



Internal Audit Report: FY 2026 Half-Cent Sales Surtax Save Our Indian River Lagoon (SOIRL)

Brevard County, Florida

May 6, 2026

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TRANSMITTAL LETTER

May 6, 2026

The Audit Committee of
 Brevard County, Florida
 2725 Judge Fran Jamieson Way
 Viera, Florida 32940-6699

Pursuant to the approved Brevard County (County) Fiscal Year (FY) 2026 internal audit plan, we hereby present our internal audit report of the Half-Cent Sales Surtax – Save Our Indian River Lagoon Program (SOIRL) for FY 2026. We have no audit observations or exceptions noted in our internal audit report.

Below is an overview of the SOIRL timeline.

SOIRL TIMELINE	
FY 2017	The County began collecting surtax revenue in January 2017. RSM issued the first SOIRL report dated October 25, 2017, presented it to the Audit Committee on November 1, 2017, and to the independent SOIRL Citizen Oversight Committee (COC) on November 17, 2017. Our report included walkthroughs and control design assessments of the interlocal agreement process as well as the County’s financial system, SAP, project tracking processes, and account monitoring and oversight. There were minimal expenditures, and as such, no expenditures were tested.
FY 2018	RSM issued the FY 2018 SOIRL report dated May 2, 2018 and presented it to the Audit Committee on May 16, 2018. A copy was provided to the SOIRL COC. In addition to sharing the project plan status, the scope of the detailed transaction testing in this report included revenue, interlocal contracting, and expenditures.
FY 2019	RSM issued two SOIRL reports during FY 2019, dated November 7, 2018, and August 7, 2019. They were presented to the Audit Committee on November 7, 2018, and August 21, 2019, respectively, and to the SOIRL COC in January 2019 and October 2019. The scope of the detailed transaction testing in these reports focused on revenues and expenditures for a sample of projects as well as providing unaudited example project timelines.
FY 2020	RSM issued the FY 2020 SOIRL report on March 22, 2022, and presented it to the Audit Committee on April 20, 2022, and to the COC on May 20, 2022. The scope of the detailed transaction testing focused on revenues, procurement, and expenditures.
FY 2021	RSM issued the FY 2021 SOIRL report dated June 9, 2021, and presented it to the Audit Committee on June 9, 2021, and to the SOIRL COC in July 2021. The scope of the detailed transaction testing in this report included revenues and expenditures.

TRANSMITTAL LETTER (CONTINUED)

SOIRL TIMELINE (CONTINUED)	
FY 2022	RSM issued the FY 2022 SOIRL report dated September 23, 2022, and presented it to the Audit Committee on October 26, 2022, and to the SOIRL COC on November 18, 2022. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.
FY 2023	RSM issued the FY 2023 SOIRL report dated September 18, 2023, and presented it to the Audit Committee on November 8, 2023, and to the SOIRL COC on November 17, 2023. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.
FY 2024	RSM issued FY 2024 SOIRL report dated October 31, 2024, and presented it to the Audit Committee on November 6, 2024, and to the SOIRL COC on November 15, 2024. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.
FY 2025	RSM issued FY 2025 SOIRL report dated August 13, 2025, and presented it to the Audit Committee on August 27, 2025, and to the SOIRL COC on October 17, 2025. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.
FY2026	RSM completed the draft FY 2026 SOIRL report dated May 6, 2026, and will present it to the Audit Committee on May 20, 2026. The final report will be presented to the SOIRL COC on July 17, 2026. The scope of the detailed transaction testing in this report included revenues, procurement, and expenditures.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

RSM US LLP

EXECUTIVE SUMMARY

Background

On November 8, 2016, the citizens of Brevard County passed a Half-Cent Sales Surtax to address the critical need of funding to implement the SOIRL Project Plan aimed to meet water quality targets and improve the health, productivity, aesthetic appeal, and economic value of the lagoon. The surtax is effective for a period of ten (10) years, beginning January 2017, and was originally projected by the County to generate \$340 million in funding. The surtax is due to sunset in December 2026.

The original Project Plan (Plan) was developed in partnership with scientists, economists, environmentalists and multiple government agencies. The first annual Plan update was recommended by the COC and approved by the Board of County Commissioners (BOCC) in March 2017. Local stakeholders submit projects annually to the County for inclusion in the Plan which are reviewed by the COC and approved for Plan inclusion by the BOCC. The most recent plan update was approved by the BOCC in February 2026.

