Internal Audit Committee of
Brevard County, Florida

Financial Condition Review of
Environmentally Endangered Lands Program
February 9, 2024

Prepared By:

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Table of Contents

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

321.255.0088
386.336.4189 (fax)
CRIcpa.com

February 9, 2024

The Audit Committee of
Brevard County, Florida
Viera, Florida 32940-6699

Pursuant to the approved 2023/2024 internal audit plan, we hereby submit the Financial Condition Review of the Environmentally Endangered Lands Program. We will be presenting this report to the Audit Committee at the next scheduled meeting on February 21, 2024.

Our report is organized into the following sections:

Executive Summary	This section provides a summary of risks and highlights of the financial condition related to the Environmentally Endangered Lands Program.
Background	This provides an overview of the Environmentally Endangered Lands Program.
Financial Analysis and Results	This section provides the results of financial analysis of relevant trends noted related to the Environmentally Endangered Lands Program.

We would like to thank the Environmentally Endangered Lands Program personnel and all others who were involved in assisting the Internal Auditors in connection with the financial condition review of the Environmentally Endangered Lands Program.

Respectfully Submitted,

Carr, Riggs & Ingram, L.L.C.

INTERNAL AUDITORS

Executive Summary

Executive Summary

Overview

Throughout the executive summary all references to FY 2023 were unaudited amounts, references to FY 2019 through FY 2022 were for audited amounts. The unaudited information was added to the executive summary, due to timeliness and relevance of the information and to give an up-to-date synopsis of the Environmentally Endangered Lands Program ("EELs" of the "Program").

Brevard County's Environmentally Endangered Lands Program acquires, protects and maintains environmentally endangered lands. The Program protects the rich biological diversity of Brevard County (the "County") and provides passive recreation and environmental education opportunities to the County citizens. The Program's mission is "to protect and preserve biological diversity through responsible stewardship of Brevard County's natural resources".

Since its inception, the Program has helped to preserve over 28,000 acres of environmentally endangered land within the County. The Program forms partnerships with federal, state and local agencies that are also committed to the protection of environmentally endangered lands to help stretch the Program's funds. The two largest partnerships are with the State of Florida and the St. Johns Water Management District from which they have received approximately $42 million in partner and grant funding to aid in the acquisition of threated habitats. In conjunction with the preservation of environmentally endangered lands the Program is dedicated to environmental education opportunities and providing passive recreation opportunities within the Program's sanctuaries. The Program maintains three education centers, over 75 miles of hiking trails, boardwalks and many other public use projects.

The Program began in 1990, when the citizens of the County voted to approve a referendum to authorize the issuance of up to $55 million in bonds for the protection, acquisition and maintenance of environmentally endangered lands within the County. The citizens of the County voted two more times approving referendums authorizing the County to issue bonds to fund the Program: (1) in 2004 to issue up to $60 million in bonds and (2) in 2022, where 175,740 voters voted to approve (70% of voters approved) a referendum authorizing the County to issue up to $50 million in bonds and assess a millage rate to service the debt.

The Program is primarily funded by two ad valorem taxes; the Environmentally Endangered Land & Water Areas Operating and the Environmentally Endangered Land & Water Areas Debt ad valorem taxes. The Environmentally Endangered Land & Water Areas Operating ad valorem tax funds the Program's day to day operations, which consists of land management activities, environmental education, passive recreation, and administration duties. While, the Environmentally Endangered Land & Water Areas Debt ad valorem tax is a debt service tax to fund the Program's repayment of long term bonds.

Executive Summary

Our evaluation of the financial condition focused on the following areas:

Revenue Analysis	Total revenues in FY 2023 were approximately $5.35 million. Significant revenue sources included: • Environmentally Endangered Land & Water Areas Operating Ad Valorem Tax: $2.74 million • Environmentally Endangered Land & Water Areas Debt Service Ad-Valorem Tax: $2.24 million • Intergovernmental Revenue: $36.9 thousand (U.S. Fish and Wildlife Service grant) • Miscellaneous: $307.6 thousand (primarily interest earned on investments) FY 2023 revenue ($5.35 million) vs. FY 2019 ($5.76 million): 7.1% decrease is primarily due to 28.2% decrease in the revenue from the Environmentally Endangered Land & Water Areas Debt Service ad valorem tax offset by a 16.2% increase in the Environmentally Endangered Land & Water Areas Operating ad valorem tax revenue. The 28.2% decrease in the revenue from the Environmentally Endangered Land & Water Areas Debt Service is due to the County Commissioners reducing the millage rate during that time period in order to use the excess balance forward to service the outstanding debt. The 16.2% increase in revenue from the Environmentally Endangered Lands & Water Areas Operating tax is due to the increase in appraised property values and new construction within the County. FY 2023 revenue ($5.35 million) vs. FY 2022 ($5.01 million): 6.0% increase is mainly due to a 4.8% increase in the revenue from the Environmentally Endangered Land & Water Areas Operating ad valorem tax due to increasing appraised property values and new construction within the County.
Compensation and Benefits Analysis	Total compensation and benefits costs in FY 2023 were approximately $1.81 million which includes costs for salaries, wages, overtime, payroll taxes, insurance and pension costs. FY 2023 compensation and benefits ($1.81 million) vs. FY 2019 ($1.68 million): 7.8% increase driven primarily by yearly cost of living wage increases, with the average increase over the last five years being 2.6%. FY 2023 compensation and benefits ($1.81 million) vs. FY 2022 ($1.67 million): 8.3% increase primarily due to the yearly cost of living wage increase in FY2023, which was 5.38% and an 11% increase to benefit expenditures in FY 2023 compared to FY 2022.

Executive Summary

Long-Term Debt Service Analysis	Total debt payments in FY 2023 were approximately \$2.90 million, with \$2.78 million for principal payments and \$120 thousand in interest payments. The Program's debt will be fully paid on September 1, 2024. FY 2023 debt service (\$2.90 million) vs. FY 2019 (\$2.92 million): 0.6% decrease FY 2023 debt service (\$2.90 million) vs. FY 2022 (\$2.90 million): 0.1% decrease
Capital Outlay Analysis	Total capital expenditures in FY 2023 were approximately \$120 thousand primarily for the purchase of a vehicle and for improvements other than buildings. FY 2023 capital expenditures (\$120 thousand) vs. FY 2022 (\$16 thousand): 639.9% increase primarily due to the purchase of mobile equipment for \$56 thousand, which included a truck and two drones and \$47 thousand for improvements other than buildings in FY 2023, where the Program only had expenditures of \$16 thousand for Capital Outlay in FY 2022, which was primarily comprised of \$9 thousand for machinery and equipment and \$6 thousand for improvements other than buildings. FY 2023 capital expenditures (\$120 thousand) vs. FY 2023 Budget (\$312 thousand): 38.5% of the budget was spent due to the Program moved \$185 thousand forward to FY 2024, for the purchase of three vehicles, ordered in FY 2023 but were not delivered and purchased until FY 2024.
Cash Flow Analysis	Total cash and cash equivalents held at the end of FY 2023 were approximately \$5,844,934 million. FY 2023 low cash balance: \$5.84 million in September of 2023 FY 2023 high cash balance: \$9.96 million in December of 2022 FY 2023 average cash balance: \$8.72 million The variance in cash balance is a result of the timing of tax collections in December and January of each year, which is the Program's primary revenue source and the debt service payment on September 1st of each year. Cash flows have steadily declined over the past five years due to the Program's revenues declining by 7.1% and total expenditures including transfers out and capital outlay have increased by 7.9 %, in the same time period.
Fund Balance Analysis	The Programs total fund balance at the end of FY 2023 was approximately \$5.83 million in total. If the Debt Service Fund and South Region Construction Fund are excluded, it was approximately \$2.85 million. FY 2023 fund balance (\$5.83 million) vs. FY 2019 (\$7.11 million): 17.9% decrease driven by a 7.1% decrease in revenues and a 7.9% increase in overall expenditures, including capital outlay and transfers out. FY 2023 fund balance (\$5.83 million) vs. FY 2022 (6.32 million): 7.7% decrease driven by a \$487 thousand total annual deficit for the Program in FY 2023.

Executive Summary

Budget for the Environmentally Endangered Lands Program

From an accounting and budgeting perspective, the Program is complex. The Program has multiple revenue streams and the Program oversees the budgeting and accounting for five separate funds.

The Program's main revenue sources are ad valorem taxes, user charges, interest earned on investments and transfers in. The Program derives the majority of its revenue from two ad valorem taxes, Environmentally Endangered Land & Water Areas Operating and Environmentally Endangered Land & Water Areas Debt. In FY 2023, the Environmentally Endangered Land & Water Areas Operating and the Environmentally Endangered Land & Water Areas Debt taxes accounted for 51.2% and 41.9%, respectively, totaling 93.1% of the Program's actual total revenue.

The Program's revenues and expenditures are budgeted and managed through five separate funds: Program Operations (Fund 1610), Mitigation Services (Fund 1612), Debt Service (Fund 2030), and two capital projects funds (Fund 3216 & Fund 3219). The Environmentally Endangered Land & Water Areas Operating, user charges and intergovernmental revenues are accounted for and budgeted for in the Program's Operating fund (fund 1610). The Program budgets for and accounts for the revenue for the Environmentally Endangered Land & Water Areas Debt tax in the debt service fund. Land mitigation activities are accounted for and budgeted in a third fund (fund 1612). The Program budgets for and accounts for its capital projects with two capital projects funds. Fund 3216 is set aside for the construction of an education center at the Program's Malabar Scrub Sanctuary and Fund 3219 accounts for and is budgeted for new land acquisitions and other capital purchases.

Environmentally Endangered Lands Program Services

The Program has three main services it provides to the County Residents: (1) acquisition of environmentally sensitive lands, (2) management of environmentally sensitive lands, and (3) passive recreation and education opportunities for County residents.

