



# **Audit of District Matching of Save Our Everglades Trust Fund and Land Acquisition Trust Fund Appropriations**

**Project #19-13**

**Prepared by**  
Office of the Inspector General

**J. Timothy Beirnes, CPA, Inspector General**  
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## SOUTH FLORIDA WATER MANAGEMENT DISTRICT

July 9, 2020

Governing Board Members

Re: Audit of District Matching of Save  
Our Everglades Trust Fund and Land  
Acquisitions Trust Fund Appropriations  
- Project No. 19-13

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Our objective primarily focused on determining whether the District is on track to match Save Our Everglades Trust Fund and Land Acquisitions Trust Fund appropriations received from the state for Everglades restoration by also making equal contributions towards Everglades restoration. Jankie Bhagudas and I prepared this report.

Sincerely,

A handwritten signature in blue ink, reading "J. Timothy Beirnes".

J. Timothy Beirnes, CPA  
Inspector General

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## BACKGROUND

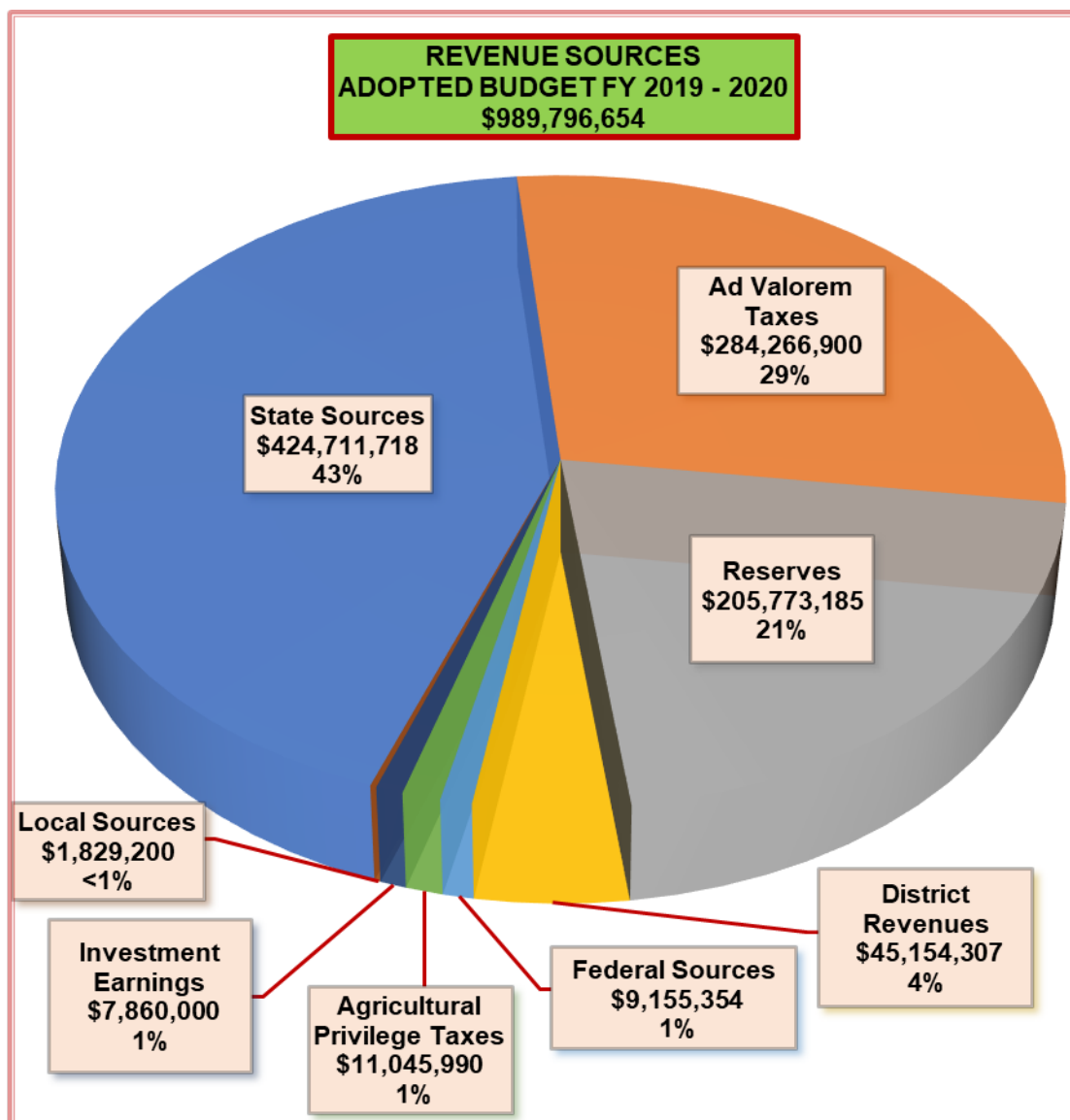
In accordance with the Office of Inspector General's Audit Plan, we conducted an Audit of the District's Matching of Save Our Everglades Trust Fund (SOETF) and Land Acquisition Trust Fund (LATF) Appropriations.

The District's annual budget is funded by various sources:

- *Ad valorem Property Taxes*: Property taxes based on the assessed values of property in the region. Population growth, construction of housing and commercial structures, unemployment and interest rates are primary factors that impact changes in property prices, which result in adjustments to assessed values.
- *State Sources*: Funding from various state sources; for example, Save Our Everglades Trust Fund, Land Acquisition Trust Fund, General Revenue Fund, and Florida Fish and Wildlife Conservation Commission.
- *District Reserves*: Includes funds reserved that are intended for specific purposes:
  - Non-spendable reserves are not available to be used and represent the value of inventory on hand for long term land management on specific wetland mitigation projects and bank.
  - Restricted reserves with specific amounts set aside for specific uses (e.g., hurricane or unanticipated flood control infrastructure emergencies).
  - Reserves without restrictions are available for use on District projects.
- *District Revenues*: Includes environmental resource, water use, compliance and right-of-way permit fees; and lease revenue.
- *Agricultural Privilege Taxes*: Based on Palm Beach and Hendry counties tax roll data. Taxes are calculated based on assessed tax-per-acre on the number of agricultural acres reflected on the tax rolls.
- *Investment Earnings*: Earnings on District investments.
- *Federal and Local Sources*: Federal sources include revenues from the USACE for the Operations, Maintenance, Repair, Replacement, and

Rehabilitation cost share for CERP and some non-CERP projects. Local sources include grants from local governments and stakeholders.

The following chart shows the revenue sources of the District’s \$989.8 million adopted budget for Fiscal Year 2019 – 2020. SOETF and LATF appropriations are included in the state sources.



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In 2000, the Florida legislature created the SOETF, within the Florida Department of Environmental Protection (FDEP), to fund the initiatives related to Everglades restoration and required that the District match state appropriation by equally contributing toward Everglades restoration. Since its creation in 2000, SOETF requirements have been expanded and are specified in Florida Statutes (F.S.) and Laws of Florida.<sup>1</sup> The following is an overview of the creation and expansion of the SOETF.

**Save Our Everglades Trust Fund – Chapter 373, Section 373.472, F.S.**

Save Our Everglades Trust Fund provides funding for the following Everglades restoration programs: Comprehensive Everglades Restoration Plan (CERP), Northern Everglades and Estuaries Protection Program (NEEPP), and Restoration Strategies. It also provides funds for the Kissimmee River Restoration Project. Initially, funds in the SOETF were designated to implement the comprehensive plan defined in Chapter 373, Section 373.470, Paragraph 373.470.(2)(a), F.S. The comprehensive plan, i.e., CERP, was approved by Congress as the framework for Everglades Restoration under Title VI, Section 601 of the Water Resources Development Act of 2000. The CERP included more than 60 major components and vastly increases storage and water supply for the environment, as well as for urban and agricultural needs. It will also maintain current levels of service for flood control provided by the Central and Southern Florida Project.

The Kissimmee River Restoration is a 50/50 cost share between the District and the U.S. Army Corps of Engineers based on a 1994 Project Cooperation Agreement. The U.S. Army Corps of Engineers is responsible for construction of the project and the District is responsible for land acquisition and restoration evaluation monitoring.

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<sup>1</sup> **Florida Statutes:** A permanent collection of state laws organized by subject area into a code made up of titles, chapters, parts, and sections. Statutes are updated annually by laws that create, amend, transfer, or repeal statutory material.

**Laws of Florida:** A compilation of all the laws, resolutions, and memorials passed during a legislative session. They are divided into general laws and special laws. Bills vetoed by the Governor are not included.

