

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

Schedules of Large User Reserve Capacity and
Debt Service Allocation and Schedule of Large User
Annual Adjustments
Year Ended September 30, 2017

Contents

Independent auditor's report	1-2
Schedule of large user reserve capacity and debt service allocation	3
Schedule of large user annual adjustments	4-5
Notes to schedules	6



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 the Large User Annual Adjustments of the North Regional Transmission, Treatment and Disposal System (the Schedules) of Broward County, Florida (the County) for the year ended September 30, 2017, 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, 2017 in accordance with the financial reporting provisions of the Large User Agreements referred to in Note 2.

Basis of Accounting

We draw attention to Note 1 to 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 to the Schedules, 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, changes in financial position and cash flows of the Water and Wastewater Services Department or the County in conformity with accounting principles generally accepted in the United States of America.

Restriction on Use

This 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
March 23, 2018

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

Schedule of Large User Reserve Capacity and Debt Service Allocation
Year Ended September 30, 2017

	Reserve Capacity		Debt Service Allocation
	Million Gallons Per Day	% of Total	
Treatment			
Broward County	19.420	22.3180%	\$ 3,711,085
Coconut Creek	6.540	7.5159%	1,249,768
Coral Springs	9.790	11.2509%	1,870,830
Deerfield Beach	8.500	9.7684%	1,624,316
Lauderhill	7.100	8.1595%	1,356,782
North Lauderdale	4.400	5.0566%	840,823
N.S.I.D.	3.530	4.0568%	674,569
Oakland Park	1.520	1.7468%	290,466
Parkland Utilities	0.265	0.3045%	50,640
Pompano Beach	17.000	19.5369%	3,248,632
Royal Utilities	0.450	0.5172%	85,993
Tamarac	8.500	9.7684%	1,624,316
Yearly Total	87.015	100.0000%	\$ 16,628,220
Transmission			
Broward County	19.420	28.6072%	\$ 1,235,577
Coconut Creek	4.410	6.4963%	280,581
Coral Springs	9.790	14.4214%	622,878
Deerfield Beach	8.500	12.5212%	540,803
Lauderhill	7.100	10.4589%	451,730
North Lauderdale	4.400	6.4815%	279,946
N.S.I.D.	3.530	5.2000%	224,593
Oakland Park	1.520	2.2391%	96,708
Parkland Utilities	0.265	0.3904%	16,860
Royal Utilities	0.450	0.6629%	28,631
Tamarac	8.500	12.5212%	540,803
Yearly Total	67.885	100.0000%	\$ 4,319,110

See notes to schedules.

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

Schedule of Large User Annual Adjustments
Year Ended September 30, 2017

	Coconut Creek	Coral Springs	Deerfield Beach	Lauderhill	North Lauderdale	North Springs Improvement District	Oakland Park
Treatment							
Actual flows (in 1,000 gallons)	1,491,846	2,782,075	2,258,300	2,251,942	1,391,289	1,089,904	478,666
Actual operating costs	\$ 1,517,896	\$ 2,830,654	\$ 2,297,733	\$ 2,291,264	\$ 1,415,583	\$ 1,108,935	\$ 487,024
Debt service costs	1,249,768	1,870,830	1,624,316	1,356,782	840,823	674,569	290,466
Total costs	2,767,664	4,701,484	3,922,049	3,648,046	2,256,406	1,783,504	777,490
Less amounts billed to users	2,525,296	4,249,504	3,555,163	3,282,192	2,030,375	1,606,437	699,725
Other income, net	212,606	396,479	321,835	320,929	198,275	155,324	68,216
Treatment adjustments due (to) from large users	\$ 29,762	\$ 55,501	\$ 45,051	\$ 44,925	\$ 27,756	\$ 21,743	\$ 9,549
Transmission							
Actual flows (in 1,000 gallons)	958,397	2,782,075	2,258,300	2,251,942	1,391,289	1,089,904	478,666
Actual operating costs	\$ 128,998	\$ 374,460	\$ 303,961	\$ 303,105	\$ 187,264	\$ 146,698	\$ 64,427
Debt service costs	280,581	622,878	540,803	451,730	279,946	224,593	96,708
Total costs	409,579	997,338	844,764	754,835	467,210	371,291	161,135
Less amounts billed to users	435,841	1,073,574	906,648	816,544	505,334	401,157	174,252
Other income, net	-	-	-	-	-	-	-
Transmission adjustments due (to) from large users	\$ (26,262)	\$ (76,236)	\$ (61,884)	\$ (61,709)	\$ (38,124)	\$ (29,866)	\$ (13,117)
Total treatment and transmission adjustments due (to) from large users	\$ 3,500	\$ (20,735)	\$ (16,833)	\$ (16,784)	\$ (10,368)	\$ (8,123)	\$ (3,568)
Future year's monthly fiscal adjustment charges due (to) from large users	\$ 292	\$ (1,728)	\$ (1,403)	\$ (1,399)	\$ (864)	\$ (677)	\$ (297)