The Programs acquires land through a 'willing-seller' program, where they can only purchase land from people who want to sell their land. The Board of County Commissioners established the Selection and Management Committee as an advisory committee. The Selection and Management Committee is made up of ten (10) individuals, with seven (7) approved by the Board of County Commissioners as qualified scientific experts, one (1) appointed by the Tourism Development Council or the Economic Development Commission for the purpose of eco-tourism, one (1) appointed by the County's Procedures Committee and one (1) appointed by the County's Recreation Education Advisory Committee. The Selection and Management Committee reviews all lands for public acquisition and make a recommendation to the Board of County Commissioners, with a vote of seven (7) out of the ten (10) members required to make a land purchase. The Program follows all Brevard County Policies and Procedures, including Florida Statutes to acquire and negotiate land acquisitions. The Program last acquired land in FY 2013 at a cost of $8,000 for 0.31 acres. The County has since refrained from purchasing any additional land.

Executive Summary

Environmentally Endangered Lands Program Services (continued)

Since its inception, the Program has helped to acquire, protect and manage over 28,000 acres of environmentally endangered lands, with 19,094 acres currently under management. Below is a list of the properties the Program has acquired, helped to acquire and/or manage. The green highlighted properties are currently managed by the Program.

PROPERTY	ACRES	OWNERSHIP	MANAGEMENT
NORTH REGION			
Dicerandra	44	County/State	County
Fox Lake Sanctuary	2568	County	County
Grissom Mega Parcels	745	State	FWC
Grissom Mega Parcels	224	County	County
Indian Mound Station	147	County	County
South Lake	155	County	County
Enchanted Forest	481	County/State	County
Buck Lake Conservation Area	350	SJRWMD	SJRWMD
Buck Lake Conservation Area	7358	SJRWMD	SJRWMD
North Buck Lake	170	County	County
Scottsmoor Flatwoods	1542	County	County
North Indian River Lagoon	342	State	USFWS
North Indian River Lagoon	84	County	County
Canaveral Marshes Sanctuary	47	County	County
Laney Conservation Easement	38	Private	Private
Total North Acres	14,295		
Total North Acres Managed	5,462		
CENTRAL REGION			
Cruickshank	167	County/State	County
Thousand Islands	338	County/FCT	County
Ulumay Sanctuary	1320	County	County
Capron Ridge	21	County	County
Johnson	99	County	County
Kabboord Sanctuary	803	County	County
Pine Island Cons Area	881	County/SJRWMD	County
Total Central Acres	3,629		
Total Central Acres Managed	3,629		
SOUTH REGION			
Grant Flatwoods	2540	County/State	County
Jordan Scrub Sanctuary	750	County/State	County
Malabar Scrub Sanctuary	579	County/State	County
Micco Scrub Sanctuary	1784	County/State	County
Grant/Valkaria Megas	3940	County/State	County
Turkey Creek	35	County	City of Palm Bay
Crane Creek	23	County	County
Total South Acres	9,651		
Total South Acres Managed	9,616		
SOUTH BEACH REGION			
Barrier Island Center	34	County	County
Washburn Cove	39	County/State	County
Maritime Hammock	167	County/State	County
Coconut Point	62	County/State	County
Hog Point	20	County/State	County
Hog Point Cove	18	County	County
Hardwood Hammock	36	State	County
Ocean Ridge	11	State	County
Mullet Creek Islands	182	State	State
Total South Beach Acres	569		
Total Beach Acres Managed	387		
Grand Total Acres	28,144		
Grand Total Acres Managed	19,094		

Environmentally Endangered Lands Program Services (continued)

After the acquisition of land, the Program must maintain and manage the sensitive lands. In FY 2022 (FY 2023 information not yet available), the Program had 19,094 acres under management and performed the following land management activities: completed 4 habitat restoration projects (covering 532 acres), treated 2205 acres for exotic plant species, removed 1.4 tons of trash, and removed 130 feral hogs.

The Program also provides passive recreation and education opportunities for county residents. Passive recreation includes hiking, bird watching, fishing and wildlife observation. The Program maintains over 75 miles of trails and boardwalks to accommodate passive recreation within its sanctuaries. Along with passive recreation, the Program is dedicated to environmental education opportunities. To promote environmental education, the Program has three education centers at three different sanctuaries. In FY 2023, the Program had a total of 71,989 visitors to their three education centers (a 15% increase compared to FY 2022).

Financial Conclusion Summary

In its current financial state, without additional funding or issuing new bonds, the Program will not be able to continue to provide capital improvements to its properties, purchase equipment for the management of its properties and/or continue to acquire environmentally endangered lands within the County. Without a collection of ad valorem revenue for operations after Fiscal Year 2023-2024, the continuation of the existing operations will have to be funded from other County revenue sources or the program will need to be reduced.

Future Bonding Considerations

In 2022, the Citizens of Brevard County approved a ballot referendum allowing the Brevard County Board of County Commissioners to issue up to $50 million in bonds to extend the Program. The Board of County Commissioners will provide direction among the following options: (1) Issue bonds to fund capital improvements to existing facilities and equipment; (1a) In addition to Option 1, issue bonds for initial land acquisition with a specific focus on lands that directly benefit the Indian River Lagoon and St. Johns River; (2) Issue bonds to build a new education center and maintenance field office on existing land. Fund annual program operations to maintain conservation lands and environmental education centers; (3) Issue bonds for secondary land acquisition, which includes the initial land acquisition of Option 1a, with a specific focus on lands that directly benefit the Indian River Lagoon and St. Johns River. Fund annual program operations to maintain conservation lands and environmental education centers; (4) Any additional option requested by the Board

If the Board of County Commissioners approves the use of bonds for land acquisition, the Selection and Management Committee will recommend acquiring new properties using the following ranking criteria:

- Wetland protection
- Outparcel within existing conservation lands
- Indian River Lagoon protection
- St Johns River protection
- Recreation use
- Matching fund potential

Below are the Program's estimates for the different bonding options, including the estimated required revenue, millage rate, and annual property owner costs based on a 5% interest rate.

Option	Bond Issue	Required Annual Debt Service Revenue Amount	Required Debt Millage	Required Annual Operations & Maintenance Revenue	Required Operating Millage	Total EELs Millage (capped at .1465)
1. Capital Improvements	$3.2 million	$ 208,409	0.0034	$ 3,000,000	0.0489	**0.0523**
1(a). Capital Improvements with $3M Initial Land Acquisition	$6.2 million	$ 403,793	0.0066	$ 3,000,000	0.0489	**0.0555**
2. Building of New Education Center & Field Office	$4 million	$ 260,512	0.0042	$ 3,200,000	0.0522	**0.0564**
3. Secondary Land Acquisition (includes $3M Initial Land Acquisition)	$14 million	$ 911,790	0.0148	$ 3,275,000	0.0534	**0.0682**

Background

Fund Overview

Throughout the report all references to FY 2023 were unaudited amounts, references to FY 2019 through FY 2022 were for audited amounts. The unaudited information was added to the report, due to timeliness and relevance of the information and to give an up-to-date synopsis of the Environmentally Endangered Lands Program.

The Board authorized an operating millage to fund the operations of the EEL Program that includes activities, such as: land management, environmental education, passive recreation, administrative duties and mitigation services.

The Board authorized the purchase of land funded by a bond issue pledging an EEL ad valorem tax.

As our financial condition review is focused on the finances of the Program, it is important to understand how the Program segregates its operations from an accounting perspective. The following is a summary of the five (5) governmental funds managed by the Program:

Fund 1610 – Program Operations

The Program Operations Fund accounts for the Program's general day to day operations, which consists of land management activities, environmental education, passive recreation, and administration duties. The primary costs for the fund include the salaries and benefits of approximately 29 employees, repair and maintenance of facilities and equipment, supplies, and other general expenditures to maintain operations.

The fund is predominantly funded by an ad valorem tax, the Environmentally Endangered Lands & Water Areas Operating tax, which totaled $2.74 million for FY 2023. The Fund also derives revenues from intergovernmental income, transfers in, charges for services and miscellaneous income, which totaled approximately $166 thousand combined in FY 2023.

Fund 1612 – Mitigation Services

The Mitigation Services Fund accounts for the revenues and expenditures related to properties or projects that have been donated to the Program to satisfy a private development permit. In FY 2023, the revenues for Fund 1612 were approximately $22.6 thousand, where they earned $21.9 thousand from interest earned and $7 hundred from mitigation fees. Expenditures for this fund totaled approximately $10 thousand and the net balance forward was $772 thousand. The fund has a large balance forward compared to current revenues and expenditures as a result of mitigation fee revenue being much more prevalent and representing a larger portion of the Program's total revenues. However due to legislative actions, making mitigation services more restrictive, mitigation fee revenue has declined steadily in the last ten years. The fund has carried forward prior year's excess revenues to continue to support the fund.

Fund Overview

Fund 2030 – Debt Service

The Debt Service Fund's purpose is to account for the revenues and expenditures related to the bonded debt of the Program and to service such debt. The fund primarily derives its revenues from a debt service ad valorem tax, which is assessed on the county residents. In FY 2023, the tax revenue totaled approximately $2.24 million and the expenditures for debt service totaled $2.90 million. Staff reconciled the debt service fund to ensure sufficient funds are available to pay the outstanding debt. This reconciliation resulted in staff recommending to the Board to reduce the millage rate required to fund the outstanding debt. The Program's debt will be fully paid on September 1, 2024.

Fund 3216 – South Region Construction

The South Region Construction Fund is designated by the County Commissioners to allocate funds for the development of a future management and education center in the Program's Malabar Scrub Sanctuary. In FY 2023 this capital project fund sat idle only earning approximately $23 thousand in interest from investments, with zero expenditures. The Malabar Scrub Center capital project is currently on hold. At the end of FY 2023 the fund had a balance forward of $798 thousand.

