



## Department of Environmental Protection Office of Inspector General

June 17, 2025

Report A-2425DEP-023

### *Audit of Land Acquisition of Horse Creek Ranch*

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of conservation easement land acquisition of Horse Creek Ranch. This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2024-2025.

#### **AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of this audit includes activities related to the purchase of the conservation easement for the Florida Forever Project of Horse Creek Ranch, located in DeSoto and Hardee counties. The scope includes the Option Agreement (Agreement) between Carlton Horse Creek Partners, LLC (Seller) and the Board of Trustees of The Internal Improvement Trust Fund (Buyer) with Florida Department of Environmental Protection, Division of State Lands (Division) as the Buyer's agent.

The objective of the audit was to determine compliance with the Option Agreement and determine whether the Division conducted land acquisition activities in accordance with applicable laws and regulations.

The methodology used to achieve our audit objectives included:

- Reviewing all relevant statutes, rules, and management activities.
- Conducting an analysis of the Option Agreement and Division compliance.
- Interviewing Division personnel pertinent to this acquisition.

#### **BACKGROUND**

The Florida Forever Program, authorized under Section 259.105, Florida Statutes (F.S.), and the Division's website asserts Florida Forever is Florida's premier conservation and recreation lands acquisition program, and a blueprint for conserving Florida's natural and cultural heritage. To be considered for acquisition, a project must have a willing seller and be on the Florida Forever Priority List. The Florida Forever Priority List is developed by the Acquisition and Restoration Council and is approved by the Buyer. The Division administers the Florida Forever Program and land acquisition on behalf of the Buyer.

The acquisition of the conservation easement of Horse Creek Ranch was an approved Florida Forever project which was ranked number 21 in the Florida Forever Less-Than-Fee project category. The Agreement, to purchase a perpetual conservation easement in the real property of Horse Creek Ranch located in DeSoto and Hardee counties, was

executed on August 23, 2022, for a total of \$37,818,750. Section 704.06, F.S., defines a conservation easement as *a right or interest in real property which is appropriate to retaining land or water areas predominantly in their natural, scenic, open, agricultural, or wooded condition; retaining such areas as suitable habitat for fish, plants, or wildlife; retaining the structural integrity or physical appearance of sites or properties of historical, architectural, archaeological, or cultural significance; or maintaining existing land uses and which prohibits or limits certain uses.*

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## **RESULTS OF AUDIT**

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During the audit, we reviewed relevant laws, regulations, the Agreement, and records relating to the Division's oversight of the acquisition. Based on our review, we determined the Division properly administered the conservation easement purchase in accordance with applicable authoritative documents. A summary of our review is below.

### **Compliance of Acquisition Requirements**

The Agreement for Horse Creek Ranch was to acquire a conservation easement for the purpose of protecting natural, scenic or open space values of real property, assuring its availability for agricultural, forest, recreational or open space use, protecting natural resources, maintaining or enhancing air or water quality, or preserving sites or properties of historical, architectural, archaeological or cultural significance. The Buyer and Seller entered into the Agreement on August 23, 2022, to acquire a perpetual conservation easement of 11,958 acres, East parcel of Horse Creek Ranch for the purchase price of \$37,818,750. Based on our review, the Division maintained adequate documentation and adhered to acquisition requirements for this purchase as discussed below.

### **Evidence of Marketability**

Requirements – Section 259.041(6), F.S., states evidence of marketable title in the form of a commitment for title insurance or an abstract of title with a title opinion shall be obtained prior to the conveyance of title, as provided in the final agreement for purchase.

Actions – The Division on June 17, 2022, purchased a Commitment for Title Insurance for Horse Creek Ranch and the Buyer and the proposed insured. The Commitment for Title Insurance was revised and updated on December 1, 2022.

### **Appraisals**

Requirements – In accordance with Section 259.041(7)(b), F.S., each parcel to be acquired shall have at least one appraisal. Two appraisals are required when the estimated value of the parcel exceeds \$1 million. However, when both appraisals exceed \$1 million and differ significantly, a third appraisal may be obtained.

