



**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit Review of
Public Works: Financial Condition Review**

Prepared By:
Internal Auditors of Brevard County
May 27, 2021



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May 27, 2021

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

Pursuant to the approved 2020/2021 internal audit plan, we hereby submit our internal audit report, representing a financial condition review of the Public Works department. We will be presenting this report to the Audit Committee at the next scheduled meeting on <DATE>.

Our report is organized into the following sections:

Executive Summary	This provides a summary of the issues related to our financial condition review of the Public Works department.
Observations and Recommendations	This provides a summary of observations and recommendations.
County Management's Response	This provides County management's response to our financial condition review.
Background	This provides an overview of the Public Works department.
Objectives, Approach and Results	The objectives and focus are expanded upon in this section as well as a review of the various phases of our approach. Results of analysis are included in this section.

We would like to thank the Public Works department, the Budget Office, County Finance and all others who were involved in assisting the Internal Auditors in connection with the financial condition review of the Public Works department.

Respectfully Submitted,

INTERNAL AUDITORS

Executive Summary

Executive Summary

For the year ended September 30, 2020, we performed a financial condition review of the Public Works department. The objective of this financial condition review of the Public Works department is to determine the current financial condition of the department as related to trends year over year and benchmark data.

The Brevard County Public Works department is primarily responsible for the design, construction and maintenance of County roadways. The majority of funding for the Public Works department is derived from restricted revenue sources. Accordingly, once received, these revenue sources must be spent on specific projects and cannot be diverted to meet other unrelated County needs. However, the Public Works department also received a significant amount of its revenue, \$24 million during 2020, from the General Fund, which is allocated annually by the Board of County Commissioners.

Based on our analysis and results documented throughout this report, we noted several recommendations for improvements to Project Management and budgeting; such as, expenditure tracking, trends, and overall management.

One of the critical components of this report is a general recommendation that Public Works obtain a project management software that will enable improved project expenditure tracking/forecasting to more accurately budget total anticipated project expenditures within a given fiscal year. Currently, Public Works budgets a large dollar amount each year that does not get fully spent, Transportation Construction & MSTUs have a balance of more than at least 59% of the operating budget remaining each year, which is primarily due to project progression/regression. Such budgeting practices do not adequately communicate to County management and the public the anticipated and actual level of services provided by the Public Works department on an annual basis. We note the timing and cost of various Public Works projects are often difficult to predict with a high degree of certainty. The timing and cost of Public Works projects are often outside the control of the department, and are dictated by other governmental agencies, third parties and natural disasters or other infrastructure failures. We recommend Public Works management budget to represent true expenses expected during the year and have a reserve for future capital projects line that consists of funds that are planned to be spent in subsequent budget years. If it is anticipated that all funds will not be spent, other projects should be moved up the list to begin sooner so funds are spent more quickly. In order to facilitate this improvement in budgeting it is recommended that the County invest in project management and analysis software to assist management in tracking projects in real time more effectively. Currently, Public Works Management does not have an effective mechanism to allow them to prioritize and reprioritize projects easily since they currently use a manual process. We believe utilizing a project management software program will assist the department in ensuring the gas tax funds and general fund dollars, allocated for public works projects in the Boards approved five year plan, are expended more quickly.

We noted that projects performed by the Public Works department for internal and external Road and Bridge customers breakeven in the short term. Long term costs are intended to be earned through charging for the use of equipment. Currently, the County charges FEMA approved equipment rates to recoup the cost of use. However, it is unclear if the equipment rates are enough to cover the long term costs associated with extended equipment use. We recommend that the County perform a study of the equipment rates and overall calculation to determine the impact on long term replacement and the need to own equipment or rent/lease the equipment.

While reviewing supporting documentation for the above core observations, it was noted that there are significant vacant positions in Public Works. We noted that these positions have been consistently vacant over a long period. Per management, they are putting a stronger focus on hiring as having few employees makes it difficult to effectively handle project management. Based on this information we recommend the County consider looking at creative ways such as attending career fairs, developing career ladders, etc.

and/or consider outsourcing some of the services. A work study of the Public Works department would assist in determining whether all of the positions budgeted are the proper mix of people to get the work completed.

The County has the ability to collect and/or option to put on referendum for the voters to approve an additional \$60 Million in gas tax, discretionary sales surtax, and public services tax to be used for road maintenance and repairs. Many other Counties, such as Polk, Pinellas, Volusia, and Osceola, are collecting these additional taxes. This was discussed at the February 18, 2021 Board of County Commissioners workshop and should be considered as the Board directed.

While we have discussed many of the critical observations above, refer to page 5 of this report for a complete list of the observations and recommendations.

Observations and Recommendations

Observations and Recommendations

Based on our analysis and results documented throughout this report, we have summarized below our recommendations for improvements. These recommendations are specific to the Public Works department. The following is a summary:

	Observations and Recommendations	Management Response
1.	<p>The Department fund balance continues to increase due to unspent project-related expenditures. Currently, there is no automated system to properly track and forecast project-related expenditures directly related to project progress/regression. A project software system could utilize project regression analysis to examine a series of corresponding project variables to establish project timeline trend(s). This information could then be utilized to accurately forecast project timelines and associated funds; thus, allowing for necessary budget revisions throughout the year. Furthermore, the software analysis would help to identify how project-related funds could be efficiently spent down by identifying ‘on-hold’ projects that could be reallocated to other projects that could be expedited/completed.</p>	<p>The Department currently tracks all projects using Microsoft Office - Excel. This doesn’t provide the Department with the type of analysis required for tracking and forecasting project-related progress/regression. The Department will look at other types of software that will enable more efficient project tracking. We are working with IT to define requirements and research software that will provide the Department with efficient methods for tracking projects.</p> <p>Responsible party: Public Works Director Estimated completion date: April 2022</p>
2.	<p>Perform a study of the equipment rates and overall calculation to determine the impact on long term replacement. In addition, determine need to own equipment or rent/lease based on overall profitability.</p>	<p>The Department is assessing the equipment rates charged associated with capital equipment used by the Road and Bridge Construction program to carry-out work for other entities. The assessment will facilitate an evaluation of alternatives regarding the ongoing question of equipment rental/lease versus purchase as well as the equipment rates charged to entities, while assuring FEMA reimbursement considerations are addressed.</p> <p>Responsible party: Road and Bridge Construction Manager Estimated completion date: November 2021</p>
3.	<p>A work study should be performed to determine why there is a lack of filled positions and if all positions are needed. In addition consideration should be given to outsourcing some of the services.</p>	<p>The Department will have a work study performed as part of ongoing efforts being implemented to mitigate vacant positions. These efforts include creating career ladders, improved training opportunities, and working with the Brevard County School Board for vocational and intern programs. Vacancies have been a persistent challenge which contribute to under spending operational funds and has reduced the completion of pipe and other roadway projects. Until the vacancy challenge is significantly improved, to the extent work can be outsourced reasonably efficiently and cost effectively, such increased efforts will be undertaken.</p> <p>Responsible party: Public Works Director Estimated completion date: May 2023</p>

4.	Implementation of the additional revenue sources should be considered as discussed by the Board at the February 18, 2021 workshop.	<p>The Board advised they will consider supporting a carefully crafted and transparent referendum for the voters. Public Works will coordinate with the County Manager's Office and County Attorney's Office to review parameters and develop a plan to present to the Board.</p> <p>Responsible party: Public Works Director Estimated completion date: October 2021</p>
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Background

Background

The Brevard County Public Works department (BCPW) consists of Road & Bridge which employs approximately 188 employees, Engineering which employs approximately 22 employees, Facilities which employs approximately 52 employees, Survey and Mapping which employs approximately 16 employees, Traffic Operations which employs approximately 28 employees, and Transportation Construction Management which employs approximately 17 employees.

The following is a summary of Department functions as budgeted:

Road & Bridge Services/Roadway Operations (MSTUs)

Roadway Operations includes road maintenance in the seven Municipal Service Taxing Units (MSTUs). Roadway Operations is responsible for maintaining the integrity of the County's infrastructure. It is also responsible for Countywide drainage system, mowing within rights-of-way, maintaining the ditches within the County's jurisdiction and monitoring newly constructed roads. Roadway Operations also maintains the County bridges. Each of the MSTU's are accounted for in a separate fund. The remaining countywide activity within Roadway Operations is accounted for in a separate fund.