Fund 3219 – Capital Projects

The Capital Projects Fund accounts for the funding to acquire capital assets including; land, machinery, equipment and land improvement projects. In FY 2023, the fund earned revenue totaling $16 thousand, all of which was derived from interest earned from investments. In addition the fund had capital outlay expenditures totaling approximately $120 thousand. The funds balance forward was $481 thousand at the end of FY 2023. The fund had received a substantial amount of proceeds from the sale of a parcels of land in 2010 and 2011, for the amounts of $1.8 million and $150 thousand, respectively. The Program has been using these proceeds, in their balance forward, to support the fund.

Financial Analysis and Results

Operating Analysis – EEL Program

Throughout the report all references to FY 2023 were unaudited amounts, references to FY 2019 through FY 2022 were for audited amounts. The unaudited information was added to report, due to timeliness and relevance of the information and to give an up-to-date synopsis of the Environmentally Endangered Lands Program.

A comparison of the fiscal year 2023 - 2019 actual performance for the past 5 fiscal years including the 2023 budget for the entire Environmentally Endangered Lands Program is shown below:

	FY2023 Budget	FY2023 Actual **	FY2022 Actual	FY2021 Actual	FY2020 Actual	FY2019 Actual
Revenue:						
Env End Land & WTR Areas Operating *	$ 2,696,296	$ 2,738,574	$ 2,613,251	$ 2,523,689	$ 2,458,364	$ 2,357,525
Env End Land & WTR Areas Debt *	2,209,110	2,240,971	2,248,318	2,240,816	3,212,651	3,120,113
Intergovernmental *	-	36,932	24,618	10,651	-	-
Charges for Services *	428	1,167	331	327	743	412
Miscellaneous *	170,673	307,552	144,300	132,461	232,663	244,517
Transfers In	27,800	26,846	18,940	25,737	41,912	37,240
Total Revenue	5,104,307	5,352,042	5,049,758	4,933,681	5,946,333	5,759,807
Expenditures:						
Compensation and Benefits	1,936,365	1,804,573	1,665,849	1,575,314	1,523,110	1,674,546
Operating Expenditures	3,023,519	842,999	818,292	869,175	559,895	571,912
Debt Service	2,900,161	2,900,161	2,903,476	2,910,721	2,916,743	2,916,894
Total Expenditures	7,860,045	5,547,733	5,387,617	5,355,210	4,999,748	5,163,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(2,755,738)**	**(195,691)**	**(337,859)**	**(421,529)**	**946,585**	**596,455**
Transfers Out	250,704	171,767	170,273	167,384	197,632	195,618
Excess (Deficit) Before Capital Outlay	**(3,006,442)**	**(367,458)**	**(508,132)**	**(588,913)**	**748,953**	**400,837**
Capital Outlay	312,023	119,989	16,217	226,830	193,102	53,739
Total Annual Excess (Deficit)	**(3,318,465)**	**(487,447)**	**(524,349)**	**(815,743)**	**555,851**	**347,098**
Balance Forward	5,694,010	6,321,934	6,846,283	7,662,026	7,106,175	6,759,077
Net Balance Forward	**$ 2,375,545**	**$ 5,834,487**	**$ 6,321,934**	**$ 6,846,283**	**$ 7,662,026**	**$ 7,106,175**

* Budget amounts include 5% statutory reduction
** FY 2023 amounts are unaudited

Results

The FY 2023 budget projected a $3.32 million reduction in fund balance. Actual financial information indicates that approximately $487 thousand of reserves were used to supplement the Program. The budget-to-actual variance was primarily the result of (1) an increase in total revenues of $248 thousand, (2) decrease in compensation and benefits expenditures of $132 thousand, (3) decrease in operating expenditures of $2.18 million, (4) decrease in transfers out of $79 thousand and (5) unspent budgeted capital outlay of $192 thousand.

Total revenues decreased by 7.1% from FY 2019 to FY 2023 and increased 6.0% from FY 2022 to FY 2023. The decrease in revenue from FY 2019 to FY 2023 was caused by a reduction in the Environmentally Endangered Land and Water Areas Debt ad valorem tax millage rate, the ad valorem

Operating Analysis – EEL Program

Results (continued)

tax to service the Program's long term debt. This millage rate decreased 49.6% from FY 2019 to FY 2023 resulting in a 28.2% reduction in the revenue derived from the debt service ad valorem tax, which reflects what is required to service the debt. This reduction in revenue is offset by the Environmentally Endangered Lands & Water Areas Operating ad valorem tax revenue increasing by 16.2% during the same time period. The increase in revenue in FY 2022 to FY 2023 was mainly due to the 4.8% increase in Environmentally Endangered Lands & Water Areas Operating ad valorem tax from FY 2022 to FY 2023. The Environmentally Endangered Lands & Water Areas Operating millage rate reflects the adopted rate approved to stay within the County's aggregate roll back rate.

Total expenditures, including transfers out and capital outlay, have increased by 7.9% from FY 2019 to FY 2023 and increased by 4.8% from FY 2022 to FY 2023. The increase in expenditures from FY 2019 to 2023 is mainly from the increasing cost of goods and services due to inflation in the past five years. The Program's operating expenditures, which includes utilities, supplies, and other essential operating goods and services increased 47.4% from FY 2019 to FY 2023. The increase in expenditures from FY 2022 to FY 2023 is mainly due to in FY 2023 the Program had made several large capital purchases; including a purchase of a truck for $48 thousand and a fencing project at the Valkaria Scrub Habitat for $48 thousand.

The Program's total expenditures was $2.31 million under budget in FY 2023, which was due to the Program pushing projects and capital purchases to future years and staffing vacancies throughout the year, see the budget vs. actual section, where this is examined by fund and expense category.

Budget vs. Actual

The following pages present a high-level summary of the FY 2023 Budget-to-Actual and FY 2023 Actual-to-FY 2022 Actual for each fund within the Program. Budgeted figures represent the final budget, which includes Board-approved amendments to the original budget for various changes to revenues and expenditures, including balance forward. FY 2023 Budget-to-Actual Expenditures and the FY 2023 Actual-to-FY2022 Actual with a variance of $100 thousand and 10% were considered significant and identified with a **red** letter. Refer to page 18 for further details related to the significant variances.

Fund 1610 - Program Operations									
	FY 23 Budget	FY 23 Actual **	FY 23 Budget to Actual Variance	% Variance		FY 22 Actual	FY 23 Actual to FY 22 Actual Variance	% Varaince	
Revenues									
Taxes *	$ 2,696,296	$ 2,738,574	$ 42,278	2%		$ 2,613,251	$ 125,323	5%	
Intergovernmental *	-	36,932	36,932	#DIV/0!		24,618	12,314	50%	
Charges for Service *	428	1,167	739	173%		331	836	253%	
Miscellaneous *	51,448	113,559	62,111	121%		70,664	42,895	61%	
Transfers In	14,800	14,709	(91)	-1%		10,183	4,526	44%	
Total Revenues	**2,762,972**	**2,904,941**	**141,969**	**5%**		**2,719,047**	**185,894**	**7%**	
Operating Expenditures									
Compensation & Benefits	1,936,365	1,804,573	(131,792)	-7%		1,665,849	138,724	8%	
Profesional Service	17,922	5,989	(11,933)	-67%		3,267	2,722	83%	
Survey/Appraisal Srv	700	-	(700)	-100%		-	0	#DIV/0!	
Legal Services	-	-	-	#DIV/0!		519	(519)	-100%	
Drug Testing	500	43	(457)	-91%		164	(121)	-74%	
Other Contracted Services	561,172	15,611	(545,561)	-97%	A	6,323	9,288	147%	
Security	3,453	3,447	(6)	0%		2,996	451	15%	
Janitorial Service	17,009	16,745	(264)	-2%		17,513	(768)	-4%	
Fire Ext Services	1,500	920	(580)	-39%		534	386	72%	
Exterm Service	900	600	(300)	-33%		550	50	9%	
Garbage Service	9,730	13,220	3,490	36%		12,573	647	5%	
Ground Maint	6,750	-	(6,750)	-100%		-	0	#DIV/0!	
CFSD Other Charges	32,825	38,309	5,484	17%		33,904	4,405	13%	
Infor Systems Charges	26,897	26,898	1	0%		26,201	697	3%	
Travel Expense A & B Mile	500	-	(500)	-100%		-	0	#DIV/0!	
Travel Expense A & B	1,000	-	(1,000)	-100%		-	0	#DIV/0!	
Travel Exp C-Mileage	500	-	(500)	-100%		-	0	#DIV/0!	
Transportation	3,000	744	(2,256)	-75%		-	744	#DIV/0!	
Postage/Exp/Frt	200	85	(115)	-58%		67	18	27%	
Communications	-	260	260	#DIV/0!		-	260	#DIV/0!	
Telephone	4,260	4,150	(110)	-3%		4,351	(201)	-5%	
Utility Services	1,500	3,975	2,475	165%		1,759	2,216	126%	
Electricity	26,460	30,341	3,881	15%		29,105	1,236	4%	
Water & Sewage	3,480	5,161	1,681	48%		4,534	627	14%	
Assessments S W	1,661	1,574	(87)	-5%		1,416	158	11%	
Rental & Leases	168,832	117,124	(51,708)	-31%		122,530	(5,406)	-4%	
General Liability	13,058	13,687	629	5%		12,693	994	8%	
Auto Liability	12,650	8,517	(4,133)	-33%		8,171	346	4%	
Buildings & Contents Insurance	28,812	28,800	(12)	0%		25,992	2,808	11%	
Repairs & Maintenance	595,155	221,684	(373,471)	-63%	B	210,253	11,431	5%	
Printing & Binding	5,900	5,778	(122)	-2%		1,803	3,975	220%	
Other Current Charges	182,230	107,094	(75,136)	-41%		106,679	415	0%	
Office Supplies	7,500	1,520	(5,980)	-80%		1,776	(256)	-14%	
Operating Supplies	261,041	137,229	(123,812)	-47%	C	134,401	2,828	2%	
Books, Publications & Memberships	9,000	3,387	(5,613)	-62%		2,143	1,244	58%	
Total Operating Expenditures	**3,942,462**	**2,617,465**	**(1,324,997)**	**-34%**		**2,438,066**	**179,399**	**7%**	
Excess (Deficiency) of Revenues over (under) Expenditures	**(1,179,490)**	**287,476**	**1,466,966**	**-124%**		**280,981**	**6,495**	**2%**	
Transfers Out	110,704	98,379	(12,325)	-11%		95,506	2,873	3%	
Total Annual Excess (Deficit)	**(1,290,194)**	**189,097**	**1,479,291**	**-115%**		**185,475**	**3,622**	**2%**	
Balance Forward	1,290,194	1,403,772	113,578	9%		1,218,297	185,475	15%	D
Net Balance Forward	**$ -**	**$ 1,592,869**	**$ 1,592,869**	**#DIV/0!**		**$ 1,403,772**	**$ 189,097**	**13%**	

