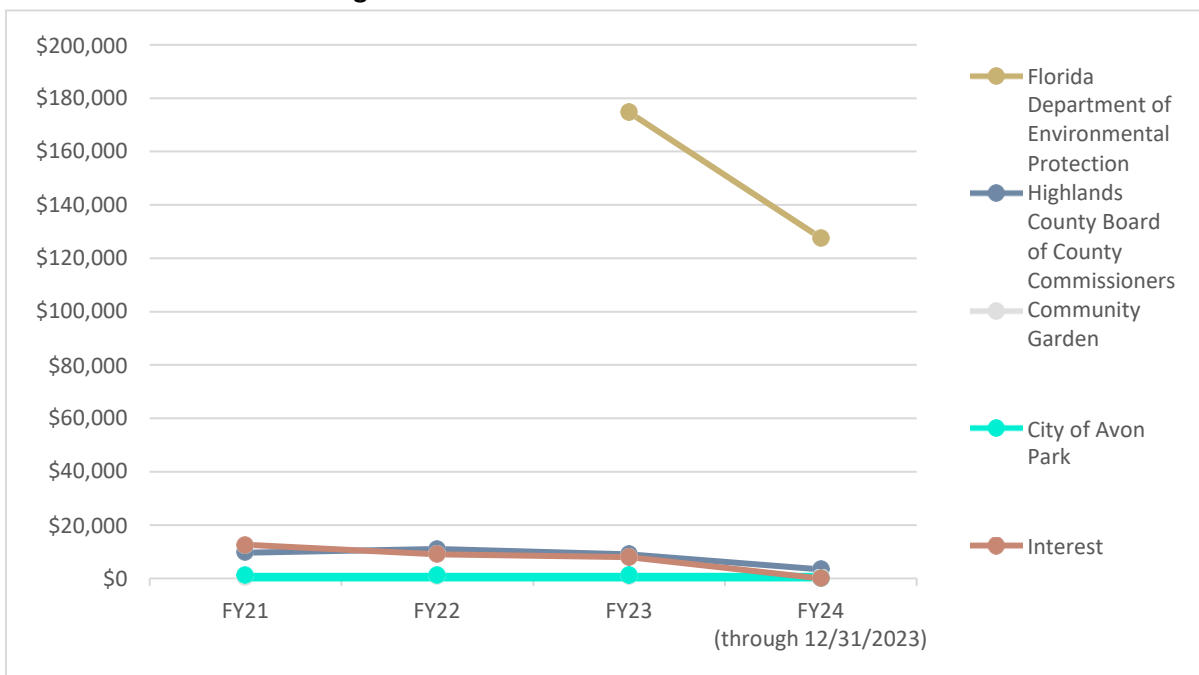
The District’s largest source of revenue excluding contracts from FDACS was the District’s grant from FDEP including administrative fees. Other sources of revenue such as the Community Garden, Avon Park, and BoCC remained consistent during the review period. Revenues decreased between FY23 and FY24 due to M&J only reporting finalized revenues for the first quarter of FY24. Figure 12 depicts revenue trends by source excluding contracts with FDACS.

Figure 11: Total Revenues from FDACS



(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

Figure 12: Total Revenues from Other Sources



(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

The District expended funds on seven program categories during the review period, as demonstrated in Figure 13. The District’s two primary expenditure categories were the programs administered through FDACS contracts. The expenditures on the BMP and MIL programs are paid in part by an up-front project startup payment at the beginning of the contract, with all subsequent expenditures reimbursed by FDACS. BMP and MIL program expenditures include cost-share payments; applicable staff salaries; procurement, maintenance, and operation costs of vehicles; expenses incurred on FDACS-approved travel; and other expenses incurred while carrying out the tasks specified in the program contracts.

The other programs on which the District expends funds are the Stolen Saddle Ranch Water Storage project, Ag-Venture, sponsorship of education programs, and participation in outreach events. The grant funds contributed to the Stolen Saddle Ranch for use on the water storage project by FDEP are disbursed by the District and are considered District expenditures. The District pays for lunch, bus transportation, and partially funds a part-time Director position for the Ag-Venture program.

The District’s sponsorship of education programs has included contributions to the Avon Park High School Reserve Officers’ Training Corps for the purchase of a drone for use in monitoring farming practices; donations to the Warner University Agriculture degree program for a scholarship to an upperclassman enrolled in the program; donations to Ag-Angels which is a nonprofit organization that provides basic needs and Christmas gifts to less fortunate children; and sponsorship of an agricultural tour conducted by the University of Florida’s Institute of Food and Agricultural Sciences.

Historically, the District has collaborated with the BoCC to assist with projects to benefit the Highlands County Natural Resources Department. In 2021, the Highlands County Natural Resources Department identified a need for funds related to a project on Lake June. The District contributed \$25,000 to the Highlands County Department of Natural Resources for the project. Furthermore, the District’s participation in outreach events included a \$1,933 sponsorship to provide lunch for attendees of the Landowner’s Expo event in FY22 and FY23 and several other partnerships.

In addition to program expenditures, the District has operating expenses that are necessary for the regular operation and administration of the District and are paid out of the District’s General Fund. The District’s operating expenses are accounting and auditing services; office supplies; office and internet security; employee wages, payroll taxes, and benefits (insurance and Florida Retirement System contributions); and travel and vehicle expenses.

