
PINELLAS COUNTY LICENSE BOARD

Financial Statements

September 30, 2012



Law, Redd, Crona & Munroe, P.A.

PINELLAS COUNTY LICENSE BOARD

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INDEPENDENT AUDITOR'S REPORT

January 11, 2013

Members of the Board
Pinellas County License Board
Clearwater, Florida

We have audited the accompanying 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, 2012, which collectively comprise the PCLB's basic financial statements as listed in the table of contents. These financial statements are the responsibility of PCLB's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 general fund of PCLB as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of the PCLB'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* and should be considered in assessing the results of our audit.

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 through 7 and 17 and 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.

Law, Redd, Crona & Munroe, P.A.

LAW, REDD, CRONA AND MUNROE, P.A

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis
September 30, 2012
(Unaudited)

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, 2012. 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 assets increased by \$65,521 (or 153%). Governmental activities revenues decreased by \$16,889 (or 2%). Expenses decreased by \$123,229 (or 10%).

Overview of the Financial Statements:

The presentation of the financial statements is consistent with the Governmental Accounting Standards Board (GASB) Statement No. 34 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) and Basic 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 Assets presents information on PCLB's assets and liabilities, with the difference between the two being reported as net assets. Over time, changes in net assets (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 assets 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 Assets compared to the prior year. As of September 30, 2012, net assets totaled \$108,451.

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis
September 30, 2012
(Unaudited)

		Governmental Activities	
		2012	2011
Current and other assets		\$ 176,481	\$ 104,342
Capital assets		5,234	8,153
	Total assets	<u>181,715</u>	<u>112,495</u>
Current liabilities		73,264	69,565
	Total liabilities	<u>73,264</u>	<u>69,565</u>
Net assets			
Invested in capital assets		5,234	8,153
Unrestricted		103,217	34,777
	Total net assets	<u>\$ 108,451</u>	<u>\$ 42,930</u>

In 2012, investment in capital assets (furniture and equipment) represents 5% of PCLB's total net assets. Capital assets are used to provide services to the citizens of Pinellas County and therefore are not available for future spending. Unrestricted net assets represent 95% of total net assets. In the prior year, capital assets represented 19% and unrestricted net assets represented 81% of the total net assets.

The following table reflects the Statement of Changes in Net Assets compared to the prior year. There was a decrease in total revenue of 2% and a decrease of total expenses of 10%, compared to the prior year.

Pinellas County License Board's Changes in Net Assets

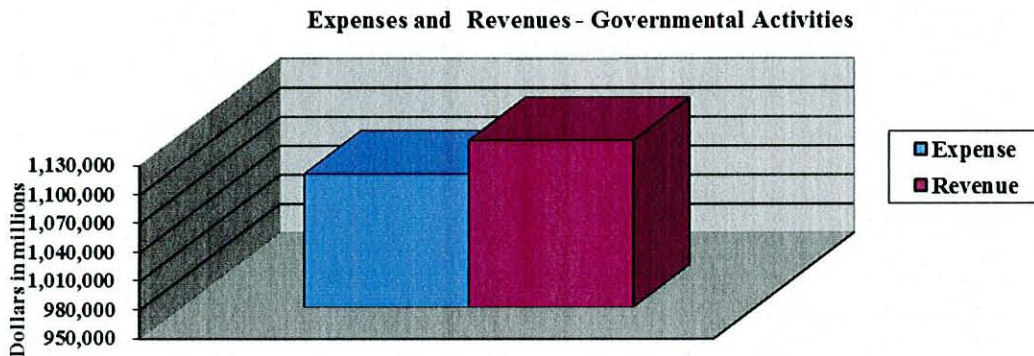
		Governmental Activities	
		2012	2011
Revenues:			
Program revenues:			
Charges for services		\$ 160,469	\$ 173,630
Intergovernmental		993,459	997,187
	Total revenues	<u>1,153,928</u>	<u>1,170,817</u>
Expenses:			
Administration		1,088,407	1,211,636
	Total expenses	<u>1,088,407</u>	<u>1,211,636</u>
Increase (decrease) in net assets		65,521	(40,819)
Net assets, beginning of year		42,930	83,749
Net assets, end of year		<u>\$ 108,451</u>	<u>\$ 42,930</u>

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis
September 30, 2012
(Unaudited)

Governmental activities: Intergovernmental revenue decreased \$3,728 (or 1%) compared to the previous year. Revenue from charges for services decreased \$13,161 (or 8%) compared to prior year, however it was higher than planned revenue. The decrease was primarily due to the increased capacity limits for family childcare homes introduced during the prior fiscal year.

The total cost of governmental activities decreased by \$123,229 (or 10%) compared to the prior year. General government expenses include PCLB's investment in providing licensing services and administrative expenses.



Capital Assets

Capital assets: PCLB's investment in capital assets is \$5,234, net of accumulated depreciation. The chart below reflects equipment net of accumulated depreciation.

