

PINELLAS COUNTY LICENSE BOARD

Financial Statements

September 30, 2014

PINELLAS COUNTY LICENSE BOARD

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INDEPENDENT AUDITORS' REPORT

Members of the Board
Pinellas County License Board
Clearwater, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund (general) of Pinellas County License Board (PCLB) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the PCLB's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to PCLB's preparation and fair presentation of the 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 PCLB'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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund (general) of Pinellas County License Board as of September 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 18–19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2015, on our consideration of the Pinellas County License Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pinellas County License Board's internal control over financial reporting and compliance.



THOMAS HOWELL FERGUSON, P.A.
Tallahassee, Florida
January 15, 2015

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis September 30, 2014

As management of the Pinellas County License Board (PCLB), we offer the readers of the PCLB's financial statements this narrative overview and analysis of the financial performance of PCLB for the fiscal year ended September 30, 2014. It is designed to provide greater accountability to citizens and identify significant changes in financial position and overall results of operations. Readers are encouraged to consider the information presented in conjunction with the PCLB's financial statements and footnotes that follow this section.

Financial Highlights

PCLB's total net position increased by \$4,788 (or 4%). Governmental activities revenue increased by \$32,920 (or 3%). Expenses increased by \$49,163 (or 5%).

Overview of the Financial Statements:

The presentation of the financial statements is consistent with the Governmental Accounting Standards Board (GASB) requirements for governmental agencies. The focus is on PCLB as a whole allowing the user to address relevant questions, widen comparisons, and enhance accountability. The sections are as follows: Management's Discussion and Analysis (MD&A), Basic Financial Statements, Fund Financial Statements along with the Notes to the Financial Statements and Required Supplementary Information.

Government-wide Financial Statements: The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. All of PCLB's basic services are considered to be governmental activities, including administration and services to children and families. Grant revenue and other governmental revenue are used to fund most of these services.

The Statement of Net Position presents information on PCLB's assets and liabilities, with the difference between the two being reported as net position. Over time, changes in net position (increases and decreases) may serve as a useful indicator of whether the financial position of PCLB is improving or deteriorating.

The Statement of Activities presents the change in the PCLB's net position during the fiscal year. Revenues and expenses are accounted for on the accrual basis of accounting in this report. PCLB's financial statements include the governmental activities related to children and family program services and general administration.

Government-wide Financial Analysis

The following table reflects the Statement of Net Position compared to the prior year. As of September 30, 2014, net position totaled \$134,270.

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis
September 30, 2014

		<u>Governmental Activities</u>	
		<u>2014</u>	<u>2013</u>
Current and other assets		\$ 186,278	\$ 174,263
Capital assets		7,850	13,665
	Total assets	<u>\$ 194,128</u>	<u>\$ 187,928</u>
Current liabilities		\$ 59,858	\$ 58,446
	Total liabilities	<u>59,858</u>	<u>58,446</u>
Net position			
Invested in capital assets		7,850	13,665
Unrestricted		126,420	115,817
	Total net position	<u>\$ 134,270</u>	<u>\$ 129,482</u>

In 2014, investment in capital assets (furniture and equipment) represents 6% of PCLB's total net position. Unrestricted net assets represent 94% of total net position. In the prior year, capital assets represented 11% and unrestricted net position represented 89% of the total net position.

The following table reflects the Statement of Changes in Net Position compared to the prior year. There was an increase in total revenue of 3% and an increase of total expenses of 5%, compared to the prior year.

Pinellas County License Board's Changes in Net Position

		<u>Governmental Activities</u>	
		<u>2014</u>	<u>2013</u>
Revenues:			
Program revenues:			
	Charges for services	\$ 133,430	\$ 155,780
	Intergovernmental	1,017,222	961,952
	Total revenues	<u>1,150,652</u>	<u>1,117,732</u>
Expenses:			
	Administration	1,145,864	1,096,701
	Total expenses	<u>1,145,864</u>	<u>1,096,701</u>
	Increase (decrease) in net position	4,788	21,031
	Net position, beginning of year	129,482	108,451
	Net position, end of year	<u>\$ 134,270</u>	<u>\$ 129,482</u>

