



Internal Audit Report

2022-04 – VOLUSIA FOREVER PROGRAM, FY 2021

Jonathan P. Edwards, CIA, CPFO

Internal Auditor

123 West Indiana Avenue

DeLand, Florida 32720

August 12, 2022

volusia.org/government/internal-auditor

Table of Contents

Audit Letter	1
Background	2
Scope and Methodologies	4
Evaluation	5
Findings, Concerns, and Recommendations	5
Follow-Up on Prior Audit Recommendations	5
Appendix 1: Financial Summary of ECHO FY 2022 – FY 2021	6



Internal Auditor

August 12, 2022

Honorable Members of the County Council and County Manager

I am pleased to present audit report 2022-04 over the Volusia Forever program for fiscal year 2021 (FY 2021). The objective of this audit was to provide information to Council and the County Manager an evaluation of the Volusia Forever program during FY 2021. The audit included a review of minutes, resolutions, and financial transactions during the year.

I conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing*, except for the requirement of an external quality control review. Those standards require that I plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for my findings and conclusions based on audit objectives. I believe that the evidence obtained provides a reasonable basis for my findings and conclusions. The audit was performed in the months of July and August 2022. Svetlana Ries, staff auditor, assisted with the audit work.

I appreciate the assistance of the departmental staff involved that oversee the Volusia Forever program as well as the budget and accounting staff for their support during this audit. All audit reports are available on the County's website at: volusia.org/government/internal-auditor

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

Jonathan Edwards, CIA, CPFO
Internal Auditor

Background

The Volusia Forever program was a grass-roots initiative resulting from a citizen approved referendum passed on November 7, 2000, Resolution 2000-155. The objectives were to:

- Acquire and improve environmentally sensitive, water resource and outdoor recreation lands
- Conserve the County's unique ecological character and to preserve valuable ecosystems for future generations
- Conserve, maintain, and where necessary, restore the natural environment and provide access for the enjoyment and education of the public
- Ensure sufficient quantities of water are available to meet the current and future needs of the natural systems and citizens of the state
- Promote an appreciation of the state's natural assets and improvement of quality of life for a broad range of outdoor recreational opportunities and develop necessary infrastructure, where compatible with the resource values of and management objectives for such lands
- Acquire, protect, preserve, and restore open space, greenways and public access is necessary that was not fully met by previous acquisition programs
- Protect the integrity of ecological systems to provide multiple benefits, including preservation of habitat, recreation space for urban as well as rural areas and water recharge
- Manage public lands with a long-term financial commitment to ensure that the natural resource values of such lands are protected and the public has the opportunity to enjoy the lands to their fullest potential
- Set specific guidelines for an acquisition and improvement program to ensure effective and successful completion

The ballot initiative provided an approved levy of an additional ad valorem tax not to exceed 1/5 mill for 20 years and the authorization to issue limited tax general obligation bonds not to exceed \$40 million in order to finance these properties.

The resolution further states it is the intent of the program to:

- Achieve maximum impact by partnering with other entities through award or acceptance of grants, joint projects and other cooperative efforts
- Use funds to apply for matching grants awarded under the Florida Forever Program or other grant funding

Acquired lands are to be managed and maintained to the extent practical to ensure a balance between public access and restoration and protection of their natural state and condition. Public access and use will be determined in the management plans.

Resolution 2000-155, the enabling resolution, provided many acquisition objectives and gave priority to properties that would achieve a combination of conservation goals, recreational opportunities, improving water resources, and natural groundwater recharge. Over time, different resolutions have been passed by Council to modify certain elements and to establish an advisory committee.

Resolutions for the advisory committee were approved and outlined the purpose, goals, memberships, and terms of members. The committee set criteria and ranking guides for the acquisition program. The committee was suspended in 2011 after the last acquisition exhausted the Volusia Forever proceeds.

Nominations for potential land acquisitions were accepted from governmental entities, conservation organizations, or individual owners. Each application had to meet the criteria established in the Volusia Forever resolutions and state a public purpose for the restoration, conservation, or preservation of environmentally sensitive, water resource protection, resource based recreation lands and water areas, and provide public use opportunities. Properties were initially reviewed by County staff ("staff") and given to the committee for scoring and ranking. Properties were presented in priority-ranking with group "A" properties given the highest importance. Eligible properties were then recommended to Council. Once approved, staff took steps towards acquiring the property.

Group A property listing was maintained and regularly modified no less than twice a year by Council based on a combination of factors including final site ranking, negotiated sale price relative to appraised value, availability of matching funds, urgency of purchase, based on imminent threat of loss, or other factors.