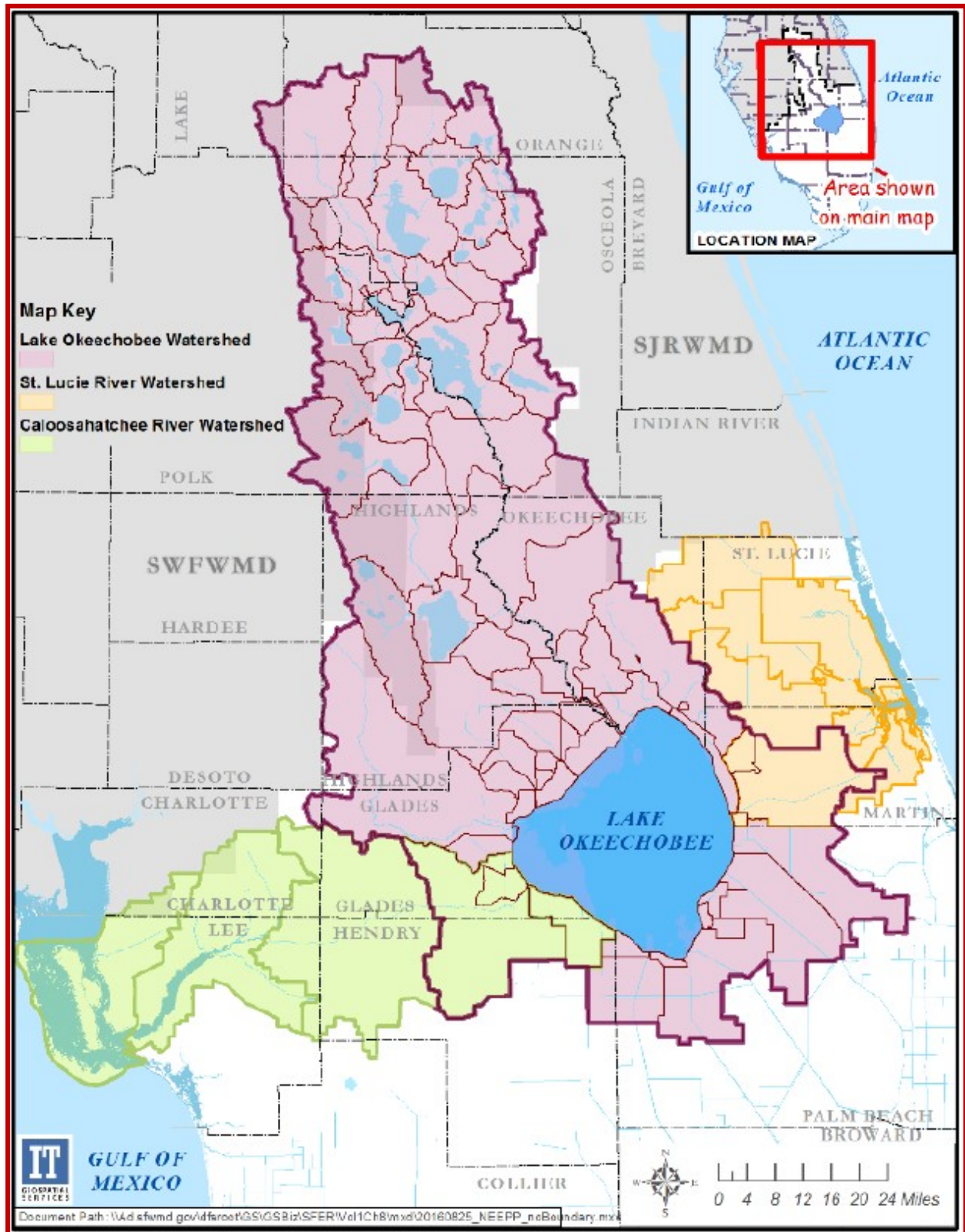
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Since 2000, use of SOETF has been expanded to include the implementation of additional programs and /or projects. Major additions are as follows:

1. In 2007, the legislature expanded the use of SOETF funding to include the plans defined in the NEEPP, which was authorized by Chapter 373, Section 373.4595, Subsection 2, (373.4595(2), F.S.), NEEPP expanded the Lake Okeechobee Protection Act to include the Caloosahatchee and St. Lucie rivers and estuaries. NEEPP's primary goal is to restore and protect the state's surface-water resources by addressing the quality, quantity, timing and distribution of water to the natural system. NEEPP required Watershed Protection Plans for Lake Okeechobee, St. Lucie River, and Caloosahatchee River watersheds to identify and implement programs and projects necessary to achieve water quality and quantity objectives for the watersheds. Each plan has several requirements. Some examples are provided below.
  - **Lake Okeechobee Watershed Protection Plan:** Includes several elements; for example, an implementation schedule for phases of phosphorus load reduction consistent with the total maximum daily loads established in accordance with Charter 403, Section 403.067, F.S., a watershed construction project, a watershed phosphorus control program, and a research and water quality monitoring program.
  - **Caloosahatchee River Watershed Protection Plan and St. Lucie River Watershed Protection Plan:** Each plan includes several elements; for example, a river watershed construction project, pollutant control program, and river watershed research and water quality monitoring program.



## Map of the Watersheds





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2. In June 2012, the State of Florida and the U.S. Department of Environmental Protection Agency reached a consensus on new restoration strategies for further improving water quality in the Everglades. In 2013, the legislature expanded the use of SOETF funding to include the Long-Term Plan<sup>2</sup> (Chapter 373, Section 373.4592, Subsection 2, (373.4592.2, F.S), which is a comprehensive set of water quality improvement measures designed to ensure that all waters entering the Everglades Protection Area achieve compliance with water quality standards. The Long-Term Plan includes the District’s Restoration Strategies Program which includes the design and construction of a suite of regional water storage, treatment and conveyance improvement projects to further improve the Everglades’ water quality. It also includes research activities focused on investigating critical factors that influence phosphorous reduction. Examples of key Restoration Strategies projects are A-1 Flow Equalizations Basin, L-8 Flow Equalization Basin, and the STA-1 West Expansion.

**Everglades Restoration Investment Act – Chapter 373, Section 373.470, F.S.**<sup>3</sup>

Distribution requirements from the SOETF are detailed annually in Chapter 373, Section 373.470, Subsection 373.470(6), F.S. and Laws of Florida. Overall, our review of this statute for 2000 to 2020 disclosed the following:

- Distribution of SOETF funds for Everglades restoration from FDEP to the District is required to be equally matched by District contributions towards Everglades restoration during Fiscal Years 2000 - 2020. Specifically, the requirements and changes to the statute over time are summarized in the following table.

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<sup>2</sup> Refers to the “Everglades Protection Area Tributary Basins Conceptual Plan for Achieving Long-Term Water Quality Goals Final Report”, dated March 2003, and the District’s “Restoration Strategies Regional Water Quality Plan” dated April 27, 2012.

<sup>3</sup> This statute has several requirements. Our audit focused on the requirements relevant to our audit objectives, i.e., District’s cumulative compliance with equally matching SOETF / LATF appropriations.

<b>Summary of Everglades Restoration Investment Act - Chapter 373</b> <b>Section 373.470, Subsection 373.470(6), F.S. - Distribution from SOETF</b>		
<b>Statute Year</b>	<b>SOETF Distribution and Matching Requirements</b>	<b>Changes to Requirements</b>
<b>2000 to 2006</b>	Distribution of funds from the Save Our Everglades Trust Fund shall be equally matched by the cumulative contributions from all local sponsors by fiscal year 2009 - 2010 by providing funding or credits toward project components. The dollar value of in-kind work by local sponsors in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the local sponsors' contributions.	NA – No changes during this period. Note that the District is the local sponsor.
<b>2007 to 2016</b>	Distribution of funds to the District from the Save Our Everglades Trust Fund shall be equally matched by the cumulative contributions from the district by fiscal year 2019 - 2020 by providing funding or credits toward project components. The dollar value of in-kind project design and construction work by the district in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the District's contributions.	Same as 2000 - 2006, except contribution / matching period extended to 2019 – 2020; expanded in-kind work to include project design and construction; local sponsors changed to District.
<b>2017 to 2018</b>	Distribution of funds to the District from the Save Our Everglades Trust Fund or the Land Acquisition Trust Fund shall be equally matched by the cumulative contributions from the District by fiscal year 2019 - 2020 by providing funding or credits toward project components. The dollar value of in-kind project design and construction work by the District in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the District's contributions.	Same as 2007 - 2016, except the District is required to match distributions from both the SOETF and the LATF. LATF matching is required only for Fiscal Years 2018 and 2019.
<b>2019</b>	Distribution of funds to the District from the Save Our Everglades Trust Fund shall be equally matched by the cumulative contributions from the district by fiscal year 2019 - 2020 by providing funding or credits toward project components. The dollar value of in-kind project design and construction work by the District in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the District's contributions.	Same as 2007 – 2016. District required to only match SOETF distributions by Fiscal Year 2020.

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➤ Annual funding appropriations are detailed in the General Appropriations Act and the Implementing Bill (if necessary) that are enacted by the legislature and approved by the governor. Examples of use of funds specified in the appropriations are as follows:

- Design, engineering and construction of CERP, the Lake Okeechobee Protection Plan, the Caloosahatchee and St. Lucie River Watershed Protection Plan components
- Land acquisitions
- Projects identified in the Restoration Strategies Regional Water Quality Plan

SOETF appropriations to the District for Fiscal Year 2020 were authorized during the 2019 legislative session. As a result, the appropriations matching requirement covering Fiscal Years 2000 – 2020 specified in Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.) has been completed and no further District matching may be required; however, the legislature could extend the District contribution requirement. If the legislature were to extend the SOETF / LATF matching requirement to future fiscal years, the District would likely be unable to fulfill the matching requirement, especially considering that state funding will likely be substantially higher over the next few years. In fact, based on the Governor's proposed budget for Fiscal Year 2020 – 2021, which includes appropriations in excess of \$300 million, and the District's estimation of another \$300 million for Fiscal Year 2021 - 2022, the District would not be able to fulfill the matching requirement for these funds if the legislature were to continue requiring matching requirements beyond Fiscal Year 2019 – 2020. (See Appendix 1 – *Budget Bureau's Summary Tracking Spreadsheet of SOETF and LATF Cost Matching History and Projections, as of February 2020.*) Consequently, the Budget Bureau intends to closely monitor the upcoming 2020 - 2021 legislations and will coordinate with relevant staff and the District's legislative liaison to elevate any concerns should any proposed legislation include an extension to the SOETF / LATF cost matching requirements.

