

# **Broward County, Florida Transportation Surtax Program**

Special-Purpose Financial Statements  
September 30, 2021

## Contents

---

Independent auditor's report	1-2
<hr/>	
Special-purpose financial statements	
Balance sheet	3
Statement of revenues, expenditures and changes in fund balance	4
Notes to special-purpose financial statements	5-7
Required supplementary information (unaudited)	
Budgetary comparison schedule- Transportation Surtax Program Special Revenue Fund	8
Other information (unaudited)	
Budgetary comparison schedule- Transportation Surtax Program Capital Projects Fund	9
Note to budgetary comparison schedules	10

---



RSM US LLP

## Independent Auditor's Report

Honorable Board of County Commissioners  
Broward County, Florida

### Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund of the Transportation Surtax Program of Broward County, Florida (the Surtax Program), as of and for the year ended September 30, 2021, and the related notes to the special-purpose financial statements, as listed in the table of contents.

### Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, 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 special-purpose financial statements 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 financial statements.

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

### Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Surtax Program as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the special-purpose financial statements were prepared for the purpose of complying with the financial reporting provisions of Section 212.055, *Florida Statutes*, and do not purport to, and do not, present fairly the financial position of Broward County, Florida as of September 30, 2021, the changes in its financial position, 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 opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 8 and 10 be presented to supplement the special-purpose financial statements. Such information, although not a part of the special-purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special-purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special-purpose financial statements, and other knowledge we obtained during our audit of the special-purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the special-purpose financial statements. The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual of the Transportation Surtax Program Capital Projects Fund is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual of the Transportation Surtax Program Capital Projects Fund has not been subjected to the auditing procedures applied in the audit of the special-purpose financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*RSM US LLP*

Fort Lauderdale, Florida  
March 29, 2022

**Broward County, Florida  
Transportation Surtax Program**

**Special-Purpose Balance Sheet  
September 30, 2021  
(in Thousands)**

	Transportation Surtax	Transportation Surtax Capital	Total Transportation Surtax Program
<b>Assets</b>			
Cash and cash equivalents	\$ 45,470	\$ 24,262	\$ 69,732
Investments	483,963	226,584	710,547
Interest receivable	565	241	806
Due from other governments	76,925	-	76,925
<b>Total assets</b>	<b>\$ 606,923</b>	<b>\$ 251,087</b>	<b>\$ 858,010</b>
<b>Liabilities</b>			
Accounts payable	\$ 1,647	\$ 4,985	\$ 6,632
Accrued liabilities	64	-	64
Due to other governments	1,120	-	1,120
<b>Total liabilities</b>	<b>2,831</b>	<b>4,985</b>	<b>7,816</b>
Fund balance:			
Restricted for transportation program projects	604,092	246,102	850,194
<b>Total liabilities and fund balance</b>	<b>\$ 606,923</b>	<b>\$ 251,087</b>	<b>\$ 858,010</b>

See notes to special-purpose financial statements.

**Broward County, Florida  
Transportation Surtax Program**

**Special-Purpose Schedule of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended September 30, 2021  
(In Thousands)**

	Transportation Surtax	Transportation Surtax Capital	Total Transportation Surtax Program
Revenues:			
Transportation surtax	\$ 428,002	\$ -	\$ 428,002
Investment income	348	167	515
<b>Total revenues</b>	<u>428,350</u>	<u>167</u>	<u>428,517</u>
Expenditures:			
Current:			
Transportation	66,027	-	66,027
Capital outlay	-	65,418	65,418
<b>Total expenditures</b>	<u>66,027</u>	<u>65,418</u>	<u>131,445</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>362,323</u>	<u>(65,251)</u>	<u>297,072</u>
Other financing sources (uses)			
Transfers in	26,310	218,914	245,224
Transfers out	(218,914)	(26,310)	(245,224)
<b>Total other financing sources (uses)</b>	<u>(192,604)</u>	<u>192,604</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>169,719</u>	<u>127,353</u>	<u>297,072</u>
Fund balance, beginning of year	<u>434,373</u>	<u>118,749</u>	<u>553,122</u>
Fund balance, end of year	<u>\$ 604,092</u>	<u>\$ 246,102</u>	<u>\$ 850,194</u>

See notes to special-purpose financial statements.