Roadway Operations is included in separate funds, rather than in the General Fund. The primary costs of Roadway Operations include the materials used in road maintenance. Repairs and maintenance (Resurfacing/Reconstruction) accounted for approximately 54% of total actual costs for FY 2020.

Funding for Roadway Operations (MSTUs) is provided by ad valorem taxes received from the portion of each MSTUs respective district that is within the unincorporated areas of the County. These revenues are restricted for use on maintenance of existing infrastructure; such as roadways, drainage, and construction of new roadways within the specific district.

Road & Bridge Services is accounted for in a special revenue fund, rather than in the General Fund. Primary costs of Road & Bridge Services include capital outlay for equipment and land. In FY 20, actual capital outlay costs only accounted for approximately 5% of the total costs for the program. Repair and Maintenance and Salaries were major expenses that accounted for 56% and 29% of the total expenses, respectively. Revenue is received from Taxes and Intergovernmental revenue, which accounted for 8% and 17%, respectively. The primary revenue source, 44% of the revenue for the year, was received from the General Fund.

The New Construction Section serves two primary functions within Road and Bridge Services. New Construction builds, renovates and executes major repairs to infrastructure, Countywide. In emergency situations New Construction will also perform maintenance as a secondary function. New Construction's \$4M billable budget is composed of both in-house and inter-department functions; as well as, some infrastructure work for other municipalities.

Transportation Construction Management

Construction / Contract Management is responsible for all aspects of the County's transportation projects from the time of conception through construction. Projects include road Widening, Intersection improvements, Acceleration/deceleration lanes, and pedways. Assistance in the above areas is also provided to other sections and County departments as requested. The section is also responsible for all budgets, procurement, contracts, payment of invoices, plan reviews and approvals, legal descriptions and assisting land acquisition in purchasing/condemning needed properties. In addition, it is responsible for all continuing consultant contracts, including engineering, appraisal and geotechnical services.

Background - continued

Transportation Construction Management - Continued

All work orders are issued from this program and are monitored through completion. These services are also provided for other departments wishing to utilize the contracts.

The primary actual costs for FY 2020 include Capital Outlay, which mainly consists of construction in progress, and Debt Service which account for 35% and 56%, respectively. Primary funding is received from Taxes and intergovernmental revenues, accounting for 24% and 39% of actual FY 2020 revenues, respectively.

Facilities

The Facilities Program provides functional, safe and attractive facilities through the Facilities Maintenance and Construction Services that support Brevard County Agencies in their efforts to provide quality services to the public.

The primary actual costs of Facilities for FY 2020 include salaries and benefits, utilities, repairs and maintenance and purchase of Construction in progress, 23%, 16%, 11% and 35%, respectively. Primary funding is received from a General Fund transfer which accounted for 88% of total actual revenues for FY 2020.

Engineering Services

The Engineering Services Program is responsible for right-of-way permitting, subdivision and commercial development review and inspection, design and drafting support for Public Works and various County programs, and for ensuring that capital improvement projects are designed and constructed to current standards for public safety. Made up of several groups, the Program is essential to ensuring the protection of the general public and the County infrastructure system

Primary costs include salaries and benefits which accounted for 79% of FY 2020 actual expenses. In FY 20, actual revenues from permits and fees represented 68% of revenue for the year.

Survey & Mapping Services

Survey & Mapping Services (Survey & Mapping) is responsible for providing surveying services to all County departments. Survey & Mapping is responsible for providing information to residents and the general public regarding benchmark data, certified corner reports, government field notes and township plats, along with other control maps and GPS data. Survey & Mapping is responsible for providing information regarding various maps, including reproduction of historical maps for County departments and the general public. Also included in survey & mapping services is the vacating section. This section is responsible for administering all requests from residents to the County for vacating County interests in rights of way and easements.

Primary costs of Survey & Mapping include salary and benefits for approximately 16 employees. Other significant costs include fleet maintenance for the survey vehicles, surveying supplies and map reproduction supplies. During FY 20, actual costs of salaries accounted for approximately 85% of the total costs for the program. Revenues are primarily received from the County's General Fund, permits and fees, and other County departments. During FY 20, actual revenues from permits and fees accounted for approximately 27% of the total revenues for the program and the general fund accounted for 68% of revenue.

Background - continued

Traffic Operations

Traffic Operations consists of four functional areas, including signs/signals/markings, traffic data collection and analysis, street lights and traffic accident analysis. The following is a summary of the four functional areas:

- Signs/signals/markings - responsible for sign fabrication of specialty road signs requested by cities and fabricating and maintaining all of the County's road signs and roadway striping. It is also responsible for maintaining the County's traffic signals and school flasher systems.
- Traffic data collection - responsible for performing traffic counts and spot read studies to evaluate traffic flow within the County.
- Street lights - responsible for maintaining the County's street lights.
- Traffic accident analysis - responsible for maintaining a database of all traffic accidents that occur in the County.

Traffic Operations is included in the County's General Fund. The primary costs for Traffic Operations include salaries and benefits for approximately 28 employees. During FY 20, actual costs of salaries and benefits accounted for approximately 20% of the total costs for the program. Utility costs accounted for approximately 33% of the total costs for the program. Other contracted services accounted for 23% of the actual costs. Other significant costs include repair and maintenance of traffic signals, vehicles and other equipment. Revenue is primarily received from franchise fees and the County's General Fund, which accounted for approximately 60% and 25%, respectively, of the program's actual total revenue in FY 20. The majority of remaining revenue is received from charges for services to cities and other governmental agencies.

Background - continued

	Road & Bridge / Roadway Operations (MSTUs)	Transportation Construction Management	Facilities	Engineering	Survey and Mapping	Traffic Operations
Description	Constructs, protects and maintains infrastructure within rights-of-ways. Includes resurfacing, grading, mowing, paving and drainage projects.	Designs and constructs transportation major improvement (i.e. Pineda extension project)	Provides functional, safe and attractive facilities through the Facilities Maintenance and Construction Services that support Brevard County Agencies.	Responsible for right-of-way permitting, subdivision and commercial development review and inspection, design and drafting support for Public Works and various County programs, and for ensuring that capital improvement projects are designed and constructed to current standards for public safety	Provides mapping services and maintains GPS points for County. Also performs vacating and map reproductions services.	Designs, implements and maintains traffic control devices. Performs traffic data and safety analyses. Also maintains street lights and markings.
Number of employees (FTE)	188	17	52	22	16	28
Budget for FY 20 Salaries and Operating Expenditures	\$47.2 million	\$11.2 million	\$8.5 million	\$1.6 million	\$1.23 million	\$6.9 million
Primary revenue streams	Taxes, Intergovernmental, Charges for services, and General Fund transfers	Taxes, Intergovernmental, and other financing sources	General Fund	Permits & Fees	General Fund, Permits, Fees & Special Assessments	Franchise Fees and General Fund
Primary expenditure types	Repairs & Maintenance, Construction, and Salaries & Benefits	Repairs & Maintenance, Salaries & Benefits, Other contracted services, and Capital Projects \$52.8 Million	Repairs & Maintenance, Salaries & Benefits, Utilities, and Capital Outlay	Salaries & Benefits	Salaries & Benefits	Salaries & Benefits, Utility costs, & Contracted services

Objectives, Approach and Results

Section 1 - Overview

Objective

The objective of this section is as follows:

- ❑ Hold meetings with the following to obtain an understanding of processes and procedures related to this audit:
 - Public Works management
 - County Finance
 - Budget Office
 - County Administration

Approach

We held meetings with the above groups to meet the stated objective.

Results

We utilized the understanding obtained above in performing all remaining procedures.

Section 2 - Budget vs. Actual

Objective

The objective of this section is to compare budget to actual revenues and expenditures.

Approach

To achieve the above objective, our procedures included the following:

- Perform a detailed final budget vs. actual analysis for FY 19/20
- Investigate significant variances, including assumptions made to create budgeted figures, as well as the impact of such variances on year end cash balances, balance forward and fund balance

Results

The following pages include a summary of our detailed FY 19/20 budget vs. actual analysis (by program), including an analysis of the FY 19/20 budget, for each program within the Public Works department. 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. Actual numbers are based on the audited financial statements for fiscal year 2016-2019. Unaudited numbers from County Finance were available for FY 19/20. Revenue and expenditure categories are grouped with the intent of highlighting noteworthy budget-to-actual relationships. All balances were obtained from the County's financial software (SAP), and are consistent with all known documents provided to and approved by the Board.