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## OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective primarily focused on determining whether the District is on track to match SOETF and LATF appropriations received from the state for Everglades restoration by also making equal contributions towards Everglades restoration.

To accomplish our objectives, we performed the following:

- Reviewed Florida statutes relating to the SOETF and LATF for the period 2000 – 2020 (for example, reason for SOETF fund’s creation and the District’s matching requirement). We also reviewed the General Appropriations Acts enacted by the Florida legislature for SOETF and LATF District appropriations during 2000 – 2020.
- Interviewed Budget Bureau and other relevant District staff to understand the SOETF and LATF appropriations and District expense matching processes.
- Determined whether SOETF and LATF funding appropriations for Fiscal Years 2000 – 2020 requiring District match are accurately reflected on the Budget Bureau’s summary tracking spreadsheet of appropriations and District matching expenditures.
- Obtained access to Budget Bureau’s expenditure database and verified that expenses classified as eligible for SOETF and LATF by the Budget Bureau are accurately reflected on summary tracking spreadsheet. In addition, we selected a judgmental sample of expenses classified as ineligible and determined whether they were correctly classified as ineligible by the Budget Bureau.
- Compared SOETF and LATF funding requiring matching to expenses classified as match eligible for Fiscal Years 2000 – 2020 to determine whether the District has met the matching requirement.

The judgmental sample method was used throughout the audit. Judgmental sampling was considered the preferred methodology based on consideration of the audit population’s size and characteristics, as well as audit efficiency and professional judgment. Although the sample cannot be statistically projected to the total population, we believe the sample, along with the results of the audit tests, provide reasonable assurance for us to determine whether adequate internal controls are in place.

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We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## AUDIT RESULTS

### Executive Summary

Overall, the District has an adequate process in place to comply with Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.), which requires that the District equally match SOETF and certain LATF appropriations by providing funding or credit towards project / project components related to Everglades restoration. District contributions to eligible projects are funded with ad-valorem and dedicated revenues. Expenditures funded with state appropriations are not used as matching District contributions. Compliance is determined based on cumulative state appropriations and District contributions during Fiscal Years 2000 – 2020.

Based on our audit, the District is projected to meet the contribution matching requirement. The Budget Bureau calculations showed that the District had about \$204.5 million more in eligible expenditures required to match SOETF and LATF appropriations. However, our audit tests disclosed a net of \$110.6 million in additional eligible matching contributions. As a result, the District is projected to exceed the matching requirement by about \$315 million, as shown in the following table.

<b>Summary of SOETF / LATF Appropriations &amp; Eligible District Contributions Budget Bureau vs. Audited Amounts Fiscal Years 2000 – 2020</b>			
<b>Appropriations Requiring Matching and Contributions</b>	<b>Budget Bureau Unaudited Amounts Adjusted to Reflect FY 2020 Actual Appropriations</b>	<b>Audited Amounts</b>	<b>Difference</b>
<b>Appropriations</b>	\$ 1,805,837,947	\$ 1,694,450,010	\$ 111,387,937
<b>District Contributions (Actual and Estimated)</b>	\$ 2,010,210,157	\$ 2,009,442,648	\$ (767,509)
<b>Surplus District Matching Contribution</b>	\$ 204,372,210	\$ 314,992,638	\$ 110,620,428



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Overall, we concluded that the Budget Bureau's tracking spreadsheet overstated the District's matching contributions by \$110,620,428. Specifically, we found the following:

- The District's SEOTF and LATF funding amounts requiring District matching on the Budget Bureau's SOETF / LATF tracking spreadsheet were overstated by \$111,387,937.
- The District's eligible matching expenditures were overstated by a net amount totaling \$767,509 on the Budget Bureau's SOETF / LATF tracking spreadsheet.

SOETF appropriations to the District for Fiscal Year 2020 were authorized during the 2019 legislative session. As a result, the appropriations matching requirement covering 2000 – 2020 specified in Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.) has been completed and no further District matching may be required; however, the legislature could extend the District contribution requirement. If the legislature were to extend the SOETF / LATF matching requirement to future fiscal years, the District would likely be unable to fulfill the matching requirement, especially considering that state funding will likely be substantially higher over the next few years. In fact, based on the Governor's proposed budget for Fiscal Year 2020 – 2021, which includes appropriations in excess of \$300 million, and District's estimation of another \$300 million for Fiscal Year 2021 - 2022, the District would not be able to fulfill the matching requirement for these funds if the legislature were to continue requiring matching requirements beyond Fiscal Year 2019 – 2020. (See Appendix 1 – *Budget Bureau's Summary Tracking Spreadsheet of SOETF and LATF Cost Matching History and Projections, as of February 2020.*) Consequently, the Budget Bureau intends to closely monitor the upcoming 2020 - 2021 legislations and will coordinate with relevant staff and the District's legislative liaison to elevate any concerns should any proposed legislation include an extension to the SOETF / LATF cost matching requirements.

During our audit, the Budget Bureau has addressed some of the issues we identified. In addition, we made five recommendations to improve the SOETF / LATF appropriation and contribution matching process.

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## **Process in Place to Track District Matching Expenditures**

Overall, the District has an adequate process in place to comply with Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.), which requires that the District equally match SOETF and certain LATF appropriations by providing funding or credit towards projects / project components related to Everglades restoration. District contributions to eligible projects are funded with ad-valorem and dedicated revenues. Expenditures funded with state appropriations are not used as matching District contributions. Compliance with the statute requirement is determined based on cumulative state appropriations and District contributions during Fiscal Years 2000 – 2020.

We concluded that the District has processes in place for tracking and determining contribution eligibility; however, some improvements are required. The Budget Bureau maintains a summary spreadsheet to track annual SOETF / LATF appropriations and eligible contributions for Fiscal Years 2000 and 2020 to determine the District's cumulative contribution status. The spreadsheet details appropriation and expenditure amounts by restoration program; for example, CERP, NEEPP, and Restoration Strategies. Appropriation amounts are obtained from budget data maintained by the Budget Bureau. In addition, the Budget Bureau maintains an excel database of all District expenditures and whether the expenses are eligible / ineligible as matching contributions for SOETF and LATF appropriations requiring District contributions. Eligible expenditure database amounts are indicated on the summary spreadsheet.

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Some of the expenditure details included in the excel database are as follows:

- Fund: A revenue source that reports resources and its uses, e.g., Save Our Rivers, CERP Capital Projects, CERP Save Our Everglades, Land Acquisition Trust Fund, District, and Okeechobee Basin Capital Project.
- Fund Center: District business unit / section to which funds were allocated, e.g., Engineering and Construction Bureau, Applied Hydraulics Section, and Lake and River Ecosystems Section.
- Commitment Item: Expense description, e.g., regular salary, land acquisition, and general engineering contracted services.
- Program Name: Examples include the following: CERP, Regulation, Mission Support, Land Stewardship, Operations and Maintenance.
- Functional Area: A specific area that describes a function performed by an area of the District. Functional areas can represent a program or activity that is used to report budget consumption, e.g., mission support, modeling and scientific IT support, and exotic plant control.
- Expenditure: Amount of money spent / paid out.

The Budget Bureau developed excel queries to determine whether expenses are eligible or ineligible as matching contributions for the SOETF and LATF appropriations that require matching. Our review of the process disclosed that to be eligible District expenditures must meet the criteria summarized in the following table along with further explanations in subsequent sections.

Expenses Eligible for Matching Contributions SOETF / LATF Appropriations	
Eligible Expenditures Must Meet <u>All</u> of the Following Criteria	Reasons for Match Eligibility / Examples
<i>Related to Everglades restoration</i>	<ul style="list-style-type: none"> <li>➤ CERP</li> <li>➤ NEEPP</li> <li>➤ Restoration Strategies</li> <li>➤ KRRP</li> </ul>
<i>Expenditures must be paid with funds other than state sources</i>	Non-state sources include: <ul style="list-style-type: none"> <li>➤ Ad-valorem property taxes</li> <li>➤ Dedicated funding sources; for example, federal and local sources, District revenues, investment earnings</li> </ul>
<i>Expenditures must meet specific requirements</i>	Eligible matching expenditures include the following: <ul style="list-style-type: none"> <li>➤ Wages and fringe benefits</li> <li>➤ Indirect expenses, which are based on approved USACE annual overhead rates. Annual expenses are manually calculated by the Budget Bureau and recorded on the Budget Bureau's tracking spreadsheet.</li> <li>➤ Design, engineering and contracted services</li> <li>➤ Land acquisition costs</li> <li>➤ Operating expenses except tax collector and appraisal fees, self and health insurance expenses</li> </ul>

The Budget Bureau determined that certain expenditures are ineligible for SOETF and LATF cost match due to various factors; for example, expenditures not related to Everglades restoration and District expenses paid with other State funding. Some examples of ineligible expenses are listed in the following table.

