

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
TABLE OF CONTENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | |
|---|----|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) | 3 |
| BASIC FINANCIAL STATEMENTS | |
| Statement of Net Position | 7 |
| Statement of Activities | 8 |
| Balance Sheet — General Fund | 9 |
| Reconciliation of the Balance Sheet — General Fund to the Statement of Net Position | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balance — General Fund | 11 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance — General Fund to the Statement of Activities | 12 |
| NOTES TO FINANCIAL STATEMENTS | 13 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — General Fund | 30 |
| Schedules of Pinellas County Construction Licensing Board Proportionate Share of the County's Net Pension Liability | 31 |
| Schedules of Pinellas County Construction Licensing Board Contributions | 32 |
| Schedule of Pinellas County Construction Licensing Board Proportionate Share of the County's total OPEB liability | 33 |
| Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> | 34 |
| Management Letter Based on Rule 10.554(1)(i) of the Auditor General of the State of Florida | 36 |
| Independent Accountant's Report in compliance with Section 218.415, <i>Florida Statutes</i> | 38 |

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pinellas County Construction Licensing Board
Largo, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Pinellas County Construction Licensing Board ("PCCLB"), a component unit of Pinellas County, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the PCCLB's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the PCCLB, as of September 30, 2018, 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.

Emphasis of Matters

As discussed in Notes 1 and 12 to the financial statements, in June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about OPEB are also addressed. Beginning governmental activities net position was restated by (\$907,037) as part of the implementation of this standard. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, effective July 1, 2018, the PCCLB became a dependent special district and is included as a discretely presented component unit of the Pinellas County Board of County Commissioners. Our opinions are not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedules of proportionate share of the County's net pension liability, schedules of contributions, and schedule of proportionate share of the County's OPEB liability on pages 3 through 6, and 30 through 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 April 29, 2019 on our consideration of PCCLB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PCCLB's internal control over financial reporting and compliance.



Crowe LLP

Tampa, Florida
April 29, 2019

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

This section of the Pinellas County Construction Licensing Board's (the Board's) annual financial report presents a narrative overview and an analysis of the financial activities of the Board for the fiscal year ended September 30, 2018. Please read the information presented here in conjunction with the financial statements and notes to the financial statements that follow.

Financial Highlights

- The Board's liabilities and deferred inflows exceeded its assets and deferred outflows at September 30, 2018 by \$1,402,561 (net deficit). The Board's net position at the beginning of the year was restated to reflect the recognition of other post employment benefits (OPEB) liability and the related deferred outflows and inflows totaling \$907,037 as explained in Note 12. Net Position decreased by \$253,047 from the previous fiscal year. The decrease was a result of expenditures exceeding revenues in the current year.
- As of September 30, 2018, the Board's General Fund reported an ending fund balance of \$141,718, a decrease of \$185,254 from the previous fiscal year. The decrease is primarily as a result of an increase of \$120,720 in operating expenditures for intergovernmental services.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Board's overall financial status. These statements use a format similar to a private sector business. They include a Statement of Net Position and a Statement of Activities.

The Statement of Net Position presents information on the Board's assets, deferred outflows, liabilities, deferred inflows and the resulting net position using accounting methods similar to those used by private sector companies. This is considered one way to measure the Board's financial health.

The Statement of Activities presents information showing how the Board's net position changed during this fiscal year. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. This statement separates program revenue charges for services from general revenue.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements' presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board uses one governmental fund to account for its operations.

The Board follows Governmental Accounting Standard Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Overview of the Financial Statements (Continued)

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

The Board adopts an annual appropriated budget for the governmental fund. A budgetary comparison statement is provided for the General Fund in order to present budgetary compliance.

The financial statements also include notes. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis of the Government as a Whole

As noted earlier, changes in net position over time can be a useful indicator of a government's financial position. At the end of the fiscal year ended September 30, 2018, the liabilities and deferred inflows of the Board exceeded the assets and deferred outflows by \$1,402,561 resulting primarily from unfunded OPEB and net pension liability. The impact on net position of pension and OPEB related liabilities, deferred inflows and deferred outflows was \$250,766 at fiscal year end. Following is a comparison of the Board's net position (deficit) as of September 30, 2018 and 2017:

