



## **Audit of Land Sales Proceeds**

**Project #22-24**

**Prepared by**  
Office of the Inspector General

**J. Timothy Beirnes, CPA, Inspector General**  
**Jankie Bhagudas, CPA, Lead Consulting Auditor**



# SOUTH FLORIDA WATER MANAGEMENT DISTRICT

July 11, 2024

Governing Board Members

Re: Audit of Land Sales Proceeds  
*Project No. 22-24*

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Our audit objective primarily focused on determining whether surplus land sales proceeds were adequately accounted for in accordance with applicable laws, rules, regulations, and policies. Jankie Bhagudas and I prepared this report.

Sincerely,

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

J. Timothy Beirnes, CPA  
Inspector General

---

## TABLE OF CONTENTS

<b>BACKGROUND.....</b>	<b>1</b>
<b>OBJECTIVE, SCOPE, AND METHODOLOGY .....</b>	<b>10</b>
<b>AUDIT RESULTS.....</b>	<b>12</b>
<b>Executive Summary.....</b>	<b>12</b>
<b>Adequate Controls to Ensure Surplus Land Dispositions     Comply with Relevant State and District Requirements .....</b>	<b>14</b>
<b>Analysis of Surplus Proceeds from Disposition of Lands Initially     Acquired with Save Our Everglades Trust Fund Funding.....</b>	<b>16</b>
<b>Analysis of Proceeds from Disposition of Lands Initially Acquired     with Funds from Water Management Land, Preservation 2000     and Florida Forever Trust Funds .....</b>	<b>17</b>
<b>Analysis of Proceeds from Disposition of Donated Lands     and Lands Initially Acquired with Ad Valorem Funds .....</b>	<b>20</b>
<b>Other Issues .....</b>	<b>23</b>
<b>RECOMMENDATIONS .....</b>	<b>24</b>

---

## BACKGROUND

In accordance with the Office of Inspector General's Audit Plan, we conducted an Audit of Land Sales Proceeds.

The District acquires land to meet its mission of flood protection, water supply, water management, ecosystem restoration, and the conservation and protection of water resources. Periodic reviews of all real estate holdings and identifying surplus lands helps ensure that the District is directly devoting public assets toward its multi-faceted responsibilities. In September 2013, the District completed a comprehensive land assessment of approximately 750,000 acres of fee-owned lands to ensure that each parcel was being put to its most effective use and concluded that only about three percent of District-owned properties was no longer needed for mission-related projects. Some of these lands were acquired as remainder parcels, that is, portion of lands acquired outside approved project boundaries. Subsequently, the Governing Board directed staff to conduct additional analysis and due diligence to determine potential surplus parcels. In addition, the Real Estate Bureau continues to assess lands that are not actively utilized for conservation, restoration, or water improvement projects.

Lands used by the District in an exchange or surplus transaction are determined by a formal District routing and approval process. The District uses exchange of surplus lands in lieu of cash to avoid costly condemnation proceedings and as further incentive for landowners. Lands designated for surplus are determined by a formal District routing and approval process. Surplus lands are disposed of in the following manner:

- Offered for public bid;
- Conveyed by the District to another governmental entity; or
- Used in potential real estate exchange transactions.

---

The District may sell or exchange surplus lands, including easements and other legal interests in real property, not required for present or future use. Surplus disposals are made primarily in accordance with the following:

- General surplus authority (§373.089, F.S.) and general exchange authority (§373.089(4), F.S.).
- General authority to convey land to other government entities (§373.056(4), F.S.).
- General limitations on uses from disposals of District lands acquired with District or State funds (§373.139, F.S.).
- Other relevant statutes, compliance with District rules, policies, and procedures, and other relevant policies regarding sale or exchange of surplus lands are required.

Governing Board Resolutions for surplus sales and exchanges cite compliance with relevant Florida Statutes.

The following tables summarize the uses of proceeds from the disposition of surplus lands based on funds used for initial acquisition.

<b>Summary of Uses of Proceeds from Disposition of Surplus Lands Initially Acquired with Specific Funding Types</b> <b>Prepared by District - March 2015</b>			
<b>Ad Valorem</b>	<b>P-2000, WMLTF, LATF, Special State Appropriation (§373.139, F.S.) (§373.584, F.S.)</b>	<b>Florida Forever Trust Fund (§373.139, F.S.)</b>	<b>Save Our Everglades Trust Fund (SOETF) (§373.139, F.S.)</b>
<ul style="list-style-type: none"> <li>➤ Acquired prior to 7/1/73 – GB determines how proceed will be spent</li> <li>➤ Acquired after 7/1/73 – Usage options outlined in columns to the right</li> <li>➤ Acquired for administrative purposes - No restrictions on usage</li> </ul>	<ul style="list-style-type: none"> <li>➤ Acquire lands for water management, protection of water resources, <i>or</i></li> <li>➤ Acquire land for a project in the District's Florida Forever Work Plan</li> <li>➤ P-2000 and WMLTF funds can be used to manage other lands acquired with the same funds, <i>or</i></li> <li>➤ Make debt service payments on revenue bonds or notes issues</li> </ul>	<ul style="list-style-type: none"> <li>➤ Acquire lands for water management, protection of water resource within a project listed in the District's Florida Forever Work Plan</li> </ul>	<ul style="list-style-type: none"> <li>➤ Acquire lands or water management, water supply, conservation, and protection of water resources within a CERP component per District's Florida Forever Work Plan.</li> </ul>