<b>Examples of Expenses Ineligible for Matching Contributions</b>	
<b>Examples of Exclusions from SOETF / LATF Cost Match</b>	<b>Reasons for Match Ineligibility / Examples</b>
<b><i>State Funded Expenses</i></b>	All expenses paid / funded with State appropriations, for example, <ul style="list-style-type: none"> <li>➤ Save Our Everglades Trust Fund</li> <li>➤ Land Acquisition Trust Fund</li> <li>➤ Save Our Rivers Fund</li> <li>➤ State Appropriation Fund</li> <li>➤ Aquatic / Invasive Plant Fund</li> </ul>
<b><i>Self-Insurance and Health Insurance Expenses</i></b>	<ul style="list-style-type: none"> <li>➤ Self- insurance expenses are classified as non-eligible cost match administrative expenses, e.g., workers compensation, and auto and general liability claims.</li> <li>➤ Health insurance expenses (medical, dental, and vision) are included in matching expenses only for employees charging to eligible projects.</li> </ul>
<b><i>Taxes / Property Appraiser Expenses</i></b>	All charges to these expense classifications are ineligible for cost match since expenses are not related to Everglades restoration.
<b><i>Reserves and Debt Service</i></b>	<ul style="list-style-type: none"> <li>➤ Reserves are for restricted use.</li> <li>➤ District debt service includes proceeds from revenue bonds (Certificates of Participation) issued to provide funds for Everglades restoration construction projects, which are eligible as District matching. However, repayment of this debt is ineligible since it would result in claiming the same expenses twice.</li> </ul>
<b><i>Mission Support Program</i></b>	All charges excluded except \$66,255 in NEEPP related expenses. Includes administrative expenses, e.g., salary, and information and technology related expenses. These expenses are covered via indirect rates.
<b><i>Land Stewardship Program</i></b>	All expenses charged to land stewardship are excluded as they are not related to Everglades restoration.
<b><i>Operations and Maintenance Program</i></b>	All expenses charged to operations and maintenance are excluded since they are not related to Everglades restoration, e.g., expenses for operations and maintenance activities after projects are turned over to the District.

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At the beginning of our audit, Budget Bureau staff explained that the process to determine expense eligibility for SOETF / LATF matching contributions was completed in Fiscal Year 2013. However, since then there has been no subsequent reevaluation to ensure whether the criteria used to determine match eligibility / ineligibility should be revised. As a result, the Budget Bureau planned to re-analyze expense data and queries (logic statements) to determine whether the queries should be updated. Staff stated that any revisions may result in minor adjustments. As of October 2019, the data reevaluation has not been initiated due to several other Budget Bureau priorities.

### **District on Track to Match State SOETF and LATF Appropriations with District Contributions**

Based on our audit, we concluded that the District is projected to meet the requirement of Chapter 373, Section 373.470, Subsection 373.470(6), Paragraph a (373.470 (6)(a), F.S.), which requires that the District equally match SOETF and certain LATF appropriations with District contributions to certain projects / project components related to Everglades restoration during Fiscal Years 2000 – 2020. We concluded that the District has about \$315 million more in eligible expenditures required to match SOETF and LATF appropriations received during 2000 - 2020. Specifically, the District is required to match \$1,694,450,010 in SOETF and LATF appropriations and the District's cumulative eligible matching expenditures totaled \$2,009,442,648, as shown in the following table.



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<b>AUDIT RESULTS</b>	
<b>SOETF / LATF Appropriations vs. District Matching Contributions</b>	
<b>Fiscal Years 2000 – 2020</b>	
<b>SOETF / LATF Appropriations Requiring Matching District Contributions towards Everglades Restoration</b>	<b>\$ 1,694,450,010</b>
<b>Eligible Matching District Contributions towards Everglades Restoration - <i>Note 1</i></b>	<b>\$ 2,009,442,648</b>
<b>District Matching Contribution Excess over SOETF and LATF Appropriations</b>	<b>\$ 314,992,638</b>

**Note 1**

This amount includes estimated matching expenditures of \$49,716,231 for Fiscal Year 2018, which were not uploaded to the excel database at the time of our analysis. We did not audit these expenses. It also includes projected expenses of \$88,228,892 for Fiscal Years 2019 and 2020 (October 1, 2018 to September 30, 2020). We could not audit these expenses since actual expenses were not available during our audit. As a result, we assumed the expenses on the tracking spreadsheet for Fiscal Years 2018 – 2020 will be close to the actual amounts. Further, our testing of overall expenses disclosed few discrepancies.

Based on our audit, the District is projected to meet the contribution matching requirement. Specifically, prior to any audit tests, we adjusted the Budget Bureau's Fiscal Year 2020 estimated matching appropriation amount from \$177.5 million to \$3 million to reflect the actual appropriated funding amount requiring District contributions. This adjustment disclosed that the District had about \$204.5 million more in eligible expenditures required to match SOETF and LATF appropriations received during 2000 - 2020. However, we found an additional \$110.6 million in eligible matching contributions due to overstated appropriations and expenses on the tracking spreadsheet. As a result, we concluded that the District is projected to exceed the matching requirement by about \$315 million, as shown in the following table and detailed in the report.

<b>Summary of Appropriations and Contributions Budget Bureau vs. Audited Amounts Fiscal Years 2000 - 2020</b>				
<b>SOETF / LATF Appropriations Requiring Matching and Eligible District Contributions</b>	<b>Budget Bureau Data (As of April 2019)</b>		<b>Audited Amounts</b>	<b>Difference (Audit vs. Budget Adjusted to Reflect Actual FY 2020 Funding)</b>
	<b>Unaudited Amounts – Prior to FY 2020 Funding Adjustment</b>	<b>Unaudited Amounts Adjusted to Reflect FY 2020 Actual Appropriations – <i>Note 1</i></b>		
<b>Appropriations</b>	\$1,980,337,948	\$ 1,805,837,947	\$1,694,450,010	\$ 111,387,937
<b>District Contributions</b>	\$2,010,210,157	\$ 2,010,210,157	\$2,009,442,648	\$ (767,509)
<b>District Matching Contribution Surplus</b>	\$ 29,872,209	\$ 204,372,210	\$ 314,992,638	\$ 110,620,428

**Note 1**

Prior to the 2019 - 2020 legislative session, the Budget Bureau estimated that the District will receive \$177.5 million in appropriations that would require District matching for Fiscal Year 2020 expenditures. However, the actual appropriations amount requiring District match in Fiscal Year 2020 is only \$3 million for SOETF appropriations. As a result, we reduced the appropriations amount by \$174.5 million.

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Overall, we concluded that the Budget Bureau's tracking spreadsheet overstated the District's matching contributions by a net of \$110,620,428. Specifically, we found the following:

- The District's SEOTF and LATF funding amounts requiring District matching on the Budget Bureau's tracking spreadsheet were overstated by \$111,387,937.
- The District's eligible matching expenditures were overstated by a net amount totaling \$767,509 on the Budget Bureau's SOETF / LATF tracking spreadsheet. Specifically,
  - Eligible indirect salary expenses totaling \$13,452,370 were not included as matching District contributions for SOETF and LATF appropriations. Thus, eligible contributions were understated by this amount.
  - The spreadsheet contained expenses totaling \$14,219,879 that were not reflected in the expense database. These expenses were not eligible for matching; thus, spreadsheet expenses were overstated by this amount.

Further details regarding these adjustments are provided in the following sections.

### **SOETF and LATF Appropriations Requiring Matching District Contributions Overstated**

Since the Budget Bureau's summary tracking spreadsheet is used to track SOETF / LATF appropriations and District contributions, we verified whether the annual appropriation amounts reflected on the Budget Bureau's summary spreadsheet were accurate when compared to the appropriation amounts indicated in the annual General Appropriations Act for Fiscal Years 2000 – 2020. Based on our tests, we concluded that the Budget Bureau overstated appropriations requiring matching District contribution by a net amount of \$111,387,937. Specifically, based on state appropriated amounts, the District is required to match SOETF and LATF funding totaling \$1,694,450,010; however, the Budget Bureau spreadsheet indicated that the matching amount should be \$1,805,837,947. Any overstated or understated expenses may impact the District's matching contribution amount. The results of our comparison

are presented in the following table and discrepancies / observations are detailed in subsequent sections.

<b>SOETF and LATF Appropriations</b> <b>Budget Bureau Spreadsheet vs. General Appropriations Act Amounts</b> <b>Fiscal Year 2001 - 2020</b>					
Funding Source	Fiscal Year	Appropriations Requiring District Match		<i><u>Difference</u></i> <b>Required Matching Overstatement (Understatement)</b>	Notes
		Budget Bureau Tracking Spreadsheet	General Appropriations Act		
SOETF	2001	\$ 105,000,000	\$ 105,000,000	-	
	2002	50,000,000	50,000,000	-	
	2003	150,000,000	150,000,000	-	
	2004	-	100,000,000	(100,000,000)	1
	2005	200,000,000	100,000,000	100,000,000	
	2006	100,000,000	100,000,000	-	
	2007	119,923,330	119,923,330	-	
	2008	176,045,000	176,045,000	-	
	2009	62,000,000	62,000,000	-	
	2010	46,921,767	46,921,767	-	
	2011	47,000,000	9,000,000	38,000,000	
	2012	26,455,500	19,955,500	6,500,000	
	2013	22,154,903	20,000,000	2,154,903	
	2014	67,000,000	67,000,000	-	
	2015	99,000,000	99,000,000	-	
	2016	<i>No SOETF funding</i>	<i>No SOETF funding</i>	-	
	2017	204,031,903	100,000,000	104,031,903	
SOETF & LATF	2018	184,233,249	189,233,249	(5,000,000)	2
	2019	143,072,295	177,371,164	(34,298,869)	
SOETF	2020	3,000,000	3,000,000	-	3
TOTAL		1,805,837,947	1,694,450,010	111,387,937	

**Note 1:** Discrepancy was due to timing of budget development and final funding approval by the legislature. This discrepancy in Fiscal Years 2004 and 2005 is not considered an issue since a total of \$200 million was appropriated and recorded during the two fiscal years. Further, appropriations are analyzed based on cumulative funding received during 2000 to 2020.