**Broward County, Florida  
Transportation Surtax Funds**

**Notes to Special-Purpose Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies**

The Broward County, Florida Transportation Surtax Fund (the Surtax Fund) was established on January 1, 2019, by Florida Statute Section 212.055, *Discretionary Sales Surtaxes* and by the Broward County, Florida (the County) Board of County Commissioners (BOCC) County Ordinance Section 31½ *Taxation, Article V Broward County Transportation Surtax* (the Ordinance), for the purpose of improving transportation in any incorporated or unincorporated area of the County by levying and collecting a 1% transportation sales surtax. Transportation surtax proceeds shall be collected, applied, disbursed, and expended only for authorized transportation and transit purposes, in accordance with applicable law including, specifically, Florida Statute Section 212.054 *Discretionary Sales Surtax* and Section 212.055(1) *Discretionary Sales Surtaxes*, Florida Statutes.

In accordance with the Ordinance's Section 31½-75, an independent nine-member Oversight Board of Volunteer Professionals (the Board) was established and is responsible for reviewing projects for eligibility under Florida Statute Section 212.055(1)(d), monitoring revenues and expenditures, and offering transparency and accountability to the public. The Surtax Fund is a special revenue fund that accounts for expenditures and revenue received from a one percent transportation sales surtax, which is restricted to support transportation improvement projects within the County. The Transportation Surtax Capital Fund (the Surtax Capital Fund) is supported by a transfer from the Surtax Fund and was created to account for financial resources to be used for the acquisition and construction of major capital facilities.

**A. Reporting Entity**

The special-purpose financial statements presented include the activity of the Transportation Surtax Program, which includes the Surtax Special Revenue Fund and the Surtax Capital Projects Fund. The special-purpose financial statements are not intended to be a complete presentation under Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Therefore, the special-purpose financial statements do not purport to, and do not, present fairly the financial position of the County as of September 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Surtax Fund and the Surtax Capital Fund are reported as major funds in the County's annual comprehensive financial report.

**B. Basis of Presentation**

These special-purpose financial statements are fund financial statements that have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental funds. The GASB is the accepted standard-setting body for establishing governmental and financial reporting principles. The Surtax Special Revenue Fund's and the Surtax Capital Projects Fund's significant accounting policies are described below. The special-purpose financial statements were prepared in accordance with applicable GASB pronouncements.

**Broward County, Florida  
Transportation Surtax Funds**

**Notes to Special-Purpose Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resource being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Surtax Fund and the Surtax Capital Fund consider revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, however debt service expenditures, as well as expenditures related to compensated absences, pension costs, other post-employment benefit costs, and claims and judgements, are recorded only when payment is due.

The Surtax Fund is a special revenue fund that accounts for expenditures and revenue received from a one percent transportation sales surtax. The Surtax Capital Projects Fund is a capital projects fund that accounts for the acquisition or construction of major capital facilities. The Surtax Capital Projects Fund is funded primarily by transfers from the Surtax Special Revenue Fund. The fund balances are restricted to support transportation improvement projects within the County.

**D. Assets, Liabilities and Fund Balance Deposits and Investments**

Cash and cash equivalents consist of cash on hand, demand deposits and investments with original maturities at time of purchase of three months or less. The Surtax Special Revenue Fund and the Surtax Capital Projects Fund participate in the cash and investment pool maintained by the County. The Surtax Special Revenue Fund's and the Surtax Capital Projects Fund's portion of the pool is presented as *cash and cash equivalents* and *investments* on the special-purpose balance sheet as appropriate. All investments are carried at fair value. Please refer to the County's Annual Comprehensive Financial Report for all risk related disclosures.

**Due From Other Governments**

Due from other governments are amounts due from the State of Florida for surtaxes collected and not remitted as of year-end. All amounts are considered collectible and therefore no allowance is required.

**Due To Other Governments**

Due to other governments are amounts due to various municipalities for funding of surtax projects.

**Fund Balance**

The Surtax Special Revenue Fund and the Surtax Capital Projects Fund report fund balance in classifications based on the extent to which it is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The Surtax Special Revenue Fund and the Surtax Capital Projects Fund's fund balances are restricted due to the constraints imposed externally by laws or regulations of other governments, or by law through constitutional provisions or enabling legislation as described in the first paragraph of Note 1. The fund balances are restricted to support transportation improvement projects within the County.



**Broward County, Florida  
Transportation Surtax Funds**

**Notes to Special-Purpose Financial Statements**

---

**Note 1. Summary of Significant Accounting Policies (Continued)**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the County to control expenditures. All encumbrances in the Surtax Special Revenue Fund and the Surtax Capital Projects Fund are classified as restricted fund balance at year-end.