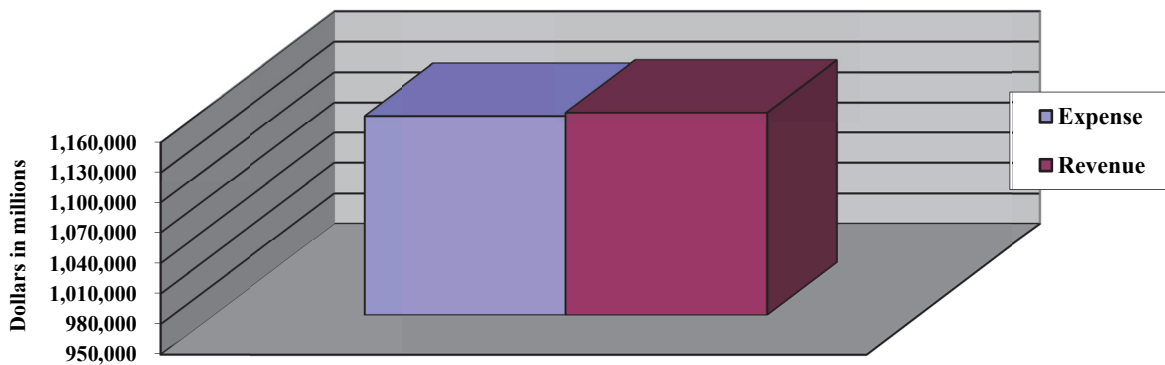
PINELLAS COUNTY LICENSE BOARD

Management’s Discussion and Analysis
September 30, 2014

Governmental activities: Intergovernmental revenue increased \$55,270 (or 6%) compared to the previous year. This increase was due mainly to the increase in funding from Department of Health of approximately \$23,500, an increase from the Juvenile Welfare Board of approximately \$19,000 and the one time additional revenue from Department of Children & Families of \$6,000. However, revenue from charges for services decreased \$22,350 (or 15%) compared to prior year, due primarily to the elimination of the fingerprinting services effective June 30, 2014.

The total cost of governmental activities increased by \$49,163 (or 5%) compared to the prior year.

Expenses and Revenues - Governmental Activities



Capital Assets

Capital assets: As of September 30, 2014, PCLB's investment in capital assets is \$7,850, net of accumulated depreciation. The chart below reflects equipment net of accumulated depreciation.

	Governmental Activities	
	2014	2013
Furniture, equipment and computers	\$ 7,850	\$ 13,665

Fund Financial Statements: A fund is a self-balancing group of accounts used to maintain control over resources intended to be used for specific purposes. The fund financial statements focus on the only major fund of the PCLB, the general fund.

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis September 30, 2014

The governmental fund financial statements provide information based on current sources and uses of resources of PCLB's general fund operations. These statements provide the detail to develop the budget or financial plan. They also allow for current budget compliance to be confirmed. A reconciliation of the governmental fund financial statements with the Statement of Net Position (prepared on the accrual basis of accounting) is provided at the end of the related financial statements to facilitate comparison. The capital assets used in governmental activities which are not financial resources are not reported in the fund financial statements.

General Fund: The Balance Sheet – Governmental Fund (page 10), reports the general fund, which is the primary operating fund of PCLB. It accounts for all governmental financial resources. At the end of fiscal year 2014, PCLB's general fund balance was \$126,420 (an increase of \$10,603 or 10%).

As of September 30, 2014 there were a total of 412 Family Day Care Homes and 397 Child Care Centers consisting of 44,116 licensed child care slots, an increase of 958 licensed slots from the previous year. The Statement of Revenues, Expenditures, and Changes in Fund Balance (page 12), reflects the net change in fund balance. In addition to receiving \$560,265 funding from the Juvenile Welfare Board, PCLB received \$288,122 from the Department of Children and Family Services which included a one-time increase of \$6,000 to fund additional salary costs expended to implement the new recording of inspections process, electronically. The Florida Department of Health, in Pinellas County ("PinCHD") funded \$168,835, of which \$95,712 is considered in-kind. This funding was an increase compared to prior years of \$30,717, \$23,470 in direct funding and \$7,247 in in-kind funds. There was no change to fee or fines rates, however, total revenues generated from fees and fines were \$133,430 (15% less than prior year) of which revenue relating to fingerprinting was \$24,892 (a decrease of 43% compared to the prior year). This reduction was as a result of eliminating the fingerprinting service during the fiscal year. This decision was made due to the inability to cover the cost of providing the service with the fees charged and the fact that there are several other places around Pinellas County that also provide this service.

General Fund Budget Highlights

PCLB revised the budget once during the year for an overall redistribution of funding to cover necessary expenses.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund (page 18), shows actual revenues were \$24,561 less than the final budget and actual expenditures were \$58,763 less than the final budget amounts. The net variance was \$34,202 more than the final budget.

Notes to the Financial Statements: The notes provide additional information that is important to the reader in attaining a full understanding of the data presented in the financial statements.

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis
September 30, 2014

Required Supplementary Information: In addition to the basic financial statements, this report also contains other required supplementary information. The General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is a part of this section.