| | 2018 | 2017 |
|--|-----------------------|---------------------|
| Cash | \$ 504,526 | \$ 372,015 |
| Receivables | 37,304 | 464 |
| Capital assets, net | <u>8,285</u> | <u>10,566</u> |
| Total assets | <u>550,115</u> | <u>383,045</u> |
| | | |
| Pension-related deferred outflows | 108,052 | 403,306 |
| OPEB-related deferred outflows | <u>33,606</u> | <u>-</u> |
| Total deferred outflows | <u>141,658</u> | <u>403,306</u> |
| | | |
| Accounts payable | 37,485 | 26,619 |
| Accrued expenses | 36,243 | 18,739 |
| Due to primary government | 289,270 | - |
| Net pension liability | 291,319 | 821,537 |
| OPEB liability | 904,748 | - |
| Compensated absences | <u>89,724</u> | <u>41,895</u> |
| Total liabilities | <u>1,648,789</u> | <u>908,790</u> |
| | | |
| Pension-related deferred inflows | 399,286 | 119,889 |
| OPEB-related deferred inflows | <u>46,259</u> | <u>-</u> |
| Total deferred inflows | <u>445,545</u> | <u>119,889</u> |
| | | |
| Net position: | | |
| Investment in capital assets | 8,285 | 10,566 |
| Unrestricted, beginning, as restated (See Note 12) | <u>(1,410,846)</u> | <u>(253,043)</u> |
| Net position (deficit) | <u>\$ (1,402,561)</u> | <u>\$ (242,477)</u> |

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Financial Analysis of the Government as a Whole (Continued)

The Board's net position decreased by \$253,047 primarily as a result of an increase in public safety expenses over the prior year related to increased operating expenditures for intergovernmental services.

Following is a comparison of the Board's Statement of Activities for the years ended September 30, 2018 and 2017:

| | 2018 | 2017 |
|---|----------------|--------------|
| Program revenues: | | |
| Charges for services | \$ 1,160,936 | \$ 968,904 |
| General revenues: | | |
| Investment earnings | 5,930 | 4,196 |
| Total revenues | 1,166,866 | 973,100 |
| Public safety expenses | 1,419,913 | 1,341,589 |
| Increase (Decrease) in Net Position | (253,047) | (368,489) |
| Net Position (Deficit) - beginning of year, as restated (see Note 12) | (1,149,514) | 126,012 |
| Net Position (Deficit), End of Year | \$ (1,402,561) | \$ (242,477) |

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Board's net resources available for spending at the end of the fiscal year.

As of September 30, 2018, the Board's governmental fund (general fund) reported an ending fund balance of \$141,718, a decrease of \$185,254 in comparison with the previous fiscal year. The entire amount of fund balance is considered to be restricted.

General Fund Budgetary Highlights

The budgetary comparison schedule can be found within required supplementary information. There were no amendments to the original budget made during the year thus there was no change between the original and final budget.

A review of actual results compared to the final budget disclosed the following:

- Revenue realized from licenses was \$150,877 more than budgeted as a result of increased fees for licensing and applications as well as an increase in the number of licenses and renewals issued in the current year compared to prior year.
- Salaries and benefits were significantly under budget as a result of position vacancies not being immediately filled, and turnover experienced in the current year as the Board transitioned to becoming a dependent agency of the Pinellas County Board of County Commissioners (the County). Total expenditures were under budget by \$255,930.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Economic Factors/ Currently Known Facts, Decisions or Conditions

The economy is recovering and construction activity is booming. However, applications, registration and renewals are not seeing a commensurate uptick. Citations have increased since the Department was able to hire Investigators in July 2018.

The first half of the fiscal year ending 2019 saw an increase of more than 1,600 transactions over the same period compared to the fiscal year ending 2018. Revenues have increased over the same period by almost \$350,000, but expenses have also increased. An expected approval of the Accela Case Management System will bring significant efficiencies to records and case processing, and revenues are expected to increase along with it.

Requests for Information

This financial report is designed to provide a general overview of Pinellas County Construction Licensing Board's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Gay Lancaster
Executive Director
Pinellas County Construction Licensing Board
12600 Belcher Road, Suite 102
Largo, Florida 33773

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current Assets: | |
| Cash | \$ 504,526 |
| Receivables | 190 |
| Due from primary government | 37,114 |
| Total current assets | 541,830 |
| Capital assets, net of accumulated depreciation | 8,285 |
| Total assets | 550,115 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension-related deferred outflows | 108,052 |
| OPEB-related deferred outflows | 33,606 |
| Total deferred outflows | 141,658 |
| Total assets and deferred outflows of resources | 691,773 |
| LIABILITIES | |
| Current liabilities: | |
| Vouchers payable | 37,485 |
| Accrued expenses | 36,243 |
| Due to primary government | 289,270 |
| Compensated absences - due within one year | 29,425 |
| Total current liabilities | 392,423 |
| Long-term liabilities: | |
| Net pension liability | 291,319 |
| OPEB liability | 904,748 |
| Compensated absences - due in more than one year | 60,299 |
| Total long-term liabilities | 1,256,366 |
| Total liabilities | 1,648,789 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension-related deferred inflows | 399,286 |
| OPEB-related deferred inflows | 46,259 |
| Total deferred inflows | 445,545 |
| Total liabilities and deferred inflows of resources | 2,094,334 |
| NET POSITION (DEFICIT) | |
| Investment in capital assets | 8,285 |
| Unrestricted | (1,410,846) |
| Total net deficit | \$ (1,402,561) |