Section 2 – Budget vs. Actual – continued

Road & Bridge Services (in thousands)

	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	\$ 6,377	\$ 6,274	\$ (103)	-2%	
Revenues					
Taxes	2,733	2,673	(60)	-2%	
Intergovernmental revenue	5,356	5,416	60	1%	
Charges for service	4,268	4,158	(110)	-3%	
Miscellaneous revenue	94	326	232	247%	K
Statutory reduction (less 5%)	(623)	-	623	-100%	M
Transfers - general fund	13,993	13,993	-	0%	
Transfers - other	5,199	5,199	-	0%	
Total revenues	31,020	31,765	745	2%	
Expenditures					
Salaries	6,883	5,697	1,186	17%	A
Benefits	3,406	2,745	661	19%	A
Total salaries and benefits	10,289	8,442	1,847	18%	
Professional services	1	1	-	0%	
Other contracted services	1,368	411	957	70%	C
Travel and per diem	-	3	(3)	100%	
Communications and freight	39	36	3	8%	
Utility services	58	59	(1)	-2%	
Rentals and leases	131	78	53	40%	
Insurance	265	206	59	22%	
Repair and maintenance	20,915	16,326	4,589	22%	D
Other current charges	467	469	(2)	0%	
Office supplies	21	10	11	52%	
Operating supplies	566	570	(4)	-1%	
Road materials	1,423	1,003	420	30%	E
Books, publications and member	17	7	10	59%	
Total operating expenses	25,271	19,179	6,092	24%	
Machinery and equipment	1,652	1,443	209	13%	F
Construction	175	7	168	96%	G
Total capital outlay	1,827	1,450	377	21%	
Transfers	10	9	1	10%	
Total expenditures	37,397	29,080	8,317	22%	
Excess (deficiency) of revenues over (under) expenditures	(6,377)	2,685	9,062	-142%	
Fund balance forward	\$ -	\$ 8,959	\$ 8,959	100%	

See tickmark explanations on pg. 14

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Road & Bridge Services

A	These variances are due to the department budgeting for open positions that were not filled during the year.
C	The Contracted Services total budget was increased in anticipation of bridge and road assessment consulting services; however, services were not completed by 9/30 and carried to FY21 for completion.
D	The Repair and Maintenance Services total budgeted was increased in anticipation of bridge and road assessment consulting services; however, services were not completed by 9/30 and carried to FY21 for completion.
E	Road materials were carried forward with other projects which were not completed as expected.
F	Capital equipment not delivered by 9/30, due to COVID, as a result, equipment was carried forward into FY21 for purchase.
G	Project progressed more than anticipated in FY2019; resulting in lower expenditures than anticipated in FY20. Furthermore, upon project completion project savings was recognized and reallocated to other facility critical needs (repairs/renovations).
K	Variance is due to several unanticipated factors: sales of surplus equipment higher than anticipated, storm-related insurance claim proceeds higher than anticipated, and interest earned was higher than anticipated.
M	The variance is due to the 5% required reduction in budgeted revenues required by Florida Statute. This is not an actual revenue source and therefore not recorded.

Section 2 - Budget vs. Actual - continued

Roadway Operations (MSTUs) (in thousands)

	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	\$ 9,440	\$ 9,440	\$ -	0%	
Revenues					
Taxes	5,938	5,750	(188)	-3%	
Miscellaneous revenue	124	262	138	111%	F
Statutory reduction (less 5%)	(303)	-	303	-100%	M
Transfers - other	40	35	(5)	-13%	
Total revenues	5,799	6,047	248	4%	
Expenditures					
Salaries	55	58	(3)	-5%	
Benefits	30	30	-	0%	
Total salaries and benefits	85	88	(3)	-4%	
Court services	-	1	(1)	100%	
Other contracted services	647	790	(143)	-22%	A
Communications and freight	-	1	(1)	100%	
Utility services	19	15	4	21%	
Rentals and leases	-	2	(2)	100%	
Insurance	25	28	(3)	-12%	
Repair and maintenance	9,995	3,016	6,979	70%	A
Other current charges	20	20	-	0%	
Operating supplies	280	186	94	34%	E
Road materials	551	195	356	65%	C
Total operating expenses	11,537	4,254	7,283	63%	
Capital renovations	100	27	73	73%	I
Machinery and equipment	706	660	46	7%	
Construction	656	341	315	48%	D
Total capital outlay	1,462	1,028	434	30%	
Transfers	247	193	54	22%	
Reserves - operating	1,366	-	1,366	100%	G
Reserves - capital	542	-	542	100%	H
Total Reserves	1,908	-	1,908	100%	
Total expenditures	15,239	5,563	9,676	63%	
Excess (deficiency) of revenues over (under) expenditures	(9,440)	484	9,924	-105%	
Fund balance forward	\$ -	\$ 9,924	\$ 9,924	100%	

See tickmark explanations on pg. 16

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Roadway Operations (MSTUs)

A	When budgeting it is difficult to ascertain whether a particular project will require contracted services (contract related services) or completed by in-house Staff (non-contracted services). Every fiscal year projects are reviewed and a projected expenditure for contracted/non-contracted services are determined. Funds are budgeted in Contracted Services and Repair/Maintenance as project expenditures are anticipated for that given fiscal year. In 2020, Contracted Services were more utilized (or higher) than Repair and Maintenance expenditures. These were budgeted higher than actual because they expected to do more in house projects and perform more repairs than were needed due to using more contracted services.
C	Road materials were carried forward with other projects which were not completed as expected.
D	An estimated balance forward from FY19 for the Malabar Box Culvert project was carried forward to FY20. Actuals reflected that more of the project was completed in FY19, than initially anticipated; therefore, inflating the budgeted total for FY20 for this project. Balance is also attributed to Cherokee DRP project not completed by 9/30.
E	The variance is due to fewer supplies being used as projects were delayed and carried forward.
F	More insurance proceeds and sales of equipment than expected.
G	The variance is due to budgeting for future planned projects.
H	The variance is due to budgeting for future planned projects.
I	The variance is due to projects that were not completed during the year and the balance was carried forward.
M	The variance is due to the 5% required reduction in budgeted revenues required by Florida Statute. This is not an actual revenue source and therefore not recorded.

Section 2 - Budget vs. Actual - continued

<u>Transportation Construction Management (in thousands)</u>					
	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	\$ 45,854	\$ 45,746	\$ (108)	0%	
Revenues					
Taxes	9,838	10,513	675	7%	
Intergovernmental revenue	29,528	17,102	(12,426)	-42%	J
Charges for service	969	78	(891)	-92%	K
Miscellaneous revenue	342	954	612	179%	L
Statutory reduction (less 5%)	(2,033)	-	2,033	-100%	M
Transfers - general fund	805	805	-	0%	
Transfers - other	(4,852)	(4,852)	-	0%	
Other financing sources	19,405	19,405	-	0%	
Total revenues	54,002	44,005	(9,997)	-19%	
Expenditures					
Salaries	1,112	807	305	27%	A
Benefits	403	309	94	23%	A
Total salaries and benefits	1,515	1,116	399	26%	
Other contracted services	2,363	1,205	1,158	49%	C
Travel and per diem	-	4	(4)	100%	
Communications and freight	-	1	(1)	100%	
Rentals and leases	-	14	(14)	100%	
Insurance	12	20	(8)	-67%	
Repair and maintenance	7,078	1,257	5,821	82%	D
Other current charges	-	639	(639)	100%	E
Office supplies	-	2	(2)	100%	
Operating supplies	278	21	257	92%	F
Books, publications and member	-	1	(1)	100%	
Total operating expenses	9,731	3,164	6,567	67%	
Land	500	41	459	92%	G
Machinery and equipment	57	53	4	7%	
Construction	52,897	17,131	35,766	68%	H
Total capital outlay	53,454	17,225	36,229	68%	
Debt services	27,901	27,840	61	0%	
Transfers	422	-	422	100%	N
Reserves - capital	5,823	-	5,823	100%	O
Reserves - restricted	1,010	-	1,010	100%	P
Total reserves	6,833	-	6,833	100%	
Total expenditures	99,856	49,345	50,511	51%	
Excess of expenditures over revenues	(45,854)	(5,340)	40,514	-88%	
Fund balance forward	\$ -	\$ 40,406	\$ 40,406	100%	

See tickmark explanations on pg. 18

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Transportation Construction Management