The County manages certain projects in the Plan and contracts directly with the respective organizations/contractors to complete the work. Key accounting and compliance duties in the administration of the Plan are segregated between the County's Central Services Office and County Finance. The County's Central Services function drives the procurement and contracting. In addition, certain portions of the Plan require the County to enter into agreements with local municipal governments where the Indian River Lagoon (IRL) shares jurisdiction. Based upon the current Project Plan, as amended, there are multiple municipal partners with whom the County contracts, on a reimbursement basis, to complete projects funded by the surtax. An agreement must be executed for each project, so there may be multiple agreements for one municipality. County Finance receives the deposit of SOIRL funds directly from the Florida Department of Revenue and disburses the funds for eligible expenditures directly to municipal partners/vendors.

Objectives and Scope

The primary purpose of the Half-Cent Sales Surtax internal audit is to test the appropriateness, existence, and accuracy of the SOIRL activities as reported by the County Management to the COC, BOCC, and public. Our audit approach consisted of the following phases:

We obtained preliminary data from County Finance, Central Services, and Natural Resources relative to our in-scope period. We reviewed the COC meeting minutes as well as relevant Statutes, Ordinances, Administrative Orders, and written policies and procedures.

For the scope period June 1, 2025, through January 31, 2026, RSM performed select audit procedures, including confirmation of reported surtax collections, validation of a sample of expenditure supporting documentation, and review of procurement documentation for compliance with applicable Florida Statutes and BOCC policies and procedures. We judgmentally sampled non-project procurements as well as approved projects for testing, considering the amount spent during the scope period, prior audit testing, and complexity of the contract as follows:

- Confirmed 100% of collections independently through the Department of Revenue.
- During our scope period, there was 73 active projects. Of these active projects, 39 projects (53%) have been tested over the past three (3) years. We were selected for expenditure testing, \$9,323,008 of \$16,171,188 (58%) total expenditures during the scope period. There was a total of 32 invoices tested.
- Reviewed evidence of proper procurement compliance for all the vendors sampled in the expenditure testing. All sampled vendors had properly executed and up-to-date task orders. During the audit period, two (2) new Invitations to Bid (ITBs) were issued.

At the conclusion of our internal audit, we summarized our findings into this written report and conducted exit conferences with various members of County Management and Leadership.

Fieldwork was performed between February 2026 through April 2026.

We would like to thank all County team members who assisted us throughout this internal audit.