* Budget amounts include 5% satuory reduction

** FY 2023 amounts not audited

Budget vs. Actual

For Fund 1610, FY 2023 total revenues were more than budgeted revenues by $142 thousand primarily due to more taxes were collected than expected and total operating expenditures compared to the budgeted total operating expenditures were favorable by $1.3 million mainly due to the Program moving large project to FY 2024, which included other contracted services and repairs and maintenance.

Fund 1612 - Mitigation Services									
	FY 23 Budget	FY 23 Actual **	FY22 Budget to Actual Variance	% Variance		FY 22 Actual	FY 23 Actual to FY 22 Actual Variance	% Varaince	
Revenues									
Miscellaneous *	$ 12,350	$ 22,609	$ 10,259	83%		$ 9,856	$ 12,753	129%	
Total Revenues	**12,350**	**22,609**	**10,259**	**83%**		**9,856**	**12,753**	**129%**	
Operating Expenditures									
Other contracted services	77,000	10,313	(66,687)	-87%		21,723	(11,410)	-53%	
Assessments SW	-	-	-	#DIV/0!		-	-	#DIV/0!	
Rentals & leases	404,000	-	(404,000)	-100%	E	-	-	#DIV/0!	
Repair & maintenance	290,812	-	(290,812)	-100%	B	-	-	#DIV/0!	
Operating Supplies	12,350	-	(12,350)	-100%		-	-	#DIV/0!	
Total Operating Expenditures	**784,162**	**10,313**	**(773,849)**	-99%		**21,723**	**(11,410)**	**-53%**	
Excess (Deficiency) of Revenenues over (under) Expenditures	**(771,812)**	**12,296**	**784,108**	**-102%**		**(11,867)**	**(11,410)**	**96%**	
Total Annual Excesss (Deficit)	**(771,812)**	**12,296**	**784,108**	**-102%**		**(11,867)**	**24,163**	**-204%**	
Balance Forward	771,812	759,946	(11,866)	-2%		771,813	(11,867)	-2%	
Net Balance Forward	**$ -**	**$ 772,242**	**$ 772,242**	**#DIV/0!**		**$ 759,946**	**$ 12,296**	**2%**	

* Budget amounts include 5% satuory reduction

** FY 2023 amounts unaudited

The FY 2023 total budgeted expenditures were 98.7% higher than FY 2023 actual spending due to the Program budgeting for anticipated projects on mitigated lands which did not occur during the year. Actual operating expenses in FY 2023 decreased by 53% from the previous fiscal year primarily due to a decrease in the contracted services related to mitigated lands in FY 2023.

Fund 2030 - Debt Service									
	FY 23 Budget	FY 23 Actual **	FY23 Budget to Actual Variance	% Variance		FY 22 Actual	FY 23 Actual to FY 22 Actual Variance	% Varaince	
Revenues									
Taxes *	$ 2,209,110	$ 2,240,971	$ 31,861	1%		$ 2,248,318	$ (7,347)	0%	
Miscellaneous *	76,000	132,859	56,859	75%		41,749	91,110	218%	
Transfers In	13,000	12,137	(863)	-7%		8,757	3,380	39%	
Total Revenues	**2,298,110**	**2,385,967**	**87,857**	**4%**		**2,298,824**	**87,143**	**4%**	
Debt Service Expenditures									
Debt Service	2,900,161	2,900,161	-	0%		2,903,476	(3,315)	0%	
Total Debt Service Expenditures	**2,900,161**	**2,900,161**	-	**0%**		**2,903,476**	**(3,315)**	**0%**	
Excess (Deficiency) of Revenenues over (under) Expenditures	**(602,051)**	**(514,194)**	**(87,857)**	**15%**		**(604,652)**	**90,458**	**-15%**	
Transfers out	140,000	73,388	66,612	48%		74,767	(1,379)	-2%	
Total Annual Excess (Deficit)	**(742,051)**	**(587,582)**	**154,469**	**-21%**		**(679,419)**	**91,837**	**-14%**	
Balance Forward	2,771,147	2,777,489	6,342	0%		3,456,908	(679,419)	-20%	E
Net Balance Forward	**$ 2,029,096**	**$ 2,189,907**	**$ 160,811**	**8%**		**$ 2,777,489**	**$ (587,582)**	**-21%**	

* Budget amounts include 5% satuory reduction

** FY 2023 amounts unaudited

Budget vs. Actual

The FY 2023 total revenues increased by 3.8% compared to the prior year mainly due to the reduction in the millage rate from 0.0488 in FY 2022 to 0.0425 in FY 2023 offset by the increase interest earned on investments. The 21% reduction in the balance forward from FY 2022 to FY 2023 is due to total annual deficit of the fund in the amount of $588 thousand.

Fund 3216 - South Region Construction	FY 23 Budget	FY 23 Actual **	FY22 Budget to Actual Variance	% Variance	FY 22 Actual	FY 23 Actual to FY 22 Actual Variance	% Varaince
Revenues							
Miscellaneous *	$ 13,300	$ 22,590	$ 9,290	70%	$ 6,993	$ 15,597	223%
Total Revenues	**13,300**	**22,590**	**9,290**	**70%**	**6,993**	**15,597**	**223%**
Expenditures							
Total Expenditures	**-**	**-**	**-**	**#DIV/0!**	**-**	**-**	**#DIV/0!**
Excess (Deficiency) of Revenues over (under) Expenditures	**13,300**	**22,590**	**9,290**	**70%**	**6,993**	**15,597**	**223%**
Total Annual Excess (Deficit)	**13,300**	**22,590**	**9,290**	**70%**	**6,993**	**15,597**	**223%**
Balance Forward	777,540	775,533	(2,007)	0%	768,540	6,993	1%
Net Balance Forward	**$ 790,840**	**$ 798,123**	**$ 7,283**	**1%**	**$ 775,533**	**$ 22,590**	**3%**

* Budget amounts include 5% satuory reduction

** FY 2023 amounts unaudited

The Program has not had any major changes in this fund year over year due to this project is currently on hold, with the only changes in this fund the last two years being interest revenues.

Fund 3219 - Capital	FY 23 Budget	FY 23 Actual **	FY22 Budget to Actual Variance	% Variance		FY 22 Actual	FY 23 Actual to FY 22 Actual Variance	% Varaince	
Revenues									
Miscellaneous *	$ 17,575	$ 15,935	$ (1,640)	-9%		$ 15,038	$ 897	6%	
Total Revenues	**17,575**	**15,935**	**(1,640)**	**-9%**		**15,038**	**897**	**6%**	
Operating Expenditures									
Other Contracted Servives	93,283	-	(93,283)	-100%		-	-	#DIV/0!	
Bldgs & Contents Ins	-	12	12	#DIV/0!		-	12	#DIV/0!	
Repair/Maint Svc	135,977	19,782	(116,195)	-85%	B	24,352	(4,570)	-19%	
Operating Supplies	-	-	-	#DIV/0!		-	-	#DIV/0!	
Oper Equip under $1000	4,000	-	(4,000)	-100%		-	-	#DIV/0!	
Total Operating Expenditures	**233,260**	**19,794**	**(213,466)**	**-92%**		**24,352**	**(4,558)**	**-19%**	
Excess (Deficiency) of Revenues over (under) Expenditures	**(215,685)**	**(3,859)**	**211,826**	**-98%**		**(9,314)**	**5,455**	**-59%**	
Capital Outlay	312,023	119,989	(192,034)	-62%	F	16,217	103,772	640%	F
Total Annual Excess (Deficit)	**(527,708)**	**(123,848)**	**403,860**	**-77%**		**(25,531)**	**(98,317)**	**385%**	
Balance Forward	597,725	605,194	7,469	1%		630,725	(25,531)	-4%	
Net Balance Forward	**$ 70,017**	**$ 481,346**	**$ 411,329**	**587%**		**$ 605,194**	**$ (123,848)**	**-20%**	

* Budget amounts include 5% satuory reduction

** FY 2023 amounts unaudited

The FY 2023 total budgeted expenditures, including capital outlay were 74.4% higher than FY 2023 total actual expenditures mainly due to the Program pushing projects and capital purchases to future years. Actual capital expenditures increased by 640% in FY 2023 compared to FY 2022, mainly due to the Program making a large capital purchase for a vehicle in FY 2023 for $48 thousand, which did not occur in FY 2022 and for $47 thousand for improvements other than buildings for a fencing project at Valkaria Scrub Habitat.