**Note 2:** The District received a total of \$10 million (\$5 million each year) in Fiscal Years 2018 and 2019 in LATF appropriations for dispersed water storage, which is related to Everglades restoration. These amounts are not included on the Budget Bureau's summary tracking spreadsheet. The Budget Bureau agreed that the \$10 million should be included on the spreadsheet as appropriations requiring District matching.

**Note 3:** Prior to the 2019 - 2020 legislative session, the Budget Bureau estimated that the District will receive \$177,500,000 in appropriations that would require District expenditures matching in Fiscal Year 2019 - 2020. However, the actual appropriations amount requiring District match in Fiscal Year 2019 - 2020 is only \$3 million for SOETF appropriations. Specifically, the Everglades Restoration Investment Act statute required that the District match only SOETF funding. LATF appropriations do not require matching (as in Fiscal Years 2018 and 2019). It should be noted that LATF appropriations totaled \$212,574,918, not including \$5 million for the Dispersed Water Management Program. As a result, we adjusted the appropriations amount in our analysis to reflect only the \$3 million in SOETF appropriations.

A summary of the overstated and understated amounts is presented in the following table followed by detailed explanations.

<b>SUMMARY</b> <b>SOETF and LATF Appropriations</b> <b>Budget Bureau Spreadsheet vs. General Appropriations Act Amounts</b> <b>Overstatements and <span style="color: red;">Understatements</span></b>				
Funding Sources	Fiscal Year	Appropriations Requiring Match		<i>Difference</i> <b>Matching Overstatement</b> <span style="color: red;">(Understatement)</span>
		Budget Bureau Tracking Spreadsheet	General Appropriations Act	
SOETF	2011	\$ 47,000,000	\$ 9,000,000	\$ 38,000,000
	2012	26,455,500	19,955,500	6,500,000
	2013	22,154,903	20,000,000	2,154,903
	2017	204,031,903	100,000,000	104,031,903
SOETF & LATF	2018	184,233,249	189,233,249	<span style="color: red;">(5,000,000)</span>
	2019	143,072,295	177,371,164	<span style="color: red;">(34,298,869)</span>
Total		\$ 626,947,850	\$ 515,559,913	\$ 111,387,937

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**Fiscal Year 2011: Matching Overstatement = \$38 Million**

The Budget Bureau's tracking spreadsheet indicated that \$47 million in appropriations required District matching comprising of the following:

- SOETF appropriations: \$9 million
- General Revenue Fund appropriations: \$38 million

Based on the General Appropriations Act, the \$38 million in General Revenue Fund appropriations was nonrecurring and was specified for the design, engineering, and construction of CERP, Lake Okeechobee Protection Plan, Caloosahatchee and St. Lucie River Watershed Protection Plan Components, and for the acquisition of projects lands. The funding was contingent upon the state being eligible to receive the funds. However, based on the Everglades Restoration Investment Act statute (Chapter 373, Section 373.470, Subsection 6 (373.470(6), F.S.), General Revenue Fund appropriations do not require matching contributions by the District. As a result, the appropriations and required matching on the Budget Bureau's tracking spreadsheet appears overstated by \$38 million. The Budget Bureau agreed that appropriations are overstated by \$38 million.

**Fiscal Year 2012: Matching Overstatement = \$6.5 Million**

Based on the 2011 General Appropriations Act, the following was appropriated to the District in Fiscal Year 2012:

- SOETF appropriations: \$19,955,500
- General Revenue Fund appropriations: \$10 million

From these funds, \$3 million was to be provided to FDACS for implementation of agricultural nonpoint source controls in the Okeechobee, Caloosahatchee, and St. Lucie River watersheds. In addition, \$500,000 was to be provided to FDEP to study and quantify urban and other sources of phosphorus introduced into the Lake Okeechobee watershed, to evaluate and report on relative contributions of those sources to water



quality impairment, and to make recommendations on source reduction strategies that can be efficiently applied across the watershed. However, the governor vetoed the \$500,000 to FDEP. As a result, the \$500,000 was not provided to FDEP.

Based on the tracking spreadsheet, state appropriations totaling \$26,455,500 was required to be matched by the District. However, we determined that this amount is overstated. The \$26,455,500 is comprised of the following:

Fiscal Year 2012 Appropriations Budget Bureau Spreadsheet		
Appropriations and Reductions		Amount
Appropriations	SOETF	\$ 19,955,500
	General Revenue Fund	10,000,000
Reductions	To FDACS	(3,000,000)
	To FDEP ( <i>Note 1</i> )	(500,000)
Total Amount on Budget Bureau Spreadsheet		\$ 26,455,500

**Note 1**

The Budget Bureau incorrectly reduced the matching appropriations by \$500,000. This amount was vetoed by the governor.

Based on the Everglades Restoration Investment Act statute, the District is not required to match General Revenue Fund appropriations. The Budget Bureau agreed that the \$10 million in General Revenue Fund appropriation does not require District matching. In addition, the General Appropriations Act does not specify whether the \$3 million to FDACS should have been allocated from the SOETF or General Revenue Fund. Budget Bureau staff stated that the FDACS funds were most likely allocated from the General Revenue Fund. In this scenario, the required matching on the Budget Bureau's tracking spreadsheet should have been reflected as \$19,955,500, i.e., SOETF appropriation amount. Since the spreadsheet amount is \$26,455,500, it appears that appropriations requiring matching District expenditures is overstated by \$6,500,000 (\$26,455,500 - \$19,955,500).

On the other hand, if the \$3 million in FDACS appropriations is required to be allocated from SOETF appropriations, then the spreadsheet matching amount would be

overstated by \$9.5 million,<sup>4</sup> which is the spreadsheet amount less net of SOETF and FDACS amounts ((\$26,455,500 - (\$19,955,500 - \$3,000,000)). The Budget Bureau should consult with FDEP to determine whether the \$3 million to FDACS should be appropriated from the SOETF or the General Revenue Fund.

**Fiscal Year 2013: Matching Overstatement = \$2,154,903**

Based on the 2012 General Appropriations Act, the following were appropriated to the District in Fiscal Year 2013:

- SOETF appropriations: \$20 million
- General Revenue Fund appropriations: \$10 million

From these funds, \$3 million was to be provided to FDACS for implementation of agricultural nonpoint source controls in the Okeechobee, Caloosahatchee, and St. Lucie River watersheds. Based on the tracking spreadsheet, state appropriations totaling \$22,154,903 is required to be matched by the District. However, we determined that this amount is overstated. The \$22,154,903 is comprised of the following:

Fiscal Year 2013 Appropriations Budget Bureau Spreadsheet		
Appropriations and Reductions		Amount
Appropriations	SOETF	\$ 20,000,000
	General Revenue Fund	10,000,000
Reductions	To FDACS	(3,000,000)
	Budget Bureau Adjustment to FDEP ( <i>Note 1</i> )	(4,845,097)
<b>Total Amount on Budget Bureau Spreadsheet</b>		<b>\$ 22,154,903</b>

**Note 1**

According to Budget Bureau staff, the \$4,845,097 adjustment reflected funding that was allocated to FDEP for water quality studies; thus, the appropriation amount should not have been reduced by this amount.

<sup>4</sup> For audit purposes, we assumed that the tracking spreadsheet overstated required contributions by \$6.5 million.

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Based on the Everglades Restoration Investment Act statute, the District is not required to match General Revenue Fund appropriations. The Budget Bureau agreed that the \$10 million in General Revenue Fund appropriation does not require District matching. In addition, the General Appropriations Act does not specify whether the \$3 million to FDACS should have been allocated from the SOETF or General Revenue Fund. Budget Bureau staff stated that the funds were most likely allocated from the General Revenue Fund. In this scenario, the required matching on the Budget Bureau's tracking spreadsheet should have been reflected as \$20 million, i.e., the SOETF appropriation amount. Since the spreadsheet amount is \$22,154,903, it appears that the appropriations requiring District matching is overstated by at least \$2,154,903 (\$22,154,903 - \$20,000,000).

On the other hand, if the \$3 million in FDACS appropriations is required to be allocated from the \$20 million in SOETF appropriations, then the spreadsheet matching amount would be overstated by the \$2,154,903,<sup>5</sup> which is that spreadsheet amount less net of SOETF and FDACS amounts ((\$22,154,903) - (\$20 million - \$3 million)). The Budget Bureau should consult with FDEP to determine whether the \$3 million to FDACS should be appropriated from the SOETF or the General Revenue Fund.

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<sup>5</sup> For audit purposes, we assumed that the tracking spreadsheet overstated required contributions by \$2,154,903.

