

**PINELLAS COUNTY LICENSE BOARD**

**Financial Statements**

**September 30, 2016**

**PINELLAS COUNTY LICENSE BOARD**

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Pinellas County License Board  
Largo, 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, 2016, 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 the major fund (general) of Pinellas County License Board as of September 30, 2016, 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 17-18 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 February 6, 2017, on our consideration of 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  
February 6, 2017

## PINELLAS COUNTY LICENSING BOARD

### Management's Discussion and Analysis September 30, 2016

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, 2016. 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 decreased by \$23,371 (or 20%). Governmental activities revenue increased by \$77,477 (or 7%) and expenses increased by \$82,332 (or 7%), from prior fiscal year.

#### **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, 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, 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, 2016, net position totaled \$92,383.

**PINELLAS COUNTY LICENSING BOARD**

Management's Discussion and Analysis  
September 30, 2016

		<u>Governmental Activities</u>	
		<u>2016</u>	<u>2015</u>
Current and other assets		\$ 164,386	\$ 140,084
Capital assets		-	2,035
	Total assets	<u>164,386</u>	<u>142,119</u>
Current liabilities		72,003	26,365
	Total liabilities	<u>72,003</u>	<u>26,365</u>
Net position			
Invested in capital assets		-	2,035
Unrestricted		92,383	113,719
	Total net position	<u>\$ 92,383</u>	<u>\$ 115,754</u>

In 2016, all capital assets have been fully depreciated; therefore, unrestricted net position represent 100% of total net position. In the prior year, invested in capital assets represented 2% and unrestricted net position represented 98% of the total net position.

The following table reflects the Statement of Changes in Net Position compared to the prior year. There were increases in total revenue and total expenses of 7%, compared to the prior year.

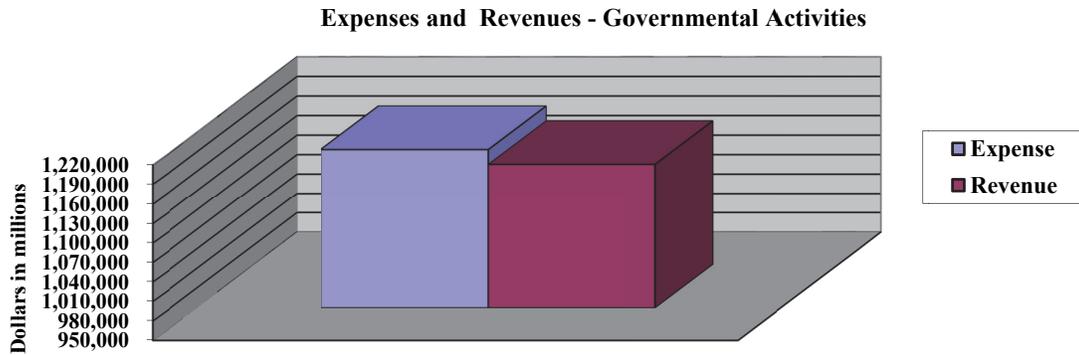
**Pinellas County License Board's Changes in Net Position**

		<u>Governmental Activities</u>	
		<u>2016</u>	<u>2015</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services		\$ 108,769	\$ 106,366
Intergovernmental		1,062,987	987,913
	Total revenues	<u>1,171,756</u>	<u>1,094,279</u>
<b>Expenses:</b>			
Administration		1,195,127	1,112,795
	Total expenses	<u>1,195,127</u>	<u>1,112,795</u>
Increase (decrease) in net position		(23,371)	(18,516)
Net position, beginning of year		115,754	134,270
Net position, end of year		<u>\$ 92,383</u>	<u>\$ 115,754</u>

**PINELLAS COUNTY LICENSING BOARD**

Management’s Discussion and Analysis  
September 30, 2016

**Governmental activities:** Intergovernmental revenue increased \$75,074 (or 8%) compared to the previous year. This increase was due mainly to the increase in funding from Florida Department of Health in Pinellas County (PinCHD) of \$30,205, and an increase in the PinCHD In-Kind contributions in the amount of \$55,595. Funding from the Juvenile Welfare Board decreased in the amount of \$10,726, as it is based on cost reimbursement. The total cost of governmental activities increased by \$82,332 (or 7%) compared to the prior year. Revenue from fees and fines increased marginally by \$2,403 (or 2%) compared to prior year.