A	These variances are due to the department budgeting for open positions that were not filled during the year.
C	When budgeting it is difficult to ascertain whether a particular project will require contracted services (contract related services) or completed by in-house Staff (non-contracted services). Every fiscal year projects are reviewed and a projected expenditure for contracted/non-contracted services are determined. Funds are budgeted in Contracted Services and Repair/Maintenance as project expenditures are anticipated for that given fiscal year.
D	Increase due to special allocation approved by the Board on 12/10/19 for various transportation related projects. Also see C above.
E	Indirect costs were incorrectly not budgeted for during the year.
F	Fuel, PPE, consumable supplies, parts, hardware supplies, etc. expenditures were less than anticipated.
G	Actual cost for final litigation for Barnes, lower than anticipated
H	Numerous CIP Projects underway, i.e. SJHP Phase II, Pineda Overpass, SJHP and Ellis Design, Babcock and Wyoming, Sea Ray Bridge etc., balanced carried forward to complete projects.
J	Grants reimbursement associated revenues are based on project expenditures. Projects did not progress as planned and reimbursement could therefore not be requested.
K	Viera I/95 Grant reimbursement pending in the amount of the variance.
L	Interest earned was under projected when budgeted.
M	The variance is due to the 5% required reduction in budgeted revenues required by Florida Statute. This is not an actual revenue source and therefore not recorded.
N	The transfer was budgeted to reimburse for the Cone road project, but was recorded as an expense rather than a transfer.
O	The variance is due to budgeting for future planned projects.
P	The variance is due to budgeting for future planned projects.

Section 2 - Budget vs. Actual - continued

<u>Facilities (in thousands)</u>					
	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	\$ 2,601	\$ 2,601	\$ -	0%	
Revenues					
Intergovernmental revenue	-	1	1	100%	
Charges for service	290	446	156	54%	H
Miscellaneous revenue	1,092	1,173	81	7%	
Statutory reduction (less 5%)	(69)	-	69	-100%	M
Transfers - general fund	11,567	11,567	-	0%	
Total revenues	12,880	13,187	307	2%	
Expenditures					
Salaries	2,281	2,121	160	7%	A
Benefits	967	902	65	7%	A
Total salaries and benefits	3,248	3,023	225	7%	
Other contracted services	671	690	(19)	-3%	
Travel and per diem	4	4	-	0%	
Communications and freight	34	31	3	9%	
Utility services	2,250	2,080	170	8%	
Rentals and leases	58	55	3	5%	
Insurance	541	538	3	1%	
Repair and maintenance	1,582	1,451	131	8%	
Other current charges	31	30	1	3%	
Office supplies	8	3	5	63%	
Operating supplies	46	29	17	37%	
Books, publications and member	3	2	1	33%	
Total operating expenses	5,228	4,913	315	6%	
Capital renovations	5,814	4,374	1,440	25%	E
Machinery and equipment	264	111	153	58%	F
Construction	251	153	98	39%	G
Total capital outlay	6,329	4,638	1,691	27%	
Debt service	56	-	56	100%	
Transfers	620	543	77	12%	H
Total expenditures	15,481	13,117	2,364	15%	
Excess (deficiency) of revenues over (under) expenditures	(2,601)	70	2,671	-103%	
Fund balance forward	\$ -	\$ 2,671	\$ 2,671	100%	

See tickmark explanations on pg. 20

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Facilities

A	These variances are due to the department budgeting for open positions that were not filled during the year.
E	Projects were not completed timely due to contractors not completing the work timely. These funds will be carried forward into the next year as needed.
F	A van and a truck were expected to be received in FY20, but shipment was delayed due to COVID-19, and therefore these items will be rebudgeted for in FY21.
G	Projects were not completed timely due to contractors not completing the work timely. These funds will be carried forward into the next year as needed.
H	There was an increase in construction and work order billings which vary year to year.
M	The variance is due to the 5% required reduction in budgeted revenues required by Florida Statute. This is not an actual revenue source and therefore not recorded.

Section 2 - Budget vs. Actual - continued

Engineering Services (in thousands)

	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	\$ 1,122	\$ 1,122	\$ -	0%	
Revenues					
Taxes	42	48	6	14%	
Permits, fees & spec assessments	977	1,086	109	11%	C
Charges for service	278	334	56	20%	
Miscellaneous revenue	15	27	12	80%	
Statutory reduction (less 5%)	(66)	-	66	-100%	M
Transfers - general fund	114	114	-	0%	
Total revenues	1,360	1,609	249	18%	
Expenditures					
Salaries	942	735	207	22%	A
Benefits	335	276	59	18%	A
Total salaries and benefits	1,277	1,011	266	21%	
Other contracted services	44	47	(3)	-7%	
Travel and per diem	3	1	2	67%	
Communications and freight	19	9	10	53%	
Rentals and leases	9	7	2	22%	
Insurance	13	12	1	8%	
Repair and maintenance	23	10	13	57%	
Other current charges	121	117	4	3%	
Office supplies	12	2	10	83%	
Operating supplies	55	22	33	60%	
Books, publications and member	11	2	9	82%	
Total operating expenses	310	229	81	26%	
Capital outlay	34	33	1	3%	
Reserves - operating	861	-	861	100%	D
Total expenditures	2,482	1,273	1,209	49%	
Excess (deficiency) of revenues over (under) expenditures	(1,122)	336	1,458	-130%	
Fund balance forward	\$ -	\$ 1,458	\$ 1,458	100%	

See tickmark explanations on pg. 22.

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Engineering Services

A	These variances are due to the department budgeting for open positions that were not filled during the year.
C	The Department expected a decrease in engineering services, but as a result of interest rates decreasing more projects proceeded during the year resulting in higher revenues.
M	The variance is due to the 5% required reduction in budgeted revenues required by Florida Statute. This is not an actual revenue source and therefore not recorded.
D	The variance is due to budgeting for future planned projects.

Section 2 - Budget vs. Actual - continued

Survey & Mapping Services (in thousands)

	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	27	27	-	0%	
Revenues					
Permits, fees & spec assessments	\$ 223	\$ 322	\$ 99	44%	A
Charges for service	26	50	24	92%	
Miscellaneous revenue	15	8	(7)	-47%	
statutory reduction (less 5%)	(13)	-	13	-100%	
Transfers - general fund	1,026	824	(202)	-20%	B
Total Revenues	1,277	1,204	(73)	-6%	
Expenditures					
Salaries	757	702	55	7%	
Benefits	307	282	25	8%	
Total salaries and benefits	1,064	984	80	8%	
Other contracted services	35	26	9	26%	
Travel and per diem	-	3	(3)	0%	
Communications and freight	3	6	(3)	-100%	
Rentals and leases	34	30	4	12%	
Insurance	12	12	-	0%	
Repair and maintenance	6	8	(2)	-33%	
Other current charges	36	34	2	6%	
Office supplies	5	3	2	40%	
Operating supplies	35	18	17	49%	
Books, publications and member	4	1	3	75%	
Total operating expenses	170	141	29	17%	
Capital outlay	70	35	35	50%	
Total Expenditures	1,304	1,160	144	11%	
Excess (deficiency) of revenues over (under) expenditures	(27)	44	71	-263%	
Fund balance forward	\$ -	\$ 71	\$ 71	100%	

See tickmark explanations on pg. 24

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Survey & Mapping Services

A	Budgeting is based on total projects billable. These projects were expected to decrease during the year, but more projects occurred than anticipated.
B	Transfers from the General Fund are based on needed expenditures.

Section 2 - Budget vs. Actual - continued

Traffic Operations (in thousands)

	FY 2020 Budget	(Unaudited) FY 2020 Actuals	Positive (Negative) Budget Variance	% Variance	Tickmarks
Balance forward	\$ 1,682	\$ 1,682	\$ -	0%	
Revenues					
Permits, fees & spec assessments	3,645	3,681	36	1%	
Charges for service	845	915	70	8%	
Miscellaneous revenue	25	23	(2)	-8%	
Statutory reduction (less 5%)	(226)	-	226	-100%	M
Transfers - general fund	1,547	1,547	-	0%	
Total revenues	5,836	6,166	330	6%	
Expenditures					
Salaries	1,172	810	362	31%	A
Benefits	527	368	159	30%	A
Total salaries and benefits	1,699	1,178	521	31%	
Other contracted services	1,848	1,375	473	26%	K
Travel and per diem	-	1	(1)	100%	
Communications and freight	14	20	(6)	-43%	
Utility services	1,809	2,001	(192)	-11%	E
Rentals and leases	34	33	1	3%	
Insurance	30	32	(2)	-7%	
Repair and maintenance	566	323	243	43%	F
Other current charges	59	61	(2)	-3%	
Office supplies	10	4	6	60%	
Operating supplies	537	185	352	66%	G
Road materials	231	129	102	44%	H
Books, publications and member	23	2	21	91%	
Total operating expenses	5,161	4,166	995	19%	
Capital outlay	650	636	14	2%	
Transfers	8	8	-	0%	
Total expenditures	7,518	5,988	1,530	20%	
Excess (deficiency) of revenues over (under) expenditures	(1,682)	178	1,860	100%	
Fund balance forward	\$ -	\$ 1,860	\$ 1,860	100%	

See tickmark explanations on pg. 26

Section 2 - Budget vs. Actual - continued

The following are explanations regarding FY 19/20 budget vs. actual variances noted above for variances of more than \$60,000 and 10%.