Summary of Observation Ratings

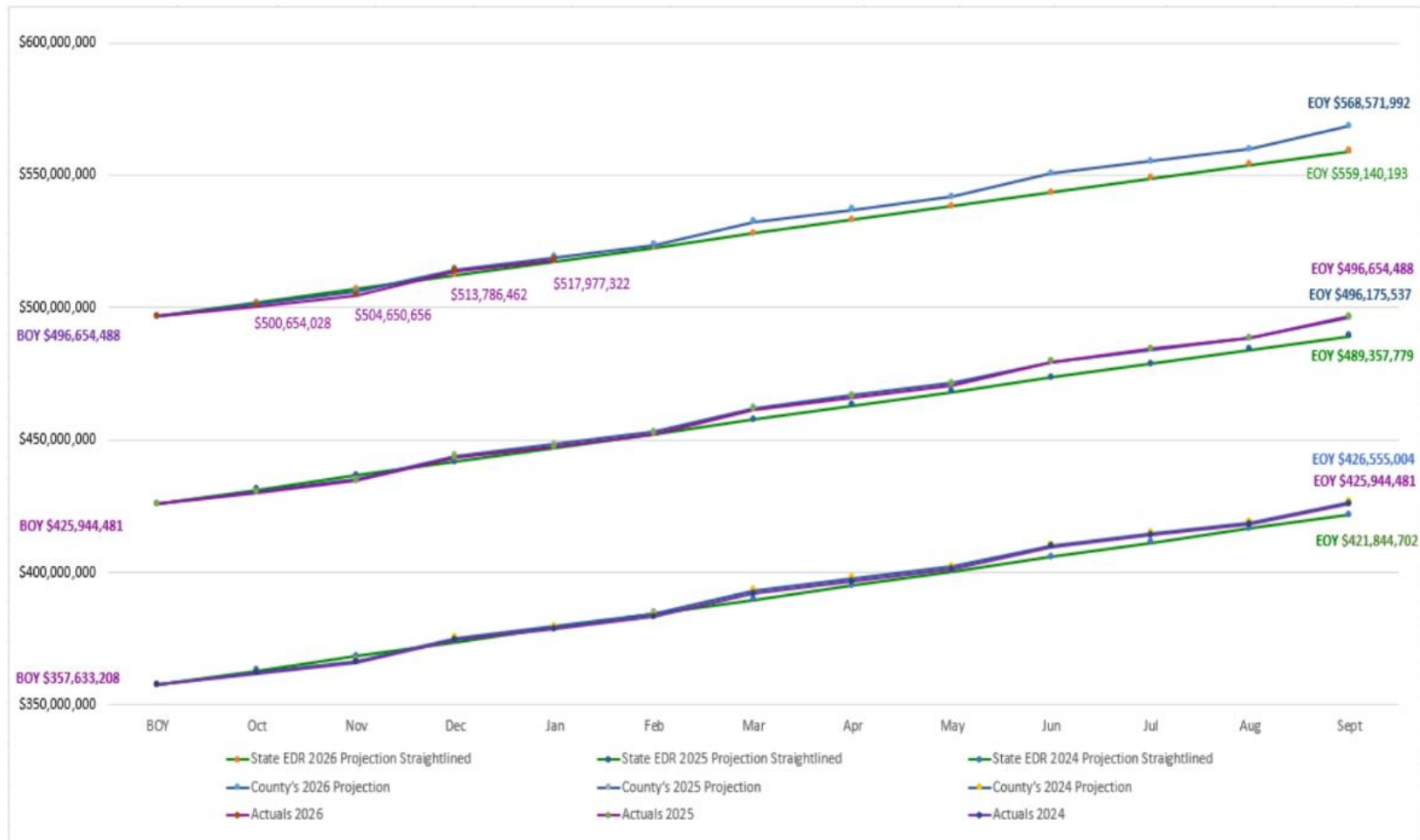
(See page 9 for risk rating definitions)

FY 2026 SOIRL	High	Moderate	Low
Detailed Testing	-	-	-

OVERVIEW

On November 8, 2016, the citizens of Brevard County passed a Half-Cent Sales Surtax to address the critical need for funding to implement the Plan. The surtax is effective for a period of ten (10) years, with collections starting January 1, 2017. As is customary with sales tax, the first payment is received 2-3 months after being earned, starting with January collections being paid in March 2017. The below graphic represents projected versus actual collections. This graphic is updated and published by the County on its website and presented to the COC monthly.

Projected vs. Actual Revenues (October 2024 - January 2026)



OVERVIEW (CONTINUED)

As of January 2026, the County has updated the ten-(10) year revenue projection, decreasing the estimate from \$586 million to \$583 million. This revision reflects changes in inflation assumptions and spending patterns. Specifically, the State’s adoption of new and expanded sales tax exemptions in 2025 is expected to impact revenue trends. Surtax revenues were projected to decline by 0.4% during the final three months of 2025, followed by modest growth of 0.017% in 2026. In 2025, the State of Florida enacted legislative changes that expanded and introduced new sales tax exemptions, thereby reducing the taxable base. Notably, several items previously exempt only during limited sales tax holidays, such as disaster preparedness supplies (e.g., batteries, portable generators, fire extinguishers, and smoke detectors), were made permanently exempt. Additional exemptions include expanded provisions for precious metal bullion, Florida State Park admissions, and the elimination of sales tax on commercial real estate leases effective October 1, 2025. The State extended and made permanent the annual back-to-school sales tax holiday and established a new and permanent hunting, fishing, and camping sales tax holiday. The Economic and Demographic Research Data (EDR) comes from the Florida’s Office of Economic and Demographic Research using their Estimation of Realized and Unrealized Tax Revenue Table. As of January 2026, the County has collected \$517,977,322 in surtax revenues. The table below presents a comparison of projected and actual revenues from FY2024 through January 2026.

