

North Regional Transmission, Treatment and Disposal System of Broward County, Florida

Schedule of Large User Reserve Capacity and Debt
Service Allocation and Schedule of Large User
Annual Adjustments
Year Ended September 30, 2021

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RSM US LLP

Independent Auditor's Report

Board of County Commissioners
Broward County, Florida

Report on the Schedules

We have audited the accompanying Schedules of Large User Reserve Capacity and Debt Service Allocation and Large User Annual Adjustments (the Schedules) of the North Regional Transmission, Treatment and Disposal System of Broward County, Florida (the County) for the year ended September 30, 2021, and the related notes to the Schedules.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the financial reporting provisions of the Large User Agreements. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedules referred to above present fairly, in all material respects, the North Regional Transmission, Treatment and Disposal System Reserve Capacity and Debt Service Allocation, and the Large User Annual Adjustments for the year ended September 30, 2021, in accordance with the financial reporting provisions of the Large User Agreements.

Basis of Accounting

We draw attention to Note 1 of the Schedules, which describes the basis of accounting. The Schedules were prepared by the County on the basis of the financial reporting provisions of the Large User Agreements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1, the accompanying Schedules were prepared for the purpose of complying with the Large User Agreements, as described in Note 2, and are not intended to present fairly the financial position of the Water and Wastewater Services Department or the County, as of September 30, 2021, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Board of County Commissioners, management of the County and the Large Users and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Fort Lauderdale, Florida
April 27, 2022

**NORTH REGIONAL TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM
BROWARD COUNTY, FLORIDA**

SCHEDULE OF LARGE USER RESERVE CAPACITY AND DEBT SERVICE ALLOCATION

Year Ended September 30, 2021

	Reserve Capacity		
	Million Gallons Per Day	% of Total	Debt Service
Treatment			
Broward County	19.420	22.3180%	\$ 4,977,522
Coconut Creek	6.540	7.5160%	1,676,261
Coral Springs	9.790	11.2509%	2,509,266
Deerfield Beach	8.500	9.7684%	2,178,627
Lauderhill	7.100	8.1595%	1,819,794
North Lauderdale	4.400	5.0566%	1,127,760
N.S.I.D.	3.530	4.0568%	904,771
Oakland Park	1.520	1.7468%	389,590
Parkland Utilities	0.265	0.3045%	67,922
Pompano Beach	17.000	19.5369%	4,357,254
Royal Waterworks	0.450	0.5172%	115,339
Tamarac	8.500	9.7684%	2,178,627
Yearly Total	<u>87.015</u>	<u>100.0000%</u>	<u>\$ 22,302,733</u>
Transmission			
Broward County	19.420	28.6072%	\$ 1,535,000
Coconut Creek	4.410	6.4963%	348,576
Coral Springs	9.790	14.4214%	773,823
Deerfield Beach	8.500	12.5212%	671,859
Lauderhill	7.100	10.4588%	561,200
North Lauderdale	4.400	6.4815%	347,786
N.S.I.D.	3.530	5.2000%	279,019
Oakland Park	1.520	2.2391%	120,144
Parkland Utilities	0.265	0.3904%	20,946
Royal Waterworks	0.450	0.6629%	35,569
Tamarac	8.500	12.5212%	671,859
Yearly Total	<u>67.885</u>	<u>100.0000%</u>	<u>\$ 5,365,781</u>

See accompanying notes to schedules

**NORTH REGIONAL TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM
BROWARD COUNTY, FLORIDA**

SCHEDULE OF LARGE USER ANNUAL ADJUSTMENTS

YEAR ENDED SEPTEMBER 30, 2021

	Coconut Creek	Coral Springs	Deerfield Beach	Lauderhill	North Lauderdale	North Springs Improvement District	Oakland Park
Treatment							
Actual flows (in 1,000 gallons)	1,644,305	2,823,947	2,066,737	2,371,814	1,269,660	1,451,706	445,371
Actual operating costs	\$ 1,809,642	\$ 3,107,898	\$ 2,274,550	\$ 2,610,303	\$ 1,397,326	\$ 1,597,677	\$ 490,153
Debt service costs	1,676,261	2,509,266	2,178,627	1,819,794	1,127,760	904,771	389,590
Total costs	3,485,903	5,617,164	4,453,177	4,430,097	2,525,086	2,502,448	879,743
Less amounts billed	3,402,844	5,474,504	4,348,783	4,310,267	2,460,945	2,429,096	857,244
Other income, net	249,039	427,703	313,019	359,225	192,297	219,869	67,454
Treatment adjustments due to large users	\$ (165,980)	\$ (285,043)	\$ (208,625)	\$ (239,395)	\$ (128,156)	\$ (146,517)	\$ (44,955)
Transmission							
Actual flows (in 1,000 gallons)	1,124,696	2,823,947	2,066,737	2,371,814	1,269,660	1,451,706	445,371
Actual operating costs	\$ 227,156	\$ 570,356	\$ 417,421	\$ 479,038	\$ 256,435	\$ 293,203	\$ 89,952
Debt service costs	348,576	773,823	671,859	561,200	347,786	279,019	120,144
Total costs	575,732	1,344,179	1,089,280	1,040,238	604,221	572,222	210,096
Less amounts billed	579,139	1,352,733	1,095,541	1,047,422	608,066	576,619	211,445
Transmission adjustments due to large users	\$ (3,407)	\$ (8,554)	\$ (6,261)	\$ (7,184)	\$ (3,845)	\$ (4,397)	\$ (1,349)
Total treatment and transmission adjustments due to large users	\$ (169,387)	\$ (293,597)	\$ (214,886)	\$ (246,579)	\$ (132,001)	\$ (150,914)	\$ (46,304)
Monthly fiscal adjustment charges	\$ (14,116)	\$ (24,466)	\$ (17,907)	\$ (20,548)	\$ (11,000)	\$ (12,576)	\$ (3,859)