*Source: District's Surplus Lands – Disposition of Proceeds*

In addition, surplus land interests acquired with Federal grants must be replaced with other lands of equal current value for use for Everglades water restoration that must be approved by the U.S. Department of Interior. In addition, the GB determines how proceeds will be spent.

Uses of proceeds were further updated in November 2015 and are presented in the table below.

<b>Summary of Uses of Proceeds from Disposition of Surplus Lands Initially Acquired with Specific Funding Types Prepared by District - As of November 2015</b>		
<b>General Limitation on Disposal of District lands acquired with District or State Funds</b>	<b>Florida Forever Trust Fund, WML Trust Fund, P-2000 Fund</b>	<b>Save Our Everglades Trust Fund (SOETF)</b>
<ul style="list-style-type: none"> <li>➤ Except for lands purchased for administrative purposes, “[R]evenue derived from such disposition may not be used for any purpose except the purchase of other lands meeting the criteria in this section or payment of debt service on revenue bonds or notes under s.373.584 [District revenue bonds].” (§373.139(6), F.S.)</li> <li>➤ The criteria requires that the lands to be acquired are: <ul style="list-style-type: none"> <li>▪ 1) consistent with the District’s Florida Forever 5-Year Work Plan (§373.139(3)(c), F.S), or</li> <li>▪ 2) for water storage, water management conservation and protection of water resources, acquirer recharge, water resource and water supply development, and preservation of wetlands, streams, and lakes (§373.132(2), F.S.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Refer to first column for limitations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Revenue from disposition must be used to acquire other lands for water management, water supply and conservation and protection of water resources within a CERP component in the District’s Florida Forever 5-Year Work Plan (§373.026(8)(c), F.S)</li> </ul>

*Source: District’s Surplus Lands – Disposition of Proceeds, and Strings Attached to Surplusing Lands Acquired with District, State, or Federal Funds.*

---

## Florida Statutes - General Authorities on Disposal of Surplus Lands

- **Section 373.089, F.S. – Sale or exchange of lands, or interests or rights in lands:** The Governing Board has the authority to sell lands, exchange lands, or interests or rights in lands, to which the District has acquired title. General surplus authority includes the following:
- **373.089(1)(a), F.S.** – Lands determined by the Governing Board to be surplus may be sold for the highest price (highest bidder) but not less than the appraised value.
  - **373.089(3), F.S.** – The District must publish its intention to sell lands.
  - **373.089(4), F.S.** – District may exchange lands, or interests or rights in lands, owned by, or lands, or interests or rights in lands upon terms and conditions approved by the Governing Board. The Governing Board fixes the terms and conditions of any such exchange and may pay or receive any sum of money that the Governing Board considers necessary to equalize the values of exchanged properties. Bid solicitations are not required.
  - **373.089(6), F.S.** – Requires the following:
    - For lands acquired for conservation purposes, at least a two-thirds majority vote by the Governing Board is required to make the determination that lands and land interests are no longer needed for conservation purposes. For all other lands, the Governing Board makes the determination whether lands are no longer needed and may dispose of these lands by a majority vote.
    - All lands owned prior to July 1, 1999, are considered to have been acquired for conservation purposes.
    - All lands acquired on or after July 1, 1999, the Governing Board can determine which parcels can be designated as having been acquired for conservation purposes.
  - **373.089(7), F.S.** – Lands acquired in whole or in part with Florida Forever funds determined to be no longer needed for conservation purposes must first be offered to the Board of Trustees of the Internal Improvement Trust Fund (TIITF), unless the disposition of those lands is for the following purposes:



- 
- Linear facilities including electric, telecommunication, pipeline transmission and distribution facilities; and public transportation corridors.
  - The disposition of the fee interest in the land where a conservation easement is retained by the District to fulfill the conservation objectives for which the land was acquired.
  - An exchange of the land for other lands that meet or exceed the conservation objectives for which the original land was acquired.
  - To be used by a governmental entity for a public purpose.
  - The portion of an overall purchase deemed surplus at the time of the acquisition.
- **Section 373.139, F.S. – Acquisition of real property:** Addresses acquisition and disposition of real property. Surplus lands initially acquired with State funds must be used for the following:
- **373.139(2), F.S.** – The District is authorized to acquire in fee or less than fee title to real property, easements and other interests or rights by purchase, for flood control, water storage, water management, conservation and protection of water resources, aquifer recharge, water resource and water supply development, and preservation of wetlands, streams, and lakes.
  - **373.139(3)(c), F.S.** – Land acquired by the District must be consistent with the District’s 5-year work plan of acquisition (District’s Florida Forever 5-Year Work Plan).
  - **373.139(6), F.S.** – The District may dispose of land acquired under this section pursuant to 373.056, F.S. or 373.089, F.S.; however, dispositions of land cannot be made if it would cause all or any portion of the interest on any revenue bonds issued pursuant to 259.101, F.S. or 259.105, F.S. to fund the acquisition programs detailed in this section to lose the exclusion from gross income for purposes of federal income taxation. Revenue derived from such disposition may not be used for any purpose except the purchase of other lands meeting the criteria specified in this section or payment of debt service on revenue bonds or notes issued under 373.584, F.S.

---

➤ *Section 373.056, F.S. – State agencies, counties, drainage districts, municipalities, or governmental agencies or public corporations authorized to convey or receive land from water management districts:*

- *373.056(4), F.S.* – The District has the authority to convey land to any governmental entity, other agency or to the United States Government, including its agencies, land or rights in land owned not required for its purposes under terms and conditions determined by the Governing Board. In addition to other general law authorizing the grant of utility easements, any water management district may grant utility easements on land owned by such district to any private or public utility for the limited purpose of obtaining utility service to district property under such terms and conditions as the governing board of such district may determine.

In addition, in instances where lands identified for surplus were initially acquired with some Federal grant funding, subjected to the U.S. Department of Interior's (DOI) approval, the District has the following options:

- 1) Compensate DOI in cash for its proportionate contribution towards the purchase, or
- 2) Provide a comparably valued replacement land to be used for Everglades watershed restoration purposes and swap funding sources, i.e., DOI funds from surplus DOI funded land is swapped with comparable lands acquired with state funding. The surplus and replacement land must be based on market value and a Governing Board Resolution determines how the proceeds are spent. It should be noted that the District uses the replacement option.

---

## Other Florida Statutes and Policies relating to Disposal of Surplus Lands

- **Section 373.026(8)(c), F.S. – General powers and duties of the department:**
  - Use of state funds for land purchases from willing sellers is authorized for projects within the District’s approved Florida Forever water management district work plan pursuant to 373.199, F.S.
- **Section 373.096, F.S. – Releases:**
  - The Governing Board may release any easement, reservation or right-of-way interests, conveyed to it for which it has no present or apparent future use under terms and conditions determined by the Board.
- **District Policies – Chapter 140 – Land Resources – Article VI. Property Acquisition, Disposition, and Leasing; Section 140.83 – Sale or Exchange of Surplus Lands:** Includes surplus requirements; general terms and conditions; and terms and conditions specific to the following:
  - Public sales of surplus lands,
  - Exchanges of surplus lands, and
  - Utility easements and required compliance with specific Florida statutes.
  - District reserves the right to reject any and all bids.

Based on Volume 11 of the South Florida Environmental Report, during Fiscal Years 2015 to 2022, the District conveyed a total of 5,276.60 acres of real estate interests consisting of 4,607.78 acres in fee simple, and 668.82 acres in non-fee interests. The following table summarizes the real estate interests disposed, exchanged, and easements granted.

<b>Population of Real Estate Interests Conveyed as part of Exchange and Disposal Transactions Fiscal Years 2015 -2022</b>				
<b>Fiscal Year</b>	<b>Acres of Fee Interests Disposed</b>	<b>Acres of Non-Fee Interests (Easements)</b>	<b>Total</b>	<b>Comments</b>
2015	754.11	23.64	777.75	Included a surplus sale of 416.41 acres for \$2,132,000. Flowage easement retained over 56.13 acres of wetlands
2016	138.67	31.93	170.60	
2017	198.64	310.90	509.54	
2018	2,706.36	25.05	2,731.41	Included an exchange of 2,591.73 acres fee simple to United States of America for 1,327.47 acres and a \$1,257,000 credit toward Department of Interior grant funded properties
2019	112.10	5.84	117.94	Includes sale of the District's 61% (570.77 acres) ownership interest in a property to Palm Beach County for \$8,661,045
2020	595.53	62.60	658.13	
2021	7.49	94.08	101.57	
2022	94.88	114.78	209.66	
<b>Total</b>	<b>4,607.78</b>	<b>668.82</b>	<b>5,276.60</b>	

---

## OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective primarily focused on determining whether surplus land sales proceeds were adequately accounted for in accordance with applicable laws, rules, regulations, and policies.