Figure 13: Total Expenditures by Program Table

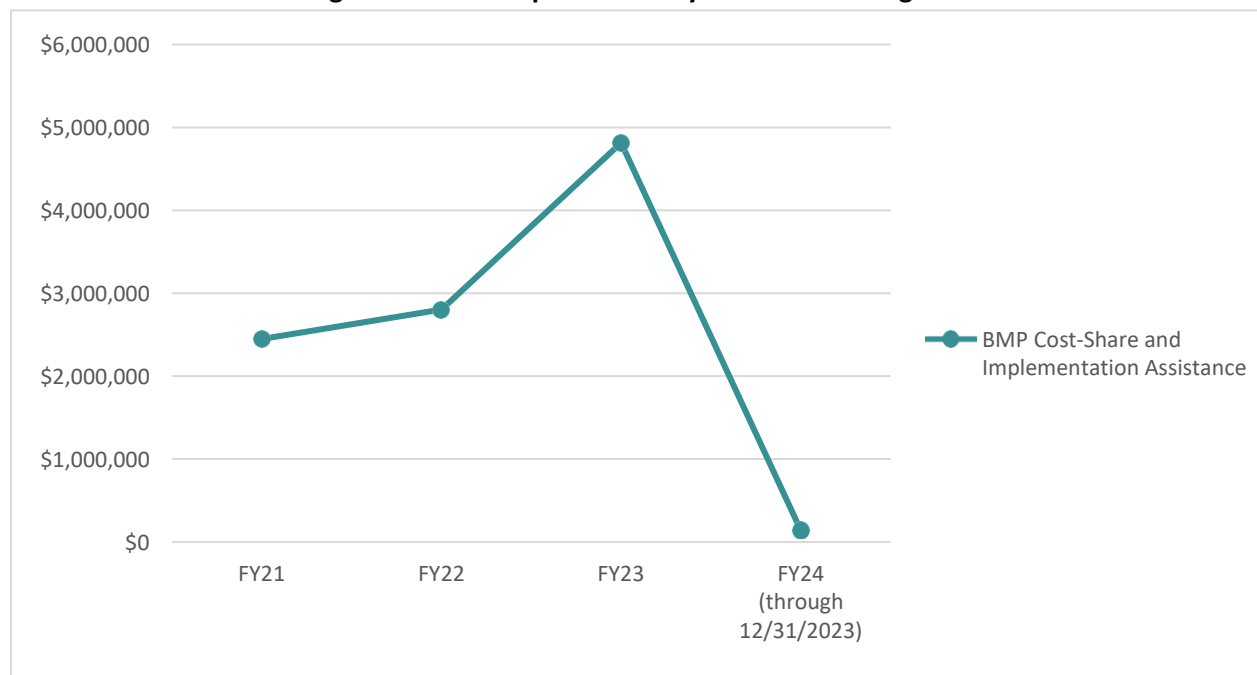
Program or Activity	Total Expenditures			
	FY21	FY22	FY23	FY24 (through 12/31/2023)
BMP Cost-Share and Implementation Assistance	\$2,446,614	\$2,802,462	\$4,814,308	\$138,464
Mobile Irrigation Laboratory	\$83,109	\$116,062	\$148,956	\$22,735
Stolen Saddle Ranch Water Storage Project	\$0	\$0	\$166,367	\$112,570

Program or Activity	Total Expenditures			
	FY21	FY22	FY23	FY24 (through 12/31/2023)
Operating Expenses	\$248,072	\$271,821	\$212,561	\$90,794
Ag-Venture	\$1,000	\$1,000	\$7,000	\$5,000
Sponsorship of Education Programs	\$5,500	\$1,300	\$1,000	\$4,000
Outreach Events	\$29,946	\$4,233	\$2,416	\$0
Total Expenditures	\$2,814,241	\$3,196,877	\$5,352,608	\$373,563

(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

The District’s main expenditures are from BMP contracts with FDACS. Expenditures associated with FDACS contracts significantly increased by \$2,011,846 from FY22 to FY23. Expenditures between FY23 and FY24 decreased due to M&J only reporting the District’s finalized expenditures for the first quarter of FY24. Figure 14 shows the District’s expenditures related to the BMP program.

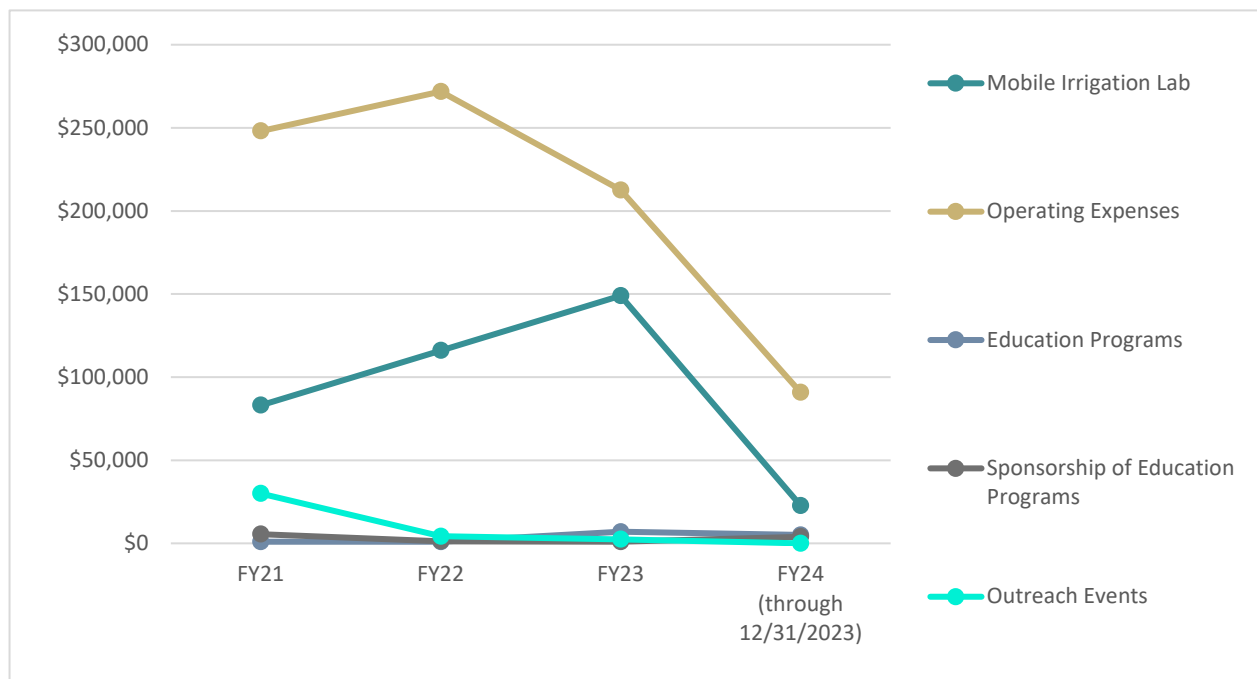
Figure 14: Total Expenditures by FDACS BMP Program



(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

Aside from spending related to the District’s BMP program, the District’s main source of expenditures are operating expenses. The District’s operating expenses increased in FY21 and decreased each year of the review period. The District’s expenditures related to outreach activities experienced its most significant decrease from FY21 to FY22. The District provides sponsorship to the Ag-Venture Program on an annual basis. Only in FY23 and FY24 the District, along with other entities, will provide additional funds to the Ag-Venture program to support a newly created Program Director position. Starting in FY23, the District incurred expenditures related to the FDEP grant. Expenses related to education programs and outreach events fluctuated based on which programs and events the District supported or attended in any given year. Overall, expenditures decreased in FY24 due to M&J only reporting the District’s finalized revenues and expenditures for the first quarter. Expenditures by programs other than the FDACS BMP programs are shown in Figure 15.

