

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, 2020

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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, 2020, 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 the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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, 2020, in accordance with the financial reporting provisions of the Large User Agreements described in Note 2.

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, to comply with the financial reporting provisions of the Large User Agreements. 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, 2020, or, where applicable, their 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
May 18, 2021

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

SCHEDULE OF LARGE USER RESERVE CAPACITY AND DEBT SERVICE ALLOCATION

Year Ended September 30, 2020

	Reserve Capacity		
	Million Gallons Per Day	% of Total	Debt Service
Treatment			
Broward County	19.420	22.3180%	\$ 4,726,944
Coconut Creek	6.540	7.5160%	1,591,875
Coral Springs	9.790	11.2509%	2,382,944
Deerfield Beach	8.500	9.7684%	2,068,951
Lauderhill	7.100	8.1595%	1,728,182
North Lauderdale	4.400	5.0566%	1,070,986
N.S.I.D.	3.530	4.0568%	859,223
Oakland Park	1.520	1.7468%	369,977
Parkland Utilities	0.265	0.3045%	64,503
Pompano Beach	17.000	19.5369%	4,137,901
Royal Waterworks	0.450	0.5172%	109,533
Tamarac	8.500	9.7684%	2,068,951
Yearly Total	<u>87.015</u>	<u>100.0000%</u>	<u>\$ 21,179,970</u>
Transmission			
Broward County	19.420	28.6072%	\$ 1,586,906
Coconut Creek	4.410	6.4963%	360,363
Coral Springs	9.790	14.4214%	799,990
Deerfield Beach	8.500	12.5212%	694,578
Lauderhill	7.100	10.4588%	580,177
North Lauderdale	4.400	6.4815%	359,546
N.S.I.D.	3.530	5.2000%	288,454
Oakland Park	1.520	2.2391%	124,207
Parkland Utilities	0.265	0.3904%	21,654
Royal Waterworks	0.450	0.6629%	36,772
Tamarac	8.500	12.5212%	694,578
Yearly Total	<u>67.885</u>	<u>100.0000%</u>	<u>\$ 5,547,225</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, 2020

	Coconut Creek	Coral Springs	Deerfield Beach	Lauderhill	North Lauderdale	North Springs Improvement District	Oakland Park
Treatment							
Actual flows (in 1,000 gallons)	1,594,695	2,877,555	2,125,405	2,454,006	1,262,840	1,357,893	559,710
Actual operating costs	\$ 1,729,818	\$ 3,121,378	\$ 2,305,496	\$ 2,661,941	\$ 1,369,844	\$ 1,472,951	\$ 607,136
Debt service costs	1,591,875	2,382,944	2,068,951	1,728,182	1,070,986	859,223	369,977
Total costs	3,321,693	5,504,322	4,374,447	4,390,123	2,440,830	2,332,174	977,113
Less amounts billed	3,446,641	5,640,984	4,531,419	4,451,519	2,505,379	2,348,542	986,728
Other income, net	211,294	381,270	281,611	325,150	167,324	179,918	74,160
Treatment adjustments due to large users	\$ (336,242)	\$ (517,932)	\$ (438,583)	\$ (386,546)	\$ (231,873)	\$ (196,286)	\$ (83,775)
Transmission							
Actual flows (in 1,000 gallons)	1,062,196	2,877,555	2,125,405	2,454,006	1,262,840	1,357,893	559,710
Actual operating costs	200,676	543,644	401,543	463,624	238,583	256,541	105,743
Debt service costs	360,363	799,990	694,578	580,177	359,546	288,454	124,207
Total costs	561,039	1,343,634	1,096,121	1,043,801	598,129	544,995	229,950
Less amounts billed	556,441	1,328,268	1,086,482	1,029,014	591,525	536,275	226,444
Transmission adjustments due from large users	4,598	15,366	9,639	14,787	6,604	8,720	3,506
Total treatment and transmission adjustments due to large users	(331,644)	(502,566)	(428,944)	(371,759)	(225,269)	(187,566)	(80,269)
Monthly fiscal adjustment charges	(27,637)	(41,881)	(35,745)	(30,980)	(18,772)	(15,631)	(6,689)

(Continued)

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

SCHEDULE OF LARGE USER ANNUAL ADJUSTMENTS

YEAR ENDED SEPTEMBER 30, 2020

	Parkland	Pompano Beach	Royal Waterworks	Tamarac	Subtotal Cities	Broward County	Total
Treatment							
Actual flows (in 1,000 gallons)	81,519	5,674,980	109,320	2,513,127	20,611,050	5,050,502	25,661,552
Actual operating costs	\$ 88,426	\$ 6,155,836	\$ 118,583	\$ 2,726,071	\$ 22,357,480	\$ 5,478,445	\$ 27,835,925
Debt service costs	64,503	4,137,901	109,533	2,068,951	16,453,026	4,726,944	21,179,970
Total costs	152,929	10,293,737	228,116	4,795,022	38,810,506	10,205,389	49,015,895
Less amounts billed	156,255	10,461,372	236,755	4,912,162	39,677,756	10,544,038	50,221,794
Other income, net	10,801	751,922	14,485	332,984	2,730,919	669,181	3,400,100
Treatment adjustments due to large users	\$ (14,127)	\$ (919,557)	\$ (23,124)	\$ (450,124)	\$ (3,598,169)	\$ (1,007,830)	\$ (4,605,999)
Transmission							
Actual flows (in 1,000 gallons)	81,519	-	109,320	2,513,127	14,403,571	5,050,502	19,454,073
Actual operating costs	15,401	-	20,653	474,794	2,721,202	954,169	3,675,371
Debt service costs	21,654	-	36,772	694,578	3,960,319	1,586,906	5,547,225
Total costs	37,055	-	57,425	1,169,372	6,681,521	2,541,075	9,222,596
Less amounts billed	36,604	-	56,947	1,155,885	6,603,885	2,517,123	9,121,008
Transmission adjustments due from large users	451	-	478	13,487	77,636	23,952	101,588
Total treatment and transmission adjustments due to large users	(13,676)	(919,557)	(22,646)	(436,637)	(3,520,533)	(983,878)	(4,504,411)
Monthly fiscal adjustment charges	\$ (1,140)	\$ (76,630)	\$ (1,887)	\$ (36,386)	\$ (293,378)	\$ (81,990)	\$ (375,368)

See accompanying notes to schedules

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 are 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.