**Capital Assets:** As of September 30, 2016, PCLB's investment in capital assets is \$0 net of accumulated depreciation, as all assets have been fully depreciated. The chart below reflects equipment, net of accumulated depreciation.

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Furniture, equipment and computers	\$ -	\$ 2,035

**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.

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.

## PINELLAS COUNTY LICENSING BOARD

Management's Discussion and Analysis  
September 30, 2016

**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 2016, PCLB's general fund balance was \$92,383 (a decrease of \$21,336 or 19%).

As of September 30, 2016, there were a total of 355 Family Day Care Homes and 391 Child Care Centers consisting of 43,639 licensed child care slots, a decrease of 698 licensed slots from the previous year.

The Statement of Revenues, Expenditures, and Changes in Fund Balance (page 11), reflects the net change in fund balance. In addition to receiving \$539,205 in funding from the Juvenile Welfare Board, PCLB received \$282,122 from the Florida Department of Children and Families. The Florida Department of Health in Pinellas County funded \$241,660, of which \$151,461 is considered in-kind. The total intergovernmental funding increased from the prior year by \$75,074, comprised of an increase in direct funding of \$19,479 and an increase in in-kind revenue of \$55,595. There were no changes to the rates for fees and fines; however, total revenue generated from fees and fines were \$108,769 or 2% more than prior year.

### **General Fund Budget Highlights**

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund (page 17), shows actual revenues were under budget by \$72,610 and actual expenditures were under budget by \$75,307, netting a variance of \$2,696 less than the final budget amounts.

**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.

**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, and Division of Community Development. Since October 1, 2007, the PCLB entered into an Interlocal Agreement with the Florida Department of Health in Pinellas County 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. It is the intention of PinCHD to continue to provide in-kind contributions for administrative costs in the coming years.

## **PINELLAS COUNTY LICENSING BOARD**

Management's Discussion and Analysis  
September 30, 2016

### **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, 2016

<b>Assets</b>	<b>Primary Government, Governmental Activities</b>
Due from Juvenile Welfare Board	\$ 116,601
Due from Department of Children & Families	47,020
Other Accounts Receivable – fees & fines	765
Total assets	<u>164,386</u>
<b>Liabilities</b>	
Due to Florida Department of Health in Pinellas County	38,953
Accounts Payable	33,050
Total liabilities	<u>72,003</u>
<b>Net Position</b>	
Unrestricted	<u>92,383</u>
Total net position	\$ <u><u>92,383</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, 2016

Functions/programs	Expenses	Program Revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	
Primary Government, Governmental activities:				
Administration	\$ <u>1,195,127</u>	\$ <u>108,769</u>	\$ <u>1,062,987</u>	\$ (23,371)
				<u>115,754</u>
				\$ <u>92,383</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, 2016

	<u><b>General Fund</b></u>
<b>Assets</b>	
Due from Juvenile Welfare Board	\$ 116,601
Due from Department of Children & Families	47,020
Other Accounts Receivable - fees & fines	<u>765</u>
Total assets	<u>\$ 164,386</u>
<b>Liabilities and Fund Balance</b>	
Due to Florida Department of Health in Pinellas County	\$ 38,953
Accounts Payable	<u>33,050</u>
Total liabilities	<u>72,003</u>
Fund balance:	
Unassigned	<u>92,383</u>
Total liabilities and fund balance	<u>\$ 164,386</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, 2016

	<b><u>General Fund</u></b>
<b>Revenues:</b>	
Licensing fees and fines	\$ 108,769
Intergovernmental	
Juvenile Welfare Board	539,205
Department of Children & Families	282,122
Florida Department of Health in Pinellas County	90,199
Florida Department of Health in Pinellas County – in-kind contribution	151,461
Total revenue	<u>1,171,756</u>
<b>Expenditures:</b>	
Administration:	
Operating expenditures	1,041,631
Florida Department of Health in Pinellas County – in-kind	151,461
Total administration expenditures	<u>1,193,092</u>
Net change in fund balance	(21,336)
Fund balance - beginning of year	<u>113,719</u>
Fund balance - end of year	\$ <u><u>92,383</u></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, 2016

