

PINELLAS COUNTY LICENSE BOARD

Financial Statements

September 30, 2023

draft 2.16.2024

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the PCLB's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pinellas County License Board 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pinellas County License Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pinellas County License Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pinellas County License Board's ability to continue as a going concern for a reasonable period of time.

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

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 4–7 and 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 [DATE], 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 solely 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 the effectiveness of the Pinellas County License Board's 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
[DATE]

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis September 30, 2023

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, 2023. 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 \$65,900 (or 32%). Governmental activities revenue decreased by \$139,377 (or 9%) and expenses decreased by \$116,135 (8%), 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 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, 2023, net position totaled \$272,578.

PINELLAS COUNTY LICENSE BOARD

**Management's Discussion and Analysis
September 30, 2023**

		Governmental Activities	
		2023	2022
Current and other assets		\$ 326,543	\$ 256,347
	Total assets	326,543	256,347
Other liabilities		53,965	49,669
	Total liabilities	53,965	49,669
Net position			
	Unrestricted	272,578	206,678
	Total net position	\$ 272,578	\$ 206,678

The following table reflects the Statement of Activities compared to the prior year. There was an decrease in total revenue of approximately 9% and a decrease in total expenses of approximately 8%, compared to the prior year.

Pinellas County License Board's Changes in Net Position

		Governmental Activities	
		2023	2022
Revenues:			
Program revenues:			
	Charges for services	\$ 150,607	\$ 144,222
	Intergovernmental	1,252,959	1,398,721
	Total revenues	1,403,566	1,542,943
Expenses:			
	Administration	1,337,666	1,453,801
	Total expenses	1,337,666	1,453,801
	Increase (decrease) in net position	65,900	89,142
	Net position, beginning of year	206,678	117,536
	Net position, end of year	\$ 272,578	\$ 206,678

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis September 30, 2023

Governmental activities: Intergovernmental revenue decreased \$145,762 (or 11%) compared to the previous year. This decrease was primarily due to an decrease in funding from the Juvenile Welfare Board of \$73,608 coupled with an decrease in funding from the Florida Department of Health in Pinellas County of \$72,154. Revenue from fees and fines increased by \$6,385 (or 5%) compared to prior year. The total cost of governmental activities decreased by \$116,135 (or 8%) compared to the prior year.

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.

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 2023, PCLB's general fund balance was \$272,578 (an increase of \$65,900 or 32% compared to prior year).

As of September 30, 2023, there were a total of 248 Family Day Care Homes and 378 Child Care Centers consisting of 43,431 licensed childcare slots, a decrease of 736 licensed slots from the previous year.

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund (page 11), reflects the net change in fund balance. In addition to receiving \$712,650 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 (“PinCHD”) funded \$258,187, of which \$129,601 is considered in-kind. The total funding decreased from the prior year by \$139,377 comprised of a decrease in direct funding of \$69,079 and an decrease in in-kind revenue of \$70,298.

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis September 30, 2023

The total revenue generated from fees and fines was \$150,607 or an increase of 5% from the prior year.

General Fund Budget Highlights

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund (page 16), shows actual revenues were under budget by \$198,390, and actual expenditures were under budget \$179,481, netting an unfavorable variance of \$18,909.

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 is 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 (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. It is the intention of PinCHD to continue to provide in-kind contributions for administrative costs 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, 2023**

	Primary Government, Governmental Activities
Assets	
Due from Juvenile Welfare Board	\$ 147,220
Due from Department of Children and Families	70,530
Accounts receivable - fees & fines	2,636
Due from Florida Department of Health in Pinellas County	106,157
Total assets	<u>326,543</u>
Liabilities	
Accounts payable	<u>53,965</u>
Total liabilities	<u>53,965</u>
Net Position	
Unrestricted net position	<u>\$ 272,578</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, 2023**

Functions/programs	Expenses	Program Revenue		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	
Primary Government, Governmental activities: Administration	\$ 1,337,666	\$ 150,607	\$ 1,252,959	\$ 65,900
				206,678
				\$ 272,578

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

PINELLAS COUNTY LICENSE BOARD

**Balance Sheet – Governmental Fund
September 30, 2023**

	<u>General Fund</u>
Assets	
Due from Juvenile Welfare Board	\$ 147,220
Due from Florida Department of Children and Families	70,530
Accounts receivable - fees & fines	2,636
Due from Florida Department of Health in Pinellas County	<u>106,157</u>
Total assets	<u><u>\$ 326,543</u></u>
Liabilities and Fund Balance	
Accounts Payable	<u>\$ 53,965</u>
Total liabilities	<u>53,965</u>
Fund balance:	
Unassigned	<u>272,578</u>
Total liabilities and fund balance	<u><u>\$ 272,578</u></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, 2023**