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**Fiscal Year 2017: Matching Overstatement = \$104,031,903**

Based on the 2016 General Appropriations Act, Fiscal Year 2017 SOETF and LATF appropriations for District Everglades restoration totaled \$214,831,903. The appropriated amount comprised of the following:

- SOETF appropriations: \$100 million for planning, design, engineering, and construction of CERP
- LATF appropriations: Total appropriations of \$114,831,903 allocated to the following:
  - \$27,700,000 for land acquisition
  - \$32,000,000 for restoration strategies
  - \$55,131,903 for NEEPP

The Budget Bureau's matching spreadsheet indicated that the District received \$204,031,903 in appropriations for Fiscal Year 2017 that required matching contributions. However, we concluded that the Budget Bureau's appropriated / matching amount is overstated by \$104,031,903 in LATF appropriations that did not require District matching. Specifically, based on the 2016 Florida Statutes (Chapter 373, Section 470, Subsection 6, Paragraph a (373.470.(6) (a). F.S.):

*Distribution of funds to the district from the Save Our Everglades Trust Fund shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components*

Based on our understanding and discussions with Budget Bureau staff, this 2016 statute requirement would be applicable to 2016 appropriations received by the District for Fiscal Year 2017. Thus, only the \$100 million in SOETF appropriations required matching District contributions since there were no mention of LATF matching.

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However, it appears that the Budget Bureau included LATF appropriations as funding that required matching District contributions in Fiscal Year 2017.<sup>6</sup>

**Fiscal Year 2018: SOETF and LATF Appropriations Requiring District Matching Contribution Understated by \$5 Million**

Based on 2017 Florida Statutes (Chapter 373, Section 470, Subsection 6, Paragraph a (373.470.(6) (a)):

*Distribution of funds to the district from the Save Our Everglades Trust Fund or the Land Acquisition Trust Fund shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components*

This 2017 statute requirement would be applicable to 2017 appropriations received by the District for Fiscal Year 2018, which is the first year that the District was required to match both SOETF and LATF appropriations related to Everglades restoration. Based on the 2017 General Appropriations Act, for Fiscal Year 2018 a total of \$184,233,249 in SOETF and LATF funding was appropriated to the District for Everglades restoration. This amount is accurately reflected on the Budget Bureau's tracking spreadsheet for Fiscal Year 2018.

The District also received \$5 million in LATF appropriations for the Dispersed Water Management Program, which is related to Everglades restoration. However, this funding is not reflected on the Budget Bureau's tracking spreadsheet. Since dispersed water storage is related to Everglades restoration and LATF funds are required to be matched, the \$5 million should be included on the spreadsheet as appropriations requiring District matching. The Budget Bureau agreed with our conclusion. Thus, appropriations are understated by \$5 million.

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<sup>6</sup> Our review disclosed that the 2017 and 2018 Florida Statutes required the District to equally match both SOETF and LATF appropriations received by the District in Fiscal Years 2018 and 2019.

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**Fiscal Year 2019: Matching Understatement = \$34,298,869**

Based on 2018 Florida Statutes (Chapter 373, Section 470, Subsection 373.470(6), Paragraph 373.470.(6) (a)):

*Distribution of funds to the district from the Save Our Everglades Trust Fund or the Land Acquisition Trust Fund shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components*

This 2018 statute requirement would be applicable to 2018 appropriations received by the District during Fiscal Year 2019. Based on the 2018 General Appropriations Act for Fiscal Year 2019, a total of \$172,371,164 in SOETF and LATF funding was appropriated to the District for Everglades restoration. However, the tracking spreadsheet included only \$143,072,295; it did not include appropriations totaling \$29,298,869 that were allocated to NEEPP.

The District also received \$5 million in LATF appropriations for the Dispersed Water Management Program, which is related to Everglades restoration. However, the funding is not reflected on the Budget Bureau's tracking spreadsheet. Since dispersed water storage is related to Everglades restoration and LATF funds are required to be matched, the \$5 million should be included on the spreadsheet as appropriations requiring District matching. The Budget Bureau agreed with our conclusion. Thus, appropriations are understated by a total of \$34,298,869.

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**Fiscal Year 2020: Only SOETF Appropriations Required Matching**

Based on 2019 Florida Statutes (Chapter 373, Section 470, Subsection 373.470(6), Paragraph 373.470.(6) (a)):

*Distribution of funds to the district from the Save Our Everglades Trust Fund shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components*

This 2019 statute requirement would be applicable to 2019 appropriations to the District during Fiscal Year 2020. Based on the 2019 General Appropriations Act, the following were appropriated to the District for Fiscal Year 2020:

- SOETF appropriations: \$3 million (matching required per statute)
- LATF appropriations: \$212,574,918 (matching not required per statute)

Thus, in Fiscal Year 2020, the District is required to only match \$3 million in SOETF appropriations.

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### **Matching Contribution Period Completed**

SOETF appropriations to the District for Fiscal Year 2020 were authorized during the 2019 legislative session. As a result, the appropriations matching requirement covering Fiscal Years 2000 – 2020 specified in Chapter 373, Section 373.470, Subsection 6, Paragraph a (373.470 (6)(a), F.S.) has been completed and no further District matching may be required; however, the legislature could extend the District contribution requirement. If the legislature were to extend the SOETF / LATF matching requirement to future fiscal years, the District would likely be unable to fulfill the matching requirement, especially considering that state funding will likely be substantially higher over the next few years. In fact, based on the Governor's proposed budget for Fiscal Year 2020 – 2021, which includes appropriations in excess of \$300 million, and District's estimation of another \$300 million for Fiscal Year 2021 - 2022, the District would not be able to fulfill the matching requirement for these funds if the legislature were to continue requiring matching requirements beyond Fiscal Year 2019 – 2020. (See Appendix 1 – *Budget Bureau's Summary Tracking Spreadsheet of SOETF and LATF Cost Matching History and Projections, as of February 2020.*) Consequently, the Budget Bureau intends to closely monitor the upcoming 2020 - 2021 legislations and will coordinate with relevant staff and the District's legislative liaison to elevate any concerns should any proposed legislation include an extension to the SOETF / LATF cost matching requirements.



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## **Understated and Overstated Matching Expenditures**

The Budget Bureau's summary tracking spreadsheet is used to track SOETF / LATF appropriations and District contributions. As part of our audit tests, we verified whether the annual eligible expenditure amounts reflected on the summary spreadsheet were accurate when compared to the eligible amounts indicated in the excel expenditure database, maintained by the Budget Bureau, for Fiscal Years 2000 – 2017. Based on our tests, eligible expenditures on the Budget Bureau's spreadsheet were understated by \$13,452,370 and overstated by \$14,219,789, which resulted in a net overstatement of \$767,509. We concluded that the District can claim \$2,009,442,648 as eligible matching contributions for state SOETF and LATF appropriation amounts; however, based on the Budget Bureau, the eligible amount is indicated as \$2,010,210,157. Any overstated or understated expenses may impact the District's matching contribution amount.

The results of our analysis are presented in the following table and discrepancies are detailed in subsequent tables and sections.

<b>Expenditures Eligible for Matching Contributions Budget Bureau's April 2019 Tracking Spreadsheet vs. Audit Results</b>		
<b>Expense Classification</b>		<b>Expense Amounts</b>
<b>Budget Bureau</b>	<b>Eligible Expenses per Budget Bureau's Tracking Spreadsheet (Fiscal Years 2000 – 2020) (<i>Note 1</i>)</b>	<b>\$ 2,010,210,157</b>
<b>Audit</b>	<b><u>Spreadsheet Understatement</u> – Eligible Indirect Salary Expenses Not Included as Matching District Contributions for SOETF and LATF Appropriations</b>	<b>13,452,370</b>
	<b><u>Spreadsheet Overstatement</u> – Unsubstantiated Expenses on Budget Bureau's Spreadsheet not in Expense Database</b>	<b>(14,219,879)</b>
	<b><i>Net Spreadsheet Overstatement</i></b>	<b>\$ (767,509)</b>
	<b>Revised Matching Expenses per Audit</b>	<b>\$ 2,009,442,648</b>

**Note 1**

This amount includes estimated unaudited matching expenditures of \$49,716,231 for Fiscal Year 2018, which were not uploaded to the excel database at the time of our analysis; and estimated expenses of \$88,228,892 for Fiscal Years 2019 and 2020. To determine the revised expenses per audit, we used the Budget Bureau's amounts and assumed the expenses on the tracking spreadsheet for Fiscal Years 2018 – 2020 will be close to the actual amounts. Further, based on our tests, discrepancies, if any, may be minimal.

The following table includes the matching eligible expenditures as contributions for SOETF and LATF appropriations per the Budget Bureau, understatements and overstatements identified by our audit, and the revised audited matching amounts. It also includes notes to explain reasons for large annual expenditure amounts in some years and additional information to clarify other amounts.

