

Transportation Surtax Program of Broward County, Florida

Report to the Honorable Mayor,
Members of the County Commission and
Members of the Independent Transportation
Surtax Oversight Board

Fiscal Year Ended September 30, 2023





March 25, 2024

Honorable Mayor, Members of the Board of County Commission and
Members of the Independent Transportation Surtax Oversight Board
Broward County, Florida

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Attention: Honorable Mayor, Members of the County Commission and Members of the Independent
Transportation Surtax Oversight Board

We are pleased to present this report related to our audit of the special-purpose financial statements of the Transportation Surtax Program of Broward County, Florida, (the Surtax Program), as of and for the year ended September 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Surtax Program's financial reporting process.

This report is intended solely for the information and use of the Honorable Mayor, Members of the Board of County Commission, Members of the Independent Transportation Surtax Oversight Board and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Broward County, Florida.

RSM US LLP

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REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of have been described to you in our engagement letter dated September 27, 2023. Our audit of the special-purpose financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated January 16, 2024, regarding the planned scope and timing of our audit and identified significant risks .

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Surtax Program. The Surtax Program did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities: AICPA Independence

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For RSM to fulfill its professional responsibility to maintain and monitor independence, management, those charged with governance, and RSM each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. RSM is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The Surtax Program's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - New beneficial owners of the Surtax Program's stock which have significant influence.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Surtax Program and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Surtax Program.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Surtax Program, including the representation letter provided to us by management, are attached as Exhibit A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Surtax Program's September 30, 2023 financial statements.

Significant Accounting Estimates

Fair Value of Investments

Accounting policy	Investments are reported at fair value.
Management's estimation process	The County engages an external investment consultant to perform a valuation assessment of their investments which is reviewed by management on a periodic basis and at year-end.
Basis for our conclusion on the reasonableness of the estimate	We tested the values of a sample of investment securities and concluded that the values as reported are reasonable.

EXHIBIT A

Significant Communications Between Management and Our Firm



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

115 S. Andrews Avenue, Room 513 • Fort Lauderdale, Florida 33301 • 954-357-7130 • FAX 954-357-7134 • Email: finance@broward.org

March 25, 2024

RSM US LLP
201 E Las Olas Blvd, Suite 2500
Fort Lauderdale, FL

This representation letter is provided in connection with your audit of the 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, 2023 for the purpose of expressing an opinion on whether the special-purpose financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 27, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by Surtax Program include:
 - a. Interfund transactions, including interfund transfers.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The Surtax Program followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

Broward County Board of County Commissioners

Mark D. Bogen • Lamar P. Fisher • Beam Furr • Steve Geller • Robert McKinzie • Nan H. Rich • Hazelle P. Rogers • Tim Ryan • Michael Udine
Broward.org

8. There are no fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended to be included in the financial statements.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
12. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
13. Broward County Ordinance – Section 31 ½ Taxation, Article V Broward County Transportation Surtax requires that cash and investments of the Surtax Trust Fund not be commingled with any other fund, including other transportation or transit funds. Management has complied with this requirement by accounting for surtax funds in the separate Transportation Surtax Special Revenue Fund and Transportation Surtax Capital Projects Fund. Management has determined that separate custodial accounts are not required unless specified in the ordinance.
14. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
15. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because that responsibility rests at the County-wide level.
16. We have reviewed the GASB Statements effective for the fiscal year ending September 30, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 96, Subscription-Based Information Technology Arrangements
17. We have no knowledge of any uncorrected misstatements in the financial statements.
18. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report will not be modified in any manner.

Information Provided

19. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Surtax Program from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
20. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 21. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
 22. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
 23. We have no knowledge of allegations of fraud or suspected fraud affecting the Surtax Program's financial statements received in communications from employees, former employees, analysts, regulators, or others.
 24. We have no knowledge of disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations.
 25. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
 26. We have disclosed to you the identity of all of the Surtax Program's related parties and all the related-party relationships and transactions of which we are aware.
 27. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Surtax Program's ability to record, process, summarize and report financial data.
 28. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 29. It is our responsibility to inform you of all current and potential affiliates of the Surtax Program as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the Surtax Program may create threats to independence. We have:
 - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the Surtax Program's financial statements as a whole, (ii) the level of influence the Surtax Program has over an entity's financial reporting process or (iii) the level of control or influence the Surtax Program or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Surtax Program and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.

- c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the Surtax Program or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.
30. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

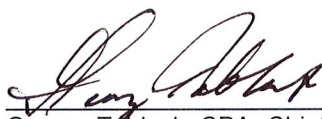
Supplementary Information

31. With respect to the budgetary comparison schedules presented as required by to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information, including its form and content, is fairly presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information other than those used to prepare the basic financial statements.

Broward County, Florida



Monica Cepero, County Administrator



George Tablack, CPA, Chief Financial Officer