

Broward County, Florida Transportation Surtax Program

Special Purpose Financial Statements
September 30, 2020

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RSM US LLP

Independent Auditor's Report

To the 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, 2020, 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, 2020, 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, 2020, 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 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.

RSM US LLP

Fort Lauderdale, Florida
April 13, 2021

**Broward County, Florida
Transportation Surtax Program**

**Special Purpose-Balance Sheet
September 30, 2020
(in Thousands)**

	Transportation Surtax	Transportation Surtax Capital	Total Transportation Surtax Program
Assets			
Cash and cash equivalents	\$ 116,616	\$ 63,080	\$ 179,696
Investments	256,486	56,864	313,350
Interest receivable	830	-	830
Due from other governments	61,860	-	61,860
Total assets	\$ 435,792	\$ 119,944	\$ 555,736
Liabilities			
Accounts payable	\$ 1,373	\$ 1,195	\$ 2,568
Accrued liabilities	46	-	46
Total liabilities	1,419	1,195	2,614
Fund balance:			
Restricted for transportation program projects	434,373	118,749	553,122
Total liabilities and fund balance	\$ 435,792	\$ 119,944	\$ 555,736

See notes to financial statements.

Broward County, Florida
Transportation Surtax and Transportation Surtax Capital Funds

Special-Purpose Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended September 30, 2020
(In Thousands)

	Surtax	Surtax Capital	Total Transportation Surtax Program
Revenues:			
Transportation surtax	\$ 360,019	\$ -	\$ 360,019
Investment income	7,573	-	7,573
Total revenues	<u>367,592</u>	<u>-</u>	<u>367,592</u>
Expenditures:			
Current:			
General government	2,180	-	2,180
Public safety	-	925	925
Transportation	47,756	1,240	48,996
Capital outlay	97	40,844	40,941
Total expenditures	<u>50,033</u>	<u>43,009</u>	<u>93,042</u>
Excess of revenues over expenditures	<u>317,559</u>	<u>(43,009)</u>	<u>274,550</u>
Other financing sources (uses)			
Transfers in	-	161,758	161,758
Transfers out	(161,758)	-	(161,758)
Total other financing sources (uses)	<u>(161,758)</u>	<u>161,758</u>	<u>-</u>
Net change in fund balance	155,801	118,749	274,550
Fund balance, beginning of year	<u>278,572</u>	<u>-</u>	<u>278,572</u>
Fund balance, end of year	<u>\$ 434,373</u>	<u>\$ 118,749</u>	<u>\$ 553,122</u>

See notes to financial statements.

**Broward County, Florida
Transportation Surtax Program**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Broward County, Florida Transportation Surtax Program (the Surtax Program) 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.

A. Reporting Entity

The special-purpose financial statements presented include the activity of the Transportation Surtax Program, which includes the Surtax Fund and the Surtax Capital 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, 2020, 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 comprehensive annual 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 Fund's and the Surtax Capital Fund's significant accounting policies are described below. The special-purpose financial statements were prepared in accordance with applicable GASB pronouncements.

The Transportation Surtax Fund was originally established as a single special revenue fund in fiscal year 2019 and in fiscal year 2020, it was split into a special revenue fund and a capital projects fund. The proceeds from the Surtax Program are deposited into the Transportation Surtax Special Revenue Fund (Surtax Fund) and are used to fund transportation improvement activities. The Transportation Surtax Capital Fund (the Surtax Capital Fund) was established in fiscal year 2020, and is supported by a transfer from the Surtax Fund. It was created to separately account for financial resources to be used for County-owned transportation projects resulting in the acquisition and construction of major capital assets and facilities by the County. All other transportation improvement activities are recorded as expenditures in the Surtax Fund.

**Broward County, Florida
Transportation Surtax Program**

Notes to 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.

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 Fund and the Surtax Capital Fund participate in the cash and investment pool maintained by the County. The Surtax Fund's and the Surtax Capital Fund's portion of the pool is presented as *cash and cash equivalents* and *investments* on the balance sheet as appropriate. All investments are carried at fair value. Please refer to the County's Comprehensive Annual 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.