(Continued) See accompanying notes to schedules

**NORTH REGIONAL TRANSMISSION, TREATMENT AND DISPOSAL SYSTEM
BROWARD COUNTY, FLORIDA**

SCHEDULE OF LARGE USER ANNUAL ADJUSTMENTS

YEAR ENDED SEPTEMBER 30, 2021

	<u>Parkland</u>	<u>Pompano Beach</u>	<u>Royal Waterworks</u>	<u>Tamarac</u>	<u>Subtotal Cities</u>	<u>Broward County</u>	<u>Total</u>
Treatment							
Actual flows (in 1,000 gallons)	97,838	5,066,770	113,757	2,561,762	19,913,667	5,004,458	24,918,125
Actual operating costs	\$ 107,676	\$ 5,576,239	\$ 125,195	\$ 2,819,350	\$ 21,916,009	\$ 5,507,662	\$ 27,423,671
Debt service costs	67,922	4,357,254	115,339	2,178,627	17,325,211	4,977,522	22,302,733
Total costs	175,598	9,933,493	240,534	4,997,977	39,241,220	10,485,184	49,726,404
Less amounts billed	170,654	9,677,526	234,788	4,868,559	38,235,210	10,232,389	48,467,599
Other income, net	14,818	767,391	17,229	387,993	3,016,037	757,954	3,773,991
Treatment adjustments due to large users	\$ (9,874)	\$ (511,424)	\$ (11,483)	\$ (258,575)	\$ (2,010,027)	\$ (505,159)	\$ (2,515,186)
Transmission							
Actual flows (in 1,000 gallons)	97,838	-	113,757	2,561,762	14,327,288	5,004,458	19,331,746
Actual operating costs	\$ 19,761	\$ -	\$ 22,976	\$ 517,402	\$ 2,893,700	\$ 1,010,756	\$ 3,904,456
Debt service costs	20,946	-	35,569	671,859	3,830,781	1,535,000	5,365,781
Total costs	40,707	-	58,545	1,189,261	6,724,481	2,545,756	9,270,237
Less amounts billed	41,003	-	58,889	1,197,021	6,767,878	2,560,916	9,328,794
Transmission adjustments due to large users	\$ (296)	\$ -	\$ (344)	\$ (7,760)	\$ (43,397)	\$ (15,160)	\$ (58,557)
Total treatment and transmission adjustments due to large users	\$ (10,170)	\$ (511,424)	\$ (11,827)	\$ (266,335)	\$ (2,053,424)	\$ (520,319)	\$ (2,573,743)
Monthly fiscal adjustment charges	\$ (848)	\$ (42,619)	\$ (985)	\$ (22,195)	\$ (171,119)	\$ (43,360)	\$ (214,479)

Note 1. Summary of Significant Accounting Policies Reporting Presentation

The accompanying Schedules have been prepared in accordance with the requirements of the Large User Agreements, and under the basis of accounting which is described below. The Schedules are not intended to present and do not present the financial position, changes in financial position and cash flows of the Water and Wastewater Services Department or Broward County, Florida (the County) in conformity with accounting principles generally accepted in the United States of America.

Basis of accounting: The Schedules are prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Financial transactions reported include the operating costs of the facility but excludes depreciation. Debt service costs include both the interest and principal payments and the funding of debt service reserve requirements which are required on the debt allocated to the facility based on each large user's percentage of reserve capacity. Other income is reported for septage, pretreatment fees and other revenue incidental to the operation of the North Regional Wastewater System (the System). Amounts reported as billed to users represents the annual estimated billings including adjustments related to the prior year true up.

Note 2. Large User Agreements

The County has entered into user agreements with wholesale users of the System. The agreements provide that the cost of operating the System as defined be charged to each large user on the basis of each user's proportionate share of total gallons processed. The gallons processed are based on the County's monthly meter reading for the period. In addition, each large user is charged a debt service fee for the principal, interest and debt service coverage requirements on debt issued to finance the construction of the North Regional Wastewater Treatment Facility. The debt service charge allocated is based on the relative percentage of reserve capacity designated for each user to total reserve capacity. In accordance with the large user agreements, the monthly fiscal adjustment charges amount will be applied to the monthly bills for the next fiscal year.