

Orlando Utilities Commission

Schedule of Expenditures of Federal Awards
and Schedule of State Financial Assistance

Year Ended September 30, 2022

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Report of Independent Auditors on Compliance for Each Major Federal Program and State Financial Assistance Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* 1

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Report of Independent Auditors on Compliance for Each
Major Federal Program and State Financial Assistance Project;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards and
Schedule of Expenditures of State Financial Assistance
Required by the Uniform Guidance and
Chapter 10.550, *Rules of the Auditor General*

To Management and the Commissioners of
Orlando Utilities Commission

**Report of Independent Auditors on Compliance for Each Major Federal Program and
State Financial Assistance Project**

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited Orlando Utilities Commission (OUC)'s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of OUC's major federal programs and state financial assistance projects for the year ended September 30, 2022. OUC's major federal programs and major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, OUC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of OUC 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 on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of OUC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to OUC's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on OUC's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about OUC's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 OUC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of OUC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of OUC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and
Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550,
*Rules of the Auditor General***

We have audited the financial statements of OUC as of and for the year ended September 30, 2022, and have issued our report thereon dated January 26, 2022, which contained an unmodified opinion on those financial statements. We have not performed any procedures with respect to the audited financial statement subsequent to January 26, 2022. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

June 28, 2023

Orlando Utilities Commission

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal Sponsor/Federal Program Title/Project Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Passed through Florida Executive Office of the Governor:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4337	\$ 2,046,879
Total for ALN 97,036 and U.S. Department of Homeland Security			<u>2,046,879</u>
U.S. Department of Energy			
Research and Development Cluster:			
Passed through The University of Central Florida Board of Trustees:			
Renewable Energy Research and Development – Autonomous Inverter Controls for Resilient and Secure Grid Operation	81.087	9H673/16226A10	<u>17,537</u>
Total Research and Development Cluster and U.S. Department of Energy			<u>17,537</u>
Total expenditures of federal awards			<u>\$ 2,064,416</u>

See accompanying notes.

Orlando Utilities Commission

Schedule of Expenditures of State Financial Assistance

Year Ended September 30, 2022

State Grantor/Pass-Through Grantor/Program Title	CSFA Number	Pass-Through Entity Identifying Number	State Expenditures
Florida Department of Environmental Protection			
Diesel Emissions Mitigation Program – Volkswagen Settlement	37.102		\$ 390,310
Passed through South Florida Water Management District:			
Alternative Water Supply Funding Program: Southeast Water Treatment Plant Lower Floridian Aquifer Wallfield Phase	37.100	4600004401	863,037
Passed through St. Johns River Water Management District:			
Alternative Water Supply Funding Program: High Efficiency Toilet and Irrigation Controller Rebates Project	37.100	35812	24,432
Alternative Water Supply Funding Program: Smart Leak Detection Device Rebates Project	37.100	36597	300
Total for Program 37.100			<u>887,769</u>
Total Florida Department of Environmental Protection			<u>1,278,079</u>
Total expenditures of state financial assistance			<u>\$ 1,278,079</u>

See accompanying notes.

Orlando Utilities Commission

Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance

Year Ended September 30, 2022

1. General

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance (collectively, the Schedules) include the federal and state grant activity of Orlando Utilities Commission (OUC) for the year ended September 30, 2022. The information in these Schedules is presented in accordance with the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General* (Chapter 10.550) of the State of Florida, respectively.

2. Basis of Presentation

The purpose of the Schedules is to present, in summary form, total expenditures of federal awards and state financial assistance received or expected to be received by Orlando Utilities Commission (OUC) for the year ended September 30, 2022. The Schedules are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Because the Schedules present only a selected portion of the results of operations of OUC, they are not intended to and do not present either the financial position or results of operations of OUC.

3. Contingencies

Grant revenue amounts received are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability to OUC. In the opinion of management, all grant expenditures are in compliance with the terms of the respective grant agreements and applicable federal and state laws and regulations.

4. Indirect Cost Rate

OUC has elected not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance for its federal awards.

Orlando Utilities Commission

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

Section I – Summary of Auditor’s Results

Financial Statement Section

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes

 X No

Significant deficiency(ies) identified?

 Yes

 X None reported

Noncompliance material to financial statement noted?

 Yes

 X No

Federal Awards and State Projects

Internal control over major federal programs and state financial assistance projects:

Material weakness(es) identified?

 Yes

 X No

Significant deficiency(ies) identified?

 Yes

 X None reported

Type of auditor’s report issued on compliance for major federal programs and state financial assistance projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.550, *Rules of the Auditor General*?

 Yes

 X No

Orlando Utilities Commission

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2022

Section I – Summary of Auditor’s Results Section (continued)

Identification of the Major Federal Programs:

<u>Assistance Listing Number (ALN)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Identification of Major State Financial Assistance Programs:

<u>CSFA Number</u>	<u>Name of State Project</u>
37.100	Alternative Water Supply Funding Program
37.102	Diesel Emissions Mitigation Program – Volkswagen Settlement

Dollar threshold used to distinguish between Type A and Type B programs:

Federal Programs	\$ 750,000
State Projects	\$ 383,423

Auditee qualified as low-risk auditee for Federal purposes? X Yes No

Section II – Financial Statement Findings and Questioned Costs

No findings were noted.

Section III – Federal Awards and State Financial Assistance Projects Findings and Questioned Costs

No findings were noted.

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