Actions – Our review determined that two appraisals were completed in accordance with the statutory requirements.

### **Conducting Negotiations**

Requirements – Section 259.041(8)(c), F.S., states, *All offers or counteroffers shall be documented in writing and shall be confidential and exempt from the provisions of s.119.07(1) until an option contract is executed, or if no option contract is executed, until 2 weeks before a contract or agreement for purchase is considered for approval by the board of trustees. The agency shall maintain complete and accurate records of all offers and counter offers for all projects.*

Actions – Our review determined the Division documented a written offer to the owners of Horse Creek Ranch for the conservation easement at a purchase price of \$37,818,750. The Seller on June 30, 2022, authorized the third-party agency to accept the Divisions offer. Due to the seller accepting the first offer there was no further negotiations communications.

### **Execution of Proper Purchasing Instrument**

Requirements – Section 259.041(9)(a), F.S., states *A final offer shall be in the form of an option contract or agreement for purchase and shall be signed and attested to by the owner and the representative of the agency. Before the agency signs the agreement for purchase or exercises the option contract, the provisions of s.286.23 shall be complied with.*

Actions – The Division entered into the Agreement with the Seller on August 23, 2022, with a signed document by both parties. In accordance with Section 286.23, F.S., the beneficial interest and disclosure affidavit was executed by the Seller prior to the execution of the Option Agreement.

### **Board of Trustees' Approval**

Requirements – Section 259.041(9)(b), F.S., states *within 45 days after receipt by the Division of State Lands of the agreement for purchase and the required documentation, the board of trustees or its designee shall either reject or approve the agreement. An approved agreement for purchase is binding on both parties.*

Actions – The Buyer met on August 23, 2022, and approved the Agreement for the purchase of the conservation easement of Horse Creek Ranch.

### **Survey and Environmental Assessment**

Requirements – Rule 18-1.005, Florida Administrative Code (F.A.C.), states for each project or parcel of property, the Division shall provide for use by the appraisers, at acquiring agency's cost if an acquiring agency is involved in the acquisition, either a certified survey or appraisal map. Prior to closing, a certified survey must be obtained, at the acquiring agency's cost if an acquiring agency is participating in the acquisition. The Agreement states the Buyer, prior to the exercise of the option and at its sole cost and expense, may conduct an environmental site assessment of the Property to determine the existence and extent, if any, of any Hazardous Materials on the Property.

**Department of Environmental Protection  
Office of Inspector General  
Audit of Land Acquisition Horse Creek Ranch**

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Actions – Based on our review, the Division obtained a survey which was signed and sealed on December 28, 2022, and environmental site assessment, dated October 20, 2022.

**Closing**

Requirements – According to the Agreement, the Seller *shall submit to Buyer a properly completed and executed beneficial interest affidavit and disclosure statement.* The Buyer shall prepare *closing statements and the title, possession and lien affidavit certified to Buyer and title insurer and an environmental affidavit on DSL forms provided by DSL.* The Buyer shall also *prepare baseline documentation adequately documenting the condition of the Property at the date of closing.*

Actions – Our review determined the Seller provided the required documentation and the Division had baseline documentation done with the environmental assessment survey.

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**CONCLUSION**

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During the audit, we reviewed relevant laws, regulations, the Agreement, and records relating to the Division's oversight of the acquisition of conservation easement for the Horse Creek Ranch Florida Forever project. Based on our review, we determined the Division properly administered the conservation easement purchase in accordance with the Agreement and other applicable authoritative documents.

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**STATEMENT OF ACCORDANCE**

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**Statement of Accordance**

The Mission of the OIG is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

This work product was prepared pursuant to Section 20.055, F.S., and in accordance with the *Principles and Standards for Offices of Inspectors General*, as published by the Association of Inspectors General. The audit was conducted by Brian Johnson and supervised by Susan Cureton.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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