Budget vs. Actual

Results

The following includes additional details related to the more significant variances identified in the FY 2023 budget-to-actual analysis and FY 2023 and FY 2022 analysis (by fund) based on explanations provided by the Program:

A	**Other Contracted services –** The Program was $545.6 thousand under budget for other contracted services due to several projects were not able to be completed in FY 2023 and moved forward to FY 2024, this included the following projects; Malabar Scrub tree removal ($318.1 thousand), exotic vegetation removal ($60 thousand) and fire line installation ($50). The Program also reduced spending, using in house sources for services.
B	**Repairs & maintenance –** The Program reported actual repair and maintenance costs of $780.1 thousand less than what was budgeted across all funds. For Fund 1610 the Program was $373.5 thousand under budget primarily due to projects were not completed in FY 2023 and funding was moved forward to FY 2024, this included the following projects; Enchanted Forest Nature Center HVAC and mold repairs ($232.9 thousand), Barrier Island Deck repairs ($70.7 thousand) and various culvert repairs across the Program ($40 thousand). For Fund 1612, the Program was $290.8 thousand under the budget since this fund is for projects related to mitigated lands and in FY 2023 there were no projects needed for mitigated lands. For Fund 3219, the Program was $116.2 thousand under budget due to projects not completed in FY 2023 and funding was moved forward to FY 2024, also the Program reduced spending.
C	**Operating supplies –** The Program was $123.8 thousand under budget for operating supplies in FY 2023 due to the Program's requirements.
D	**Balance Forward –** The Balance Forward amount is the prior year's difference in total revenues less total expenditures and is the fund balance that is carried over to the next fiscal year. The variance from year to year is the individual fund's total annual excess or deficit from prior years.
E	**Rentals & leases –** For Fund 1612 the Program was $404 thousand under budget, this fund is only for expenses relating to mitigated lands; in FY 2023 the Program did not have any rentals & leases related to mitigated lands.
F	**Capital Outlay –** In FY 2023, the Program was $192 thousand under budget for capital outlay, this was due to projects and capital purchases being pushed to FY 2024, including three vehicles that were ordered in FY 2023, but were not delivered and purchased until FY 2024. The Program increased capital outlay expenditures by $104 thousand in FY 2023 compared to FY 2022 due to the purchase of several pieces of equipment, including a truck and two drones for a combined total of $55.6 thousand and the completion of a capital project, fencing the Valkaria Scrub Sanctuary for a cost of $47.7 thousand. In FY 2022 the Program did not have any such purchases.

Revenue Trend Analysis

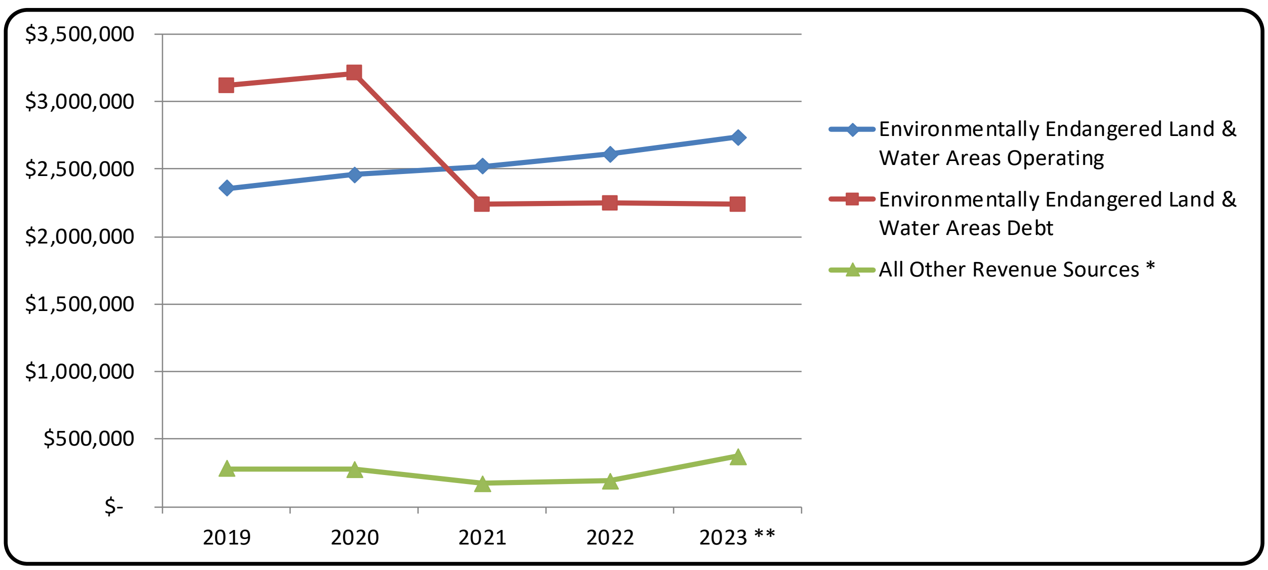
Total Revenues

The Program receives revenue from multiple sources. Primary sources of revenue include:

- Environmentally Endangered Land & Water Areas Operating ad valorem tax
- Environmentally Endangered Land & Water Areas Debt ad valorem tax
- Charges for services
- Miscellaneous Revenue (mainly interest earned)
- Transfers In

	Actual				
	2019	**2020**	**2021**	**2022**	**2023 ****
Environmentally Endangered Land & Water Areas Operating	$ 2,357,525	$ 2,458,364	$ 2,523,689	$ 2,613,251	$ 2,738,574
Environmentally Endangered Land & Water Areas Debt	3,120,113	3,212,651	2,240,816	2,248,318	2,240,971
Intergovernmental Revenue	-	-	10,651	24,618	36,932
Charges for Services	412	743	327	331	1,167
Miscellaneous Revenue	244,517	232,663	132,461	144,300	307,552
Transfers In	37,240	41,912	25,737	18,940	26,846
Total Revenues	$ 5,759,807	$ 5,946,333	$ 4,933,681	$ 5,049,758	$ 5,352,042
FY 2019 to FY 2023	-7.1%				
FY 2022 to FY 2023	6.0%				

*** 2023 information is unaudited*

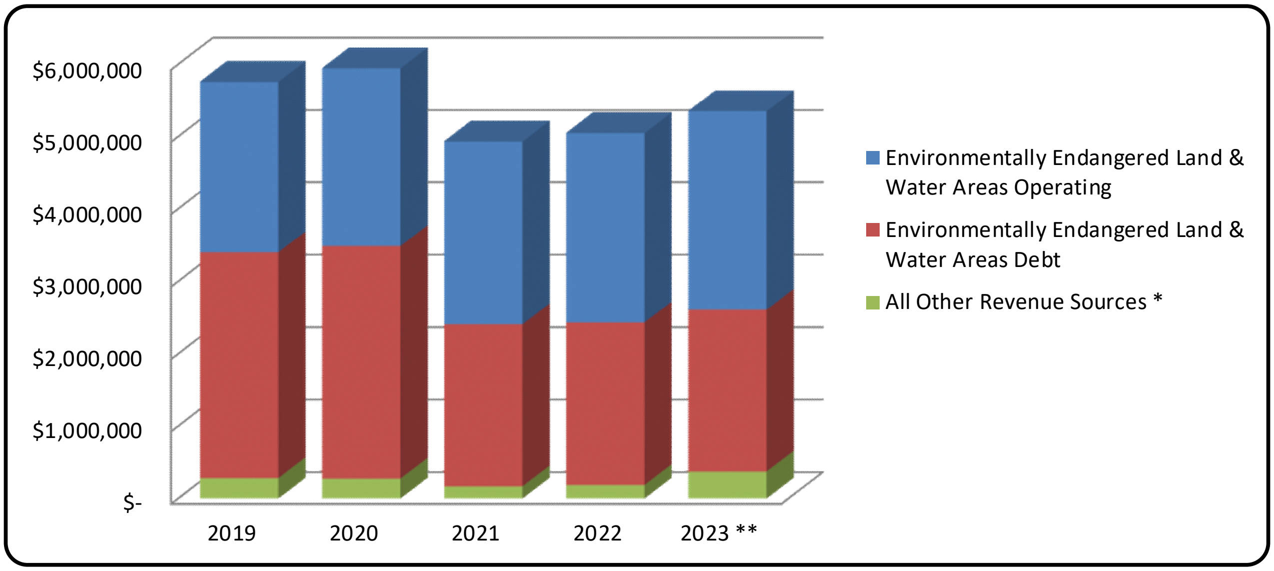


** All Other Revenue Sources includes intergovernmental revenue, charges for service, miscellaneous revenue and transfers in*

*** 2023 information is unaudited*

Revenue Trend Analysis

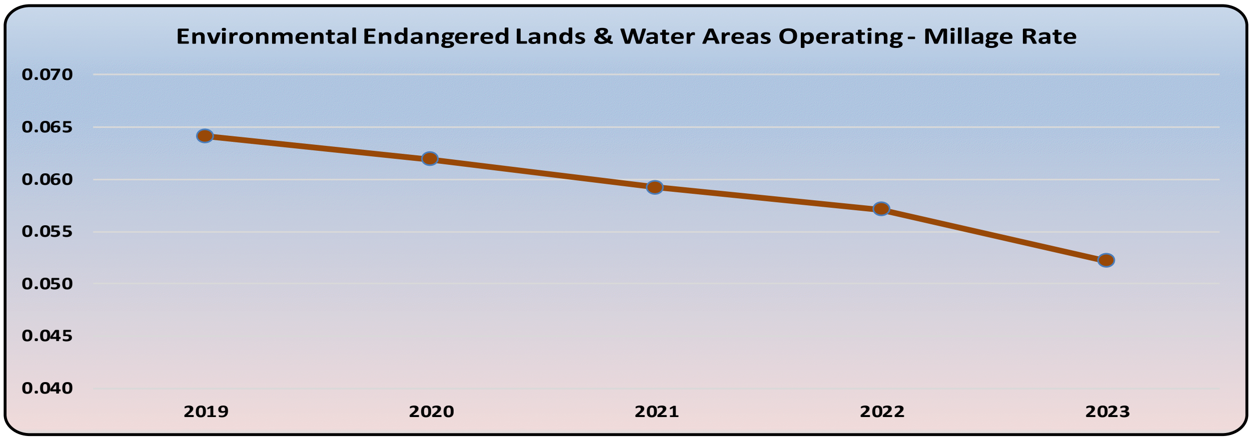
Total Revenues (continued)