Staff ensured appraisals were completed and complied with the requirements that if the property is over \$500,000 then two appraisals were completed; if between \$100,000 and \$500,000 that one appraisal was completed; if less than \$100,000 that the current estimated market value on file with the County Property Appraiser was completed. Staff also ensured appropriate environmental audits and surveys were conducted. Staff also managed the negotiations on pricing with the property owner. Once all items were obtained and sale price negotiated, Council would approve the purchase. Staff would then take steps to close on the property.

In 2002, Council approved resolution 2002-218 which established the small lot acquisition program to supplement the larger acquisition program. It included sensitive lands in antiquated platted subdivisions, small in size or had no limited physical access and/or infrastructure. The goal was to assemble enough contiguous small lots into ecologically significant tracts. Due to these lots having low assessed value, the procedures were modified in regards to limited survey and appraisal reports.

The enabling resolution granted a 10-percent set aside each year to ensure adequate funding for the public access, land management, and improvements on the Volusia Forever acquisitions. The County employs certain ideals and objectives for the management of these conservation lands to protect and enhance the ecosystem's integrity, function, biodiversity, fire management, stewardship, wildlife habitat, and public trails. To accomplish this, the county at times will sell forest products and other renewable resources and maintain agricultural and other leases. The Parks, Recreation, and Cultural Division manage the land.

This audit is the final year of the first twenty years of the Volusia Forever program. The first eighteen years of the Volusia Forever program were included in audit 2020-02 with the nineteenth year included in audit report 2021-04. The ad valorem tax revenue supporting the Volusia Forever program was approved for an additional twenty years by a voter referendum in November 2020. The program will be extended into 2041. Appendix A contains a schedule of revenues, expenditures, transfers by each project, for each fiscal year.

Scope and Methodologies

On January 6, 2022, County Council approved the 2022 Audit Plan, which included auditing the Volusia Forever program. Additionally, the November 2020 referendum required an annual audit of the program. The purpose of the audit was to determine, with a reasonable degree of assurance, that the control environment surrounding the Volusia Forever program is based upon sound business processes and ensures that associated activities are conducted efficiently and effectively, while maintaining compliance with relevant laws, rules, and regulations.

The audit scope included all transactions within the Volusia Forever program and county funds associated for FY 2021 (October 1, 2020 through September 30, 2021).

Specific audit objectives were:

1. To obtain an understanding of internal controls that are significant to the Volusia Forever Program.
2. To perform procedures that will provide a reasonable assurance of detecting instances of noncompliance with resolutions passed by Council and guidelines that have been established relating to the Volusia Forever program.
3. To perform procedures that will provide reasonable assurance that revenues received by the Volusia Forever ad valorem taxes were allocated, disbursed, tracked, and reported correctly.
4. To perform procedures that will provide a reasonable assurance that acquisitions through the Volusia Forever program were appropriately approved, acquired, tracked, and ongoing expenditures are appropriate.

Audit report 2020-02 issued on May 11, 2020, included the Volusia Forever program from inception through September 30, 2019. Audit report 2021-04, issued on July 23, 2021, included the Volusia Forever program from October 1, 2019, through September 30, 2020. This report concludes the twentieth year of the Volusia Forever program.

The acquisition program, including the small lot program, was discontinued several years ago. At the beginning of the fiscal year, there was outstanding debt that was paid off. As of September 30, 2021, there was no debt being paid with Volusia Forever funds. However, staff continued to utilize the lands management set-aside during this fiscal year.

The only other activity during FY 2021 was the land management aspect of the program. Revenues are received from timber sales, land management fees, hunting lease payments, or other miscellaneous revenues relating to the properties. Expenditures relate to the management of the lands to preserve into perpetuity. Table 1 lists the total revenues and expenditures for land management during FY 2021, the amount selected for testing and the percentage tested.

Table 1: Test selection

Category	Total	Total Tested	Percentage Tested
Land Rental Fees	\$ 88,869	\$ 41,074	46%
Land Management Fees	132,101	102,500	78%
Land Management Expenditures	1,078,691	595,431	55%

Evaluation

Based on the results of the audit, internal controls are operating as intended. There were no findings or concerns. The previous audit, 2021-04 also did not contain any recommendations.

Findings, Concerns, and Recommendations

Findings are defined as frequent or commonly seen observations during an audit. They include critical and major failures in a program where requirements have not been effectively implemented or where there are significant issues.

