

**APPROVED**

**AUDIT ADVISORY BOARD MEETING  
CITY OF FORT LAUDERDALE  
101 N.E. 3<sup>rd</sup> Avenue, Fort Lauderdale FL 33301  
11<sup>th</sup> Floor Commission Conference Room  
Thursday, February 27<sup>th</sup>, 2025, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u>	
		<u>Present</u>	<u>Absent</u>
Joey Epstein	P	3	0
Eric Soh	A	2	1
Stephen Emery	P	3	0
Linroy Duffus*	P	2	0
Bill Livek*	P	1	1

\*partial term started

**Staff Present**

Linda Short, Director, Finance  
Aaron Kendrick, Deputy Director, Finance  
Alicia Sheffield, Acting Controller, Finance  
Patrick Reilly, City Auditor  
Debra Conyers, Board Liaison

**Other Attendees**

Brett Friedman, RSM US, LLP  
Anthony Brunson, ABPA  
Jean Borno, ABPA

**Call to Order**

Chairman Joey Epstein called the meeting to order at 5:02 PM.

**Roll Call**

At the time of roll call, there were four appointed members to the Board allowing for a quorum.

**Review of Meeting Minutes for Approval**

Chairman Epstein directed the review of the previous meeting minutes.

Stephen Emery motioned to approve the October 31<sup>st</sup>, 2024, and January 30<sup>th</sup>, 2025, meeting minutes. Bill Livek seconded. The meeting minutes were approved unanimously in a voice vote.

### **Floor Open for Public Input**

Chairman Epstein opened the floor for public input. No members of the public came forward.

### **Presentation of Draft CRA Audit FY2024**

Mr. Brunson said that his team was not ready to present the Draft CRA audit report, due to having received needed data and information two weeks prior to this meeting.

### **Presentation of Large User Audit FY2023**

Mr. Jean Borno briefly spoke on the Large User Audit FY2023 report. Mr. Borno discussed the independent auditor's report, schedule of large user wastewater treatment rate computation and notes to schedule of large user wastewater treatment rate computation.

Bill Livek motioned to accept the Large User Audit. Stephen Emery seconded. The report was approved in a voice vote.

Further discussion ensued between Board Members and City Staff and Anthony Brunson P.A. (see handout).

### **Audit Status Report / ACFR Update**

Mr. Friedman stated that there were no issues or concerns and estimated everything should be on track according to the timeline schedule.

### **Other Business**

Chairman Epstein requested to move the next regularly scheduled meeting to May 1<sup>st</sup>, 2025, at 3 PM. Stephen Emery motioned to approve changing meeting date and time, Bill Livek seconded, all in favor to approve, no opposed.

### **Communication to the City Commission**

N/A

### **Adjournment**

The next regularly scheduled Audit Advisory Board meeting will be May 1<sup>st</sup>, 2025, at 3:00 PM.

The meeting adjourned at 5:27 PM

[Minutes prepared by Debra Conyers, Board Liaison]

**SCHEDULE OF LARGE USER  
WASTEWATER TREATMENT  
RATE COMPUTATION**

**CITY OF FORT LAUDERDALE, FLORIDA  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
WITH INDEPENDENT AUDITOR'S REPORT**

**CITY OF FORT LAUDERDALE, FLORIDA  
SCHEDULE OF LARGE USER  
WASTEWATER TREATMENT RATE COMPUTATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Table of Contents**

	<b>PAGE(S)</b>
Independent Auditor's Report .....	1-2
Schedule of Large User Wastewater Treatment Rate Computation .....	3
Notes to Schedule of Large User Wastewater Treatment Rate Computation .....	4-6



# ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City of Commission and City Manager  
City of Fort Lauderdale, Florida

### Opinions

We have audited the accompanying Schedule of Large User Wastewater Treatment Rate Computation (the Schedule) of the City of Fort Lauderdale, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the Schedule, as listed in the table of contents.

In our opinion, the accompanying Schedule referred to above present fairly, in all material respects, the Large User Wastewater Treatment Rate Computation, as of September 30, 2023, in accordance with the financial reporting provisions of Article 5 of the Large User Agreement between the City and the Large Users (Cities of Oakland Park, Tamarac, Wilton Manors, and the Port Everglades Authority).

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the Schedule, which describes the basis of accounting. The schedule was prepared by the City on the basis of the financial reporting provisions of Article 5 of the Large User Agreements, which is a basis accounting other than accounting principles generally accepted in the United States of America. As a result, the Schedule may not be suitable for other purposes. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Schedule

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



## **Auditor's Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matter Paragraph – Restriction on Use**

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



Miramar, Florida  
February 24, 2025

**CITY OF FORT LAUDERDALE, FLORIDA  
SCHEDULE OF LARGE USER  
WASTEWATER TREATMENT RATE COMPUTATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

Operation and maintenance costs	\$ 19,936,957
Debt service and bond covenant requirements, net	5,919,311
Replacement costs	<u>25,060,472</u>
Total user costs	50,916,739
Less interest earnings	<u>1,627,463</u>
Total user charges	<u>\$ 49,289,276</u>
Gallons treated (in 1,000's)	<u>16,684,891</u>
User charge per 1,000 gallons treated	<u>\$ 2.95412635</u>

See accompanying notes.