Projected vs. Actual Revenues (October 2024 - January 2026)

Month	State EDR 2026 Projection Straightlined	County’s 2026 Projection	Actuals 2026	State EDR 2025 Projection Straightlined	County’s 2025 Projection	Actuals 2025	State EDR 2024 Projection Straightlined	County’s 2024 Projection	Actuals 2024
BOY	\$496,654,488	\$496,654,488	\$496,654,488	\$425,944,481	\$425,944,481	\$425,944,481	\$357,633,208	\$357,633,208	\$357,633,208
Oct	501,861,630	501,260,663	\$500,654,028	431,228,923	430,534,938	\$430,226,663	\$362,984,166	\$362,138,073	\$361,824,622
Nov	507,068,772	505,866,838	\$504,650,656	436,513,364	434,955,456	\$434,684,399	\$368,335,124	\$366,476,167	\$366,098,349
Dec	512,275,914	514,315,958	\$513,786,462	441,797,806	444,009,250	\$443,409,283	\$373,686,082	\$375,361,146	\$374,419,168
Jan	517,483,056	519,032,681	\$517,977,322	447,082,247	448,463,027	\$447,522,475	\$379,037,039	\$379,731,879	\$378,631,822
Feb	522,690,198	523,749,404		452,366,689	453,120,357	\$452,179,280	\$384,387,997	\$384,302,369	\$383,100,779
Mar	527,897,341	532,401,302		457,651,130	462,111,655	\$461,410,108	\$389,738,955	\$393,126,019	\$392,011,297
Apr	533,104,483	537,118,025		462,935,572	466,867,475	\$466,227,745	\$395,089,913	\$397,793,163	\$396,591,796
May	538,311,625	541,834,749		468,220,013	471,473,922	\$470,890,233	\$400,440,871	\$402,313,719	\$401,244,060
Jun	543,518,767	550,486,647		473,504,455	479,487,867	\$479,615,719	\$405,791,829	\$410,178,239	\$409,639,429
Jul	548,725,909	555,203,370		478,788,896	484,175,149	\$484,435,298	\$411,142,786	\$414,778,122	\$413,904,849
Aug	553,933,051	559,920,093		484,073,338	488,488,152	\$488,467,085	\$416,493,744	\$419,010,706	\$418,126,812
Sept	559,140,193	568,571,992		489,357,779	496,175,537	\$496,654,488	\$421,844,702	\$426,555,004	\$425,944,481