Concerns are defined as infrequent or isolated observations during an audit. They include minor failures in a program where requirements have been met but opportunities may exist for improvement.

FINDINGS:

None.

CONCERNS:

None.

Follow-Up on Prior Audit Recommendations

None.

Appendix 1 – Financial Summary of Volusia Forever FY 2002 – FY 2021

Fund	Revenues	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
Volusia Forever - All Funds																						
161 - Volusia Forever																						
	Volusia Forever Ad Valorem Taxes	\$ 2,521,254	\$ 3,653,053	\$ 4,192,068	\$ 4,775,390	\$ -	\$ 4,078,401	\$ 3,819,103	\$ 3,603,501	\$ 2,401,566	\$ 1,608,937	\$ 1,228,232	\$ 1,173,757	\$ 1,294,268	\$ 1,559,348	\$ 1,939,261	\$ 2,606,109	\$ 2,731,292	\$ 3,246,894	\$ 3,972,508	\$ 4,052,897	\$ 54,457,840
	Payment in Lieu of Taxes (PILOT)	208	318	317	306	-	172	120	312	340	305	602	-	298	312	400	571	499	626	667	-	6,369.98
	Investment Income	75,116	81,039	10,322	97,458	210,708	376,391	395,688	347,208	144,917	(64,091)	19,729	33,319	45,457	48,627	64,812	111,661	7,622	425,242	264,760	3,532	2,699,515.77
	Partner Revenues	-	1,140,333	1,466,150	-	207,948	-	-	77,729	90,240	-	-	-	-	-	-	-	-	-	-	-	2,982,400.09
	Land Management Fees	-	283	-	-	32,602	1	42,644	36,742	362,139	398,903	128,773	136,287	299,550	180,847	239,818	140,942	80,000	127,761	243,080	132,101	2,582,473.42
	Land Rental Fees	-	-	-	-	-	7,000	32,603	7,649	36,742	5,352	31,506	67,145	87,040	31,650	63,590	65,260	67,017	134,700	99,009	88,869	825,133.14
	Mitigation Fees	-	-	-	-	-	-	-	80,000	-	-	-	-	-	-	-	-	-	-	-	-	80,000.00
	Sale of Easements	-	-	-	-	-	-	-	875	-	-	-	-	-	-	-	-	-	35,850	1,500	-	38,225.00
	Sale of Mineral Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300	4,076.40
	Miscellaneous Revenues	-	-	7,501	20,458	98	153	11,214	-	-	339	-	-	-	-	-	1,850	5,585	33,062	-	-	80,260.76
261/262- Limited Tax GO Bonds																						
	Volusia Forever Ad Valorem Taxes	-	-	-	-	5,745,518	3,245,383	3,559,225	3,440,441	3,452,459	3,464,514	3,399,744	3,399,259	3,410,049	3,406,522	3,306,880	3,000,698	3,308,046	3,288,625	3,110,713	3,016,767	55,554,844
	Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	18,695,000	-	-	-	-	-	-	18,695,000
	Payment in Lieu of Taxes (PILOT)	-	-	-	-	368	234	380	652	490	661	576	867	791	683	687	657	604	633	522	-	8,804
	Investment Income	-	-	-	-	179,657	223,114	88,077	67,137	31,510	28,298	20,281	16,487	19,781	21,826	27,795	35,455	50,195	60,038	33,815	11,256	914,721
361- Forever Capital Projects																						
	Debt Proceeds	-	-	-	-	39,998,354	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,998,354
	Investment Income	-	-	-	-	1,033,275	1,065,751	555,590	166,240	41,134	-	-	-	-	-	-	-	-	-	-	-	2,861,990
	Miscellaneous Revenues	-	-	-	-	-	49,865	9	16,524	-	-	-	-	-	-	-	-	-	-	-	-	66,397
	Sale of Easements	-	-	-	-	-	-	-	37,750	-	-	-	-	-	-	-	-	-	-	-	-	37,750
Partner Revenues																						
	SJRWMD Grants Water Quality Monitor	-	-	-	-	-	318,205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	318,205
	Sale of Land	-	-	-	-	-	-	2,799,891	-	-	-	-	-	-	-	-	-	-	-	-	-	2,799,891
Total Revenues		2,596,577	4,875,026	5,676,358	4,893,613	47,408,529	9,364,669	11,304,542	7,805,030	6,549,026	5,533,458	4,829,444	4,827,121	5,157,233	23,944,814	5,643,243	5,963,204	6,254,635	7,353,432	7,726,575	7,305,722	185,012,249
Expenditures																						
161 - Volusia Forever / 361- Forever Capital Projects																						
	TIF Payments	51,775	94,707	126,045	153,722	208,101	200,746	187,849	204,290	108,747	59,171	41,052	37,419	41,020	50,983	50,020	72,236	81,339	94,053	115,446	119,931	2,098,652
	Forever Programs	12,173	39,477	92,615	4,510	1,199	-	-	-	-	-	22,381	1,368	25	-	22	-	-	182	-	3,897	177,849
	Land Management	-	130,529	419,491	402,837	442,344	276,369	683,255	363,929	358,584	843,171	529,884	441,951	474,969	362,794	780,773	277,096	551,985	536,014	590,630	1,078,691	9,545,295
Land Acquisitions																						
	Meynard Property	916,373	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	916,373
	Catholic Diocese Property	-	754,060	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	754,060
	Fore Properties	-	837,488	1,392,899	-	-	-	1,165,174	-	-	-	-	-	-	-	-	-	-	-	-	-	3,395,560
	Kaye Properties	-	1,651,261	-	-	69	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,651,330
	Plum Creek	-	4,459,273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,459,273
	Ponce Preserve Project	-	7,000	-	6,000	165,497	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	178,497
	Smith, Corbett	-	80,017	-	-	-	-	11,600	518,663	-	-	-	-	-	-	-	-	-	-	-	-	610,279
	Timberlands Consolidated	-	599,914	-	7,000	3,000	10,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	620,514
	Bayou Bay	-	-	2,506,379	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,506,779
	Dan Paul Property	-	-	350,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,150
	Eubanks/ Rozier DLSCP Property	-	-	1,500	2,000	8,348	916,614	-	-	-	-	-	-	-	-	-	-	-	-	-	-	928,462
	Festival Property	-	-	15,800	8,800	13,800	6,572,284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,610,684
	Gardella Property	-	-	164,830	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166,330
	Garrity Property	-	-	440,284	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	440,284
	Green Springs	-	-	87,541	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,541
	Lefils Property	-	-	1,791,444	-	2,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,793,469
	Oglesby Property	-	-	11,760	493,729	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	505,489
	Townsend/Schroeder Trust Property	-	-	16,425	15,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,825
	Akers Quail Ranch	-	-	-	15,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,250
	Ford Ocklawaha Property	-	-	-	17,700	7,450	-	738,151	16,963	-	-	-	-	-	-	-	-	-	-	-	-	780,264
	Lafayette Landing/ WDA	-	-	-	11,900	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,200
	Lunsford Property	-	-	-	9,500	11,832,937	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,842,437
	Progress Energy Astor	-	-	-	19,950	2,699,921	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,719,871
	Double B Ranch	-	-	-	-	19,900	-	-	-	-	-	-	-	-								