FACTORS CONCERNING PCLB

The PCLB continues its registration as an Independent Special District by the State of Florida, Department of Economic Opportunity, Division of Community Development. Since October 1, 2007, the PCLB entered into an Interlocal Agreement with the Florida Department of Health, in Pinellas County (PinCHD) to provide staff to perform inspection and monitoring duties and management duties including purchasing, finance, accounting, budgeting, contracting, information technology services, facilities management, human resources and limited legal services. Since PCLB contracted out the administration and operation of the Board's responsibility to the PinCHD, financial transactions are accounted for through the Florida Accounting Information Resource (FLAIR) Subsystem during the year. They are also recorded into a separate accounting software program, strictly for the purpose of tracking the financial transactions of the PCLB. At year end, those transactions are converted into the modified accrual basis of accounting. It is the intention of PinCHD to continue to provide in-kind contributions for administrative cost in the coming years.

Information Contact

The PCLB's financial statements are designed to present users (citizens, taxpayers) with a general overview. If you have questions about this report or need additional financial information, contact Pinellas County License Board, c/o Florida Department of Health, in Pinellas County - Environmental Health, Epidemiology and Preparedness Division, Mid-County Center, 8751 Ulmerton Road, Suite 2000 Largo, FL 33771.

PINELLAS COUNTY LICENSE BOARD

Statement of Net Position
September 30, 2014

Assets	<u>Total</u>
Due from Juvenile Welfare Board	\$ 73,681
Due from Department of Children & Families	23,510
Due from Florida Department of Health, in Pinellas County	87,112
Other Accounts Receivable – fees & fines	1,975
Capital assets, net of accumulated depreciation	7,850
Total assets	<u>194,128</u>
 Liabilities	
Accounts Payable	\$ <u>59,858</u>
Total liabilities	<u>59,858</u>
 Net Position	
Invested in capital assets	7,850
Unrestricted	126,420
Total net position	\$ <u><u>134,270</u></u>

The notes to the financial statements are an integral part of these financial statements.

PINELLAS COUNTY LICENSE BOARD

Statement of Activities
Year ended September 30, 2014

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (expense) revenue and changes in net position
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
Governmental activities:				
Administration	\$ <u>1,145,864</u>	\$ <u>133,430</u>	\$ <u>1,017,222</u>	\$ 4,788
				<u>129,482</u>
				<u>\$ 134,270</u>

The notes to the financial statements are an integral part of these financial statements.

PINELLAS COUNTY LICENSE BOARD

Balance Sheet – Governmental Fund
September 30, 2014

	<u>General Fund</u>
Assets	
Due from Juvenile Welfare Board	\$ 73,681
Due from Department of Children & Families	23,510
Due from Florida Department of Health, in Pinellas County	87,112
Other Accounts Receivable - fees & fines	<u>1,975</u>
Total assets	<u>\$ 186,278</u>
Liabilities and Fund Balance	
Accounts Payable	\$ <u>59,858</u>
Total liabilities	<u>59,858</u>
Fund balance:	
Unassigned	<u>126,420</u>
Total liabilities and fund balance	<u>\$ 186,278</u>

The notes to the financial statements are an integral part of these financial statements.

PINELLAS COUNTY LICENSE BOARD

Reconciliation of the Balance Sheet- Governmental Fund
to the Statement of Net Position
September 30, 2014

	<u>2014</u>
Total fund balance – Governmental Fund	\$ 126,420
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund	<u>7,850</u>
Net position of governmental activities	\$ <u>134,270</u>

The notes to the financial statements are an integral part of these financial statements.

PINELLAS COUNTY LICENSE BOARD

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund
Year ended September 30, 2014

	<u>General Fund</u>
Revenues:	
Licensing fees and fines	\$ 133,430
Intergovernmental:	
Juvenile Welfare Board	560,265
Department of Children & Families	288,122
Florida Department of Health, in Pinellas County	73,123
Florida Department of Health, in Pinellas County – in-kind contribution	95,712
Total revenue	<u>1,150,652</u>
Expenditures:	
Administration:	
Operating expenditures	1,044,337
Florida Department of Health, in Pinellas County – in-kind	95,712
Capital outlay	–
Total administration expenditures	<u>1,140,049</u>
Net change in fund balance	10,603
Fund balance - beginning of year	<u>115,817</u>
Fund balance - end of year	\$ <u>126,420</u>

The notes to the financial statements are an integral part of these financial statements.