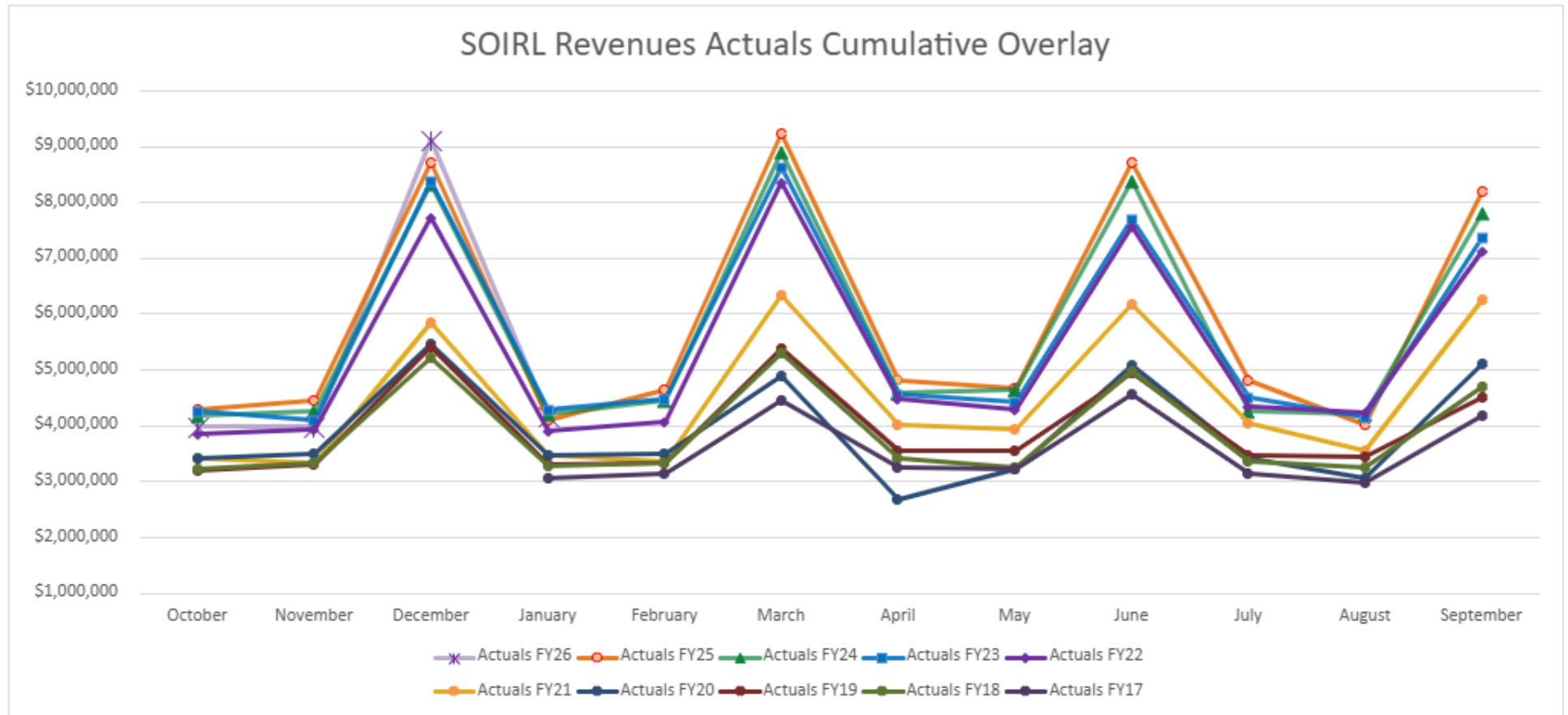
- BOY – Beginning of Year
- Projected and Actual Data is from Systems, Application and Products program.

RESULTS

Collections Testing

The County receives a monthly surtax deposit via an automated clearing house (“ACH”) from the State of Florida. County Finance receives an e-mail from the Department of Revenue to log in to their account detailing the revenue collections for the covered period. The information includes multiple tax types and the reported totals for the deposited month. The funds are deposited directly from the Florida Department of Revenue to the County, and County Finance posts the journal entry to the SOIRL trust fund. We independently confirmed the reported revenues for the SOIRL surtax by comparing them to the Department of Revenue’s publicly available surtax transaction detail to test for completeness and accuracy of the County’s reported SOIRL surtax collections. **No exceptions were noted in our testing.**

The surtax allocation trends of actual collections over the scope period are illustrated below.



RESULTS

Expenditures

The County reported total SOIRL trust fund expenditures of \$16,171,188 for the period from June 1, 2025, through January 31, 2026. These expenditures supported 73 active projects during the scope period. Of these active projects, 39 projects (53%) have been tested over the past three (3) years. For the current testing period, we obtained supporting documentation from County Finance and the publicly available records database for a sample of 32 invoices, totaling \$9,323,008 (58%) of total SOIRL expenditures during the scope period. The sample was judgmentally selected, as it represents a significant portion of overall expenditures within the period. The table below shows the compiled results of the testing procedures, and a description of testing attributes completed for the current round of testing. **No exceptions were noted in our testing.**

Muck Removal & Interstitial Treatment	
Detailed Procedures	Grand Canal Muck & Interstitial Treatment
Prime Contractor(s) / Municipality	Atkins North America Inc, Odor Control Co Inc, Geosyntec Consultants Inc, Waterfront Property Services LLC,
Subcontractor(s)	N/A
Approved Prime Contract	✓
Set Contracted Values	✓
Assigned Task Order	✓
Invoice Supported and Reviewed	✓
Prime Contractor Proof of Payment Reviewed*	✓
Reimbursement Package Reviewed	2 & 4
Municipality Proof of Payment Reviewed	N/A
Homeowner Proof of Payment Reviewed	N/A
Expense Allowable per Program	✓

* All SOIRL payments and/or journal entries are processed by the County Finance Department.

