

**PINELLAS COUNTY LICENSE BOARD**

**Financial Statements**

**September 30, 2022**

# 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 the Pinellas County License Board (PCLB) as of and for the year ended September 30, 2022, 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, 2022, 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.

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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.

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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 17 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 March 22, 2023, 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.*

Thomas Howell Ferguson P.A.  
Tallahassee, Florida  
March 22, 2023

## **PINELLAS COUNTY LICENSE BOARD**

### **Management's Discussion and Analysis September 30, 2022**

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, 2022. 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 \$89,142 (or 76%). Governmental activities revenue increased by \$96,353 (or 7%) and expenses increased by \$55,567 (4%), 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, 2022, net position totaled \$206,678.

# PINELLAS COUNTY LICENSE BOARD

## Management's Discussion and Analysis September 30, 2022

		Governmental Activities	
		2022	2021
Current and other assets		\$ 256,347	\$ 169,586
Capital assets		-	425
	Total assets	256,347	170,011
Other liabilities		49,669	52,475
	Total liabilities	49,669	52,475
Net position			
Invested in capital assets		-	425
Unrestricted		206,678	117,111
	Total net position	\$ 206,678	\$ 117,536

In 2022, investment in capital assets (furniture and equipment) and unrestricted net position represents 0% and 100% of PCLB's total net position, respectively. In the prior year, investment in capital assets represented 0.36% of PCLB's total net position.

The following table reflects the Statement of Activities compared to the prior year. There was an increase in total revenue of approximately 7% and an increase in total expenses of approximately 4%, compared to the prior year.

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

		Governmental Activities	
		2022	2021
<b>Revenues:</b>			
Program revenues:			
Charges for services		\$ 144,222	\$ 106,333
Intergovernmental		1,398,721	1,340,257
	Total revenues	1,542,943	1,446,590
<b>Expenses:</b>			
Administration		1,453,801	1,398,234
	Total expenses	1,453,801	1,398,234
Increase (decrease) in net position		89,142	48,356
Net position, beginning of year		117,536	69,180
Net position, end of year		\$ 206,678	\$ 117,536

## PINELLAS COUNTY LICENSE BOARD

### Management's Discussion and Analysis September 30, 2022

**Governmental activities:** Intergovernmental revenue increased \$58,464 (or 4%) compared to the previous year. This increase was primarily due to an increase in funding from the Juvenile Welfare Board of \$50,828 coupled with an increase in funding from the Florida Department of Health in Pinellas County of \$7,636. Revenue from fees and fines increased by \$37,889 (or 36%) compared to prior year. The total cost of governmental activities increased by \$55,567 (or 4%) compared to the prior year.

**Capital assets:** As of September 30, 2022, PCLB's investment in capital assets is \$0, net of accumulated depreciation. The chart below reflects equipment net of accumulated depreciation.

	Governmental Activities	
	2022	2021
Furniture, fixtures and equipment	\$ —	\$ 425
Total	\$ —	\$ 425

**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 2022, PCLB's general fund balance was \$206,678 (an increase of \$89,567 or 76% compared to prior year).

As of September 30, 2022, there were a total of 252 Family Day Care Homes and 381 Child Care Centers consisting of 44,167 licensed childcare slots, an increase of 406 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 \$786,258 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 \$330,341, of which \$199,899 is considered in-kind. The total funding increased from the prior year by \$45,525 comprised of an increase in direct funding of \$39,723 and an increase in in-kind revenue of \$5,802.



## **PINELLAS COUNTY LICENSE BOARD**

### **Management's Discussion and Analysis September 30, 2022**

There was an increase in the rates for fees and fines. The total revenue generated from fees and fines was \$144,222 or an increase of 36% from the 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 over budget by \$19,738 and actual expenditures were under budget \$56,026, netting a favorable variance of \$75,764.