District Matching Contributions for SOETF and LATF Appropriations Budget Bureau vs. Audit Amounts					
Fiscal Year	Budget Bureau's Matching District Expenditures (As of April 2019)	Understatements (Overstatements) Identified by Audit		Revised Matching District Expenditures per Audit	Notes
		Indirect Salary Expenses	<u>Net Discrepancies</u> Database vs. Spreadsheet		
2000	\$ 51,513,320			\$ 51,513,320	Note 1
2000	10,390,324			10,390,324	
2001	34,757,247			34,757,247	
2002	68,028,608			68,028,608	
2003	116,331,219			116,331,219	
2004	106,418,501			106,418,501	
2005	132,052,285			132,052,285	
2006	240,163,365			240,163,365	Note 2
2007	217,402,803	\$ 8,366		217,411,169	
2008	232,786,221	8,162,196		240,948,417	
2009	88,363,239	3,734,088		92,097,327	
2010	58,134,657	569,201		58,703,858	
2011	244,074,699	989,500		245,064,199	Note 3
2012	29,551,449	(10,981)	\$ 789,424	30,329,892	
2013	36,174,075		2,292,252	38,466,327	
2014	85,472,642		(22,441,003)	63,031,639	
2015	53,463,483		3,466,208	56,929,691	
2016	30,862,255		1,935,536	32,797,791	
2017	36,324,642		(262,296)	36,062,346	
2018	49,716,231			49,716,231	Note 4
2019	44,114,446			44,114,446	Note 5
2020	44,114,446			44,114,446	
<b>Total</b>	<b>\$ 2,010,210,157</b>	<b>\$ 13,452,370</b>	<b>\$ (14,219,879)</b>	<b>\$ 2,009,442,648</b>	

**Note 1:** The \$51,513,320 represents expenditures for lands acquired prior to Fiscal Year 1999 – 2000. The District considers these costs as eligible matching contributions because the lands were acquired for qualifying Everglades restoration projects. (Chapter 373, Section 373.470, Subsection 373.470(6), Paragraph 373.470(60(a), F.S.). The \$10,390,324 represents matching contributions. We performed a cursory review of the expenses.

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**Note 2:** The expenditures for Fiscal Years 2006 – 2008 were primarily related to Acceler8 projects, e.g., Indian River Lagoon South, C-43 Reservoir, EAA Reservoir, Biscayne Bay Coastal Wetlands, C-111 Spreader Canal, Picayune Strand Restoration, Site 1 Impoundment, and Broward County Water Preserve Area.

**Note 3:** Expenditures include a large land acquisition.

**Note 4:** The matching expenditures of \$49,716,231 of Fiscal Year 2018 were not tested. These expenses were not uploaded to the excel database at the time of our analysis. In February 2020, the Budget Bureau revised its summary tracking spreadsheet, which reflected actual matching expenditures of \$49,492,835. The updated amount is reflected in Appendix 1 – *Budget Bureau's Summary Tracking Spreadsheet of SOETF and LATF Cost Matching History and Projections, as of February 2020.*

**Note 5:** The matching expenses for Fiscal Years 2019 and 2020 could not be audited since actual expenses will be determined after the end of the fiscal years. In February 2020, the Budget Bureau revised its summary tracking spreadsheet, which reflected actual matching expenditures of \$44,669,654 for Fiscal Year 2019 and estimated expenditures of \$57,295,944 for Fiscal Year 2020. The updated amounts are reflected in Appendix 1 – *Budget Bureau's Summary Tracking Spreadsheet of SOETF and LATF Cost Matching History and Projections, as of February 2020.*

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**Eligible Indirect Salary Expenses Not Included as Matching Contributions for SOETF and LATF Appropriations**

Our audit disclosed that the Budget Bureau's spreadsheet did not include \$13,452,370 in certain indirect salary expenses incurred during Fiscal Years 2007 - 2012 that were eligible for matching SOETF and LATF appropriations. Specifically, as part of our audit, we determined the total annual eligible salary expense (e.g., salaries and overtime including accruals and adjustments) for Fiscal Years 2000 – 2017 and applied the annual USACE approved indirect rates. We then compared our calculations to the Budget Bureau's indirect expense amount indicated on the tracking spreadsheet. For Fiscal Years 2000 – 2017, the Budget Bureau determined that the eligible indirect expenses totaled \$104,442,849; however, based on our calculations eligible indirect expenses totaled \$117,895,219. Thus, eligible expenses were understated by \$13,452,370. The unclaimed expenses are summarized in the following table.

<b>Eligible Indirect Salary Expenses Not Included as Matching District Contributions for SOETF and LATF Appropriations</b>			
<b>Fiscal Year</b>	<b>Salary Expenses Not Included in Budget Bureau's Calculation of Indirect Expense</b>	<b>USACE Approved Overhead Rate / Percentage</b>	<b>Additional Indirect Expenses Eligible for Matching</b>
2007	\$ 10,566	79.17784%	\$ 8,366
2008	7,623,740	107.06288%	8,162,196
2009	3,574,543	104.46335%	3,734,088
2010	615,948	92.41046%	569,201
2011	1,011,679	97.80771%	989,500
2012	(11,800)	93.05886%	(10,981)
<b>Total</b>	<b>\$ 12,824,676</b>		<b>\$ 13,452,370</b>

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Actual indirect expenses are not calculated in SAP. Instead, Budget Bureau staff perform the calculations by applying annual USACE's approved indirect rates to certain eligible salary related expenses. The annual indirect expense amounts are included on the tracking spreadsheet as matching expenses.

These understatements were related to capitalized salary expenses. Our analysis disclosed that in these instances indirect expenses were not claimed due to oversights by the Budget Bureau. The Budget Bureau agreed that indirect salary expenses were understated and made the necessary adjustments on the tracking spreadsheet. For the final reconciliation of appropriations and matching contributions, the Budget Bureau should carefully review all expenses to ensure all eligible expenses are included as matching contribution for SOETF and LATF appropriations.

**Eligible Matching Expenditures Overstated on  
Budget Bureau's Spreadsheet**

Our audit disclosed that the Budget Bureau's tracking spreadsheet was overstated by a net amount of \$14,219,879 when compared to expenses contained in the excel database during Fiscal Years 2012 - 2017 that were eligible for matching SOETF and LATF appropriations. Specifically, spreadsheet expenses were overstated by \$22,703,298 and understated by \$8,483,419 in CERP and Restoration Strategies (RS) expenses when compared to database expenses, which resulted in a net spreadsheet overstatement of \$14,219,879. The unclaimed expenses are summarized in the following table.

<b>Discrepancies between Expenses Indicated on the Budget Bureau Spreadsheet's and Eligible Expenses per Database</b>					
<b>Fiscal Year</b>	<b>Restoration Programs</b>	<b>Expenses per Tracking Spreadsheet</b>	<b>Expenses per Expense Database</b>	<b>Expense Understatement (Overstatement) on Spreadsheet</b>	
				<b>Difference</b>	<b>Net Amount</b>
2012	CERP	\$ 11,842,603	\$ 12,635,116	\$ 792,513	\$ 789,424
	RS	2,309,278	2,306,189	(3,089)	
2013	CERP	15,084,033	17,615,707	2,531,674	2,292,252
	RS	6,096,715	5,857,293	(239,422)	
2014	CERP	8,954,043	11,507,007	2,552,964	(22,441,003)
	RS	63,024,954	38,030,987	(24,993,967)	
2015	CERP	9,957,807	13,207,945	3,250,138	3,466,208
	RS	31,363,103	31,579,173	216,070	
2016	CERP	9,646,101	11,004,886	1,358,785	1,935,535
	RS	8,694,691	9,271,441	576,750	
2017	CERP	16,103,282	16,777,858	674,576	(262,295)
	RS	9,225,136	8,288,265	(936,871)	
<b>Total</b>		<b>\$ 192,301,746</b>	<b>\$ 178,081,867</b>	<b>\$(14,219,879)</b>	<b>\$(14,219,879)</b>

Budget Bureau staff attributed the discrepancies to errors and the use of sources other than eligible expenses contained in the database. During our audit, the Budget Bureau revised the spreadsheet to reflect the database expense amounts.

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## RECOMMENDATIONS

1. **Closely monitor the upcoming 2020-2021 legislations and coordinate with relevant staff and the District's legislative liaison to elevate any concerns should any legislation include an extension to the SOETF / LATF cost matching requirements.**

**Management Response:** Management concurs with this recommendation. For the 2020 Legislative session (Budget Fiscal Year 2020-2021) District Budget staff, Executive Office staff did work with the District's legislative liaison and the Department of Environmental Protection (DEP) staff to monitor legislative bills during the various stages of session as well as the HB 5001 general appropriations act (GAA). The current status of the 2020 Legislative HB 5001 GAA does not require matching of the SOETF or LATF sources. District staff will continue to keep this as a high priority to monitor and work with DEP for future Legislative sessions.

**Responsible Division:** Administrative Services

**Estimated Completion:** Completed for 2020 Legislative Session (Budget Fiscal Year 2020-2021), but respectively will remain a priority for future Legislative sessions.

2. **Initiate the expenditures reanalysis to determine whether the criteria used to determine expense match eligibility are still valid and /or needs updating.**

**Management Response:** Management concurs and will review the current presentation that entails the previously approved matching criteria and those expenses that were deemed as not eligible for matching with Executive Management and DEP to determine if there are additional expense criteria that may qualify.

**Responsible Division:** Administrative Services



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**Estimated Completion:** November 2020, Prior to 2021 Legislative Session

- 3. Determine the correct SOETF and /or LATF appropriation amounts that require matching contributions by the District for Fiscal Years 2011, 2012, 2013, 2017, and 2019.**

**Management Response:** Management concurs to reevaluate those sources included within the GAA line items to correct amounts requiring matching contributions. Staff has already started updating the matching spreadsheet against the GAA lines for the respective fiscal years.