	<u>2016</u>
Net change in fund balance – Governmental Fund	\$ (21,336)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Capital outlays are reported as expenditures in the governmental fund. 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>	
Depreciation expense	<u>(2,035)</u>
Change in net position of governmental activities	<u><u>(23,371)</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, 2016

### 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. 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.

Both PCLB and the Florida Department of Health in Pinellas County (PinCHD) share some statutory authority in the area of child care facility regulation. The public agencies may jointly exercise by contract all authority which the public agencies share in common and which each might exercise separately as outlined in Chapter 163.01, Florida Statutes. Since 2007, PCLB had an Interlocal agreement with PinCHD whereby since 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, 2016**

**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 financial statements are reported using the economic resources measurement focus and the 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 the 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 costing greater than \$1,000 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 consist 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, 2016**

**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, or 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 are 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, 2016.

*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 to Florida Department of Health in Pinellas County**

The Interlocal agreement with PinCHD to act as fiscal agent for the PCLB, originally dated October 1, 2007, was extended to September 30, 2016. 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, 2016, \$38,953 is due to PinCHD per the terms of the agreement.

**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2016 was as follows:

	<u>October 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>September 30, 2016</u>
Capital assets being depreciated:				
Furniture, equipment, and computers	\$ 280,123	-	-	\$ 280,123
Less accumulated depreciation	<u>(278,088)</u>	<u>(2,035)</u>	-	<u>(280,123)</u>
Capital assets, net	<u>\$ 2,035</u>	<u>(2,035)</u>	-	<u>\$ -</u>

## **PINELLAS COUNTY LICENSE BOARD**

### **Notes to the Financial Statements September 30, 2016**

#### **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 interlocal 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 October 2016, the Interlocal agreement with PinCHD was renewed through September 30, 2017. 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 February 6, 2017, 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, 2016

	Original budget	Final budget	Actual	Variance with final budget favorable (unfavorable)
<b>Revenues:</b>				
Fees	\$ 102,720	\$102,720	\$ 108,769	\$ 6,049
Intergovernmental JWB	564,643	564,643	539,205	(25,438)
Intergovernmental DCF	282,122	282,122	282,122	(0)
Intergovernmental PinCHD	104,061	104,061	90,199	(13,862)
PinCHD- in-kind	190,820	190,820	151,461	(39,359)
Total revenues	<u>1,244,366</u>	<u>1,244,366</u>	<u>1,171,756</u>	<u>(72,610)</u>
<b>Expenditures:</b>				
Administration	<u>1,276,221</u>	<u>1,268,398</u>	<u>1,193,092</u>	<u>75,306</u>
Total expenditures	<u>1,276,221</u>	<u>1,268,398</u>	<u>1,193,092</u>	<u>75,306</u>
Net change in fund balance	(31,855)	(24,032)	(21,336)	2,696
Fund balance - beginning of year	113,719	113,719	113,719	-
Fund balance - end of year	<u>\$ 81,864</u>	<u>\$ 89,687</u>	<u>\$ 92,383</u>	<u>\$ 2,696</u>

See Independent Auditor's Report

**PINELLAS COUNTY LICENSE BOARD**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget and Actual – General Fund  
Year ended September 30, 2016

**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 expenditure 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.

See Independent Auditor's Report

**Independent Auditor's 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, 2016*

**Independent Auditor's 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  
Largo, 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 major fund (general) of Pinellas County License Board (PCLB), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise PCLB's basic financial statements, and have issued our report thereon dated February 6, 2017.

**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.

Pinellas County License Board  
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### **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. 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 February 6, 2017, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.



**THOMAS HOWELL FERGUSON, P.A.**  
Tallahassee, Florida  
February 6, 2017

# **Management Letter**

*September 30, 2016*

## Management Letter

Members of the Board  
Pinellas County License Board  
Largo, 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, 2016, and have issued our report thereon dated February 6, 2017

### 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

We have issued our Independent Auditor's 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 February 6, 2017, 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.

Pinellas County License Board  
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### **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and 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 the 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*.

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. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the PCLB for the fiscal year ended September 30, 2016, 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, 2016. Management has drafted the annual financial report, which is in agreement with the annual financial audit report for the year ended September 30, 2016. 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  
February 6, 2017