Notes:

- SOIRL projects completed by municipalities, special districts, or contracted community organizations will not have assigned task orders, as these documents are specific to projects that are implemented by Brevard County staff and contractors. The municipality submits an application for reimbursement. The supporting documentation submitted for these applications includes the invoices documenting that the municipality has received the goods and/or services and municipality proof of payment as evidence that the municipality subsequently paid for those goods and/or services. Homeowner proof of payment is not applicable.
- SOIRL projects where Brevard County is the responsible entity and the contract is for continuing services will have assigned task orders and/or invoices for the completion of work from those task orders. As such, those projects will not have reimbursement packages or proof that another municipality or homeowner has paid for those goods and/or services.
- SOIRL septic system upgrades are reimbursement agreements with individual homeowners and, therefore, would not have assigned task orders and/or the municipality's involvement for proof of payment.
- SOIRL projects where Brevard County is the responsible entity and the contract is for construction will have invoices for the completion of work. As such, those projects will not have assigned task orders, reimbursement packages, or proof that another municipality has paid for those goods and/or services.

RESULTS

Procurement

All vendors selected for expenditure testing were reviewed for proper procurement processes. While these vendors had new task orders and subsequent purchase orders for expenditures, all of which were tested, there were two (2) new competitive solicitation (invitation to bid (ITB), request for qualifications (RFQ), or request for proposals (RFP)) awarded in our expenditure audit period. **No exceptions were noted in our testing.**

Detailed Procedures*	Sampled Vendors				
	ATKINS NORTH AMERICA INC.	ODOR CONTROL CO INC.	GEOSYNTEC CONSULTANTS INC.	WATERFRONT PROPERTY SERVICES LLC**	ATLANTIC DEVELOPMENT OF COCOA, INC**
Purchase Order Approved by Purchasing	✓	✓	✓	✓	✓
Purchase Thresholds and Related Required Admin Approvals Reviewed	✓	✓	✓	✓	✓
Purchase Served Public Purpose and Related to SOIRL Project	✓	✓	✓	✓	✓
No Bid Splitting to Avoid Competitive Solicitation Reviewed	✓	✓	✓	✓	✓
Procurement Method	RFQ/CCNA	SS	RFQ/CCNA	ITB	ITB

* Detailed Procedures are based on Applicable Florida Statutes (FS), BOCC Policies (BCC), BOCC Administrative Order (AO), and Purchasing Services (PS) Procedures as follows: FS 287.017, 287.055, 287.057; BCC-25, BCC-26; AO-29.

** Vendors selected for competitive procurement testing

Procurement Notes:

- RFQ/CCNA - procured via a request for qualifications under the Consultant's Competitive Negotiation Act and approved by the BOCC pursuant to BCC-26 and BCC-25 and associated FS.
- RFP – procured via a request for proposals and approved by the BOCC pursuant to BCC-25 and associated FS.
- ITB - procured via an invitation to bid and approved by the BOCC pursuant to BCC-25 and associated FS.
- SS - procured via single source method and approved by the BOCC pursuant to BCC-25 and associated FS.
- Land - procurement related to the acquisition of land (purchase orders are not issued for land acquisitions) and approved by the BOCC pursuant to BCC-25 and associated FS.

APPENDIX A: OBSERVATION RISK RATING DEFINITIONS

Definitions of the rating scale are included below. We had no audit observations or exceptions noted in our internal audit.

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

APPENDIX B: ORDINANCE 2016-15



- The BOCC adopted Ordinance 2016-15 on August 23, 2016. The ordinance placed a Tax Referendum on the upcoming election ballot for voter consideration.
- On November 8, 2016, within the territorial limits of Brevard County, the Tax Referendum was voted on and passed with 62% favorable vote, to allow for a half-cent sales surtax on sales within the County.
- This legally restricted tax will help pay to restore the IRL over a 10-year period by implementing the approved SOIRL Project Plan, as amended.

- The Ordinance authorizes the use of the half-cent sales surtax to provide restoration services to improve the quality of the water and the lagoon through methods such as:
 - Wastewater Treatment Facility Upgrades for Reclaimed Water,
 - Public Education on Pollution,
 - Storm-water Outfall Treatment,
 - Septic to Sewer,
 - Septic Upgrades,
 - Muck Removal and Interstitial Treatment,
 - Restoring Oysters and Living Shorelines and
 - Monitoring, Reporting and Adapting.