To accomplish our objectives, we performed the following:

- Reviewed applicable laws, rules, regulations, and policies to understand the surplus land sales process and accounting for surplus proceeds; for example, relevant Florida Statutes (e.g., Chapters, 373.056, 373.089, and 373.096,), District policies and procedures, and other relevant policies regarding sale or exchange of surplus lands.
- Interviewed relevant Administrative Services Division, Real Estate Bureau, and other District staff to obtain an understanding of surplus land sales process and accounting for surplus proceeds.
- Obtained land disposal data for Fiscal Years 2015 - 2022 from the Administrative Services Division and the Real Estate Bureau. We verified the Administrative Services Division data to various source data, for example, Integrated Real Estate Information System (IRIS), SAP, and Governing Board's resolutions relating to land disposal, South Florida Environmental Report (SFER) – Volume II – Chapter 6A: Florida Forever Work Plan, for Fiscal Years 2015 to 2023. In addition, to ensure the Administrative Services Division data contained all disposals during Fiscal Years 2015 to 2022, we obtained land disposals data for lands that were initially acquired with State funds and Federal funds maintained in IRIS from the Real Estate Bureau. We then compared the Real Estate Bureau's data to the Administrative Services Division's data for completeness. We selected a judgmental sample of Real Estate Bureau and SAP data to determine whether data provided was accurate. 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 population, we believe the sample, along with the results of the audit tests, provide reasonable assurance for us to determine whether there are adequate controls in place.

- 
- 
- Determined whether revenue resulting from all surplus land disposals/easement grants/ exchanges, during Fiscal Years 2015 to 2022, were adequately accounted for and used in accordance with applicable laws, rules, regulations, and policies, District policies and procedures, and other relevant policies regarding sale or exchange of surplus lands. Specifically, we analyzed various land disposal data provided by the Administrative Services Division for Fiscal Years 2015 to 2022 to determine whether land sales proceeds were adequately accounted, for example,
- Whether surplus proceeds were deposited back to the fund used for the initial acquisition of the disposed lands.
  - Whether surplus proceeds were spent in accordance with Florida Statutes and District policies and procedures.

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.

---

## **AUDIT RESULTS**

### **Executive Summary**

Overall, the District has an adequate process in place to ensure that surplus land sales proceeds are adequately accounted for in accordance with applicable laws, rules, regulations, and policies. Specifically, the Administrative Services Division has a process in place to segregate surplus land proceeds in restricted revenue accounts to ensure that proceeds from sale of surplus lands are adequately accounted for. In addition, the Real Estate Bureau and the Administrative Services Division complied with applicable state statutes, requirements and procedures relating to the use of surplus land proceeds. Compliance with applicable State statutes; for example, relevant Sections of 373.089 and 373.139, F.S., are referenced in the District's Governing Board resolutions for surplus land sales/exchanges/grant easements.

In addition, the District worked closely with DEP to ensure compliance. During Fiscal Years 2015 – 2022, the District generated \$26,447,477 from land disposal related transactions, which consisted of \$25,659,907 from surplus land proceeds and \$787,570 in related interest revenue.

The following table summarizes the surplus proceeds, usages, and balances.

<b>Summary of Surplus Proceeds from Land Dispositions, Exchanges, and Easements by Fund for Fiscal Years 2015 - 2022</b>			
<b>Revenue Category</b>	<b>Revenue</b>	<b>Usage</b>	<b>Balance</b>
<b>Save Our Everglades Trust Fund – Usage Prohibited by DEP</b>			
Restricted Surplus	\$ 2,679,149	\$ 0	\$ 2,679,149
Interest Income (As of August 2023)	\$ 229,745	\$ 0	\$ 229,745
<b>Total</b>	<b>\$ 2,908,894</b>	<b>\$ 0</b>	<b>\$ 2,908,894</b>
<i>DEP instructed the District not to utilize any SOETF surplus related funds. The District complied and is awaiting DEP's guidance regarding whether to spend or remit \$2,908,894 in surplus revenue and interest income from the sale of lands initially acquired with SOETF funds.</i>			
<b>Water Management Land, Preservation 2000, and Florida Forever Trust Funds</b>			
Restricted Surplus	\$ 14,250,281	\$ 10,347,684	\$ 3,902,597
Interest Income	\$ 557,825		\$ 557,825
Unexplained Remittance – Possibly Erroneous			\$ 173,544
<b>Total</b>	<b>\$ 14,808,106</b>	<b>\$ 10,347,684</b>	<b>\$ 4,633,966</b>
<i>DEP approved the District's use of \$10,347,684 of the proceeds totaling \$14,250,281; however, subsequently requested remittance of unspent revenue and interest income to DEP. The District remitted \$4,633,966 to DEP; however, based on documentation provided by the Administrative Services Division, it appears the remittance included \$173,544 in error.</i>			
<b>Ad Valorem Funds – Non-Restricted and Restricted Uses</b>			
No Restrictions on Surplus Usage	\$ 1,785,106	Acquired for Administrative Use	
Restricted Surplus	\$ 6,945,371	\$ 3,319,713	\$ 3,625,658
<b>Total</b>	<b>\$ 8,730,477</b>	<b>\$ 3,319,713</b>	<b>\$ 3,625,658</b>
<i>Balance is primarily encumbered in the Fiscal Year 2023-2024 budget for future land acquisition for CERP and Everglades Restoration projects.</i>			
<b>Total Disposal Proceeds</b>	<b>\$ 26,447,477</b>		