Figure 15: Total Expenditures by Other Programs



(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

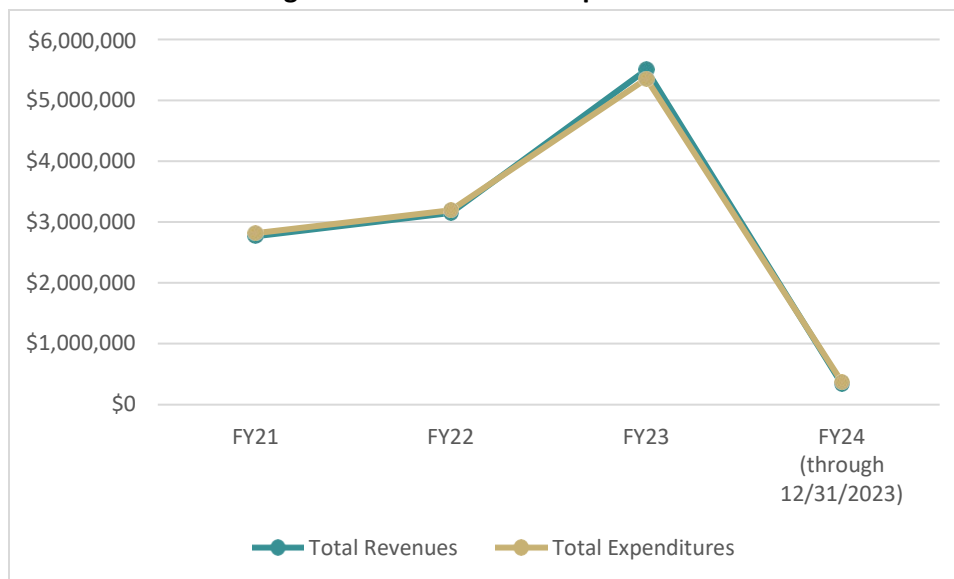
During the review period, the District managed its finances consistent with leading practices. District budgets are built from budgeted revenues from contracts and projections of operating expenses based on previous years. The District completes amendments to the budget as needed to ensure the budget is balanced. The District maintains multiple forms of financial records to prepare for the annual third-party independent financial audit and to document reimbursable expenses associated with contracts. The District has also invested revenues strategically to earn interest on certificates of deposit, which generated \$28,590 for the District during the review period.

Trends and Sustainability

To analyze the District’s financial trends and stability, M&J analyzed finalized District revenues and expenditures as detailed in the District’s FY21 and FY22 financial statements compared to profit and loss statements for the same periods. The District’s FY23 financial statement has not yet been finalized. Therefore, M&J utilized profit and loss statements for FY23 and the District’s budgeted revenues and expenditures for FY24.

During the review period, the District’s revenue and expenditure trended in parallel based on the annual changes to the District’s main source of revenues and expenditures – the FDCAS contracts. The revenues generated from the contracts exceed the contract-related expenditures due to the District’s receipt of the administrative fees paid as a percentage of the reimbursed amounts. As depicted in Figure 16, though, even while revenues grew each of the first three years of the review period, the District’s total expenditures slightly outpaced its revenues in both FY21 and FY22 and has done so through December 31, 2023, in FY24. During the review period, FY23 was the only year total revenues exceed expenditures.

Figure 16: Revenues vs. Expenditures



(Source: District FY21 and FY22 Annual Financial Audit and FY21-FY24 Profit and Loss Statements)

From FY21 to FY22, revenues increased by \$385,217. The District’s BMP Cost-Share and MIL contracts accounted for a \$387,355 increase in revenues, which were offset by a \$3,615 decrease in interest revenue. Similar to revenues, expenditures increased by \$382,638, primarily driven by an increase in BMP Cost-Share and MIL program expenses, as well as operating expenses. The District’s BMP Cost-Share and MIL contracts accounted for a \$355,848 and a \$32,953 increase in expenditures, respectively, while an increase in operating expenses accounted for an additional \$23,749. The increase in operating expenditures is associated with an increase in wages. The MIL Technician position that was vacant for seven months in FY21 became occupied in FY22, resulting in a \$19,662 increase in wages for that position. The increase in expenditures from year to year was offset by a \$25,713 decrease in spending related to outreach events.

From FY22 to FY23, revenues increased by \$2,354,113, driven primarily by contracts with FDACS. In December 2022, one of the District's BMP Cost-Share contracts effective May 2022 was amended to include a \$1,250,000 increase in funds in FY23 for additional projects. The District also received funds that were budgeted for the contract for FY22 but were not yet distributed until FY23. This contract was responsible for new revenues totaling \$3,996,561. Also contributing to the increase was a new FDEP grant which resulted in \$174,685 of new revenues. The growth in revenues was offset by a \$1,760,028 decrease related to a different BMP Cost-Share contract that expired halfway through FY23 and therefore the District only received funds through June 2023. Through contract and grant administration, in FY23 the District was able to generate \$256,585 in administrative fees for general-purpose use.

Similar to revenue changes, expenditures increased by \$2,155,730 from FY22 to FY23 due to the amendment of the BMP Cost-Share contract effective May 2022 and the District receiving funds to disburse that were budgeted for the contract in FY22. As such, the contract generated new expenditures of \$3,806,249. Disbursements related to the new FDEP grant accounted for a \$166,366 increase in expenditures. Offsetting the increase in expenditures, the District's other BMP Cost-Share contract expired in June 2023, resulting in a \$1,760,028 decrease in expenditures related to the contract as the District had expended all funds provided through the contract by June 2023. Additionally, the District's operating expenses decreased by \$59,260, including a \$29,831 decrease in wages due to three vacancies.

Based on budgeted revenues from FY24, revenues are projected to decrease from FY23 to FY24 by \$1,698,399. The District's BMP Cost-Share contract effective May 2022 is projected to result in a decrease of revenues by \$1,993,123 due to the contract's expiration in June 2024 and because the District received 66 percent of the budgeted funds for the contract in FY23. Although the contract was effective beginning in FY22, the District did not receive or expend funds related to the contract until FY23 and FY24. Conversely, the FDEP grant is projected to provide the District with an additional \$158,948 in revenues including \$25,000 in administrative fees.