Traffic Operations

A	These variances are due to the department budgeting for open positions that were not filled during the year.
E	Variance is due to fluctuating costs in electricity and additional wastewater expenses incurred due to conversion from septic to sewer.
F	\$80K was initially budgeted in Repair and Maintenance for signal repairs/maintenance. Charges were later moved from Repair and Maintenance to Other Contracted services. The remaining is due to less repairs necessary than expected.
G	Operating supplies expenses were less than anticipated due to vacancies. It was anticipated that vacancies would be filled; and therefore, operating supplies (PPE, tools, hardware supplies) would have been higher.
H	Road Materials budget was increased for anticipated materials needed to execute FDOT maintenance contract; however, stock materials were utilized resulting in a savings.
M	The variance is due to the 5% required reduction in budgeted revenues required by Florida Statute. This is not an actual revenue source and therefore not recorded.
K	Funds are budgeted in Contracted Services and Repair/Maintenance as project expenditures are anticipated for that given fiscal year, but projects did not proceed as expected.

Section 2 - Budget vs. Actual - continued

Observations

- ❑ When preparing the budget for most operating expenses, we noted management has indicated they generate such estimates based on a three year average of prior expenses plus a projection of estimated costs and revenue. Per management, this can often result in large variances as projects are not completed as anticipated resulting in lower expenses.
- ❑ Currently, Public Works is preparing the budget for capital outlay and large repair and maintenance costs typically by budgeting 100% of the costs of known and funded projects across the various budgeted line items, even though the projects can span multiple years. The County's policy is to only budget for current year expenditures in each project and put the remaining amount of the project in reserves in the project account. Most equipment is ordered and budgeted in the current year, but sometimes is not received until the subsequent year. Per management, some of the budget variances is due to equipment that often does not arrive on time and the budget rolling to the next year.
- ❑ We noted that there are a significant number of vacancies in the department every year. If vacancies are anticipated not to be filled they should not be budgeted.
- ❑ Per the graph below, each year over the past 4 years, there has been a large portion of the fund operating expense budgets remaining. Many of these variances can be explained by the operating portion of projects that were not completed as anticipated. Per management, there is no project tracking software to assist management in tracking projects and their status.
- ❑ Based on the above summaries, we noted the following related to FY 19/20:
 - Budgeted operating expenditures exceeded actual expenditures for each fund, in some cases, by a significant amount.
 - Budgeted revenues, excluding balance forward, debt proceeds and net transfers in, were materially consistent with actual revenues over the same period, except for charges for services in Road & Bridge and intergovernmental revenue in Transportation Construction.
 - Budgeted capital outlay expenditures exceeded actual expenditures by approximately \$39 million or 61% (see also 'Trends in Capital Outlay' at the end of this section).
- ❑ See 'Observations and Recommendations' for certain recommendations for improvement to the budgeting process.

Trends in Capital Outlay, Including Construction in Progress

During the budget vs. actual comparison, we noted capital outlay was significantly over-budgeted across Public Works. The following is a summary of capital outlay (in thousands)

	<u>2020</u>			<u>2019</u>			<u>2018</u>			<u>2017</u>			<u>2016</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Diff</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff</u>	<u>Budget</u>	<u>Actual</u>	<u>Diff</u>
Engineering	34	33	1	36	36	0	136	126	10	101	31	71	1	1	0
Survey & Mapping	70	35	35	50	48	2	60	25	36	44	44	1	22	14	8
Traffic Operations	650	636	14	592	105	487	286	246	40	458	454	4	421	104	317
Road & Bridge	1,827	1,450	377	3,382	2,710	671	1,125	926	199	846	607	239	110	99	11
Roadway Operations (MSTUs)	1,462	1,028	434	1,498	851	646	1,475	1,018	457	734	611	123	1,017	821	196
Facilities	6,329	4,638	1,691	5,143	2,907	2,237	3,605	1,929	1,676	1,853	1,145	708	3,712	3,557	155
Transportation construction	53,454	17,225	36,229	70,522	23,141	47,381	51,484	13,518	37,966	54,888	9,503	45,384	56,926	20,684	36,242
Total	63,792	25,012	38,780	81,187	29,762	51,425	58,035	17,662	40,373	58,823	12,364	46,459	62,208	25,279	36,929

Percentage of budget remaining

61%

63%

70%

79%

59%

Observations

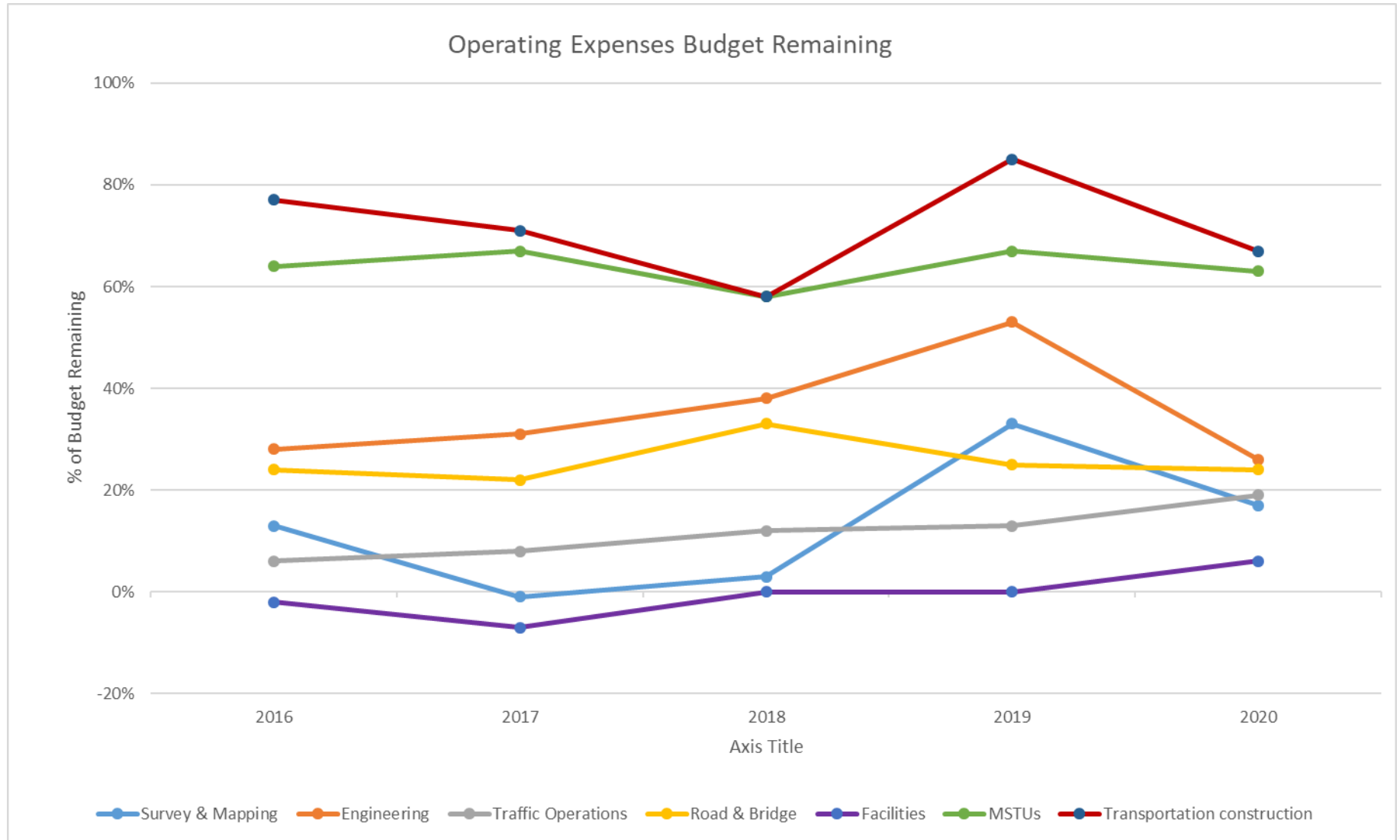
- We note actual capital outlay (which includes, land, machinery & equipment, and construction) has been significantly over budgeted in recent years. Each year there was a minimum of 59% remaining in the capital outlay budget.
- Annually, the budget should be adjusted to current year actual expectations and amended for changes in information.