See accompanying notes to the financial statements

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| EXPENSES | |
| Public safety: | |
| Personal services | \$ 677,483 |
| Operating expenses | 740,149 |
| Depreciation expense | 2,281 |
| Total program expenses - public safety | <u>1,419,913</u> |
| PROGRAM REVENUES | |
| Charges for services - public safety | <u>1,160,936</u> |
| Net program (expenses) revenues | (258,977) |
| GENERAL REVENUE | |
| Net investment earnings | <u>5,930</u> |
| DECREASE IN NET POSITION | (253,047) |
| Net position - beginning of year, as restated (see Note 12) | <u>(1,149,514)</u> |
| Net deficit - end of year | <u><u>\$ (1,402,561)</u></u> |

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
BALANCE SHEET — GENERAL FUND
SEPTEMBER 30, 2018**

| | |
|---|--------------------------|
| ASSETS | |
| Cash | \$ 504,526 |
| Receivables | <u>190</u> |
| Total assets | <u><u>\$ 504,716</u></u> |
| LIABILITIES AND FUND BALANCE | |
| Accounts payable | \$ 37,485 |
| Due to primary government | 289,270 |
| Accrued expenses | <u>36,243</u> |
| Total liabilities | 362,998 |
| FUND BALANCE | |
| Restricted | <u>141,718</u> |
| Total liabilities and fund balance | <u><u>\$ 504,716</u></u> |

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
RECONCILIATION OF THE BALANCE SHEET — GENERAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

| | | |
|--|----|-------------|
| Total fund balance for governmental funds | \$ | 141,718 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds | | 8,285 |
| Amount due from primary government | | 37,114 |
| Deferred outflows of resources related to pensions are not recorded in the governmental fund financial statements | | 108,052 |
| Deferred inflows of resources related to pensions are not recorded in the governmental fund financial statements | | (399,286) |
| Deferred outflows of resources related to OPEB are not recorded in the governmental fund financial statements | | 33,606 |
| Deferred inflows of resources related to OPEB are not recorded in the governmental fund financial statements | | (46,259) |
| Some long term liabilities are not due and payable in the current period and therefore not reported in the funds. Those liabilities related to governmental activities consist of: | | |
| Compensated absences | | (89,724) |
| Net pension liability | | (291,319) |
| OPEB liability | | (904,748) |
| | | (1,402,561) |
| Net position of governmental activities | \$ | (1,402,561) |

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

REVENUES

| | |
|-----------------------|------------|
| Licenses | \$ 863,377 |
| Fines and forfeitures | 296,654 |
| Investment income | 5,931 |
| Other revenue | 904 |
| Total revenues | 1,166,866 |

EXPENDITURES

| | |
|------------------------|-----------|
| Salaries and benefits | 611,971 |
| Operating expenditures | 740,149 |
| Total expenditures | 1,352,120 |

NET CHANGE IN FUND BALANCE (185,254)

Fund balance - beginning of year 326,972

Fund Balance - end of year \$ 141,718

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE — GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balance - governmental funds \$ (185,254)

Amounts reported for governmental activities in the statement of activities are different because:

Amount due from primary government 37,114

Capital outlays are recorded as expenditures in governmental funds. 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 year this amount is:

Depreciation expense (2,281) (2,281)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | | |
|---|-----------------|------------------|
| (Increase)Decrease in compensated absences | (47,829) | |
| (Decrease)Increase in pension-related deferred outflows | (295,254) | |
| (Decrease)Increase in OPEB-related deferred outflows | 618 | |
| (Increase)Decrease in net pension liability | 530,218 | |
| (Increase)Decrease in OPEB liability | 35,277 | |
| (Increase)Decrease in pension-related deferred inflows | (279,397) | |
| (Increase)Decrease in OPEB-related deferred inflows | <u>(46,259)</u> | <u>(102,626)</u> |

Change in net position of governmental activities \$ (253,047)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Pinellas County Construction Licensing Board (the Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The more significant of the Board's accounting policies are described below.

B. Organization and Reporting Entity

The Board was created in 1973 by the Legislature's Special Act Chapter 75-489, Law of Florida, as amended by Chapter 78-594, 81-466, 86-444, 89-504, 93-387, 2002-350, 2003-319, and 2004-403, Laws of Florida to regulate the construction industry in Pinellas County. The purpose of the Board is to regulate certain construction and home improvement contractors practicing in all Pinellas jurisdictions. In addition, the Board amends the building codes for application and enforcement countywide to provide safe, economic, and sound buildings and structures throughout Pinellas County.