We made four recommendations to improve the administration of sales proceeds. Management concurred with all the recommendations.



---

## **Adequate Controls to Ensure Surplus Land Dispositions Comply with Relevant State and District Requirements**

Overall, we concluded that there are adequate controls to ensure compliance with State and District requirements. Specifically,

- The Administrative Services Division has a process in place to segregate surplus land proceeds in restricted revenue accounts to ensure that proceeds from sale of surplus lands are adequately accounted for. Specifically, the Administrative Services Division:
  - Created a specific general ledger account for surplus land revenue – general ledger #470295 described as Sale of District Property - Restricted Land Sales.
  - Created sub-funds for State and District Ad Valorem funds for posting surplus land sale revenue. All surplus revenues are recorded in the fund used for the initial acquisition, which begins with a “4” and end with “000” signifying a capital fund; however, sub-funds with a “4” end with “100” instead of “000”. The “100” ending signifies a restricted surplus fund. For example, for Save Our Everglades Trust Fund funding received from the State are accounted in the District’s financial records in Fund #412000 and surplus revenues from the sale of lands initially acquired with Save Our Everglades Trust Fund are accounted for in Fund #412100.
  - As part of our audit tests, we determined whether proceeds from disposal of surplus lands were deposited to the restricted funds corresponding to the funds used in the initial acquisition. Overall, we concluded that surplus sales proceeds were deposited to the correct surplus restricted funds.

- 
- The Real Estate Bureau and the Administrative Services Division are responsible for ensuring compliance with Florida state statutes, and District policies and procedures. Compliance with applicable State statutes; for example, relevant Sections 373.089 and 373.139, F.S., are referenced in the District's Governing Board resolutions for surplus land sales/exchanges/grant easements. Florida statutes referenced in Governing Board resolutions may vary depending on the nature of the disposal, i.e., sale, exchange, or easement grants. Examples of compliance referenced in Governing Board resolutions are as follows:
- The Governing Board's determination that fee ownership of the surplus tracts is not required by the District for present or future use, and it's in the public interest to dispose of the surplus tracts.
  - The District's authority to sell lands, or interests, or rights in District owned land not required for District purposes for the highest obtainable price, but not less than the appraised value, pursuant to Section 373.089, F.S.
  - The District will not reserve any interest in phosphate, minerals, metals, and petroleum, pursuant to Section 270.11, F.S.
  - The District determined that surplus lands are no longer needed for conservation purposes and the Governing Board approved the sale by at least a two-thirds vote, based on Section 373.089(6), F.S. and an ecological assessment.
  - The District's authority to convey to any governmental entity land, or rights, in lands owned by the District but not required for District purposes under terms and conditions determined by the Governing Board, pursuant to Section 373.056, F.S.
  - The District can release any right of way interest not required for present or apparent future use under terms and conditions determined by the Governing Board, pursuant to Section 373.096, F.S.

- Use of Florida Forever restricted surplus land revenue for land acquisitions are referenced in Governing Board resolutions. In addition, justification that the funds' usage reference compliance with the District's 5-Year Acquisition Plan / District's Florida Forever Work Plan contained in Chapter 6A, Volume 11 of the South Florida Environmental Report.

### **Analysis of Surplus Proceeds from Disposition of Lands Initially Acquired with Save Our Everglades Trust Fund Funding**

At DEP's request, the District has not spent any surplus revenue from the sale of lands initially acquired with Save Our Everglades Trust Fund funding. Specifically, the District complied with DEP's requirement and has not used the \$2,908,894 in surplus revenue (\$2,679,149) and related interest income (\$229,745) from the sale of lands initially acquired with Save of Everglades Trust Fund funds, as illustrated in the following table.