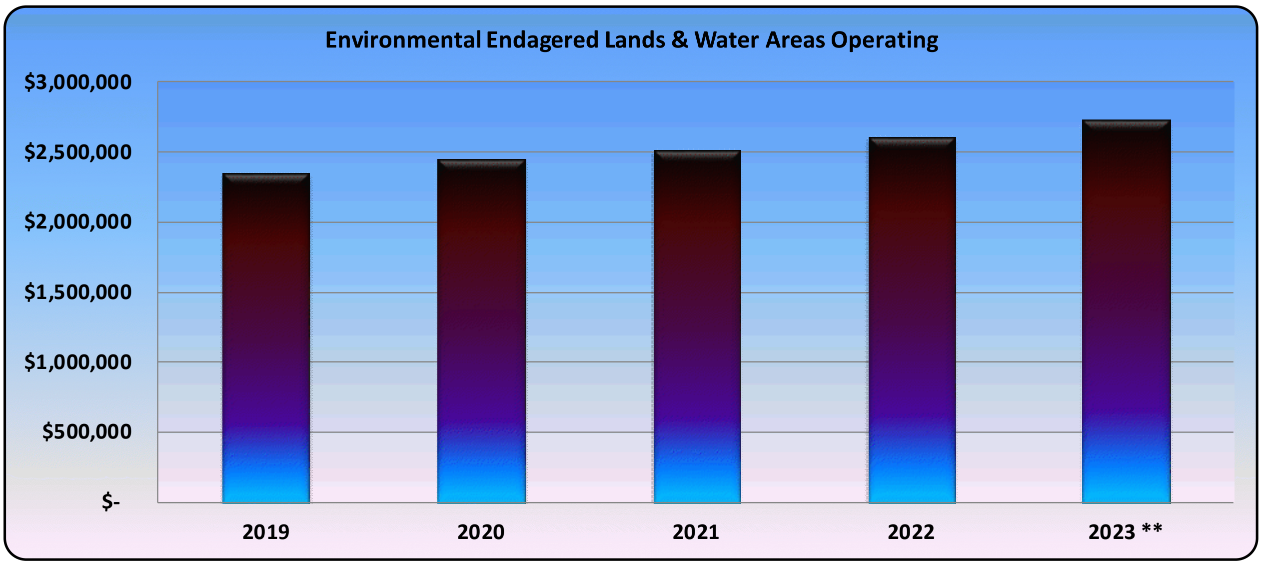


** All Other Revenue Sources includes intergovernmental revenue, charges for service, miscellaneous revenue and transfers in*
*** 2023 information is unaudited*

Revenue Trend Analysis

Environmentally Endangered Lands & Water Areas Operating ad valorem





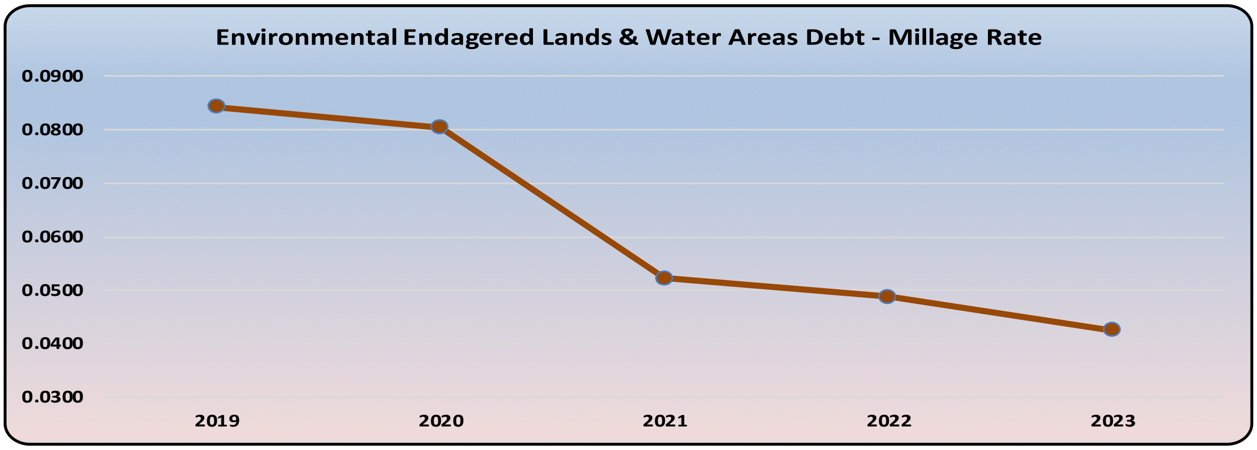
*** 2023 information is unaudited*

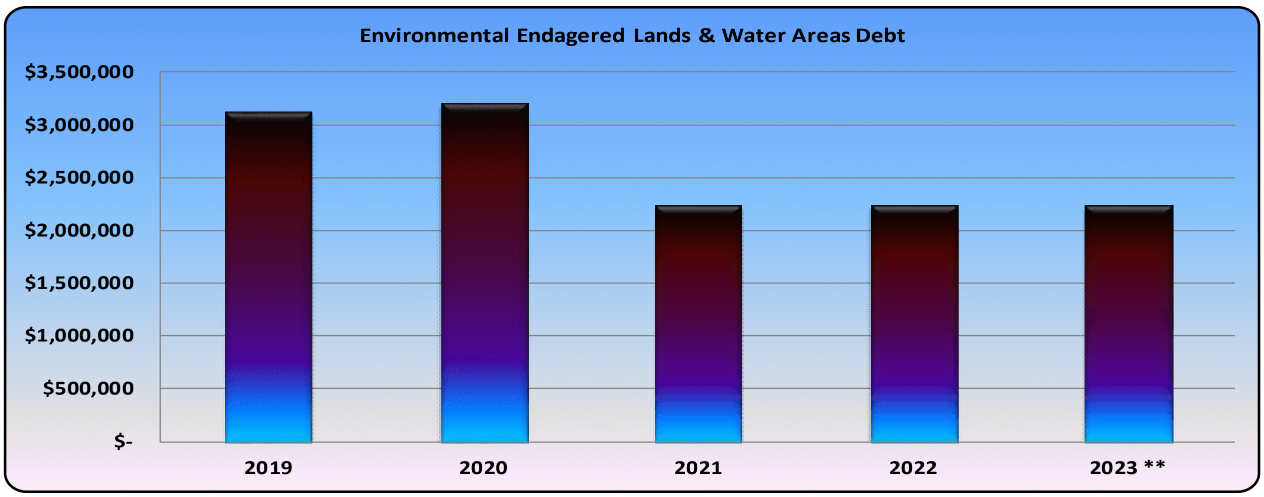
The Environmentally Endangered Lands & Water Areas Operating ad valorem tax is used to fund the Program's daily functions. The taxes collected are based on a millage rate applied to the value of Brevard County properties as determined by the Property Appraiser and the final millage rate is set and approved by the Board of County Commissioners.

In FY 2023 the final approved millage rate was .0522 which generated $2.7 million in revenue compared to the final millage rate for FY 2022 which was .0571 which generated $2.6 million in revenue. While the millage rate decreased by 8.5%, the revenues increased by $125 thousand, due to the increasing property values and new construction within the County. The Environmentally Endangered Lands & Water Areas Operating ad valorem taxes is the largest revenue source for the Program, comprising 51.2% of the total revenue in FY 2023.

Revenue Trend Analysis

Environmentally Endangered Lands & Water Areas Debt Ad Valorem Tax





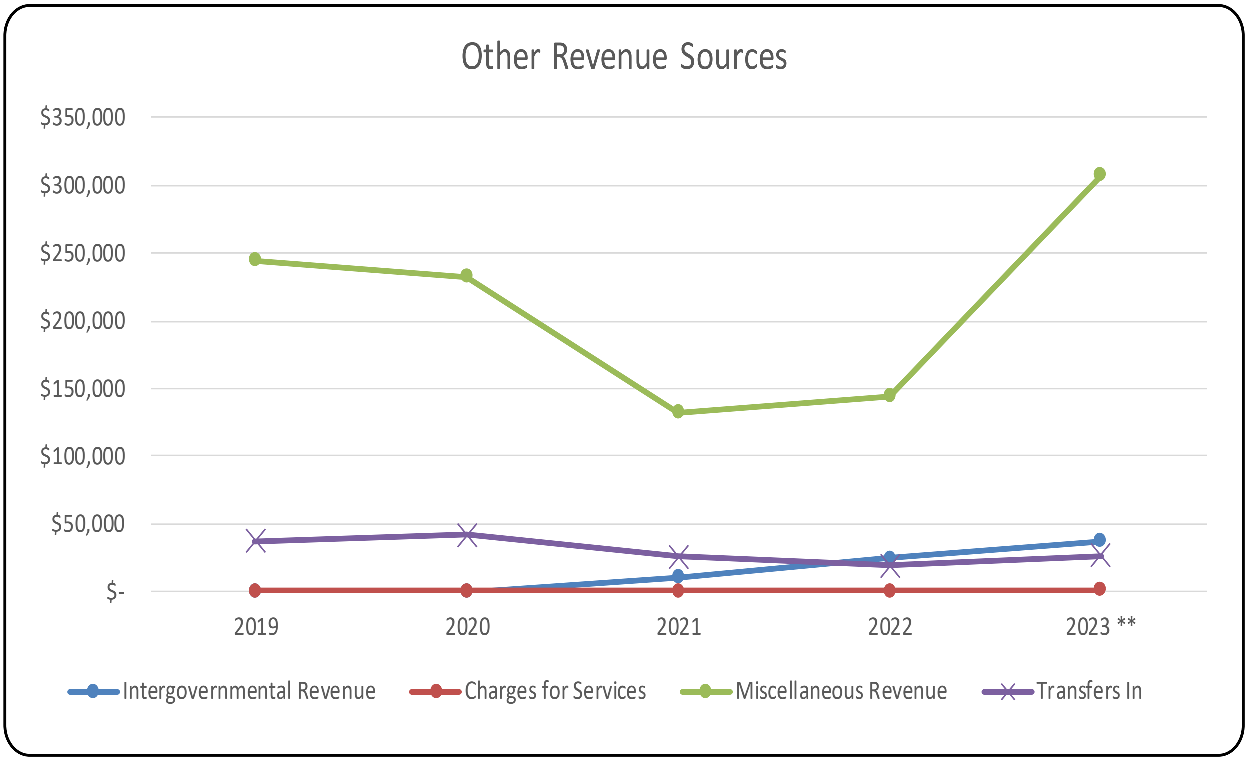
*** 2023 information is unaudited*

The Environmentally Endangered Lands & Water Areas Debt ad valorem tax is a debt service tax used to fund the repayment of the Program's long term bonds. The taxes collected are based on a millage rate applied to the value of Brevard County properties as determined by the Property Appraiser and the final millage rate is set and approved by the Board of County Commissioners.