Based on budgeted expenditures for FY24, expenditures are projected to decrease by \$1,605,200. The expiration of the District's May 2022 BMP Cost-Share is projected to decrease expenditures by \$2,093,294. Conversely, expenditures associated with the FDEP grant are projected to increase expenditures by \$142,266. Also, personnel expenses are projected to increase by \$52,178, due to the filling of positions that were vacant in FY23 for a total of six months, resulting in lowered salary costs for FY23.

To assess cost reduction efforts, M&J analyzed the District's budgets, bank statements, profit and loss statements, and financial statements, as well as Board meeting minutes to identify methods employed to reduce costs. The District has identified several opportunities to save costs, such as the Executive Director's efforts to receive full or partial reimbursements for the costs of various purchases by the District's partnering organizations.

The April 2022 meeting minutes indicate that the District's successful request for reimbursement by FDACS for the purchases of a John Deere Gator utility terrain vehicle and an enclosed cargo trailer, resulted in cost-savings of \$18,596 for the District. The February and March 2021 meeting minutes note the District's successful requests to the Highlands County BoCC and FDACS to cover part of the District's operating expenses related to a security system and window tinting services. The BoCC and FDACS each covered half of the costs, saving the District a total of \$5,068.

While the District's revenue streams are sustainable due to the diversity of the District's different contracts and strong partnership with FDACS, the District has operated at a deficit for two years of the review period. In FY21 and FY22, the District operated with a \$51,918 deficit and \$49,592 deficit, respectively as expenditures exceeded revenues. In FY23, the District's revenues exceeded expenditures by \$148,790.

For FY24, the District has budgeted for the projection that revenues will exceed expenditures by \$55,591. Compared to the District's significant amount of funds in reserves which totaled \$1,047,044 as reported in the District's most recent annual financial audit report in FY22, the District's deficits have not been substantial. However, it is important for the District to progress towards a balanced budget for long-term sustainability.

If the District were to lose contracts and funding with FDACS, the District would lose a large portion of its revenues gained from administrative fees and would be unable to afford the salaries of the BMP staff, MIL staff, and the Executive Director, as well as services currently provided through contracts with FDACS. Because the Executive Director's salary is partly funded by FDACS, the District would have to potentially consider reducing the position from full-time to part-time or pursuing other funding sources.

Recommendation: The District should consider reviewing the current and future costs of its programs and activities and evaluating the sustainability of the relevant expenditures compared to the District's annual revenues. The District could consider reassessing budgeting practices to predict expenditures more accurately and to determine the level of programs and activities the District can fund with current revenue sources.

II.C: Performance Management

In the following sections, M&J provides analysis and findings related to the District's strategic and other future plans, goals and performance measures, the District's financial reporting, and performance during the review period (October 1, 2020, through April 30, 2024).

Strategic and Other Future Plans

During the review period, the District had two Strategic Work Plans in place for the periods of 2018 to 2023 and 2023 to 2028. Both Work Plans were developed by the Executive Director and Board Supervisors. Meeting minutes show that the District held a public workshop in June 2018 to complete the Work Plan for 2018 to 2023, and in September 2023 to complete the Work Plan for 2023 to 2028.

M&J cannot confirm whether the 2018-2023 Work Plan was approved by Supervisors as the Work Plan was developed before the start of the review period. Meeting minutes from October 2023 record the approval of the 2023-2028 Work Plan by Supervisors by unanimous vote of the Board. After development of the new Work Plan, Supervisors agreed to update the Work Plan on an annual basis.

The District's 2018-2023 and 2023-2028 Work Plans adequately address the community's short-term and long-term needs by defining target areas that represent community needs. Also, the Work Plans identify various goals and planning resources needed to achieve goals such as funding or partner organizations, and a measure of progress or achievement.

Goals and Objectives

The 2018-2023 Work Plan served as the strategic plan for the District. The Work Plan included goals for the District to meet within the defined period such as:

- Provide grower education of alternative practices promoting conservation.
- Create a guide for the farmers and public describing programs and services provided by various natural resource conservation entities.
- Continue to research the possibility of re-establishing a local farm service agency office in Highlands County.
- Re-evaluate staffing of District office.

The 2023-2028 Work Plan serves as the current strategic plan for the District and includes goals in the following areas: conservation, special projects, and the Board of Supervisors.

Goals within the conservation area apply to the District's programs and activities generally and the Mobile Irrigation Laboratory ("MIL"):

1. Development of a reorganization plan/new legislation rather than full abolishment of soil and water conservation districts.
2. Dependent on adopted legislation, assisting in development of Regional soil and water conservation district's work plan with the Florida Department of Agriculture [sic]– Office of Agricultural Water Policy ("FDACS-OAWP") per adopted legislation.
3. Pursuing Administrative contracts with various conservation and natural resource entities.
4. Expanding on data systems of the Mobile Irrigation Laboratory.
5. Providing grower education on alternative practices promoting conservation.

Goals within the special projects area apply to the District's outreach and general activities and include:

1. Continuing support & facilitation of the Landowners Expo.
2. Funding of educational programs (ex., Ag-Venture, Ag-Angels, Scholarships).
3. Exploring special projects focused on conservation of natural resources in Highlands County for potential funding.

4. Working with FDACS-OAWP to increase salaries awarded to high performing staff in effort to be competitive.
5. Re-evaluating staffing of the District succession plan. Preparing for potential Regional Leadership at the District.
6. Cross training of staff.

Goals within the Board of Supervisors and outreach area apply to the District's outreach and general programs and activities and include:

1. Continuing success of Community Garden. Incorporating technology as learning tools.
2. Creating and implementing producer survey to be completed as an evaluation of the District's performance.
3. Soliciting testimonials from producers to share their experience with the District for Best Management Practices Enrollment, Cost-Share Projects, Implementation Verification.
4. Maintaining and increasing involvement in conservation and agriculture events.

Because the District's goals are defined in both Work Plans developed with the help of Supervisors, Supervisors have approved the District's goals and objectives.

Performance Measures and Standards

The District tracks performance measures related to the administration of the District's contracts with FDACS for the Cost-Share and BMP Implementation Assistance programs in addition to the MIL such as the dollar amount of cost-share projects administered, staff performance monitoring and measurements, and activity reports.