The County's encumbrance policy is for fiscal year end individual encumbrances exceeding \$500,000 to be considered significant encumbrances. Significant encumbrances as of September 30, 2021 are as follows:

Project Name	Project Description	Balance
LRT Infrastructure	Construction in progress	\$ 6,588,641
Bus Shelters	Construction in progress	5,842,147
Paratransit Vehicles	Vehicle purchases	4,481,481
Intersection Improvements	Construction in progress	4,359,738
Rapid Bus Infrastructure	Construction in progress	4,000,000
Bridge	Construction in progress	2,688,799
Fiber Optic Network	Construction in progress	2,569,355
Bike Lanes	Construction in progress	2,241,529
Drainage Replacement	Construction in progress	2,222,800
Mast Arm	Construction in progress	2,012,533
Sidewalks	Construction in progress	1,476,065
Security Enhancements	IT and security enhancements	1,149,209
School Safety Zone Improvement	Construction in progress	611,990
Corridor Project Delivery	Construction in progress	572,542
Government Center West Construction	Construction in progress	1,950,550
<b>Total commitments</b>		<b>\$ 42,767,379</b>

**E. Revenues**

Revenues consist of a 1% transportation sales surtax which is collected by the State of Florida and remitted to the County. Revenue is recognized when it is both measurable and available.

**F. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from those estimates.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Broward County, Florida**  
**Transportation Surtax Program - Special Revenue Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Unaudited)**  
**For the Fiscal Year Ended September 30, 2021**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Transportation surtax	\$ 314,884	\$ 314,884	\$ 428,002	\$ 113,118
Investment income	-	-	348	348
Less 5% of anticipated revenue	(15,744)	(15,744)	-	15,744
<b>Total revenues</b>	<u>299,140</u>	<u>299,140</u>	<u>428,350</u>	<u>129,210</u>
Expenditures:				
Current:				
Transportation	36,685	76,288	66,027	10,261
<b>Total expenditures</b>	<u>36,685</u>	<u>76,288</u>	<u>66,027</u>	<u>10,261</u>
<b>Excess of revenues over expenditures</b>	<u>262,455</u>	<u>222,852</u>	<u>362,323</u>	<u>139,471</u>
Other financing sources (uses):				
Transfers in	-	26,310	26,310	-
Transfers out	(253,886)	(218,914)	(218,914)	-
<b>Total other financing sources (uses)</b>	<u>(253,886)</u>	<u>(192,604)</u>	<u>(192,604)</u>	<u>-</u>
<b>Net change in fund balance</b>	8,569	30,248	169,719	139,471
Fund balance, beginning of year	<u>434,373</u>	<u>434,373</u>	<u>434,373</u>	<u>-</u>
Fund balance, end of year	<u>\$ 442,942</u>	<u>\$ 464,621</u>	<u>\$ 604,092</u>	<u>\$ 139,471</u>

See accompanying note to the schedule.

## **OTHER INFORMATION**

**Broward County, Florida**  
**Transportation Surtax Program - Capital Projects Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Unaudited)**  
**For the Fiscal Year Ended September 30, 2021**  
**(In Thousands)**

	<u>Budgeted Amounts</u>			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 167	\$ 167
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>167</u>	<u>167</u>
Expenditures:				
Current:				
Capital outlay	207,092	311,363	65,418	245,945
<b>Total expenditures</b>	<u>207,092</u>	<u>311,363</u>	<u>65,418</u>	<u>245,945</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(207,092)</u>	<u>(311,363)</u>	<u>(65,251)</u>	<u>246,112</u>
Other financing sources (uses):				
Transfers in	207,092	218,914	218,914	-
Transfers out	-	(26,310)	(26,310)	-
<b>Total other financing sources (uses)</b>	<u>207,092</u>	<u>192,604</u>	<u>192,604</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(118,759)</u>	<u>127,353</u>	<u>246,112</u>
Fund balance, beginning of year	<u>118,749</u>	<u>118,749</u>	<u>118,749</u>	<u>-</u>
Fund balance, end of year	<u>\$ 118,749</u>	<u>\$ (10)</u>	<u>\$ 246,102</u>	<u>\$ 246,112</u>

See accompanying note to the schedule.

**Broward County, Florida  
Combined Transportation Surtax Program**

**Note to Budgetary Comparison Schedules  
For the Fiscal Year Ended September 30, 2021**

---

**Note 1. Budgetary Information**

The County prepares annual operating budgets for the Surtax Special Revenue Fund and the Capital Projects Fund which are reflected in these financial statements. The County's budgeting process is based on estimates of revenues and expenditures and requires that the budget be approved after a public hearing is held by the Broward County Board of County Commissioners (BOCC). Subsequent amendments to the budget, if any, are approved by the BOCC. Fund appropriations lapse after year-end.

Budgets are prepared on the same basis as accounting as required for the governmental fund types and conforms with GAAP.