Conclusion

We recommend capital outlay be budgeted to segregate anticipated current year expenditures from designated future expenditures, in accordance with the County's budget policy. It is noted that projects and equipment delivery can often be delayed at no fault of management. Whenever possible, the budget should be amended to reflect those changes. All of this can be more easily facilitated by purchasing and utilizing project management and analysis software.

Trends in Operating Expenses

During the budget vs. actual comparison, we noted Operating Expenses were significantly over-budgeted across those Public Works programs that maintain their own cash balances. The following is a summary of operating expenses as a percent of the remaining budget (excluding capital outlay):



Observations

- We note actual operating expenses appear to have been significantly over budgeted in recent years resulting in a minimum of 63% of the budget for MSTUs and Transportation construction remaining at year end. Management has indicated the reason for this is that projects are not completed as anticipated, or they are multi-year projects, thus affecting the underspending of the various line items, such as, operating supplies, road materials, contract services and repair maintenance.
- Annually, the budget should reflect actual expenses expected to be incurred. Over the past 4 years the budget remaining at year end has been consistent within each fund.
- It is noted that it can be difficult to properly predict when expenses for projects will come in. However, if projects have not started other projects could possibly be expedited to use funds budgeted. A project software could provide staff the tools to more efficiently and effectively develop and forecast the budget.

Conclusion

We recommend current operating expenses be represented in the budget separate from funds designated for future projects and amended as necessary. It is noted that projects can often be delayed at no fault of management. However, if projects are to be delayed the budget should be amended to reflect those changes. All of this can be facilitated by purchasing and utilizing project management and analysis software. We also recommend that in order to expedite department projects and reduce delays the County should consider revising contracting approval threshold on pre-approval projects.

Section 3 - Cash Flows

Objective

The objective of this section is to evaluate cash flows of the Public Works department for the year.

Approach

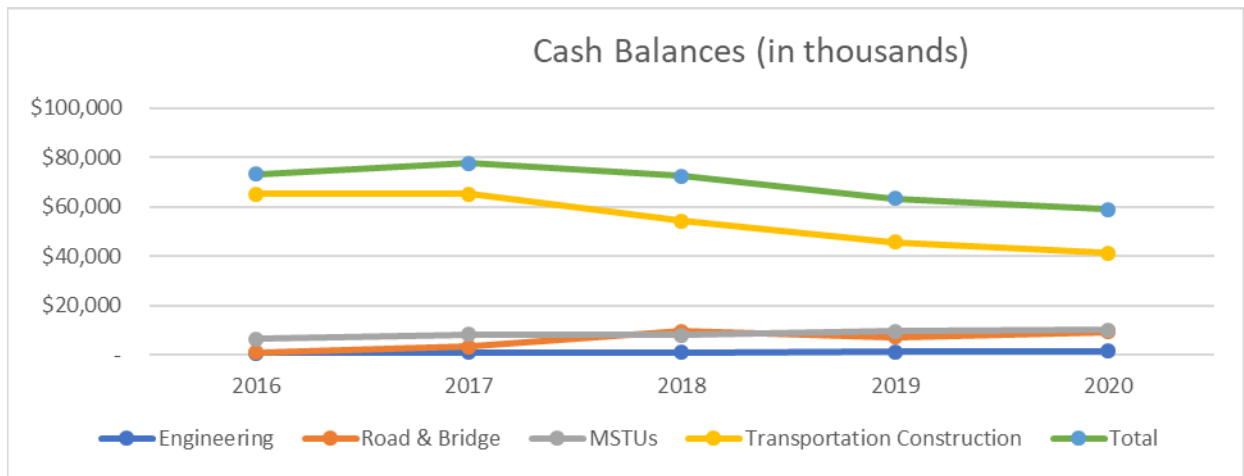
To achieve the above objective, our procedures included the following:

- Perform a detailed analysis of cash using the FY20 unaudited and 2016-2019 audited amounts.
- Review the correlation between cash position and fund balance over a four year period

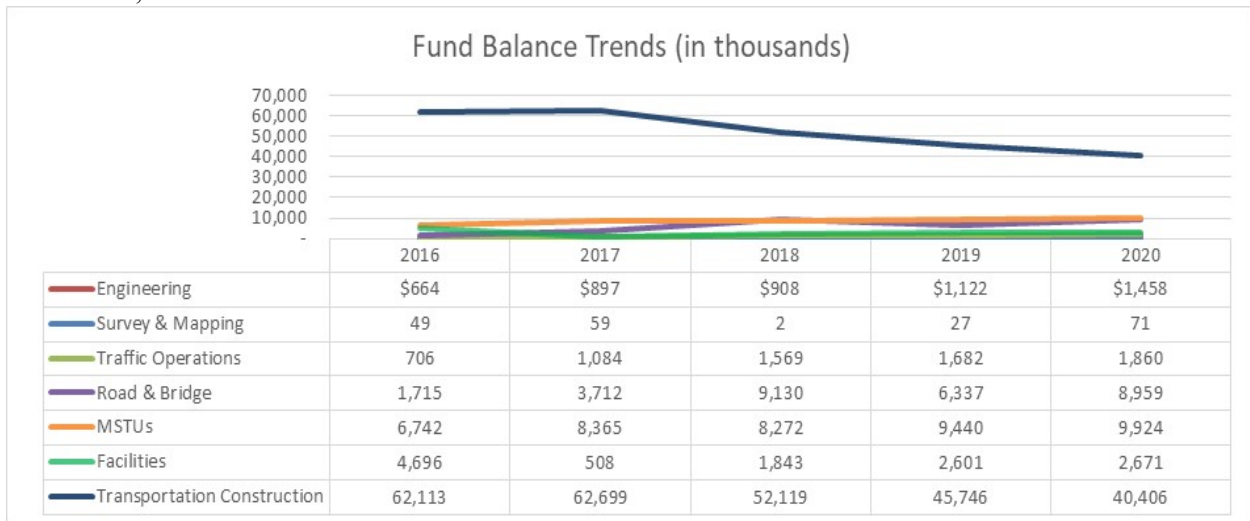
Results

To perform a detailed analysis of cash for FY20 we reviewed the unaudited cash balance by fund per year.

We performed the following analysis of Public Work's cash position and fund balance:

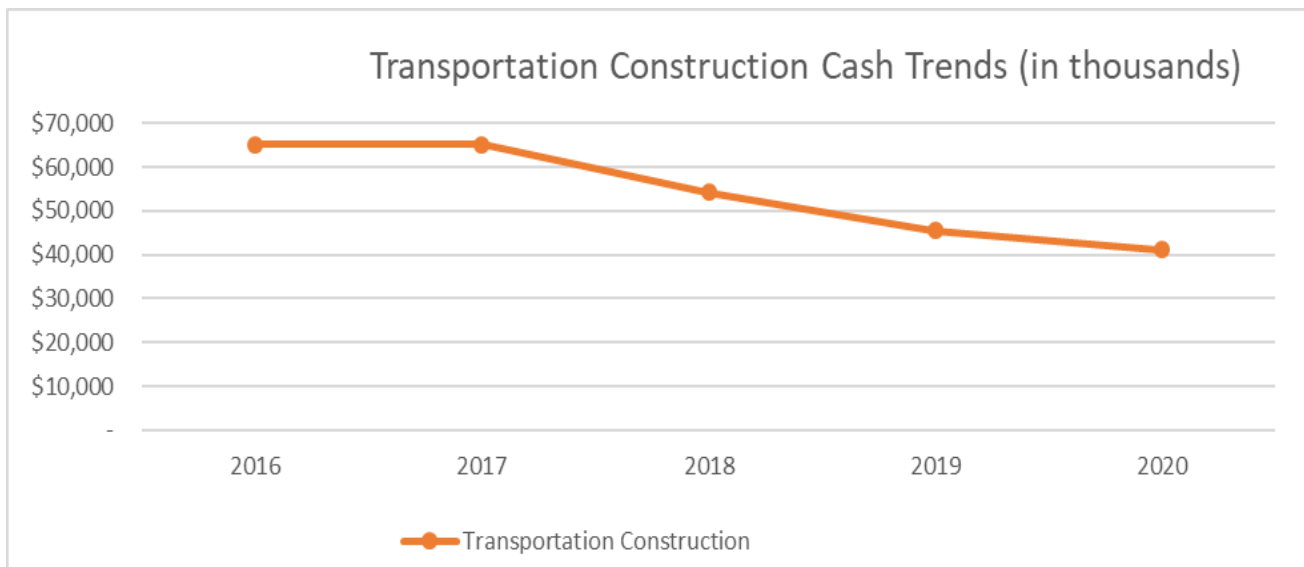
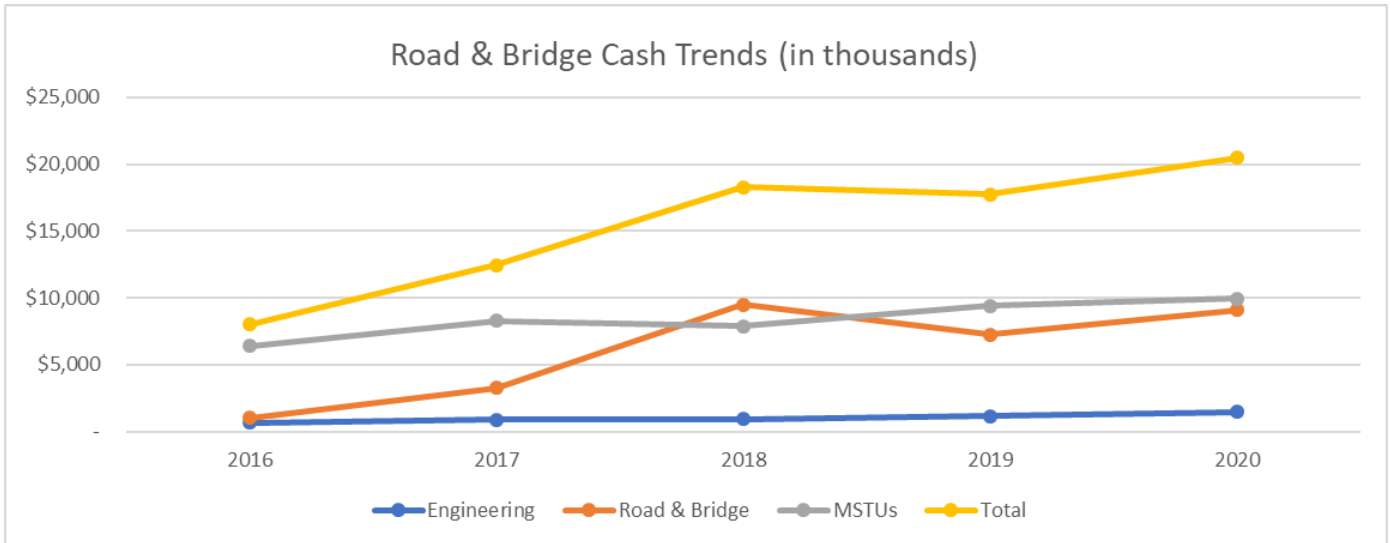


In addition, for each fund we reviewed the cash balance in relation to fund balance.



Section 3 - Cash Flows - continued

The following graphs represent the portions of Public Works cash held by Road Construction and Road and Bridge over the same period.



Section 3 - Cash Flows - continued

Observations

- ❑ Fluctuations in total Public Works cash and fund balances are significantly driven by usage of all bond proceeds over the last three years (within Transportation Construction) as noted by County Management. As noted by the FY20 budget to actual there were \$28M in debt service payments.
- ❑ During FY 20 there was ~\$25M in capital expenses.
- ❑ Cash in total has a downwards trend. It is noted that there was a significant decrease, 16% in cash for Public Works over the period. Per management, although it appears there is large balances of cash it is committed for future projects.
- ❑ Revenue sources have significant legal restrictions placed on them requiring them to be spent for specific uses:
 - Ninth-Cent Fuel Tax – Authorized for use in Public Transportation operations and maintenance, Roadway and right of way maintenance and equipment, roadway and right of way drainage, Street lightning installation and maintenance, traffic signs, traffic engineering, signalization and markings, Bridge maintenance, and debt service. This tax is on diesel fuel as imposed by the State of Florida.
 - 1-6 Cent Local Option Fuel tax – Authorized for use in Public Transportation operations and maintenance, Roadway and right of way maintenance and equipment, roadway and right of way drainage, Street lightning installation and maintenance, traffic signs, traffic engineering, signalization and markings, Bridge maintenance, and debt service.
 - Constitutional Fuel Tax – Authorized for use in Debt service related to this fuel tax and for the acquisition, construction, and maintenance of roads. The funds may also be used as a matching fund for any federal, state, or private grant specifically related to those purposes.
 - County Fuel Tax – Authorized solely for the acquisition of rights of way, the construction, reconstruction, operation, maintenance, and repair of facilities, roads, bridges or the reduction of debt.
- ❑ We recommend that the County perform additional planning and analysis to more accurately determine the current status of County revenue and expenses and their expected cash flows.

Section 4 - Fund Balance

Objective

The objective of this section is to perform a detailed analysis of Public Works fund balance as of September 30, 2020 (unaudited) and for the period from September 30, 2016 to September 30, 2019 audited and September 30, 2020 (unaudited).

Approach

To achieve the above objective, our procedures included the following:

- Consider whether fund balance amounts are either:
 - legally restricted,
 - Board designated for capital, etc.
 - department designated as excess funds in the event of an emergency or other unexpected need of the department, or
 - unrestricted
- Document historic fund balance compared to historic Public Works operating costs

Consider the following when analyzing fund balance and balance forward:

- Fund balance = assets in excess of liabilities as of the end of each fiscal year
- Balance forward* is a budgeting term defined as the excess of revenues over expenditures from the previous year carried forward as available for spending to the next year's budget. In other words, these are funds not utilized/expended due to unanticipated project delays, vacancies, and capital outlay delivery delays.
- Balance forward = prior year's ending fund balance

Observations

As previously stated, only certain Public Works programs report fund balance; the remaining programs are included in the General Fund and report no fund balance. The majority of Public Works' fund balances are legally restricted, as follows:

- Bonds – Road Construction issues revenue bonds. The majority of related fund balances are restricted in construction accounts, representing unspent bond proceeds. In addition, certain funds are restricted for debt service and arbitrage requirements.
- Impact fees – Road Construction receives impact fees, which are required to be spent on capacity related transportation projects within the County, as approved by the County Commissioners.
- Interlocal agreements – Road Construction enters into various interlocal agreements with other entities. Any fund balances related to such agreements are required to be restricted by the agreements.
- MSTUs – Road Operations receives ad valorem taxes via 7 MSTUs (from those unincorporated portions of each district). The funds are restricted to be spent on transportation projects within the MSTU district.

All remaining fund balances are considered unrestricted. However, all Public Works activity (except that which is included in the General Fund) is recorded in special revenue funds, as reported in the County's Annual Financial Report (AFR). The fund balances for these special revenue funds are considered 'committed' by the Board as they are restricted to specific projects and serve as the foundation for the fund.