The District defines written performance measures in its Annual Report. Performance measures tracked in the Annual Report relate to the District's activities associated with the MIL and Best Management Practices ("BMP") programs, in addition to general activities of the District. Performance measures tracked and reported by the District include:

- Statistics related to the District's MIL: number of inspections, total acreage inspected, gallons of water saved, and number of inefficiencies identified
- Statistics related to workload of the District's BMP program: number of site visits, number of enrollments, and number of BMP cost-share implementation reimbursement contracts
- Total amount of subsidies distributed to producers related to the BMP Cost-Share program
- Successes in partnerships- number of and types of services and programs offered through the District's partnerships related to outreach events and activities
- Capacity of Community Garden

Supervisors have accepted all of the Annual Reports which are presented by the Executive Director during Board meetings, thereby approving the performance measures and standards.

The District also tracks performance measures outlined within the District's contracts with the Florida Department of Agriculture and Consumer Services ("FDACS"). Performance measures related to the BMP Program include:

- Minimum number of implementation verification site visits that must be completed per year:
 - The goal in FY21 was 36 implementation verification site visits.
- Minimum number of cost-share projects to provide assistance with:
 - The goal in FY21 was the provision of assistance to 10 cost-share projects.

FDACS requires all BMP Technicians to meet a specific percentage of completed implementation site visits and cost share projects for FY22, 23, and 24. These standards are tracked and reported monthly to FDACS by the District.

The performance measure for the MIL program is:

- Minimum number of agricultural irrigation systems that must be evaluated per fiscal year:
 - The goal for FY21 - FY22 was 156 agricultural irrigation system evaluations per year, which increased to 168 evaluations per year for FY23 – FY24.

The Board approved the FDACS contracts containing the various minimum performance standards.

[Analysis of Goals, Objectives, and Performance Measures and Standards](#)

The 2018-2023 Work Plan clearly states the District’s goals and objectives, which are well-defined and measurable. The 2023-2028 Work Plan also clearly states the District’s goals and objectives and includes a list of action items to achieve the goals and methods to measure progress. As such, the 2023-2028 Work Plan contains well-defined and measurable goals.

The District’s goals relate to water conservation, agricultural producer education, and community outreach and therefore, address the District’s statutory purpose. While the District’s goals and objectives acknowledge and provide direction for the District’s future, the District’s strategic plan should leverage applicable long-term plans from the Highlands County Board of County Commissioners, South Florida Water Management District, or the Southwest Florida Water Management District to expand farther into the future to provide sufficient direction for future challenges, land-use changes, and operations within at least the next ten years.

The District’s goals may be achieved within the District’s FY24 budget due to having the financial resources and staff needed to increase outreach activities. Also, goals may be achieved within the District’s FY24 budget due to the planned addition of an Administrative Specialist in FY24 which will help the District to operate more efficiently.

For the District’s contracts with FDACS related to the BMP program, standards in FY21 were:

- Minimum number of implementation verification site visits that must be completed per year

- Minimum number of cost-share projects to provide assistance with

In FY22, FDACS removed the minimum number of site visits and changed standards to the following for FY22 through FY24:

- Assist producers with enrolling/re-enrolling in the FDACS BMP program 98% of implementation verification visits
- Respond to mailout enrollment requests within 30 business days 98% of the time
- Contact/attempt to contact to schedule implementation verification visit for 50% of assigned notice of intents
- Use approved process for implementation verification site visits, collecting data, appropriately placing producers in corrective action, and identifying mitigating BMPs for 95% of implementation verification entries
- Use approved cost-share process with accurate completion 95% of the time

Based on the District's Annual Reports from FY21 to FY23, the District met standards defined within contracts for the BMP enrollments, implementation verification assessments, and cost-share projects. In Board meetings, BMP staff present progress towards minimum performance standards outlined in the contracts with FDACS. Based on 2024 Board meeting minutes, the District is making progress towards meeting goals for FY24.

For the District's contract with FDACS related to the MIL, the standard during the review period changed. The minimum performance standard of 156 agricultural irrigation systems in FY21 and FY22 increased by 12 to 168 agricultural irrigation systems in FY23 and FY24.

FY21 MIL evaluations missed the approved goal by one evaluation. The failure to meet the minimum standard was due to a vacancy within the MIL Technician position for seven months of FY21. To prevent such failure in the future, the District has prioritized the filling of vacant positions by advertising positions and recruiting candidates as soon as possible. The District reported 186 evaluations in FY22, exceeding the standard by 30 evaluations. In FY23, the District reported 179 evaluations, exceeding the standard of 168 by 11 evaluations. Related to progress towards evaluations in FY24, according to 2024 Board meeting minutes, the District is meeting performance standards in the current fiscal year.

Related to the District's 2018-2023 Work Plan, the District achieved goals related to providing grower education of alternative practices from hosting Ag Producer Expo events. The District also achieved its goal of re-evaluating staffing, evaluating the Ag-Venture program, completing a road show, promoting attendance of District personnel in local meetings, and funding local projects. The District did not achieve goals related to re-establishing a local farm service agency office, cross-training of staff, increasing participation in youth programs, or completing feature articles to identify farmers who have completed a cost-share program to share their stories. The District provided updates to the Work Plan to explain their attempts to achieve goals and any roadblocks encountered along the way that prevented the District from achieving the goals. Many of the goals were transitioned to the current Work Plan in place for future achievement.

Annual Financial Reports and Audits

The District is required per s. [218.32](#), *Florida Statutes*, to submit an annual financial report to the Florida Department of Financial Services within nine months of the end of the District's fiscal year (September 30). According to Annual Financial Reports sourced from the Florida Department of Financial Services' online database, the District submitted the FY21, FY22, and FY23 Annual Financial Reports by the required deadline. The District has until June 30, 2025, to submit the FY24 Annual Financial Report.

The District is additionally required to submit an annual financial audit report as its revenues or combined expenses and expenditures have exceed \$100,000 each year of the review period, as per s. [218.39](#), *Florida Statutes*. The District submitted the FY21, FY22, and FY23 financial audit reports to the Florida Auditor General within the compliance period of nine months after the end of the fiscal year, or 45 days after the presentation of the audit report to the Board, whichever is shorter. The independent auditor did not issue any negative findings in the financial audit reports for FY21 and FY22.