(Continued)

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

Schedule of Large User Annual Adjustments (Continued)
Year Ended September 30, 2017

	Parkland	Pompano Beach	Royal Utilities	Tamarac	Subtotal Cities	Broward County	Total
Treatment							
Actual flows (in 1,000 gallons)	70,721	4,795,360	100,330	2,668,874	19,379,307	4,735,923	24,115,230
Actual operating costs	\$ 71,956	\$ 4,879,094	\$ 102,082	\$ 2,715,476	\$ 19,717,697	\$ 4,818,619	\$ 24,536,316
Debt service costs	50,640	3,248,632	85,993	1,624,316	12,917,135	3,711,085	16,628,220
Total costs	122,596	8,127,726	188,075	4,339,792	32,634,832	8,529,704	41,164,536
Less amounts billed to users	111,107	7,348,665	171,775	3,906,204	29,486,443	7,760,300	37,246,743
Other income, net	10,079	683,396	14,298	380,347	2,761,784	674,926	3,436,710
Treatment adjustments due (to) from large users	\$ 1,410	\$ 95,665	\$ 2,002	\$ 53,241	\$ 386,605	\$ 94,478	\$ 481,083
Transmission							
Actual flows (in 1,000 gallons)	70,721	-	100,330	2,668,874	14,050,498	4,735,923	18,786,421
Actual operating costs	\$ 9,519	\$ -	\$ 13,504	\$ 359,223	\$ 1,891,159	\$ 637,443	\$ 2,528,602
Debt service costs	16,860	-	28,631	540,803	3,083,533	1,235,577	4,319,110
Total costs	26,379	-	42,135	900,026	4,974,692	1,873,020	6,847,712
Less amounts billed to users	28,317	-	44,884	973,161	5,359,712	2,002,795	7,362,507
Other income, net	-	-	-	-	-	-	-
Transmission adjustments due (to) from large users	\$ (1,938)	\$ -	\$ (2,749)	\$ (73,135)	\$ (385,020)	\$ (129,775)	\$ (514,795)
Total treatment and transmission adjustments due (to) from large users	\$ (528)	\$ 95,665	\$ (747)	\$ (19,894)	\$ 1,585	\$ (35,297)	\$ (33,712)
Future year's monthly fiscal adjustment charges due (to) from large users	\$ (44)	\$ 7,972	\$ (62)	\$ (1,658)	\$ 132	\$ (2,941)	\$ (2,809)

See notes to schedules.

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

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 financial transactions are reported following the accrual basis of accounting for the reporting of operating costs, but excludes depreciation. Debt service costs include both the interest and principal payments and funding of debt service coverage requirements made on the debt allocated. Other income is reported under the accrual basis of accounting 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 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 will be applied to the bills for the next fiscal year.