APPENDIX C: SOIRL COMMITTEE

The Citizen Oversight Committee

The Ordinance requires the creation of SOIRL COC, which consists of seven (7) members and seven (7) alternate members across seven (7) different fields. On August 27, 2024, the Board approved legislative intent and permission to advertise changes to the ordinance that controls the current structure. In this, two (2) existing lanes, the Education and Outreach field and the Lagoon Advocacy field, have been combined to form the new lane called Lagoon Commerce. Additionally, the ordinance created two (2) non-voting emeritus positions. This structure was approved by the BOCC on October 22, 2024, and implemented with the term beginning March of 2025.

- Economics / Finance
- Lagoon Education / Outreach / Advocacy
- Science
- Tourism
- Real Estate
- Technology
- Lagoon Commerce
- Non-voting Emeritus

Additionally, the COC meetings typically include the following County staff at each meeting:

- Natural Resources Management (NRM) Director
- Assistant County Attorney
- Executive Secretary
- SOIRL Program staff, as appropriate

SOIRL COC Role

The role of the SOIRL COC per the Bylaws adopted on February 17, 2017, is to review monitoring data on timeliness of project delivery, actual and updated project costs, and actual nutrient removal effectiveness; review new literature and local studies on the types of projects included in the plan and potential alternative project types; evaluate alternative project proposals received from the community; and recommend adjustments to the Project Plan to be approved by the Board of County Commissioners.

2026 Citizen Oversight Committee

- Curt Smith, Economics/Finance Member
- Richard Nipper, Technology Member
- Kimberly Newton, Lagoon Education/Outreach Advocacy Member
- Richard Bankhead, Lagoon Commerce Member
- Donald Deis, Science Member
- Laurilee Thompson, Tourism Member
- Barbara Wall-Scanlon, Real Estate Member
- Fredric Goldstein, Economics/Finance Alternate
- Mark Schrope, Science Alternate
- Deborah Harmon, Lagoon Education/Outreach Advocacy Alternate
- Bruce Larson, Technology Alternate
- D. Eric Mannes, Real Estate Alternate
- Nicholas Sanzone, Tourism Alternate
- Aaron Adams, Lagoon Commerce Alternate
- John Windsor, Emeritus BOCC
- Charles Venuto, Emeritus LOC

Meetings

Since December 16, 2016, the SOIRL COC is scheduled to meet monthly. Meetings are open to the public and include time for public comments. Meeting minutes and agenda are available at the website: <http://www.brevardfl.gov/SaveOurLagoon>.



APPENDIX D: PROJECT PLAN

The original Plan was developed in partnership with scientists, economists, environmentalists, and multiple government agencies. The COC recommended the first annual Plan update in February, which the BOCC approved in March 2017. Local stakeholders are provided the opportunity to submit projects annually to the County for inclusion in the Plan. These projects are reviewed by the COC and approved for inclusion by the BOCC.

The SOIRL tax was approved for ten (10) years. The plan projects have been prioritized and ordered to deliver improvements to the lagoon in the most beneficial spatial and temporal sequence with the ultimate goal of a healthy IRL system. If a future project is ready to move forward earlier than scheduled in the Plan, if such advancement is consistent with temporal sequencing goals in the Plan and is recommended by the COC, and if there are sufficient SOIRL trust fund dollars available, the County Manager (for budget changes less than \$200,000) or BOCC have the authority to adjust the project schedule at any time to ensure that approved projects funded in the Plan move forward as soon as feasible. The table below summarizes the cumulative changes made through annual plan updates.

Project Type	2016 Estimated Cost	2026 Estimated Cost	Change in Cost
Public Education and Outreach	\$625,000	\$4,000,742	\$3,375,742
Wastewater	\$73,356,000	\$233,057,252	\$159,701,252
Stormwater	\$10,800,000	\$86,665,711	\$75,865,711
Muck and Interstitial	\$198,100,000	\$213,466,250	\$15,366,250
Restoration	\$10,000,000	\$11,776,069	\$1,776,069
Monitoring	\$10,000,000	\$10,000,000	\$0
Contingency	\$0	\$24,468,512	\$24,468,512
Total	\$302,881,000	\$583,434,536	\$280,553,536



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