**CITY OF FORT LAUDERDALE, FLORIDA**  
**NOTES TO SCHEDULE OF LARGE USER**  
**WASTEWATER TREATMENT RATE COMPUTATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Note 1 - Background**

The accompanying schedule of large user wastewater treatment rate computation presents the wastewater transmission, treatment and disposal charges allocated to the central regional wastewater treatment plant operated by the City of Fort Lauderdale, Florida (the City). In addition to the City, the plant provides wastewater treatment services to the cities of Oakland Park, Tamarac, Wilton Manors, and the Port Everglades Authority, succeeded by Broward County effective October 1, 1994, and the Town of Davie. The basis for calculation of the costs to operate the plant is defined in Article 5 of the large user agreements with each of the respective governmental units listed above. The accompanying schedule was prepared on a basis on accounting other than generally accepted accounting principles to comply with Article 5 of the agreements.

**Note 2 - Operation and Maintenance Costs**

Operation and maintenance costs include labor, materials, equipment (including equipment acquisition costs), fuel, utilities, chemicals, transportation, travel, administrative expenses, billing expenses, supplies, rent, insurance, employee benefits, liability insurance costs, workers' compensation insurance costs, outside services, and any other costs of operation and maintenance of the central regional wastewater transmission, treatment, and disposal facilities. Under generally accepted accounting principles, equipment acquisition costs generally are capitalized and depreciated over their estimated useful lives.

**Note 3 - Debt Service and Bond Covenant Requirements**

Debt service and debt covenant requirements include charges for principal, interest, and amounts necessary to meet the requirements of debt obligations and covenants for those portions of the City's bond issues and loans used to purchase or construct capital assets of the central regional wastewater transmission treatment and disposal facilities.

On April 19, 2016, the City sold \$158,930,000 of Water and Sewer Revenue and Revenue Refunding Bonds, Series 2016. The Series 2016 was the full refunding of the Series 2006, Series 2008, Series 2010 and to prepay all amounts outstanding for two (2) loans obtained by the City from the State of Florida (the "Refunded SRF Loan") with aggregate principal amount of \$53,045,000, \$31,010,000, \$72,375,000 and \$18,156,248, respectively. The issue provides for semi-annual principal and interest payments with interest rates ranging from 2.0% to 5.0% and a final maturity on September 1, 2038. This refinancing reduced the average coupon rate from 4.44% to 3.29%. As of September 30, 2023, the Central Regional Wastewater System's liability for these bonds totaled \$2,534,030.

**CITY OF FORT LAUDERDALE, FLORIDA  
NOTES TO SCHEDULE OF LARGE USER  
WASTEWATER TREATMENT RATE COMPUTATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Note 3 - Debt Service and Bond Covenant Requirements**

On February 20, 2018, the City issued \$196,035,000 in Water and Sewer Revenue Bonds, Series 2018. The proceeds from the sale are being used to finance certain improvements and upgrades to the City's Water and Sewer system. The issue provides for semi-annual principal and interest payments with interest rates ranging from 3.5% to 4.0% and final maturity on September 1, 2048. As of September 30, 2023, the Central Regional Wastewater System's liability for these bonds totaled \$82,687,563.

To take advantage of low interest rates, the City is participating in the State of Florida revolving loan program to finance sewer system capital improvements. The loan program operates on a reimbursement basis. When proceeds are issued, the loan accrues interest based upon the rate approved by the State at the date of closing. The liability due to the State is the original loan amount plus accrued interest until the date repayments commence. The loans provide for semi-annual principal and interest payments with interest rates ranging from 1.09% to 1.50%. As of September 30, 2023, the Central Regional Wastewater System's liability for these loans totaled \$5,364,263.

On June 3, 2021, the city issued Water and Sewer Revenue Refunding Bond, Series 2021. The proceeds were used to refund the City's Water and Sewer Revenue Refunding Bonds, Series 2012. The net present value savings of the refunding was \$5,161,325 or 11.9% of the par amount of the Refunded Bonds. This issue provides for semi-annual principal and interest payments. This refinancing reduced the average interest rate from 4.21% to 1.43%. As of September 30, 2023, the Central Regional Wastewater System's liability for this loan totaled \$1,553,873.

**Note 4 - Replacement Costs**

Replacement costs, which are required by Public Law 92-500, provide for replacement or addition of equipment that will be needed to maintain the performance and capacity of the central regional wastewater facilities during the next 20 years of operation. Replacement costs for the succeeding 20-year period were originally estimated on June 14, 1985, and are updated annually by the City's consulting engineers. The amount of replacement cost to be collected in a given year is based on the total estimated replacement costs less the amount accumulated in the reserve for replacement, divided by 20.

**Note 5 - Interest Earnings**

Interest earned on investments held by the central regional wastewater treatment system is reflected as a reduction of costs used to compute the wastewater treatment rate in accordance with provisions of the large user agreements as amended.

**CITY OF FORT LAUDERDALE, FLORIDA  
NOTES TO SCHEDULE OF LARGE USER  
WASTEWATER TREATMENT RATE COMPUTATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Note 6 - Gallons Treated**

Gallons treated are based on metering devices located at the wastewater treatment plant and maintained by the City.

**Note 7 - Interim Billing Rate**

The large user agreements provide for the City to bill each user an interim wastewater treatment rate based on budgeted operation and maintenance costs, debt service, and bond covenant costs, and replacement costs for the fiscal year. At the close of the fiscal year, an adjustment is made based on actual user charges. The interim-billing rate used in fiscal year 2023 was \$2.55 per 1,000 gallons.