Performance Reviews and District Performance Feedback

During the review period, the Board of Supervisors have evaluated the Executive Director on an annual basis and the Executive Director has evaluated District staff. Paper evaluation forms for both the Executive Director and staff include a scale from one to five and job responsibilities for evaluators to assess performance related to a specific responsibility.

During the review period, the Executive Director has received a 90% or higher score. If a staff member receives an unsatisfactory assessment, the District takes action to improve the employee's performance, such as probation for a 90-day period. If the employee does not improve performance while on probation, the District pursues termination. In FY21, the District terminated an employee after probation due to a low assessment score.

In 2023, the District conducted an in-person survey to assist with developing the 2023-2028 Work Plan. The survey was deployed to Supervisors and findings includes the District's need to educate and increase awareness related to the District's purpose and programs. The District then developed goals and objectives within the 2023-2028 Work Plan based on feedback to address concerns.

In 2024, the District developed and deployed an electronic customer service survey on its website to solicit feedback from agriculture producers and landowners who have been served by the District or have participated in a District program. After each program or provided service, the District directs participants to the online survey. The District utilizes the survey software Survey Monkey to conduct the survey and has included questions related to customer service, responsiveness, and whether the District's programs are valuable.

The District reports on feedback received on a rolling basis. As of the most recent report, provided on March 18, 2024, a total of 19 program participants had responded. Eighty-nine percent of participants rated the District's customer service capabilities as "Excellent" and "Very Responsive." Related to value of the District's programs and services, 79% of respondents rated the services as "Highly Valuable," while the remaining 21% rated services as "Valuable." Due to the positive results, the District should continue to improve or maintain its customer service focus.

II.D: Organization and Governance

Election and Appointment of Supervisors

Supervisors are required by s. [582.19\(1\)\(b\)](#), *Florida Statutes*, to sign an affirmation that they meet certain residency and agricultural experience requirements. These signed affirmations are required of both elected and appointed Supervisors.

Current Supervisors whose seats were up for election in November 2022 were elected to the Board in 2014, 2016, and 2020. The only appointment during the review period (October 1, 2020, through April 30, 2024) was to fill a vacated seat prior to the introduction of Supervisor qualifications. M&J received the current Supervisor's affirmations from the District. As a result, M&J concludes that the District's current Supervisors comply with the filing requirements regarding the residency and agricultural experience qualifications in s. [582.19\(1\)](#), *Florida Statutes*.

Seats two and four are up for election in November 2024, which follows the correct election schedule.

Notices of Public Meetings

Section [189.015](#), *Florida Statutes*, requires that all Board meetings be publicly noticed in accordance with the procedures listed in ch. [50](#), *Florida Statutes*. This chapter has been amended twice during the review period, and M&J reviewed for compliance with the governing statute in effect at the time of each meeting date and applicable notice period.

The District notices meetings on the District website and in the *Florida Administrative Register*. Additionally, according to a written statement provided by District staff, meetings are noticed on the Highlands County Board of County Commissioners ("BoCC") website that lists public meetings, during BoCC meetings through a live broadcast, and within meeting minutes.

District staff provided a written statement that the District was informed at an Association of Florida Conservation Districts' conference that posting meeting notices to the *Florida Administrative Register* would be sufficient for compliance. M&J reviewed the *Florida Administrative Register* for Highlands SWCD meeting notices and found that meeting notices existed for 2021 meetings, two meetings in 2022 and 2024 meetings starting in April. M&J could not find notice of meetings for the 2023 Board meetings or remaining Board meetings in 2022 and 2024. M&J reviewed the BoCC website and found that meeting notices existed for each year of meetings during the review period. M&J also reviewed BoCC meeting minutes and found that meeting notices existed during the review period.

M&J's review concluded that the District notices did not meet the requirements of the version of ch. [50, Florida Statutes](#), in effect at the time of each meeting date and applicable notice period. Prior to January 2023, ch. [50, Florida Statutes](#), required any board located in a county with a county-wide newspaper to publish meeting notices in that newspaper. The District did not meet this requirement for meetings held in 2021 and 2022. Since January 2023, ch. [50, Florida Statutes](#), has permitted publication of meeting notices on a publicly accessible website (such as the Florida Administrative Register) as long as the board publishes a notice once a year in the local newspaper identifying the location of meeting notices and stating that any resident who wishes to receive notices by mail or e-mail may contact the board with that request. The District did not meet this requirement for meetings held in 2023 and 2024.

Failure to provide appropriate notice in full accordance with ch. [50, Florida Statutes](#), may deny the public an opportunity to attend meetings and participate in District business. Violation of this chapter of the *Florida Statutes* may subject District Supervisors and staff to penalties, including fines, fees, and misdemeanor charges, as outlined in s. [286.011, Florida Statutes](#). Additionally, business conducted at such meetings may be invalidated.

Recommendation: The District should consider improving its meeting procedures to ensure compliance with s. [189.015](#) and ch. [50, Florida Statutes](#). The District should retain records that document its compliance with the applicable statutes.

Retention of Records and Public Access to Documents

The District was able to provide the existing records and documentation requested by M&J for this performance review, and includes the appropriate link to the District's Annual Financial Reports on its website. M&J concludes that there are no notable issues with the District's records retention and public access to information as required s. [119.021, Florida Statutes](#).

III. Recommendations

The following table presents M&J’s recommendations based on the analyses and conclusions in the Findings sections, along with considerations for each recommendation.

Recommendation Text	Associated Considerations
<p>The District should consider analyzing the District’s expenses that are not reimbursed from contracts to minimize avoidable expenditures and to ensure that the District no longer records a deficit.</p>	<ul style="list-style-type: none"> ● Potential Benefit: Benefits of the change would allow for the District to assess and limit avoidable expenditures to save costs. ● Potential Adverse Consequences: An adverse consequence of the change includes more time and effort by District Supervisors and the Executive Director. ● Costs: M&J does not anticipate any additional funding needed. ● Statutory Considerations: M&J does not anticipate any legal, operational, or other issues that may arise from the proposed change.
<p>The District should consider continuing succession planning by documenting all program processes, procedures, and organizational information to ensure consistent understanding and operations of programs. The District should consider identifying what resources will be required to adequately plan for the transition and retirement of the Executive Director and Supervisors and ensure the continuation of programs when the current Executive Director retires and Supervisors complete their tenures on the Board.</p>	<ul style="list-style-type: none"> ● Potential Benefit: Benefits of succession planning and documenting procedures include the potential to cross-train employees in addition to an efficient transition following the Executive Director’s retirement. ● Potential Adverse Consequences: An adverse consequence of the change includes more time and effort by District Supervisors and the Executive Director. ● Costs: M&J does not anticipate any additional funding needed. ● Statutory Considerations: M&J does not anticipate any legal, operational, or other issues that may arise from the proposed change.