Fund	Revenues	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
	Lake George Fernery-Cade	-	-	-	-	-	-	-	-	5,100	-	-	-	-	-	-	-	-	-	-	-	5,100
	Small Lot Acquisition Program	-	51,093	29,603	105,163	167,374	228,786	282,313	370,339	265,782	122,027	-	-	-	-	-	-	-	-	-	-	1,622,480
261/262- Limited Tax GO Bonds																						-
	Debt Service Costs	-	-	-	-	3,061,553	3,429,801	3,431,726	3,431,201	3,433,226	3,576,616	3,433,908	3,431,908	3,433,713	21,989,491	3,280,951	3,282,636	3,285,786	3,281,528	3,284,831	3,281,484	72,350,360
361- Forever Capital Projects																						-
	Debt Service Costs	-	-	-	-	469,337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469,337
Total Expenditures		980,321	8,704,817	7,446,765	1,275,361	19,543,934	19,269,017	7,537,040	12,462,317	4,304,917	28,528,198	5,742,111	3,925,291	3,949,727	22,403,268	4,111,766	3,631,968	3,919,110	3,911,777	3,990,908	4,484,003	170,122,617
<u>Transfers In</u>																						
161 - Volusia Forever																						
	Commercial Paper Proceeds	-	4,600,000	2,500,000	-	2,863,989	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,963,989
	Barberville Mitigation Tract	-	-	-	-	-	-	-	-	-	139,928	-	-	-	-	-	-	-	-	-	-	139,928
	Group Insurance	-	-	-	-	-	-	-	-	-	-	-	2,780	-	-	-	-	-	-	3,519	-	6,299
	Tax Collector - Excess Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,550	2,550
	To close other VF funds	-	-	-	-	-	-	-	-	-	-	-	-	-	24,500	-	-	-	-	-	40,981	65,481
Total Transfers In		-	4,600,000	2,500,000	-	2,863,989	-	-	-	-	139,928	-	2,780	-	24,500	-	-	-	-	3,519	43,531	10,178,247
<u>Transfers Out</u>																						
161 - Volusia Forever																						
	Plum Creek Acquisition	-	401,679	535,369	322,642	582,993	572,928	2,427,747	-	-	-	-	-	-	-	-	-	-	-	-	-	4,843,359
	Bayou Bay Property	-	-	171,087	526,895	327,383	322,973	290,634	1,392,214	-	-	-	-	-	-	-	-	-	-	-	-	3,031,185
	Debt Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,981	40,981
261- Limited Tax GO Bonds																						
	Transfer to Fund 161	-	-	-	-	2,863,989	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,863,989
Total Transfers Out		-	401,679	706,457	849,538	3,774,365	895,901	2,718,380	1,392,214	-	-	-	-	-	-	-	-	-	-	-	40,981	10,779,514
Net Change in Fund Balance		1,616,257	368,530	23,136	2,768,714	26,954,218	(10,800,249)	1,049,122	(6,049,501)	2,244,109	(22,854,812)	(912,667)	904,610	1,207,506	1,566,046	1,531,477	2,331,235	2,335,525	3,441,654	3,739,186	2,824,269	14,288,365
Beginning Fund Balance - All Volusia Forever Funds		-	1,616,257	1,984,786	2,007,922	4,776,637	31,730,854	20,930,605	21,979,727	15,930,226	18,174,335	(4,680,476)	(5,593,143)	(4,688,533)	(3,481,027)	(1,914,981)	(383,505)	1,947,731	4,283,255	7,724,910	11,464,096	-
Ending Fund Balance - All Volusia Forever Funds		\$ 1,616,257	\$ 1,984,786	\$ 2,007,922	\$ 4,776,637	\$ 31,730,854	\$ 20,930,605	\$ 21,979,727	\$ 15,930,226	\$ 18,174,335	\$ (4,680,476)	\$ (5,593,143)	\$ (4,688,533)	\$ (3,481,027)	\$ (1,914,981)	\$ (383,505)	\$ 1,947,731	\$ 4,283,255	\$ 7,724,910	\$ 11,464,096	\$ 14,288,365	\$ 14,288,365