**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, 2022**

	<b>Primary Government, Governmental Activities</b>
<b>Assets</b>	
Due from Juvenile Welfare Board	\$ 107,301
Due from Department of Children and Families	47,020
Accounts receivable - fees & fines	2,190
Due from Florida Department of Health in Pinellas County	99,836
Total assets	<u>256,347</u>
<b>Liabilities</b>	
Accounts payable	<u>49,669</u>
Total liabilities	<u>49,699</u>
<b>Net Position</b>	
Unrestricted net position	<u>\$ 206,678</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, 2022**

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	\$ 1,453,801	\$ 144,222	\$ 1,398,721	\$ 89,142
	Net position - beginning of year			117,536
	Net position - end of year			\$ 206,678

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

**PINELLAS COUNTY LICENSE BOARD**

**Balance Sheet – Governmental Fund  
September 30, 2022**

	<u><b>General Fund</b></u>
<b>Assets</b>	
Due from Juvenile Welfare Board	\$ 107,301
Due from Florida Department of Children and Families	47,020
Accounts receivable - fees & fines	2,190
Due from Florida Department of Health in Pinellas County	<u>99,836</u>
Total assets	<u><u>\$ 256,347</u></u>
<b>Liabilities and Fund Balance</b>	
Accounts Payable	<u>\$ 49,669</u>
Total liabilities	<u>49,669</u>
Fund balance:	
Unassigned	<u>206,678</u>
Total liabilities and fund balance	<u><u>\$ 256,347</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, 2022**

	<u><b>General Fund</b></u>
<b>Revenues:</b>	
Licensing fees and fines	\$ 144,222
Intergovernmental:	
Juvenile Welfare Board	786,258
Florida Department of Children and Families	282,122
Florida Department of Health in Pinellas County	130,442
Florida Department of Health in Pinellas County-in-kind contribution	199,899
Total revenues	<u>1,542,943</u>
<b>Expenditures:</b>	
Administration:	
Operating expenditures	1,253,477
Florida Department of Health in Pinellas County - in-kind contribution	199,899
Total administrative expenditures	<u>1,453,376</u>
 Net change in fund balance	 89,567
 Fund balance - beginning of year	 <u>117,111</u>
 Fund balance - end of year	 <u><u>\$ 206,678</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, 2022**

Net change in fund balance - Governmental Fund	\$	89,567
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Amounts reported from governmental activities in the statement of activities are different because:

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:

Depreciation expense		(425)
Change in net position in governmental activities	\$	89,142

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, 2022**

#### **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, 2022

### 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 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.

*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, 2022.



## PINELLAS COUNTY LICENSE BOARD

### Notes to the Financial Statements September 30, 2022

#### 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, 2023. 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, 2022, \$99,836 is due from PinCHD per the terms of the agreement.

#### Note 4 – Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>October 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>September 30, 2022</u>
Capital assets being depreciated:				
Furniture, equipment and computers	\$ 295,432	\$ -	\$ -	\$ 295,432
Less accumulated depreciation	<u>(295,007)</u>	<u>(425)</u>	<u>-</u>	<u>(295,432)</u>
Capital assets, net	<u>\$ 425</u>	<u>\$ (425)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended September 30, 2022 was \$425.

## **PINELLAS COUNTY LICENSE BOARD**

### **Notes to the Financial Statements September 30, 2022**

#### **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, 2022, PCLB had two grants which comprised approximately 70% of total revenue. Amounts due from these grantors comprised approximately 99% of the total accounts receivable balance as of September 30, 2022. The grants are effective through June 30, 2024 and September 30, 2024.

#### **Note 8 – Subsequent Events**

PCLB has evaluated subsequent events through March 22, 2023, the date which the financial statements were available to be issued.