**Responsible Division:** Administrative Services

**Estimated Completion:** November 2020

- 4. Ensure that the Budget Bureau's tracking spreadsheet correctly reflects the following: SEOTF / LATF appropriations that require expenditure matching by the District, eligible matching expenditures, and indirect expenses.**

**Management Response:** Management concurs to update the tracking spreadsheet based upon the reevaluation of those sources included within the GAA line items requiring matching contributions. Staff has already started updating the matching spreadsheet against the GAA lines for the respective fiscal years.

**Responsible Division:** Administrative Services

**Estimated Completion:** November 2020

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- 5. Inform FDEP of the District's compliance status with Chapter 373, Section 373.470, Subsection 373.470(6), Paragraph 373.470 (6)(a), F.S., which requires that SOETF and/or LATF appropriations be matched by District contributions.**

**Management Response:** Management concurs and has provided DEP with several updates upon request and will provide a final spreadsheet illustrating the Districts matching of sources through Fiscal Year 2019-2020 in compliance with mentioned statutes.

**Responsible Division:** Administrative Services

**Estimated Completion:** April 30, 2021 (After Final Audit of Fiscal Year 2019-2020 financials)

Office of the Inspector General  
Audit #19-13: District Matching of SOETF / LATF Appropriations  
Budget Bureau's Summary Tracking Spreadsheet of SOETF and LATF Cost  
Matching History and Projections, as of February 2020

Restoration Program	Lands Prior to Fiscal Year 1999- 2000	Fiscal Year 1999-2000	Fiscal Year 2000-2001	Fiscal Year 2001-2002	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Fiscal Year 2004-2005	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Fiscal Year 2007-2008	Fiscal Year 2008-2009	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year 2018- 2019	Fiscal Year 2019-2020 Adopted Budget	Fiscal Year 2020-2021 Preliminary Budget	Estimated FY2021-2022 Budget	Grand Total
CERP	\$ 49,359,811	\$ 5,995,160	\$ 24,890,595	\$ 51,652,161	\$ 101,625,050	\$ 72,428,413	\$ 113,093,854	\$ 203,815,050	\$ 191,810,926	\$ 200,448,973	\$ 65,821,641	\$ 39,682,396	\$ 223,289,568	\$ 12,635,116	\$ 17,615,707	\$ 11,507,007	\$ 13,207,945	\$ 11,004,886	\$ 16,777,857	\$ 27,100,614	\$ 24,949,864	\$ 38,249,512	\$ 25,536,276	\$ 25,536,276	\$ 1,568,034,658
Kissimmee	2,153,509	3,102,504	4,018,517	8,978,651	6,799,240	26,449,375	11,296,626	28,835,903	16,541,047	12,927,464	6,670,124	5,643,495	6,041,152	5,006,001	4,995,269	2,964,022	2,949,031	5,011,280	3,671,644	1,572,999	2,039,818	2,420,836	3,095,765	3,095,765	176,280,040
NEEPP		46,578	1,951,756	1,849,570	1,593,853	1,173,552	1,157,171	1,294,890	1,932,839	15,492,599	4,247,693	4,767,885	7,391,358	3,429,148	2,704,661	3,500,067	3,296,887	2,351,022	2,463,546	11,231,079	3,571,228	4,986,949	1,979,833	1,979,833	84,395,998
Restoration Strategies													255,591	2,306,189	5,857,293	38,030,987	31,579,173	9,271,441	8,288,265	4,592,702	8,007,857	5,644,180	20,681,066	20,681,066	155,195,810
SOETF Grant (l prg)											3,626,180	422,436	42,765	634,401	1,039,651	843,295	38,582								6,647,311
CERP Indirect		1,246,081	3,896,379	5,548,225	6,313,076	6,367,161	6,504,634	6,217,522	7,126,357	12,079,380	11,731,688	8,187,645	8,043,765	6,319,037	6,253,745	6,182,256	5,858,072	5,159,161	4,861,034	4,995,440	6,100,886	5,992,467	6,146,816	6,146,816	147,277,646
Total	\$ 51,513,320	\$ 10,390,324	\$ 34,757,247	\$ 68,028,608	\$ 116,331,219	\$ 106,418,501	\$ 132,052,285	\$ 240,163,365	\$ 217,411,170	\$ 240,948,417	\$ 92,097,327	\$ 68,703,858	\$ 245,064,199	\$ 30,329,893	\$ 38,466,326	\$ 63,027,634	\$ 56,929,690	\$ 32,797,790	\$ 36,062,345	\$ 49,492,835	\$ 44,669,654	\$ 57,295,944	\$ 57,439,756	\$ 57,439,756	\$ 2,137,831,462

SOETF / LATF Appropriations	Prior to Fiscal Year 1999-2000	Fiscal Year 1999-2000	Fiscal Year 2000-2001	Fiscal Year 2001-2002	Fiscal Year 2002-2003	Fiscal Year 2003-2004	Fiscal Year 2004-2005	Fiscal Year 2005-2006	Fiscal Year 2006-2007	Fiscal Year 2007-2008	Fiscal Year 2008-2009	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year Budget 2018-2019	Fiscal Year Budget 2019- 2020	Fiscal Year 2020-2021 Governor's Proposed Budget	Estimated FY2021-2022 Budget	Grand Total
CERP			\$ 105,000,000	\$ 50,000,000	\$ 150,000,000		\$ 200,000,000	\$ 100,000,000	\$ 119,923,330	\$ 100,000,000	\$ 48,990,880	\$ 45,421,767	\$ 9,000,000	\$ 19,955,500	\$ 20,000,000	\$ 28,150,000	\$ 62,000,000		\$ 100,000,000	\$ 124,058,167	\$ 140,371,164	\$ 3,000,000	\$ 222,600,000	\$ 222,600,000	\$ 1,871,070,808
NEEP										76,045,000	3,009,120	1,500,000				6,850,000	5,000,000			33,175,082	5,000,000		50,342,089	50,342,089	231,263,380
Restoration Strategies																32,000,000	32,000,000			32,000,000	32,000,000		32,000,000	32,000,000	192,000,000
Non CERP - Miami River Kissimmee											10,000,000														10,000,000
Total	\$ -	\$ -	\$ 105,000,000	\$ 50,000,000	\$ 150,000,000	\$ -	\$ 200,000,000	\$ 100,000,000	\$ 119,923,330	\$ 176,045,000	\$ 62,000,000	\$ 46,921,767	\$ 9,000,000	\$ 19,955,500	\$ 20,000,000	\$ 67,000,000	\$ 99,000,000	\$ -	\$ 100,000,000	\$ 189,233,249	\$ 177,371,164	\$ 3,000,000	\$ 304,942,089	\$ 307,311,602	\$ 2,306,703,701
District Year Difference Surplus (Deficit)	\$ 51,513,320	\$ 10,390,324	\$ (70,242,753)	\$ 18,028,608	\$ (33,668,781)	\$ 106,418,501	\$ (67,947,715)	\$ 140,163,365	\$ 97,487,840	\$ 64,903,417	\$ 30,097,327	\$ 11,782,091	\$ 236,064,199	\$ 10,374,393	\$ 18,466,326	\$ (3,972,366)	\$ (42,070,310)	\$ 32,797,790	\$ (63,937,655)	\$ (139,740,414)	\$ (132,701,510)	\$ 54,295,944	\$ (247,502,333)	\$ (249,871,846)	\$ (168,872,239)
District Cumulative Difference Surplus (Deficit)	\$ 51,513,320	\$ 61,903,644	\$ (8,339,109)	\$ 9,689,498	\$ (23,979,282)	\$ 82,439,219	\$ 14,491,504	\$ 154,654,870	\$ 252,142,709	\$ 317,046,126	\$ 347,143,453	\$ 358,925,543	\$ 594,989,742	\$ 605,364,135	\$ 623,830,460	\$ 619,858,094	\$ 577,787,784	\$ 610,585,574	\$ 546,647,920	\$ 406,907,505	\$ 274,205,995	\$ 328,501,939	\$ 80,999,606	\$ (168,872,239)	

Everglades Restoration Investment Act - Chapter 373, Section 373.470, Subsection 373.470(6), F.S. - Distribution from Save Our Everglades Trust Fund
Prior to Fiscal Year 2017
(6) (b) - Distribution of funds to the district from the <b>Save Our Everglades Trust Fund</b> shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components. The dollar value of in-kind project design and construction work by the district in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the district's contributions.
Beginning Fiscal Year 2017
(6) (b) - Distribution of funds to the district from the <b>Save Our Everglades Trust Fund</b> or the <b>Land Acquisition Trust Fund</b> shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components. The dollar value of in-kind project design and construction work by the district in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the district's contributions.
Beginning Fiscal Year 2019
(6) (b) - Distribution of funds to the district from the <b>Save Our Everglades Trust Fund</b> shall be equally matched by the cumulative contributions from the district by fiscal year 2019-2020 by providing funding or credits toward project components. The dollar value of in-kind project design and construction work by the district in furtherance of the comprehensive plan and existing interest in public lands needed for a project component are credits towards the district's contributions.

Budget Bureau's Note: Total Fiscal Year 2020-2021 Proposed State Appropriation for Restoration Strategies is \$32,668,382; however, \$668,382 is a re-appropriation from Fiscal Year 2014-2015.