	Governmental Activities	
	2012	2011
Furniture, equipment and computers	\$ 5,234	\$ 8,153

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. PCLB uses a governmental fund. 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 Assets (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 LICENSE BOARD

Management's Discussion and Analysis
September 30, 2012
(Unaudited)

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 2012, PCLB's general fund balance was \$103,217 (an increase of \$68,440 or 197%).

As of September 30, 2012 there were a total of 497 Family Day Care Homes and 386 Child Care Centers consisting of 40,382 licensed child care slots, an increase of 93 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 \$570,434 funding from the Juvenile Welfare Board, PCLB received \$282,122 from the Department of Children and Family Services and \$140,903 from Pinellas County Health Department ("PinCHD") of which \$83,237 is considered in-kind. Revenues generated from fees and fines were \$160,469 of which revenue relating to fingerprinting was \$40,276 (an increase of 5% compared to the prior year).

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 17), shows actual revenues were \$53,484 less than the final budget and actual expenditures were \$138,893 less than the final budget amounts. The net variance was \$85,409 less 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.

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.

PINELLAS COUNTY LICENSE BOARD

Management's Discussion and Analysis
September 30, 2012
(Unaudited)

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 (previously the Department of Community Affairs until the Department was eliminated by the Florida Legislature during the 2011 session). As of October 1, 2007, the PCLB entered into an Interlocal Agreement with the Pinellas County Health Department (PinCHD) to provide staff to perform inspection and monitoring duties and management duties including human resources, purchasing, finance, accounting, budgeting, contracting, information technology services, facilities management, and human resources related 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.

Effective July 1, 2010, a prospective child care employee must not only be fingerprinted, but the results of that fingerprinting must be known prior to that person being employed. In 2009, PinCHD Administrative Services staff offered LiveScan fingerprinting for prospective child care employees one day a week as a courtesy. Since PinCHD is a state agency, the amount charged for fingerprinting is significantly less than any other fingerprint provider in Pinellas County. Once the law changed, the request for fingerprinting significantly increased; therefore, fingerprint appointments are now scheduled daily. PinCHD purchased a second fingerprinting LiveScan machine and have become the primary provider of fingerprinting by PinCHD. As anticipated the amount of fingerprinting revenue increased due to these factors.

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 Pinellas County Health Department - Environmental Health, Epidemiology and Preparedness Division, Mid-County Center, 8751 Ulmerton Road, Suite 2000 Largo, FL 33771.

PINELLAS COUNTY LICENSE BOARD

Statement of Net Assets
September 30, 2012

Assets

Due from Juvenile Welfare Board	\$ 128,070
Due from Department of Children & Families	47,020
Accounts receivable – fees & fines	1,391
Capital assets, net of accumulated depreciation	<u>5,234</u>
Total assets	<u>181,715</u>

Liabilities

Due to Pinellas County Health Department	<u>73,264</u>
Total liabilities	<u>73,264</u>

Net Assets

Invested in capital assets	5,234
Unrestricted	<u>103,217</u>
Total net assets	<u>\$ 108,451</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, 2012

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (expense) revenue and changes in net assets
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
Governmental activities:				
Administration	\$ <u>1,088,407</u>	\$ <u>160,469</u>	\$ <u>993,459</u>	\$ 65,521
				Net assets – beginning of year
				<u>42,930</u>
				Net assets – end of year
				<u>\$ 108,451</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, 2012

	<u>General Fund</u>
Assets	
Due from Juvenile Welfare Board	\$ 128,070
Due from Department of Children & Families	47,020
Accounts receivable - fees & fines	<u>1,391</u>
Total assets	<u>\$ 176,481</u>
Liabilities and Fund Balance	
Due to Pinellas County Health Department	\$ <u>73,264</u>
Total liabilities	73,264
Fund balance:	
Unassigned	<u>103,217</u>
Total liabilities and fund balance	<u>\$ 176,481</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 Assets
September 30, 2012

Total fund balance – Governmental Fund	\$ 103,217
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	5,234
Net assets of governmental activities	<u>\$ 108,451</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, 2012

	<u>General Fund</u>
Revenues:	
Licensing fees and fines	\$ 160,469
Intergovernmental	
Juvenile Welfare Board	570,434
Department of Children & Families	282,122
Pinellas County Health Department	57,666
Pinellas County Health Department – in-kind contribution	83,237
Total revenue	<u>1,153,928</u>
Expenditures:	
Administration:	
Operating expenditures	997,017
Pinellas County Health Department – in-kind administration	83,237
Capital outlay	5,234
Total administrative expenditures	<u>1,085,488</u>
Net change in fund balance	68,440
Fund balance - beginning of year	<u>34,777</u>
Fund balance - end of year	\$ <u>103,217</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, 2012

	<u>2012</u>
Net change in fund balance – Governmental Fund	\$ 68,440
<p>Amounts reported for governmental activities in the statement of net assets 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	5,234
Depreciation expense	<u>(8,153)</u>
Change in net assets in governmental activities	\$ <u><u>65,521</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, 2012

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 purpose of PCLB is to protect 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.