Fund Balance

The Surtax Fund and the Surtax Capital 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 Fund and the Surtax Capital 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 Program**

Notes to 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 Fund and the Surtax Capital Fund are classified as restricted fund balance at year end. Encumbrances as of the year ended September 30, 2020 follows:

Fund	Project Name	Project Description	Balance
Surtax Capital Fund	Bus vehicles – 30 year plan	Purchase buses	\$12,043,479
Surtax Capital Fund	Bike lanes	Construction in progress	3,159,057
Surtax Capital Fund	Bus shelter improvements	Construction in progress	2,795,645
Surtax Capital Fund	Drainage	Construction in progress	2,024,898
Surtax Capital Fund	Corridor studies	Professional services – engineering	899,119
Surtax Capital Fund	Fiber optic network installation	Construction in progress	836,271
Surtax Capital Fund	Bridge	Construction in progress	564,889
Surtax Capital Fund	Intersection improvements	Construction in progress	556,343
Surtax Capital Fund	Sidewalk improvements	Construction in progress	198,474
Surtax Capital Fund	Local infrastructure	Professional services – engineering	110,774
Surtax Capital Fund	Adaptive traffic control systems engineering study	Professional services – engineering	96,170
Surtax Capital Fund	Public works vehicles	Purchase vehicles	83,247
Surtax Capital Fund	Traffic signal master arm conversion	Construction in progress	65,270
Surtax Capital Fund	School zones	Construction in progress	62,687
Surtax Capital Fund	Local bus stop infrastructure improvements	Construction in progress	21,173
Surtax Capital Fund	Security enhancements	IT and security enhancements	8,120
Surtax Capital Fund	Traffic Engineering	Professional services – engineering	1,025
	Total commitments surtax capital fund		<u>23,526,641</u>
Surtax Fund	Mobility Advancement Program Administration	Professional services	57,021
Surtax Fund	Office of Economic and Small Business Development	Promotional Activities	2,000
	Total commitments surtax fund		<u>59,021</u>
	Total commitments		<u>\$23,585,662</u>

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.

Note 2. Interfund Charges

Interfund charges between the Surtax Fund and other funds of the County totaled \$48,134,400 for the year ended September 30, 2020. Interfund charges consisted of \$47,593,290 for increased mass transit operations and \$541,110 for administrative charges, including \$424,830 for the County Attorney and \$116,280 for the County Auditor.

REQUIRED SUPPLEMENTARY INFORMATION

**Broward County, Florida
Transportation Surtax Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Unaudited)
For the Fiscal Year Ended September 30, 2020
(In Thousands)**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Transportation surtax	\$ 370,452	\$ 370,452	\$ 360,019	\$ (10,433)
Investment income	-	-	7,573	7,573
Less 5% of anticipated revenue	(18,523)	(18,523)	-	18,523
Total revenues	351,929	351,929	367,592	15,663
Expenditures:				
Current:				
General government	3,713	5,022	2,180	2,842
Transportation	63,759	55,242	47,756	7,486
Capital outlay	79,871	125,407	97	125,310
Total expenditures	147,343	185,671	50,033	135,638
Excess of revenues over expenditures	204,586	166,258	317,559	151,301
Other financing sources (uses):				
Transfers out	-	(161,758)	(161,758)	-
Total other financing sources (uses)	-	(161,758)	(161,758)	-
Net change in fund balance	204,586	4,500	155,801	151,301
Fund balance, beginning of year	-	278,078	278,572	494
Fund balance, end of year	\$ 204,586	\$ 282,578	\$ 434,373	\$ 151,795

See accompanying note to the schedule.

Broward County, Florida
Transportation Surtax Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Unaudited)
For the fiscal Year Ended September 30, 2020
(In Thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Transportation surtax	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Less 5% of anticipated revenue	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety		1,486	925	561
Transportation		6,573	1,240	5,333
Capital outlay		153,699	40,844	112,855
Total expenditures	<u>-</u>	<u>161,758</u>	<u>43,009</u>	<u>118,749</u>
Excess of revenues over expenditures	<u>-</u>	<u>(161,758)</u>	<u>(43,009)</u>	<u>118,749</u>
Other financing sources (uses):				
Transfers in	-	161,758	161,758	-
Total other financing sources (uses)	<u>-</u>	<u>161,758</u>	<u>161,758</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>118,749</u>	<u>118,749</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,749</u>	<u>\$ 118,749</u>

See accompanying note to the schedule.

**Broward County, Florida
Transportation Surtax Program**

**Note to Budgetary Comparison Schedule
For the Fiscal Year Ended September 30, 2020**

Note 1. Budgetary Information

The County prepares an annual operating budget for the Surtax Fund which is 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. The Surtax Capital Fund was established after the fiscal year 2020 was adopted by the BOCC and therefore was not part of the original budget. Rather, the fiscal year 2020 operating budget for the Surtax Capital Fund was established via a budget amendment.

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