<b>Summary of Surplus Proceeds from Land Dispositions, Exchanges, and Easements by Fund for Fiscal Years 2015 - 2022</b>			
<b>Revenue Category</b>	<b>Revenue</b>	<b>Usage</b>	<b>Balance</b>
<b>Save Our Everglades Trust Fund – Usage Prohibited by DEP</b>			
Restricted Surplus	\$ 2,679,149	\$ 0	\$ 2,679,149
Interest Income (As of August 2023)	\$ 229,745	\$ 0	\$ 229,745
<b>Total</b>	<b>\$ 2,908,894</b>	<b>\$ 0</b>	<b>\$ 2,908,894</b>

It should be noted that uses of surplus revenue derived from land dispositions, including related easement and utility grants, initially acquired with Save Our Everglades Trust Fund funding and must be used for specific purposes. Examples of allowable usages include acquiring other lands for water management, water supply and conservation and protection of water resources within the boundaries of a CERP component identified in District's Florida Forever 5-Year Work Plan (§373.026(8)(c), F.S).

---

During Fiscal Years 2015 – 2022, surplus revenue totaling \$2,679,149 from land dispositions initially acquired with Save Our Everglades Trust Fund was deposited to a restricted Save Our Everglades Trust Fund surplus account (District Fund #412100), as required by District practices. In addition, during Fiscal Year 2015 to 2023 (August 2023), the District earned interest income totaling \$229,745 on the surplus revenue. As of January 2024, the District has not used any of the Save Our Everglades Trust Fund’s restricted surplus revenues. The Administrative Services Division requested guidance from DEP regarding whether the surplus funds and interest revenue can be used by the District or must be returned to DEP.

**Analysis of Proceeds from Disposition of Lands Initially Acquired with Funds from Water Management Land, Preservation 2000, and Florida Forever Trust Funds**

DEP approved the District’s use of \$10,347,684 of \$14,250,281 in surplus funds from the disposition of lands initially acquired with Water Management Land, Preservation 2000, and Florida Forever Trust Funds; however, in 2022 DEP requested the District remit unspent revenue and interest income back to the State.

The District coordinated closely with DEP to ensure compliance with relevant Florida statutes governing the use of proceeds from the disposition of lands initially acquired with Water Management Land, Preservation 2000, and Florida Forever Trust Funds. It should be noted that surplus revenue derived from land dispositions initially acquired with these funds must be used for specific purposes. Examples of usage requirements include with following:

- Lands to be acquired are consistent with the District’s Florida Forever 5-Year Work Plan (§373.139(3)(c), F.S), or
- Lands to be acquired are for water storage, water management conservation and protection of water resources, acquirer recharge, water resource and water supply development, and preservation of wetlands, streams, and lakes (§373.139(2), F.S.).

Further, DEP approved usages to ensure surplus revenues were used if the revenues were received within two years of receipt.

---

During Fiscal Years 2015 – 2022, surplus revenue totaling \$14,250,281 from land dispositions, exchanges, and easement proceeds initially acquired with Water Management Land, Preservation 2000, and Florida Forever Trust Funds were deposited to restricted surplus accounts as required by District practices. Based on Florida Statutes, these funds are now collectively referred to as Florida Forever Trust Fund. As of September 30, 2022, \$10,347,684 of the \$14,250,281 was expended for acquisitions that were in accordance with Florida statutes. However, in 2022, DEP instructed the District to return all unspent revenues in the surplus Florida Forever Trust Fund account along with any interest income. The Administrative Services Division complied with the request and determined that \$4,633,966.71 should be sent to DEP; however, based on our audit results, we determined that the amount that should have been remitted was \$4,460,423, or \$173,544 less than the amount remitted. According to Administrative Services Division’s staff, this issue will have to be further researched.

The following table summarizes District's proceeds, usages, and balances remitted to DEP.

<b>Surplus Details from Land Dispositions Initially Acquired with Water Management Land, Preservation 2000, and Florida Forever Trust Funds - Proceeds / Usages / Balances Remitted to DEP for Fiscal Years 2015 – 2022</b>			
<b>Fund Description</b>	<b>Proceeds / Revenue</b>	<b>Usages</b>	<b>Balances</b>
<b>Surplus Land Proceeds - District Fund #204100</b>			
<b>Water Management Land Trust Fund / Preservation 2000 Trust Fund</b>	\$ 125,000	\$ 8,400	\$ 116,600
<b>Surplus Land Proceeds - District Fund #404100</b>			
<b>Water Management Land Trust Fund / Preservation 2000 Trust Fund</b>	\$ 5,166,381		
<b>Florida Forever Trust Fund</b>	\$ 8,958,900		
<b>Total – 404100 Funds</b>	<b>\$ 14,125,281</b>	<b>\$ 10,339,284</b>	<b>\$ 3,785,997</b>
<b>Total Florida Forever Trust Fund Surplus</b>	<b>\$ 14,250,281</b>	<b>\$ 10,347,684</b>	<b>\$ 3,902,597</b>
<b>Interest Revenue and Erroneous Remittance</b>			
<b>Interest Income</b>	\$ 557,825		\$ 557,825
<b>Erroneous Remittance</b>			\$ 173,544
	<b>\$ 557,825</b>		<b>\$ 731,369</b>
<b>Total Remittance to DEP</b>	<b>\$ 14,981,650</b>	<b>\$ 10,347,684</b>	<b>\$ 4,633,966</b>