Section 5 – Construction Project Performance

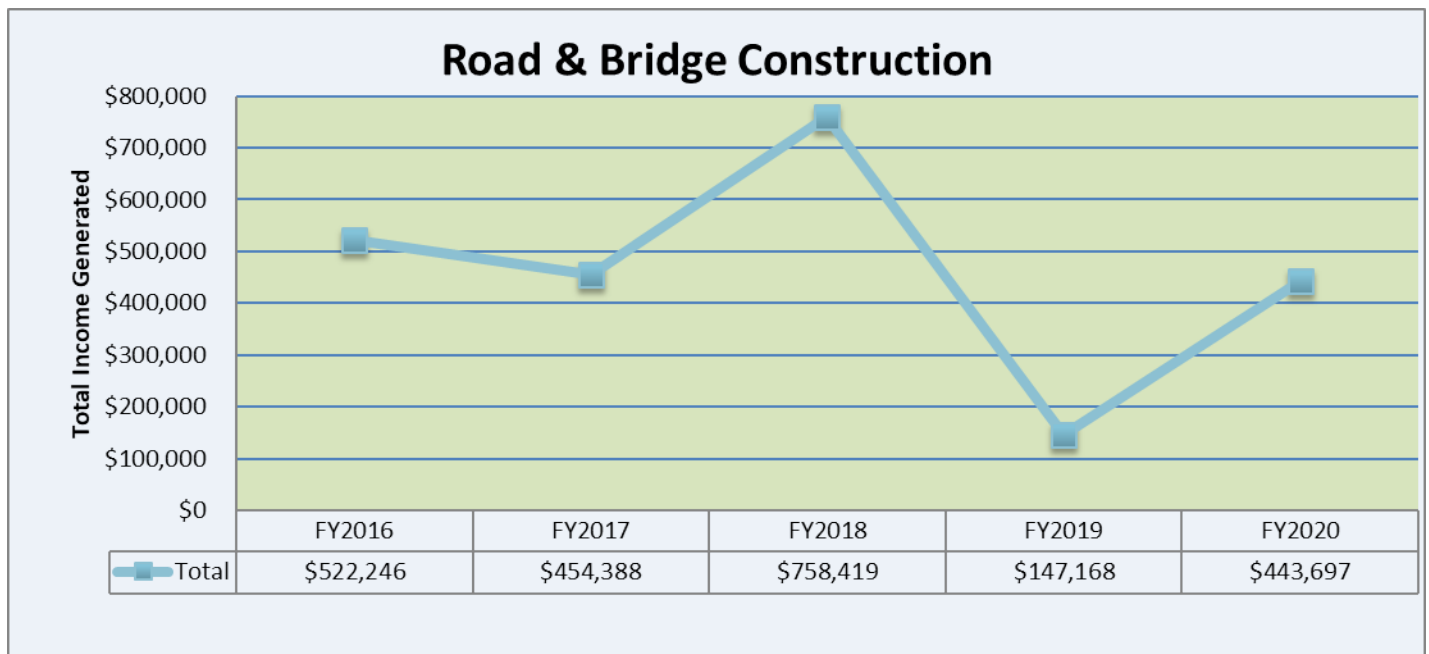
Objective

The objective of this section is to perform an analysis of Public Works Construction Project Performance as of September 30, 2020 and for the period from September 30, 2016 to September 30, 2020.

Approach

To achieve the above objective, our procedures included the following:

- Consider whether construction projects performed are consistently generating income or costing the department.
- Document overall project revenue per year for the period of the assessment.



Observations

During review of the overall project performance it is noted that Road & Bridge construction jobs are sufficient to cover the County’s cost of service for both in house projects and projects performed for other entities. However, it is noted that they are often under the budgeted amount of revenue, and also associated expenses, as projects are difficult to budget as they change often.

In FY 18 and FY 19 the department was budgeted to earn approximately \$4.13 million in revenue, but only earned approximately \$3.62 million. This was also reflected on the expense side where in FY 18 \$4.08M was budgeted, but only \$2.86M was incurred during the year, resulting in \$758k of income. In FY 19 revenue was \$508k less than budgeted and \$4.13M of expenditures were budgeted, but only 3.48M of expenditures were incurred, a decrease of \$655k. This resulted in a positive income of \$147k for FY19, a decrease of \$611k from the prior year. In fiscal year 2020, revenues were budgeted to be \$4.22M, but actual revenues were 4.13M, a decrease of \$92k and 4.89M of expenditures were budgeted, but only \$3.68M were expended, a decrease of 1.2M. This resulted in a positive income of \$444k for FY20.

Section 5 – Construction Project Performance (Continued)

For external projects, labor and materials are billed to cover the full expense incurred. The only variables are admin fees, which are based off a percentage of admin expenses, and equipment charges. Currently, Public Works uses the FEMA equipment rates to recoup the cost of used equipment. Per review of the equipment rates, it is noted that the County does not have an effective way of determining they are recouping long term costs even though they are recouping all short term costs. We recommend performing a study of equipment rates to determine if long term costs are being recouped and if the County should consider leasing equipment instead of purchasing it.

Section 6 – Future expenses

Objective

The objective of this section is to perform an analysis of Public Works obligated expenses as of September 30, 2020.

Approach

To achieve the above objective, our procedures included the following:

- Consider whether there are available funds for future expenses and current obligated projects.
- Document estimated capacity roads expenditures in relation to current cash and projected revenue.
- Review the need for an additional local option gas tax restricted for road maintenance.

Observations - Cost

During a review of at, near, or over capacity roads, the County identified (with Space Coast TPO assessment data) \$572,800,000 in current unfunded projects for all districts. Department management is currently working with a consultant to determine mitigation measures for road capacity issues in the event that sufficient funds won't be generated. These projects are not currently funded and will need to be paid for by either each transportation impact benefit district respectively (which is not likely due to the available funding/or by other revenue generation sources available to the County. The table below shows the current estimated cost to address capacity issues for each district. These costs are for design and construction contracts anticipated by the County, but do not include the additional staffing required to plan, track, manage, and oversee.

District	Planning Cost
<i>District 1</i>	<i>\$ 5,200,000</i>
<i>District 2</i>	<i>\$ 13,800,000</i>
<i>District 3</i>	<i>\$ 118,500,000</i>
<i>District 4</i>	<i>\$ 199,100,000</i>
<i>District 5</i>	<i>\$ 236,200,000</i>
Total Unfunded Capacity	\$ 572,800,000

The County estimates in addition to capacity issues it has an additional \$143,850,000 in unfunded bridge, drainage pipe, sidewalk, road shoulder, and curb and gutter repair projects across all districts. In general, these critical needs represent aging roadway infrastructure that has reached the end of its life cycle. According to the County's 5-year resurfacing/reconstruction plan, there is sufficient funding to eliminate failed roads that require reconstruction and roads at risk of falling into reconstruction under the County's current funding plan. Additionally, there is also approximately \$8,000,000 of unfunded costs associated with the construction of the traffic management center, that if built is expected to assist with mitigating capacity deficiencies and the related costs of building wider roads. In total there are approximately \$724,650,000 in unfunded projects.

Observations – Revenue Source

It is noted during the review of the 2019 state revenue reports there was a total of ~\$13.5M received from the 6 cent Local Option Gas Tax and 9th Cent Tax. During review of these reports 26 of the 66 counties have the additional 5 cent local option gas tax that is not currently assessed in Brevard. Per the Blue Ribbon Report from 2014, the County was recommended to enact this additional tax as it would provide an additional \$5.1M per year to use on road maintenance. This can be enacted by a supermajority vote of four County Commissioners. Per review of the unrealized tax revenue report for the year ended

September 30, 2020 from the State’s office of Economic and Demographic Research it shows Brevard County has unrealized revenue of ~\$10.9M from the 1-5 LOGT, \$5.1M is the County’s Share. Additional revenue sources are available from the discretionary sales surtax ranging from \$9,654,955 through \$38,619,819 of projected revenue and public services tax with potential revenues ranging from \$13,000,000 to \$14,000,000. These require a supermajority vote and simple majority vote for approval, respectively. Additionally, there is the potential to increase the 9th cent fuel to raise an additional \$2,336,428 annually. This also requires a supermajority vote for approval. This results in total potential addition revenue of approximately \$60M. See the summary of available revenue sources below.

REVENUE TYPE	REVENUE AVAILABLE IF LEVY WAS ESTABLISHED	COMMENTS/ BOND STATUS
9th Cent Fuel Tax (Motor Fuel Tax rate)	\$2,336,428.00	4 out of 5 Commissioners Supermajority required to approve
Local Option Gas Tax 1-5 Cent (LOGT)	\$5,770,444 (City Share)	4 out of 5 Commissioners Supermajority required for approval. An interlocal agreement with Cities representing 50% of municipal residents could control distribution of funds
	\$5,117,187 (County Share) Total \$10,887,631 (Total)	
Discretionary Sales Surtax This may be levied at a rate of .25%, .5%, or 1%	Range of \$9,654,955 through \$38,619,819 *County share based on 42% population	Simple majority- 3 out of 5 County Commissioners required for placement on a referendum ballot
Public Services Tax	\$13,000,000 - \$14,000,000 (+/-)	Simple majority- 3 out of 5 County Commissioners required for placement on a referendum ballot
Total Max	\$ 60,073,434	

As noted in the previous sections the Department has cash in reserves for County Commission approved projects. Reviewing the list of Allocated Projects there is ~ \$33.8M allocated for uncompleted projects. The cash left after all projects are completed is far less than is needed to pay staff costs, implement capacity improvement, and repair the roads based on the table on the previous page.