In August 2007, PCLB entered into an interlocal agreement with the Pinellas County Health Department (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.

In September 2012, the interlocal agreement with PinCHD was extended through September 30, 2013; PinCHD continues to assume the same role and responsibilities as in the previous years.

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 assets 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.

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

PINELLAS COUNTY LICENSE BOARD

**Notes to the Financial Statements
September 30, 2012**

Note 2 - Summary of Significant Accounting Policies (continued)

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 Assets - Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are 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 September 30, 2012.

PINELLAS COUNTY LICENSE BOARD

**Notes to the Financial Statements
September 30, 2012**

Note 2 - Summary of Significant Accounting Policies (continued)

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 to Pinellas County Health Department

The interlocal agreement with PinCHD to act as fiscal agent for the PCLB was extended to September 30, 2013. PinCHD receives all revenues and pays all expenditures on behalf of the PCLB. As these transactions occur, the amount due to PinCHD will increase or decrease depending on the nature of the transaction. As of September 30, 2012, \$73,264 is due to PinCHD per the terms of the agreement.

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	<u>October 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>September 30, 2012</u>
Capital assets being depreciated:				
Furniture, equipment, and computers	\$ 262,678	\$ 5,234	-	\$ 267,912
Less accumulated depreciation	<u>(254,525)</u>	<u>(8,153)</u>	-	<u>(262,678)</u>
Capital assets, net	<u>\$ 8,153</u>	<u>\$ (2,919)</u>	-	<u>\$ 5,234</u>

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.

PINELLAS COUNTY LICENSE BOARD
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
Year ended September 30, 2012
(Unaudited)

	Original budget	Final budget	Actual	Variance with final budget favorable (unfavorable)
Revenues:				
Fees	\$ 142,724	\$142,724	\$ 160,469	\$ 17,745
Intergovernmental	974,838	974,838	910,222	(64,616)
Pinellas Cty. Hlth. Dept. in-kind	89,850	89,850	83,237	(6,613)
Total revenues	<u>1,207,412</u>	<u>1,207,412</u>	<u>1,153,928</u>	<u>(53,484)</u>
Expenditures:				
Administration	<u>1,224,381</u>	<u>1,224,381</u>	<u>1,085,488</u>	<u>138,893</u>
Total expenditures	<u>1,224,381</u>	<u>1,224,381</u>	<u>1,085,488</u>	<u>138,893</u>
Net change in fund balance	(16,969)	(16,969)	68,440	85,409
Fund balance - beginning of year	<u>34,777</u>	<u>34,777</u>	<u>34,777</u>	<u>-</u>
Fund balance - end of year	<u>\$ 17,808</u>	<u>\$ 17,808</u>	<u>\$ 103,217</u>	<u>\$ 85,409</u>

PINELLAS COUNTY LICENSE BOARD
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
Year ended September 30, 2012
(Unaudited)

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.

During 2012, there was one budget amendment to move funds between expenditure line items. Actual total revenues were \$53,484 less than the final budget. Actual total expenditures were \$138,893 less than the final budget appropriation. The ending fund balance was \$85,409 greater than planned.

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, 2012



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*

January 11, 2013

Members of the Board
Pinellas County License Board
Clearwater, Florida

We have audited 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, 2012, which collectively comprise PCLB's basic financial statements, and have issued our report thereon dated January 11, 2013. 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.

Internal Control Over Financial Reporting

Management of PCLB is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the PCLB's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PCLB's internal control over financial reporting.

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 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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PCLB's financial statements are free of 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*.

We have issued a management letter to the Pinellas County License Board, dated January 11, 2013, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.

This report is intended solely for the information and use of PCLB's management, the members of the Board of Directors, the State of Florida, Office of the Auditor General, and applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Law, Redd, Crona & Munroe, P.A.

LAW, REDD, CRONA AND MUNROE, P.A

Management Letter

September 30, 2012



Management Letter

January 11, 2013

Members of the Board
Pinellas County License Board
Clearwater, Florida

We have audited the financial statements of the Pinellas County License Board (PCLB), as of and for the fiscal year ended September 30, 2012 and have issued our report thereon dated January 11, 2013.

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. We have issued our 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 January 11, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of the local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report:

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.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provision of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the PCLB complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3., *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)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, 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 more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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 the management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the financial statements. There were no component units related to the entity.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement to be included 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, nothing came to our attention that would cause us to believe that PCLB met any of the conditions described in Section 218.503(1), *Florida Statutes*.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the PCLB for the fiscal year ended September 30, 2012, 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, 2012. Management has drafted the annual financial report, which is in agreement with the annual financial audit report for the year ended September 30, 2012. 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.

Pursuant to Sections 10.554(1)(i)7.c and 10.556(7), *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 management.

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Our management letter is intended solely for the information and use of the State of Florida, Office of the Auditor General, federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Law, Redd, Crona, & Munroe, P.A.

LAW, REDD, CRONA AND MUNROE, P.A.