Based on the Administrative Services Division's SAP and the Real Estate Bureau's IRIS records, the \$10,347,684 in surplus funds were expended primarily towards the purchase of project lands and land acquisition expenses for the CERP Indian River Lagoon (South) project's C-44 Stormwater Treatment Area and C-23/C-24 South Reservoir components. Use of the surplus revenue complied with Florida statute requirements. Specifically, the use of Florida Forever surplus land revenue dedicated for land acquisitions were referenced in Governing Board resolutions. In addition, justification that the funds' usage was consistent with the District's 5-Year Acquisition Plan / The District's Florida Forever Work Plan is contained in Chapter 6A, Volume 11 of the South Florida Environmental Report.

## Analysis of Proceeds from Disposition of Donated Lands And Lands Initially Acquired with Ad Valorem Funds

The District complied with Florida state statutes, and District policies and procedures for the \$8,730,477 of proceeds resulting from sale of donated lands and land initially acquired with District Ad Valorem funds. Proceeds are classified as either non-restricted or restricted revenues. The following table summarizes the \$8,730,477 proceeds classified as non-restricted or restricted District Ad Valorem surplus revenues. The table is followed by more detailed explanations.

Surplus Proceeds from Lands Disposition, Exchanges, and Easements Classified as District Ad Valorem Funding - Proceeds / Usages / Balances Fiscal Years 2015 - 2022			
Ad Valorem Fund Description	Proceeds	Usages	Balance
No Usage Restrictions / Surplus Proceeds Returned to Initial Funding Source			
No usage restrictions – Initial acquisition intended for District administrative use <i>(Fund #402000)</i>	\$ 480,105	Classified as without restrictions. Funds available for future expenditures as determined by the Governing Board.	
No usage restrictions – Initial acquisition intended for admin use - BCB Capital Project Funds <i>(Fund #403100)</i>	\$ 1,305,001	Sales proceeds returned to the BCB Basin.	
Non-Restricted Total	\$ 1,785,106	NA	
Restricted Usage of Surplus Ad Valorem Proceeds			
General Capital Project Fund <i>(Fund #401100)</i>	\$ 6,488	\$ 1,292	\$ 5,196 <i>Note 1</i>
Everglades Restoration Capital Project Fund <i>(Fund #406100)</i>	\$ 351,653	\$ 351,653	\$ 0 <i>Note 2</i>
Land Related Activities – Okeechobee Basin Capital Project Fund <i>(Fund #402100)</i>	\$ 6,587,230	\$ 2,966,768	\$ 3,620,462 <i>Note 3</i>
Restricted Total	\$ 6,945,371	\$ 3,319,713	\$ 3,625,658
Total	\$ 8,730,477	\$ 3,319,713	\$ 3,625,658

**Note 1:** \$5,196 is encumbered in the Fiscal Year 2023-2024 budget for future land acquisitions for CERP and Everglades Restoration projects. Remaining balance of \$1,292 was expended on the BOMA project in Fiscal Year 2017.

**Note 2:** Funds were re-budgeted and expended towards Restoration Strategies STA-1W Expansion #1 project.

**Note 3:** Balance is encumbered in the Fiscal Year 2023-2024 budget for future land acquisition for CERP and Everglades Restoration projects.

---

### **Non-Restricted Use of Ad Valorem Sale Proceeds**

Land disposal revenue totaling \$1,785,106 from the disposition of surplus lands, initially purchased for administrative purposes, were deposited to the funds used for the initial acquisition in accordance with Florida Statute. Specifically, our review disclosed two surplus dispositions without any revenue usage restrictions. The surplus revenue was posted/returned to the original funds used for the initial acquisitions.

### **Restricted Use of Ad Valorem Sale Proceeds**

Restricted surplus revenues must be used for specific purposes; examples of usage requirements include with following:

- Lands to be acquired consistent with the District's Florida Forever 5-Year Work Plan (§373.139(3)(c), F.S.), or
- Lands to be acquired are for water storage, water management conservation and protection of water resources, acquirer recharge, water resource and water supply development, and preservation of wetlands, streams, and lakes (§373.132(2), F.S.).

Restricted revenue totaling \$6,945,371 from land dispositions initially acquired with District Ad Valorem funds and dispositions of lands donated to the District were deposited in restricted surplus revenue District Ad Valorem accounts as required by District practices. Details about the revenues are detailed below.

- **General Capital Project Fund (Fund #401100) - \$6,488:** \$5,196 is encumbered in the Fiscal Year 2023-2024 budget for future land acquisitions for CERP and Everglades Restoration projects. The remaining balance of \$1,292 was spent on the BOMA project in Fiscal Year 2017 within Fund 101100. These surplus funds were included in funds allocated to be used for the BOMA project.
- **Everglades Restoration Capital Program Fund (Fund #406100) - \$351,653:** These funds were re-budgeted and expended towards Restoration Strategies STA-1W Expansion #1 project.