In FY 2023, the final approved millage rate was 0.0425 which generated $2.2 million in revenue compared to the final millage rate for FY 2022 which was .0488 and also generated $2.2 million in revenue. From FY 2019 to FY 2023 the revenue has decreased by 28.2% and the millage rate has decreased by 49.6%, with the largest year over year decrease in FY 2021 compared to FY 2020 where the total revenue from the Environmentally Endangered Lands & Water Areas Debt decreased by 30.3% and the millage rate had decreased by 35.1%. The decrease is due to the Program's debt will be fully repaid by September 1, 2024 and the County had been reducing the millage rate and using a portion of the Program's Debt Service Fund's balance forward, $2.19 million at the end of FY 2023, to service the remaining debt service payments, reducing the burden on county residents. The Environmentally Endangered Lands & Water Areas Debt ad valorem tax is the second largest revenue source for the Program, comprising 41.9% of the total revenue in FY 2023.

Revenue Trend Analysis

Other Revenue Sources



*** 2023 information is unaudited*

The Program derives the majority of its revenue from the two ad valorem taxes mentioned above, roughly 93.1% of the total revenue. The 6.9% of the remaining revenue is generated from charges for services, intergovernmental revenue, miscellaneous revenue and transfers in, which combined totaled $373 thousand in FY 2023.

The Program derives its charges for services from multiple sources such as camping fees, program activity fees and recreation instruction. In FY 2023 revenue from charges for service totaled $1,167 an increase of 253% compared to FY 2022, mainly due to the FY 2023 recreation instruction revenue of $768, which did not occur in FY 2022.

Intergovernmental revenue is recognized when the Program earns revenue from other government agencies, whether it be federal, state or local. In FY 2023, the Program recognized $36.9 thousand in intergovernmental revenue, which was from the U.S. Fish and Wildlife Service and administered though the Nature Conservancy, a non-profit, which provided a one-time grant for the tree density reduction program in the Florida Scrub Jay Habitat. The Program did not budget to receive any intergovernmental revenue in FY 2023 and received $24.6 thousand in FY 2022 from a one-time Federal Emergency Management Agency (FEMA) reimbursement for Hurricane Irma.

Other Revenue Sources (continued)

Miscellaneous revenues has numerous sources, including interest earnings, rentals, sale of assets, insurance proceeds and donations. In FY 2023, miscellaneous revenues totaled $307.6 thousand, with the largest revenue sources being from interest earned totaling $265 thousand and insurance proceeds totaling $25.7 thousand. From FY 2020 to FY 2021 the Program saw a large drop in miscellaneous revenues, a 43% decrease, which was due to the lower interest rates during Covid. Then from FY 2022 to FY 2023 the Program saw miscellaneous revenue increase by 113.1%, which was due to the large increase in interest rates. During FY 2023, the Program's revenue from interest earned increased 238%.

In FY 2023 the Program received a total of $26.8 thousand in transfers, receiving $4.5 thousand from the County's Property Appraiser and $22.3 thousand from the County's Tax Collector, both due to excess fees.

Compensation and Benefits Analysis

The following is a summary of salaries and benefits for the Program:

	FY 2023 **			FY 2022	FY 2021	FY 2020	FY 2019
	Budget	Actual	Variance	Actual	Actual	Actual	Actual
Salaries & Wages	$ 1,328,359	$ 1,232,010	$ (96,349)	$ 1,182,802	$ 1,113,663	$ 1,088,147	$ 1,150,666
Overtime	8,000	4,088	(3,912)	2,986	9,514	4,608	24,598
Benefits	600,006	573,820	(26,186)	519,281	479,842	462,435	499,282
Labor Distribution Credits	-	(5,345)	(5,345)	(39,220)	(27,705)	(32,080)	-
Total Compensation & Benefits	$ 1,936,365	$ 1,804,573	$ (131,792)	$ 1,665,849	$ 1,575,314	$ 1,523,110	$ 1,674,546
Percentage (over) under budget			-6.8%				
Increase (decrease) over prior year			8.3%				

*** 2023 information is unaudited*

Analysis

Total salaries and benefits costs in FY 2023 were approximately $1.81 million which included the costs for salaries, wages, overtime, payroll taxes, insurance and pensions. The Program has been able to maintain consistent and adequate staffing levels throughout the years, producing a consistent compensation and benefits expense year over year.

From FY 2019 to FY 2023, total compensation and benefits increased by 7.8%, which was due to yearly salary and wage increases, cost of living adjustments, with an average yearly increase of 2.5%. While, from FY 2022 to FY 2023, the total compensation and benefits costs increased by 8.3% due to a year over year increase in benefits costs of 11% and due to salary increases, a cost of living adjustment, which was 5.4% for all Program employees.

The Program's actual costs in FY 2023 was 6.8% under budget due to staffing vacancies throughout the year. At the end of FY 2023, the Program had a total staff of 29, 23 full-time employees, 5 part-time employees and 1 vacancy, part-time.

Long Term Debt Analysis

In FY 2013 the County completed a partial advance refunding of the Limited Ad Valorem Bonds, Series 2005. The refunding was financed through sinking fund contributions and the issuance of $26,335,000 Limited Ad Valorem Tax Refunding Bond, Series 2013. The Limited Ad Valorem Tax Refunding Bond, Series 2013 is the only outstanding long term debt of the Program.

Below is the amortization schedule of the Limited Ad Valorem Tax Refunding Bond, Series 2013, since the end of FY 2018 through full repayment in FY 2024:

Fiscal Year Ending	Interest Rate	Total Interest	Principal Due September 1	Total Debt Service
2019	2.14%	$ 346,894	$ 2,570,000	$ 2,916,894
2020	2.14%	291,896	2,625,000	2,916,896
2021	2.14%	235,721	2,675,000	2,910,721
2022	2.14%	178,476	2,725,000	2,903,476
2023	2.14%	120,161	2,780,000	2,900,161
2024	2.14%	60,669	2,835,000	2,895,669
Totals		**$ 1,233,817**	**$ 16,210,000**	**$ 17,443,817**

Observations
The Program's outstanding principal as of the end of FY 2023 is $2.84 million with total remaining debt service payments totaling $2.90 million, $60.7 thousand of which is interest. The bonds interest rate is 2.14% and the last payment will be made September 1, 2024.

Analysis
To service the debt the County implemented a debt service fund for the Program, Fund 2030, to assess and collect an ad valorem tax, as approved by voters, the Environmentally Endangered Lands & Water Areas Debt Ad Valorem Tax, from the Citizens of the County to service the debt. For FY 2023 the County adopted a final approved millage rate of 0.0425 for this tax, which generated $2.24 million. In FY 2023 the debt service was $2.90 million a difference of $0.66 million from the estimated revenues, this variance was serviced by Fund 2030's excess fund balance, which totaled $2.19 million at the end of FY 2023. In FY 2024 the debt service payments will be $2.90 million, which the Program will service using revenue generated from their debt service ad valorem tax, Environmentally Endangered Lands & Water Areas Debt tax, and through the remaining of the Program's debt service fund's balance forward, $2.19 million. Through analysis of the Program's budget and fund balance for debt service, the Program has adequate funds and revenue to meet all current debt obligations.