	<u>General Fund</u>
Revenues:	
Licensing fees and fines	\$ 150,607
Intergovernmental:	
Juvenile Welfare Board	712,650
Florida Department of Children and Families	282,122
Florida Department of Health in Pinellas County	128,586
Florida Department of Health in Pinellas County-in-kind contribution	<u>129,601</u>
Total revenues	1,403,566
 Expenditures:	
Administration:	
Operating expenditures	1,208,065
Florida Department of Health in Pinellas County - in-kind contribution	<u>129,601</u>
Total administrative expenditures	<u>1,337,666</u>
 Net change in fund balance	65,900
 Fund balance - beginning of year	<u>206,678</u>
 Fund balance - end of year	<u><u>\$ 272,578</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, 2023

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.

Since July 2007, the PCLB has been 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 Florida Department of Financial Services, and the Florida Department of Economic Opportunity.

Both PCLB and 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 whereby 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, 2023**

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 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported 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 liability is incurred.

Capital Assets – Capital assets include equipment costing greater than \$5,000 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 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.

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, 2023.

PINELLAS COUNTY LICENSE BOARD

**Notes to the Financial Statements
September 30, 2023**

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Note 3 – Due from 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, 2024. 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, 2023, \$106,157 is due from PinCHD per the terms of the agreement.

Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	<u>October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>September 30, 2023</u>
Capital assets being depreciated:				
Furniture, equipment and computers	\$ 295,432	\$ -	\$ -	\$ 295,432
Less accumulated depreciation	<u>(295,432)</u>	<u>-</u>	<u>-</u>	<u>(295,432)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense for the year ended September 30, 2023.

PINELLAS COUNTY LICENSE BOARD

Notes to the Financial Statements September 30, 2023

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 (the Department), 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 the Department, 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 – Concentration

For the year ended September 30, 2023, PCLB had two grants which comprised approximately 71% of total revenue. Amounts due from these grantors comprised approximately 99% of the total accounts receivable balance as of September 30, 2023. The grants are effective through June 30, 2024 and September 30, 2024, respectively.

Note 8 – Subsequent Events

PCLB has evaluated subsequent events through [DATE] the date which the financial statements were available to be issued.

Required Supplementary Information

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PINELLAS COUNTY LICENSE BOARD

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
Year ended September 30, 2023**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget favorable (unfavorable)</u>
Revenues:				
Licensing fees and fines	\$ 102,605	\$ 102,605	\$ 150,607	\$ 48,002
Intergovernmental:				
Florida Department of Children and Families	282,122	282,122	282,122	-
Juvenile Welfare Board	843,733	843,733	712,650	(131,083)
Florida Department of Health in Pinellas County	153,691	153,691	128,586	(25,105)
Florida Department of Health in Pinellas County – in-kind contribution	219,805	219,805	129,601	(90,204)
Total revenues	<u>\$1,601,956</u>	<u>\$ 1,601,956</u>	<u>\$1,403,566</u>	<u>\$ (198,390)</u>
Expenditures:				
Administration	1,598,649	1,517,147	1,337,666	179,481
Total expenditures	<u>1,598,649</u>	<u>1,517,147</u>	<u>1,337,666</u>	<u>179,481</u>
Net change in fund balance	3,307	84,809	65,900	(18,909)
Fund balance – beginning of year	<u>206,678</u>	<u>206,678</u>	<u>206,678</u>	-
Fund balance – end of year	<u>\$ 209,985</u>	<u>\$ 291,487</u>	<u>\$ 272,578</u>	<u>\$ (18,909)</u>

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, 2023

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**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, 2023, and the related notes to the financial statements, which collectively comprise PCLB’s basic financial statements, and have issued our report thereon dated [DATE].

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 [DATE], presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.

Thomas Howell Ferguson P.A.
Tallahassee, Florida
[DATE]

Management Letter

September 30, 2023

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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, 2023, and have issued our report thereon dated [DATE].

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 Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on 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 [DATE], 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 financial audit report. No findings or recommendations were reported in the preceding financial audit 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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not PCLB met one or more of the conditions described in Section 218.503(1), *Florida Statutes* and to identify 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.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for PCLB. 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 review of financial information provided by same.

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

Specific Special District Information

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), *Florida Statutes*, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the PCLB reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
- f. A budget variance based on the budget adopted under Section 189.016(4), *Florida Statutes*, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), *Florida Statutes*, can be found on page 16 of the financial statements.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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

[DATE]

Draft 2.16.2024