---

➤ **Land Related Activities Fund (Fund #402100) – Total Surplus Revenue**

**\$6,587,230:** As of August 2023, \$3,620,462 is encumbered in the Fiscal Year 2023-2024 budget for future land acquisition for CERP and Everglades Restoration projects and \$2,966,768 was expended towards the purchase of the following acquisition:

- The District used Ad Valorem funds totaling \$16,560,000 to acquire 18,100 acres for of critical wetlands in Water Conservation Area 3 in Broward County (Tract #27201-332). Surplus funds of \$2,908,339 was used towards the purchase. Based on the Governing Board resolution, the purchase preserves the property in its natural condition and prevents oil, gas, and mineral exploration and extraction in the Everglades. The use of the surplus complied with State statutes since the lands were for conservation purposes.
- Surplus funds of \$58,429 were used towards the purchase of tract SG100-053. Based on the Governing Board resolution, the tract was acquired for CERP's Picayune Strand Restoration Project which, among other benefits, will restore freshwater wetlands and increase groundwater recharge. The use of the surplus complied with State statutes since the lands were for conservation purposes.

---

## Other Issues

Our review of land related sales transactions disclosed some minor issues, which are summarized below:

- Tracts KE100-236 and KE100-238 were sold for \$679,000 in Fiscal Year 2015. The tracts were acquired with SOETF funds and proceeds were deposited to the SOETF restricted sales revenue account in accordance with relevant requirements. However, in addition to the sales proceeds, administrative revenue totaling \$7,602 was erroneously deposited to the SOETF restricted sales revenue account. According to Administrative Services Division staff, only the sale proceeds should have been deposited to the account; thus, SOETF land sales proceeds is overstated by \$7,602. It should be noted that this error was made early in the revised land sales proceeds process and subsequent similar errors were uncommon. Further, the overstated amount was minimal.
- Tracts 19102-202, 10102-203, and 19102-204 were initially acquired with funds from the Water Management Land Trust Fund (Fund 204000) and exchanged subject to reserved easement for track 19102-205. The District received proceeds totaling \$29,400 that was erroneously deposited to an Ad Valorem fund created specifically for restricted surplus land sales revenue (Fund 402100). The revenue should have been deposited to Fund 204100 which was created specifically for Water Management Land Trust Fund restricted surplus land sales revenue. The Administrative Services Division plans to resolve this issue with an operating transfer from 402100 to 204100 in Fiscal Year 2025.

---

## RECOMMENDATIONS

1. **Coordinate with DEP about the \$2,908,894 in SOEFT surplus land related funds to determine whether the District should remit the funds to DEP or permit the funds to be use in accordance with relevant policies.**

**Management Response:** Management concurs with this recommendation. Staff discussed with DEP on February 26, 2024. Recommendation is to first look at the DEP and SFWMD MOU for land acquisition if there are guidelines. If not, then DEP said that they will discuss internally and provide direction.

**Responsible Division:** Administrative Services

**Estimated Completion:** September 30, 2024

2. **Determine whether the \$173,544 remitted to DEP as part of unspent surplus funds in the Water Management Land, Preservation 2000, and Florida Forever Trust Funds was remitted erroneously. If so, determine the appropriate action to resolve this issue.**

**Management Response:** Management concurs. February 26, 2024, this was discussed with DEP, and they requested a copy of the audit. Staff will work with DEP to try and resolve.

**Responsible Division:** Administrative Services

**Estimated Completion:** September 30, 2024

- 
- 3. Ensure that the \$29,400 erroneously deposited to the Ad Valorem restricted surplus land sales revenue fund (Fund 402100) is transferred to the Water Management Land Trust Fund restricted surplus land sales fund (Fund 204100) in Fiscal Year 2025.**

**Management Response:** Management concurs. Budget staff will add a budget line item to the Fiscal Year 2024-2025 budget with a supporting operating transfer from the Ad Valorem restricted surplus land sales revenue fund 402100 to the Water Management Land Trust Fund restricted surplus land sales fund 204100.

**Responsible Division:** Administrative Services

**Estimated Completion:** September 30, 2024

- 4. Ensure that the \$7,602 in administrative revenue erroneously deposited to the SOETF restricted sales proceeds is transferred to the appropriate account.**

**Management Response:** Management concurs. Budget staff will add a budget line item to the Fiscal Year 2024-2025 budget with a supporting operating transfer from SOETF restricted sales proceeds fund 412100 to Ad Valorem general revenue fund 101000.

**Responsible Division:** Administrative Services

**Estimated Completion:** September 30, 2024