Internal Audit

Our Values and Ethics

Values

Public Interest. Internal audit work is performed to benefit the public and improve the way government operates.

Integrity and High Ethical Conduct. Auditors conduct themselves with integrity and honesty, which are the foundations on which trustworthiness is built.

Objectivity. Auditors maintain objectivity in performing services.

Organization and Hard Work. Auditors endeavor to make efficient use of their time. Valued is a safe work place and one in which we are honored and recognized for our talents and accomplishments. Encouraged are fresh ideas and teamwork among employees and between county government and the community we serve.

Professionalism and Manner. Auditors are committed to the highest level of competence and professional conduct. We expect honest and respectful interactions with each other and the public. We handle resources provided, access to information and the position in a professional manner and when appropriate, protect the confidentiality or restricted information our roles may allow us access.

Auditee Relations. Auditors make themselves accessible and communicate openly and frequently. Communications are friendly, non-threatening, fair, and objective.

Audit Reports. Reports focus on significant, timely, and useful information for our constituents. Audit staff strive to make reports accurate, clear, convincing, objective, fair, and constructive.

Professional Development. Auditors strive to improve their knowledge, skills, and abilities through training, work experiences, and related outside activities.

Code of Ethics

Integrity. Establish trust. This provides the basis for reliance on judgment.

Objectivity. Exhibit highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. This will make a balanced assessment of all relevant circumstances not unduly influenced by own interests in forming judgments.

Confidentiality. Respect the value and ownership of information received and do not disclose information without appropriate authority unless there is a legal or professional obligation.

Competency. Apply knowledge, skills and experience needed in performance of internal audit services.

Producing Results for My Community. Be informed and knowledgeable. This can produce results my community expects to build trust.

Treating People Fairly. Treat people fairly and develop processes and procedures that are fair.

Diversity and Inclusion. Embrace diversity and inclusiveness to cultivate and promote policies that reflect the community we serve.

Reliability and Consistency. Consistently apply standards and honor the commitment to the community to make it easier to do the right thing even when faced with challenging circumstances.