PINELLAS COUNTY LICENSE BOARD

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Fund to the Statement of Activities
Year ended September 30, 2014

	<u>2014</u>
Net change in fund balance – Governmental Fund	\$ 10,603
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital outlays are reported as expenditures in the governmental fund. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. In the current period these amounts are:</p>	
Capital outlay	-
Depreciation expense	<u>(5,815)</u>
Change in net position in governmental activities	\$ <u><u>4,788</u></u>

The notes to the financial statements are an integral part of these financial statements.

PINELLAS COUNTY LICENSE BOARD

Notes to the Financial Statements September 30, 2014

Note 1 – Organization

The Pinellas County License Board (PCLB) was created by a special act for Pinellas County in 1951. The current law, Chapter 61-2681 Laws of Florida, was adopted by the legislature in 1961 and amended in 1970 by Chapter 70-893 and Chapter 2007-277. The mission of PCLB is to protect and promote the health, safety, and mental development of children cared for in children's centers and family day care homes in Pinellas County.

In July 2007, the PCLB was designated an independent special district governed by the Florida Department of Economic Opportunity, Division of Community Development. As such, the independent district is governed by various rules and regulations of the Florida Auditor General, the Department of Financial Services, and the Department of Economic Opportunity.

Since 2007, PCLB has an interlocal agreement with the Florida Department of Health in Pinellas County (PinCHD) whereby effective October 1, 2007, PinCHD acts as fiscal agent for PCLB. PinCHD assumed responsibility for inspecting and monitoring child care facilities according to regulations and procuring goods and services on behalf of PCLB. In addition, PCLB staff became PinCHD staff and the administrative office was relocated to PinCHD.

Note 2 – Summary of Significant Accounting Policies

The accounting policies and practices of the PCLB conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The following is a summary of the more significant policies and practices:

Government-wide Financial Statements - The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the activities of PCLB which include activities financed by intergovernmental revenues, grants, and licensing fees and fines.

The statement of activities presents comparison of direct expenses and program revenues for each governmental activity of PCLB. Direct expenses are those associated with a specific function or program. Program revenues include: (a) charges for services for licensing fees and fines and (b) operating grants and contributions for administrative support. General revenues include other revenue not classified as program revenue.

PINELLAS COUNTY LICENSE BOARD

**Notes to the Financial Statements
September 30, 2014**

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements - The fund financial statements provide information about PCLB's general fund which is the only governmental fund. The general fund is the general operating fund of the PCLB and is used to account for all of its financial resources.

Measurement Focus and Basis of Accounting - The government-wide fund financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. At year end, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PCLB considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Capital Assets- Capital assets include equipment and are reported in the governmental activities of the government-wide financial statements. Such assets are capitalized at cost where historical records are available and at an estimated historical cost where no historical records exist.

Depreciation is provided using the straight-line method over the following estimated lives:

<u>Property Classification</u>	<u>Estimated Useful Life</u>
Furniture and equipment	5 - 7 years
Computer equipment	3 years

Net Position - Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions. When both restricted and unrestricted resources are available for use, it is PCLB's policy to use restricted resources first, then unrestricted resources as they are needed.

PINELLAS COUNTY LICENSE BOARD

**Notes to the Financial Statements
September 30, 2014**

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balances- Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, contributors or by enabling legislation. Committed fund balance is a limitation by the PCLB through resolutions. Assigned fund balance is a limitation imposed by a designee of the PCLB. Unassigned fund balance represents the net resources in excess of what can be properly classified in one of the above four categories. PCLB has only unassigned fund balance as of September 30, 2014.

Operating Revenues and Expenses - The principal operating revenues are intergovernmental revenues, grants, and licensing fees and fines.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Due from Florida Department of Health, in Pinellas County

The interlocal agreement with PinCHD to act as fiscal agent for the PCLB was extended to September 30, 2015. PinCHD receives all revenues and pays all expenditures on behalf of the PCLB. As these transactions occur, the amount due from/to PinCHD will increase or decrease depending on the timing and nature of the transaction. As of September 30, 2014, \$87,112 is due from PinCHD per the terms of the agreement.

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	<u>October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>September 30, 2014</u>
Capital assets being depreciated:				
Furniture, equipment, and computers	\$ 280,123	-	-	\$ 280,123
Less accumulated depreciation	(266,458)	(5,815)	-	(272,273)
Capital assets, net	<u>\$ 13,665</u>	<u>(5,815)</u>	<u>-</u>	<u>\$ 7,850</u>

PINELLAS COUNTY LICENSE BOARD

Notes to the Financial Statements September 30, 2014

Note 5 – Contingency

Federal and State Grants- Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time although PCLB expects such amounts to not be significant.