Recommendation Text	Associated Considerations
<p>The District should consider assessing and analyzing current recruiting and hiring practices with the purpose of reducing turnover rates. As a result, the District could consider changing the means of recruiting qualified candidates, or the criteria or qualifications on which candidates are hired.</p>	<ul style="list-style-type: none"> ● Potential Benefit: Benefits of the change would include recruitment of more qualified personnel that have a higher chance of retainment. ● Potential Adverse Consequences: An adverse consequence of the change includes more time and effort by District Supervisors and the Executive Director. ● Costs: M&J does not anticipate any additional funding needed. While monetary cost savings do not apply, the District could save time and effort required when turnover rates are high, and the District must recruit and interview candidates more often. ● Statutory Considerations: M&J does not anticipate any legal, operational, or other issues that may arise from the proposed change.
<p>The District should consider reviewing the current and future costs of its programs and activities and evaluating the sustainability of the relevant expenditures compared to the District’s annual revenues. The District could consider reassessing budgeting practices to predict expenditures more accurately and to determine the level of programs and activities the District can fund with current revenue sources.</p>	<ul style="list-style-type: none"> ● Potential Benefit: Benefits of reviewing current and future costs of programs and activities include a higher level of accuracy when completing the budgeting process to predict revenues and expenditures. ● Potential Adverse Consequences: Adverse consequences of longer-term strategic planning include the increased time and effort on behalf of District Board and staff to refine budgeting practices. ● Costs: A potential fiscal change includes the possibility of reducing excess cost on outreach events and programs. ● Statutory Considerations: M&J does not anticipate any legal, operational, or other issues that may arise from the proposed change.

Recommendation Text	Associated Considerations
<p>The District should consider improving its meeting notice procedures to ensure compliance with s. 189.015 and ch. 50, <i>Florida Statutes</i>. The District should retain records that document its compliance with the applicable statutes.</p>	<ul style="list-style-type: none"> • Potential Benefit: Benefits include compliance with s. 189.015 and ch. 50, <i>Florida Statutes</i>, improved transparency, and more opportunities for public engagement. • Potential Adverse Consequences: M&J has not identified any adverse consequences of the recommendation. • Costs: M&J does not anticipate any fiscal change as a result of implementation of the recommendation. • Statutory Considerations: M&J does not anticipate any legal, operational, or other issues that may arise from the proposed change.

IV. District Response

Each soil and water conservation district under review by M&J was provided the opportunity to submit a response letter for inclusion in the final published report. Highlands SWCD's response letter is provided on the following pages.



4505 George Blvd
Sebring, FL 33875
Office 863-402-7020
Fax 863-385-7028
www.highlandsswcd.org

July 16, 2024

Mr. Dave Jahosky, Partner
Mauldin & Jenkins CPA
1401 Manatee Ave. West
Suite 1200
Bradenton, FL 34205

RE: OPPAGA Review Report Responses

Dear Mr. Jahosky,

The Highlands Soil & Water Conservation District received the OPPAGA Performance Review Draft Report via email from your firm on June 3, 2024 with instructions to provide edits and identifications of inaccuracies on or before July 3, 2024. This request was fulfilled on July 2, 2024 with submission of needed identified edits and inaccuracies via an email.

Additionally, it was requested that we provide a District response to the report to be incorporated into Section IV: District Response of the Final Report on or before July 31, 2024. Please find our Final District Response to the OPPAGA Report attached.

Thank you for the time and attention you and your firm have given to our District to complete this Performance Audit process.

Sincerely,

John H. Causey, DVM
Board Chairman
Highlands Soil & Water Conservation District

Attachments

cc: Haley Kasnic

Response to Recommendation # 1

The District does not agree with this comment/recommendation.

District management does analyze both contract and non-contract expenditures when preparing the annual budget and each month when preparing the monthly budget-to-actual reports for the Board of Supervisors. The Executive Director approves all expenditures and the Board of Supervisors actively monitors the District's finances. At each monthly board meeting the Executive Director reviews expenditures and presents upcoming spending decisions which are beyond the reoccurring monthly expenses of the District, most of which receive a Board vote of approval or disapproval for the expenditure. Also, every single check and ACH payment, no matter what the value, paid out of the District General Fund and all payments to producers paid out of the appropriate bank account are signed by the Executive Director AND a Supervisor.

We believe this comment/recommendation stems from the deficits that were incurred in FY 2021 and 2022. However, the audit comment/recommendation is incorrect in stating that these deficits were due to avoidable non-contract expenditures. In 2021 actual general fund expenditures were \$367,627, which was \$13,906 less than the original budget of \$381,533. In 2022 actual general expenditures were \$394,416, which was only \$2,837 more than the original budget of \$391,579. The difference in 2022 related to \$19,778 of payouts to employees who left during FY 2022, this could not be anticipated when preparing the budget.

The deficits in both FY 2021 and FY 2022 were due to actual revenues being less than anticipated. Original general fund budgeted revenues and transfers-in for FY 2021 were \$420,310 and actual revenues and transfer-in were \$315,709, or \$104,601 less than budget. Original general fund budgeted revenues and transfers-in for FY 2022 were \$395,088 and actual revenues and transfers-in were \$344,824, or \$50,264 less than budget. For both FY 2021 and FY 2022 actual revenues were less than anticipated due to timing differences in multi-year contracts. This condition turned around in FY 2023 resulting in excess general fund revenues in over expenditures of \$151,758.

Also, there is a reference in the report to not having a balanced budget. Section 189.016 (3), Florida Statutes, requires Special Districts to adopt a balanced budget. The report seems to indicate that if expenditures exceed revenues, the budget would not be balanced. However, Florida Statutes state "the total amount available from taxation and other sources, including balances brought forward from prior fiscal years, must equal the total of appropriations for expenditures and reserves." The District had a fund balance of \$1,148,554 carried forward into FY 2021, which was used to fund the deficits of FY 2021 and FY 2022. The District has always maintained a balanced budget in compliance with Florida Statutes. Any reference to not having a balanced budget is erroneous and should be removed from the report.