Capital Outlay Analysis

The following is a summary of capital outlay expenditures:

	2023 **			2022	2021	2020	2019
	Budget	Actual	Under (Over)	Actual	Actual	Actual	Actual
Land	$ -	$ -	$ -	$ 513	$ -	$ -	$ -
Improvements Other Than Buildings	50,000	47,713	2,287	6,440	-	61,301	26,945
Machinery and Equipment	262,023	72,276	189,747	9,264	226,830	131,801	26,794
Totals	$ 312,023	$ 119,989	$ 192,034	$ 16,217	$ 226,830	$ 193,102	$ 53,739
% of budget spent			38.5%				
Increase (decrease) over prior year spending			639.9%				

*** 2023 information is unaudited*

Analysis

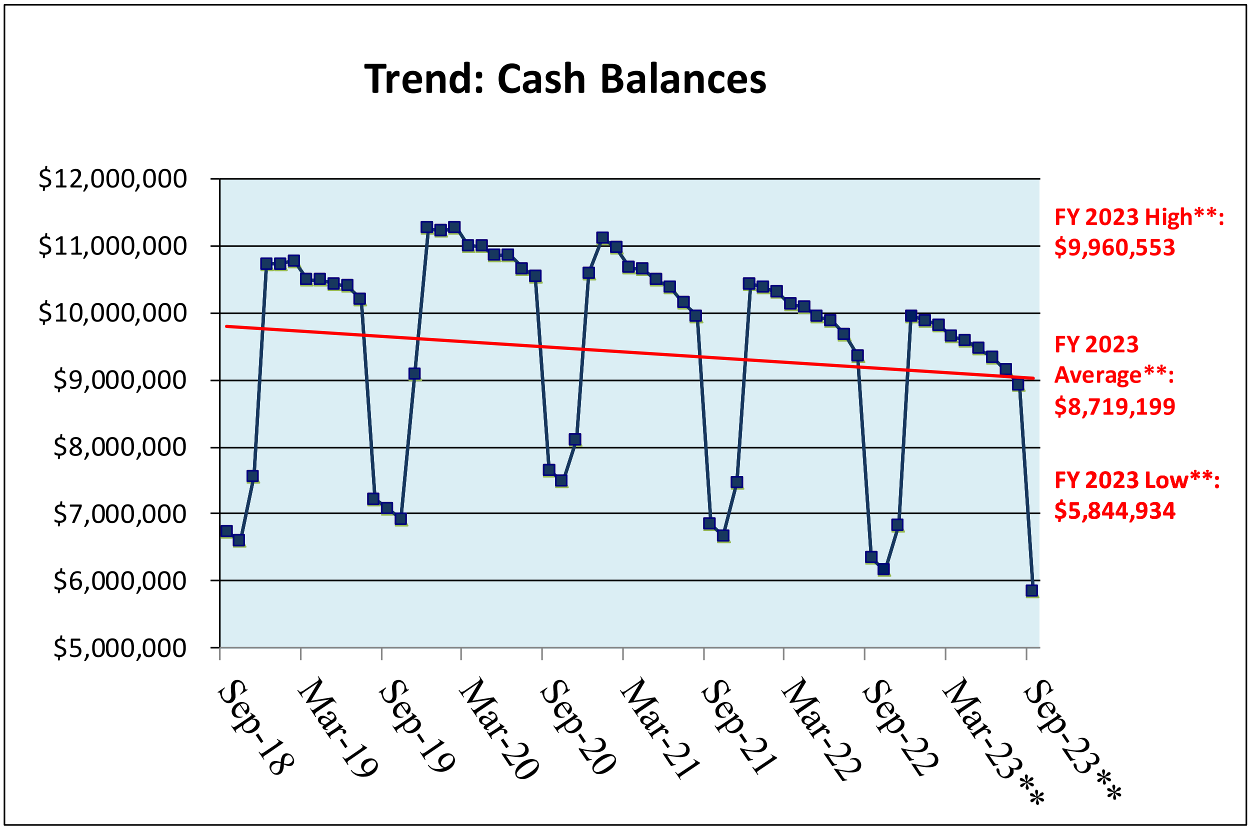
Total capital expenditures in FY 2023 were approximately $120 thousand primarily for the purchase of mobile equipment and improvements other than buildings.

- FY 2022 to FY 2023 capital expenditures: 639.9% increase due to the Program purchasing equipment totaling $72 thousand, the largest purchase being a truck for $48 thousand. In FY 2023 the Program also made improvements other than buildings, completing a project fencing the Valkaria Scrub Sanctuary, totaling $47.7 thousand. In FY 2022 the program had minimal capital purchases with, $9.3 thousand for machinery and equipment, the largest being a trailer for $4.4 thousand, $6.4 thousand for improvements other than buildings and $513 for land.
- FY 2023 capital expenditures to FY 2023 Budget: 38.5% of budget spent compared to 18.2% in FY 2022.

The unspent budget for capital outlay in FY 2023 was approximately $192 thousand. This was mainly due to a large capital purchase for three vehicles, in the amount of $185 thousand, that were ordered in FY 2023 but were not delivered and purchased until FY 2024.

Cash Flow Analysis

To evaluate cash flows of the Program for the year, we performed the following analysis of the Program's cash flows from all funds.



*** 2023 information is unaudited*

Observations

- Cash balances (in blue) fluctuate during the year, as the majority of the Program's cash is received in December and January each year, due to the timing of tax collections and in September the Program has makes their debt service payment.
- The Program's cash position has steadily decreased over the last five fiscal years by 13.4% from the start of FY 2019 to the end of FY 2023. See the trend line (in red) above, which demonstrates the decreasing cash flow trend.

Analysis

As shown above, cash balances have decreased steadily during the past five years. As mentioned earlier in the report, the decrease in cash is a result of the decline of the Program's total revenue compared to the growth of the Program's total expenditures including transfers out and capital outlay. Total revenues decreased by 7.1% where the expenses increased by 7.9%.

Fund Balance Analysis

Considerations

To evaluate fund balance / balance forward, we considered the following:

- Consider whether fund balance amounts are:
  - Legally restricted
  - Board designated for capital and debt service
  - Department designated as unspent funds in the event of an emergency or other unexpected need of the department
  - Unrestricted
- Analysis of historic fund balance compared to historic Program operating costs

The following parameters were used when analyzing fund balance and balance forward:

- Fund balance:
  - Assets in excess of liabilities as of the end of each fiscal year
- Balance forward:
  - Budgeting term used to represent the "unspent funds" carried forward as revenue to the next year's budget
- Designated fund balance:
  - Portion of fund balance approved by the Board for an intended purpose, such as capital projects.

Observations

Through discussions with management and review of the County's Annual Comprehensive Financial Report (ACFR), we noted that virtually all of the Program's fund balance is legally restricted, other than a small amount of inventory that is reported as nonspendable, in FY 2022 the Program reported $8,500 as nonspendable. During the budgeting process, management of the Program designates fund balance in the following ways:

- Management identifies balance forward as unrestricted, restricted or designated for capital. Such determinations are projections based on management's best estimates and judgment.
- In addition, the Program budgets "reserves" as an expenditure item. This effectively represents management's expectation of fund balance at the end of the current budget year. Such balances can only be spent in the current budget year with the Board's approval.

We note there is a policy for General Fund reserves which says for the General Fund, planned fund balance shall be no less than ten percent (10%) of general operating revenues. However, there is no such policy that provides guidance to departments with dedicated funding sources other than the General Fund.

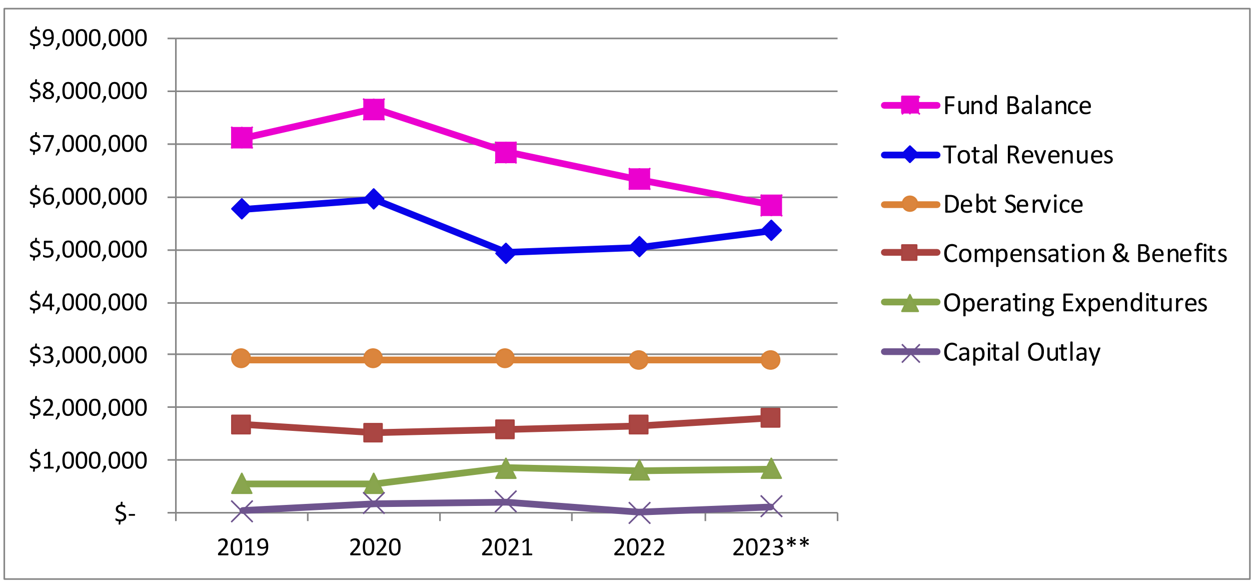
The following is a summary of the Program's fund balance (excluding the Debt Service Fund and South Region Capital Project Fund, as those fund balances are restricted for debt and a capital project) at the end of the year, as a percentage of operating expenditures for the year (in thousands):

Fund Balance Analysis

Observations (Continued)

	Fiscal Year				
	2023 **	2022	2021	2020	2019
Total Fund Balance *	$ 2,846,457	$ 2,768,912	$ 2,620,835	$ 2,776,669	$ 2,570,302
Annual Total Operating Expenditures ***	$ 2,647,572	$ 2,484,141	$ 2,444,489	$ 2,083,005	$ 2,246,458
Fund Balance as a % of Operating Expenditures ***	108%	111%	107%	133%	114%
Change in Fund Balance:					
FY 2019 to FY 2023	10.7%				
FY 2022 to FY 2023	2.8%				
Change in Operating Expenditures:					
FY 2019 to FY 2023	17.9%				
FY 2022 to FY 2023	6.6%				

** Excludes the Debt Service Fund and the South Region Capital Project Fund*
*** 2023 Information is unaudited*
**** Operating expenditures exclude capital outlay, debt service, transfers, and budgeted reserves.*



*** 2023 Information is unaudited*

Analysis
The Program has a little over one year of expenditures for operations in fund balance but virtually no money for capital outlay. Fund balance has been trending downward over the last couple of years as a result of revenues decreasing while total expenditures have increased.