Note 6 – Risk Exposure

The Florida Department of Health, a state agency, is self-insured through the State of Florida Risk Management Trust Fund, established pursuant to Section 284.30, *Florida Statutes*, and administered by the State of Florida, Department of Financial Services. The Department currently maintains, and agrees to continue to maintain during the term of the inter-local agreement with PCLB, general liability protection coverage through the Risk Management Trust Fund. This protection extends to Department of Health, its officers, employees, and agents, and covers statutory liability exposure to the limitations described in Section 768.28, *Florida Statutes*. Otherwise, the Department has sovereign immunity. The Department can provide a copy of its current Certificate of Coverage upon request.

Note 7 – Subsequent Events

In November 2014, the interlocal agreement with PinCHD was renewed through September 30, 2015; PinCHD continues to assume the same role and responsibilities as in the previous years, as disclosed in Note 1.

PCLB has evaluated subsequent events through January 15, 2015, the date which the financial statements were available to be issued.

PINELLAS COUNTY LICENSE BOARD

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
Year ended September 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget favorable (unfavorable)</u>
Revenues:				
Fees	\$ 154,395	\$ 154,395	\$ 133,430	\$ (20,965)
Intergovernmental JWB	564,643	564,643	560,265	(4,378)
Intergovernmental DCF	282,122	288,122	288,122	(0)
Intergovernmental DOH (PinCHD)	70,828	70,828	73,123	2,295
Pinellas Cty. Hlth. Dept. in-kind	97,225	97,225	95,712	(1,513)
Total revenues	<u>1,169,213</u>	<u>1,175,213</u>	<u>1,150,652</u>	<u>(24,561)</u>
Expenditures:				
Administration	<u>1,192,812</u>	<u>1,198,812</u>	<u>1,140,049</u>	<u>58,763</u>
Total expenditures	<u>1,192,812</u>	<u>1,198,812</u>	<u>1,140,049</u>	<u>58,763</u>
Net change in fund balance	(23,599)	(23,599)	10,603	34,202
Fund balance - beginning of year	115,817	115,817	115,817	-
Fund balance - end of year	<u>\$ 92,218</u>	<u>\$ 92,218</u>	<u>\$ 126,420</u>	<u>\$ 34,202</u>

PINELLAS COUNTY LICENSE BOARD

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Year ended September 30, 2014

Note 1 – Budget Process and Legal Compliance

PCLB uses the following procedures in establishing the budgetary data reflected in the financial statements:

- A budget is adopted by resolution each fiscal year.
- Budgetary control is maintained at the program level.
- The total amount available including amounts carried over from prior fiscal years must equal the total of the appropriations for expenditure and reserves.
- The adopted budget must regulate expenditures of the PCLB.
- It is unlawful to expend or contract for expenditures in any fiscal year except in pursuance of the budgeted appropriations.
- The governing body may at any time within a fiscal year or within up to 60 days following the end of the fiscal year amend a budget for that year by resolution.

During 2014, there was one budget amendment to move funds between expenditure line items. Actual total revenues were \$24,561 less than the final budget. Actual total expenditures were \$58,763 less than the final budget appropriation. The ending fund balance was \$34,202 more than planned.

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

September 30, 2014

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board
Pinellas County License Board
Clearwater, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Pinellas County License Board (PCLB), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise PCLB's basic financial statements, and have issued our report thereon dated January 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PCLB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCLB's internal control. Accordingly, we do not express an opinion on the effectiveness of PCLB's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PCLB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

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However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PCLB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCLB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We have issued a management letter to the Pinellas County License Board, dated January 15, 2015, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



THOMAS HOWELL FERGUSON, P.A.
Tallahassee, Florida
January 15, 2015

Management Letter

September 30, 2014

Management Letter

Members of the Board
Pinellas County License Board
Clearwater, Florida

Report on the Financial Statements

We have audited the financial statements of the Pinellas County License Board (PCLB), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated January 15, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated January 15, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings or recommendations were reported in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the PCLB is disclosed in Note 1 of the notes to the financial statements. The PCLB has no component units.

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not PCLB has met one or more of the conditions described in Section 218.503(1), *Florida Statutes* and identification of specific conditions met. In connection with our audit, we determined that PCLB did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

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Financial Condition (continued)

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the PCLB's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the PCLB for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. Management has drafted the annual financial report, which is in agreement with the annual financial audit report for the year ended September 30, 2014. The final report will be submitted to the Florida Department of Financial Services upon approval of the annual financial audit report by the PCLB Board of Directors.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



THOMAS HOWELL FERGUSON, P.A.
Tallahassee, Florida
January 15, 2015