Response to Recommendation # 2

The District agrees with the comments/recommendations with the caveat that the creation of a succession plan including resources needed to implement it, were presented after the date of engagement for this review, but prior to the Final Report and well within the deadline of this specific Goal in the 2023-2028 Strategic Work Plan.

This is an explanation of the progress of the succession plan.

The District began the process of succession planning during the September 19, 2023 Board Workshop recognizing the need to develop a plan. The specifics of the succession plan were not determined during the workshop nor was a new position created, direction was given to the Executive Director to create and present to the Board in the future. The 2023-2028 Strategic Work Plan was approved unanimously at the October 17, 2023 Board Meeting with new Goals related to this being added to the new Work Plan: *Re-evaluate staffing of the District succession plan.* And *Cross Training of Staff.* With a timeline in the Plan of *Oct. 2023-Oct. 2024*, both of these Goals have definitive success measures.

The Executive Director began developing a succession plan during the review period for her position upon her anticipated retirement in year 2025. With the development of the plan staffing resources, job responsibilities and funding mechanisms were all developed too in an effort to develop a successful plan. The new succession plan was presented at the May 21, 2024 Board Meeting which included the retirement plans of the current Executive Director and her replacement plan, the description of a new position, the division of job responsibilities and recommendations for funding. The entire plan, as presented, was unanimously approved by the Board at this meeting, although nothing was formally presented and approved during the review period, it was completed within the parameters of the Goal in the District's 2023-2028 Strategic Work Plan.

The documents presented to the Board on May 21, 2024 are attached (Attachment 1) for reference.

Response to Recommendation # 3

The District does not agree with this comment/recommendation.

The report's statements regarding staff turnover in FY 22 & 23 causing reduced time spent on other duties of the Executive Director are inaccurate and unwarranted (p. 18). Every deliverable of all the contracts the District had in effect during these months were attained, multiple outreach efforts were completed and exemplary performance by the Executive Director was evident in her annual evaluations. The resignations of the three employees were due to two of them moving out of state and one deciding to stay home with her first-born child, all very justified reasons for their resignations.

The District has a streamlined process for advertising, interviewing, selecting and onboarding new employees. All of the positions, with the exception of the Executive Director, are funded via FDACS Contracts, which specifically direct the District how and when to fill vacant positions, the job qualifications and the salary/benefits package, therefore the District has little authority of how the recruiting and hiring practices are conducted. Additionally, the BMP Tech and MIL Manager/Tech

positions with the District serve as a “feeder” employment program to enable these employees to attain excellent advancements in their careers via positions with the State of Florida Department of Agriculture and/or with Agriculture Companies they develop relationships with while performing their jobs at the District. Because these functions of The District are dictated via law and contract requirements this recommendation should be removed from the report entirely.

Response to Recommendation # 4

The District does not agree with this comment/recommendation.

The District is in a very strong financial position and District management does review current and estimated future revenues and expenditures when preparing the annual budget and budget amendments.

The report refers to the excess of expenditures over revenues (deficits) in 2021 and 2022 as evidence that District management needs to reassess their budgeting practices. We realize the engagement team only analyzed FY 2020 through Qtr. 1 of FY 2024, which included two fiscal years that happened to have deficits. Part of the cause of the deficits are due to the District fiscal year not coinciding with the State fiscal year which creates a timing issue along with multi-year contracts changing when revenues are actually received as explained in the following paragraphs.

The audit comment/recommendation incorrectly insinuates that the District does not practice proper budgeting practices and does not evaluate the sustainability of expenditures compared to revenues. In 2021 actual general fund expenditures were \$367,627, which was \$13,906 less than the original budget of \$381,533. In 2022 actual general expenditures were \$394,416, which was only \$2,837 more than the original budget of \$391,579. The difference in 2022 related to \$19,778 of payouts to employees who left during FY 2022, this could not be anticipated when preparing the budget.

The deficits in both FY 2021 and FY 2022 were due to actual revenues being less than anticipated based on existing contracts. Original general fund budgeted revenues and transfers-in for FY 2021 were \$420,310 and actual revenues and transfer-in were \$315,709, or \$104,601 less than budget. Original general fund budgeted revenues and transfers-in for FY 2022 were \$395,088 and actual revenues and transfers-in were \$344,824, or \$50,264 less than budget. For both FY 2021 and FY 2022 actual revenues were less than anticipated due to timing differences in multi-year contracts. This condition turned around in FY 2023 resulting in excess general fund revenues in over expenditures of \$151,758.

The deficits experienced in FY 2021 and 2022 are the exception and not the rule. Financial results for FY 2020 through FY 2023 showed revenues over (under) expenditures of \$43,431, (\$51,918), (\$49,592), and \$151,758, respectively. Total net revenues over expenditures for the past four fiscal years was \$93,679.

Additional evidence that the District has not historically run deficits is the substantial fund balance that has been accumulated. As of September 30, 2023, the fund balance in the general fund was \$1,198,802, which is more than adequate to sustain the District in the event of unexpected

expenditures or the loss of a major revenue source. To put this in prospective, the fund balance at September 30, 2023 would cover the deficits incurred in FY 2021 and FY 2022 for over 23 consecutive years.

Response to Recommendation # 5

The District does not agree with the comment/recommendation.

The District referred to the most recent version, dated 2018, of the Florida Soil & Water Conservation District Supervisor Handbook, page 11 (see Attachment 2), when determining meeting notice requirements. The Handbook section titled “Reasonable Meeting Notice Required” lists the requirements and # 4 reads: *“Radio and advertising in local newspapers are effective ways of meeting the notice requirements.”* It does NOT state meeting notice postings MUST be published in a daily public newspaper.

Following the guidelines in the Handbook, The District posted its meeting notices in multiple publications including on the District website, on the Highlands County Board of County Commissioners website, with the Florida Administrative Register, in the list of public meetings on the BOCC meeting agendas and publicly announced at the BOCC meetings. The Executive Director corresponded with officials at the state level to confirm compliance, attended seminars covering the topic and regularly checks with similar special districts on current practices. While there is not a consistent practice among numerous SWCDs it is understood by the Executive Director and staff that all efforts of Highlands SWCD were successful in meeting notice requirements therefore request this recommendation be removed or edited to explain the District was following instructions as provided.