## **Required Supplementary Information**

# PINELLAS COUNTY LICENSE BOARD

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Year ended September 30, 2022

	Original budget	Final budget	Actual	Variance with final budget favorable (unfavorable)
<b>Revenues:</b>				
Licensing fees and fines	\$ 88,572	\$ 88,572	\$ 144,222	\$ 55,650
Intergovernmental:				
Florida Department of Children and Families	282,122	282,122	282,122	–
Juvenile Welfare Board	806,208	824,208	786,258	(37,950)
Florida Department of Health in Pinellas County	126,248	126,248	130,442	4,194
Florida Department of Health in Pinellas County – in-kind contribution	210,413	202,055	199,899	(2,156)
Total revenues	<u>\$ 1,513,563</u>	<u>\$ 1,523,205</u>	<u>\$ 1,542,943</u>	<u>\$ 19,738</u>
<b>Expenditures:</b>				
Administration	1,513,563	1,509,402	1,453,376	56,026
Total expenditures	<u>1,513,563</u>	<u>1,509,402</u>	<u>1,453,376</u>	<u>56,026</u>
Net change in fund balance	–	13,803	89,567	75,764
Fund balance – beginning of year	<u>117,111</u>	<u>117,111</u>	<u>117,111</u>	<u>–</u>
Fund balance – end of year	<u><u>\$ 117,111</u></u>	<u><u>\$ 130,914</u></u>	<u><u>\$ 206,678</u></u>	<u><u>\$ 75,764</u></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, 2022*

**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, 2022, and the related notes to the financial statements, which collectively comprise PCLB's basic financial statements, and have issued our report thereon dated March 22, 2023.

**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.

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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 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 March 22, 2023, presenting certain required disclosures and comments pursuant to the *Rules of the Auditor General*, Chapter 10.550.

*Thomas Howell Ferguson P.A.*

Thomas Howell Ferguson P.A.  
Tallahassee, Florida  
March 22, 2023

## **Management Letter**

*September 30, 2022*



## **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, 2022, and have issued our report thereon dated March 22, 2023.

### **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 March 22, 2023, 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.

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### **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 17 of the financial statements.

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### **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.*

Thomas Howell Ferguson P.A.  
Tallahassee, Florida  
March 22, 2023

To the Members of the Board  
Pinellas County License Board

We have audited the financial statements of the governmental activities and the General Fund of the Pinellas County License Board (PCLB) for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Pinellas County License Board are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the PCLB during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Pinellas County License Board's financial statements was:

Management's estimate of the fair value of in-kind revenues and expenses for services provided by the Florida Department of Health in Pinellas County is based on historic indirect cost rates provided by the U.S. Department of Health. The estimates are included in the PCLB's budget which is approved by the Pinellas County License Board and the Florida Department of Health in Pinellas County. We evaluated the key factors and assumptions used to develop the indirect cost rate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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1. The disclosure of the amount Due from Florida Department of Health in Pinellas County in Note 3 to the financial statements, which discloses the interlocal agreement with the Florida Department of Health in Pinellas County to act as fiscal agent for the Pinellas County License Board.
2. The concentration of revenue disclosed in Note 7.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See Attachment A.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 22, 2023.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to PCLB's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as PCLB's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Pinellas County License Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours

*Thomas Howell Ferguson P.A.*

Thomas Howell Ferguson P.A.  
Tallahassee, Florida  
March 22, 2023

**Pinellas County License Board**  
**Year End: September 30, 2022**  
**Adjusting Journal Entries**  
**Date: 10/1/2021 To 9/30/2022**

**ATTACHMENT A**

<b>Numbe</b>	<b>Date</b>	<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
1	9/30/2022	Accumulated Depreciation-Equipment	1670-002-200		(4,678)
1	9/30/2022	Fund Balance -Unreserved, LB	2710-000-200	4,678	
Post PY AJE not posted by client.					
2	9/30/2022	Fund Balance -Unreserved, LB	2710-000-200		(5,103)
2	9/30/2022	Fund Balance -Investment in Capital Assets	2718-000-200	5,103	
Adjust classification of net position to actual as of 9/30/22.					
3	9/30/2022	Due From Other Governmental Units -DOH	1330-001-201	1,984	
3	9/30/2022	Grants from other Local Units -DOH	3370-001-201		(1,984)
PBC adjustment for DCF contract.					
				<b>11,765</b>	<b>(11,765)</b>
<b>Net Income (Loss)</b>				<b>0.00</b>	