In March 2018, legislation was passed by the Florida House of Representatives (HB 1137) that significantly impacted the Board's governance structure and legal status. Effective July 1, 2018, the Board became a dependent special district of the Pinellas County Board of County Commissioners (the County). The County appoints all 15 members of the Board and may remove any member at any time. The County at its discretion may amend the powers and the duties of the Board including Board finances and contributions of cost associated with the Board which are borne by the County.

These financial statements include the Board. Additionally, the Board is included as a discretely presented component unit of the County. The County Comprehensive Annual Financial Report is available at www.mypinellasclerk.org/Home/Finance.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, as well as claims and judgments, are recorded only when payment is due.

Licenses and interest associated with current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The Board reports the General Fund as a major governmental fund, which represents the Board's sole operating fund and accounts for all financial resources of the Board.

(Continued)

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash

The Board monies are held by the County. Bank deposits and the majority of investments are pooled for investment purposes. Earnings from pooled activity are allocated based on a participating fund's average daily equity balance in the pool. The Board's portion of the pool cash is shown on the balance sheet and Statement of Net Position as cash held by the County.

E. Receivables

Since likelihood of collection is deemed remote, management records an allowance for 100% of delinquent balances relating to unpaid administrative fines and citations. Thus, revenue is recognized upon receipt of those delinquent balances.

F. Capital Assets

Capital assets, which include furniture and equipment, are reported in governmental activities in the government-wide financial statements. The Board defines capital assets as assets with an initial, individual cost of \$1,000 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful life are not capitalized.

The Board's furniture and equipment is depreciated using the straight-line method over five years.

G. Accounts Payable

Payables include amounts due to vendors for services under various contracts which are due within one year.

H. Compensated Absences

The Board's personnel participates in the County's unified personnel system including fringe benefits and state retirement privileges. The County policy allows employees to accumulate unused vacation and sick leave benefits. Employees are generally allowed to accumulate vacation up to a maximum of three years' leave. Prior to December 24, 1994, sick leave was accumulated with no maximum. Effective December 24, 1994, employees no longer accrue sick leave. All vacation leave and a portion of sick leave are paid upon termination, depending on length of service. The governmental funds record expenditures for compensated absences as they mature. Compensated absences are accrued in the government-wide statements when earned.

I. Pensions

In the government-wide Statement of Net Position, liabilities are recognized for the Board's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources that represents a consumption of net position that applies to a future period and pension contributions subsequent to the measurement date and will not be recognized as outflows of resources (expense/expenditure) until that time. The deferred outflows of resources in the Statement of Net Position represents the difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, changes in the proportion and differences between the Board's contributions and proportionate share of contributions relating to pension and other post employment benefit (OPEB) plans.

In addition to liabilities, the Statement of Net Position in Governmental Activities includes a separate section for deferred inflows of resources that represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. This section includes deferred inflows of resources representing the difference between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on plan investments, changes in the proportion and differences between the Board's contributions and proportionate share of contributions relating to pension and OPEB plans.

K. Net Position (deficit)

Net position (deficit) represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net position invested in capital assets consist of capital assets, net of accumulated depreciation. The Board does not have any related long-term debt used to acquire capital assets. The remaining net position is reported as restricted in the government-wide financial statement because there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Any deficit is reported as unrestricted.

L. Implementation of New Pronouncements

For the fiscal year ended September 30, 2018 the Board implemented the following GASB pronouncement:

In June, 2015, the GASB issued Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for OPEB plans. For defined benefit OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement enhances accountability and transparency through revised and new note disclosures (see Note 10, Other Postemployment Benefit (OPEB) Plans) and Required Supplementary Information (RSI). The provisions of this statement are effective for fiscal years beginning after June 15, 2017. See Note 12 for the effect of the implementation.

In May, 2017, the GASB issued Statement Number 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The provisions of this Statement are effective for reporting periods beginning after June 15, 2017. The implementation of this pronouncement had no financial or reporting impact on the Board.

(Continued)

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are prepared annually for the General Fund. The budget is prepared on a modified accrual basis of accounting. On or before March of each year, the Board's Executive Director advises the Board that the Organization is in the budget development process and prepares a budget, which includes requested appropriations for the next fiscal year. The proposed budget is presented to the Board's Chairman and Vice Chairman on or before April of each year. Upon approval by the Chairman and Vice Chairman, the budget is submitted to the Board of County Commissioners for approval.

Any revision that alters the total expenditures is presented to the Board's chairman and the Board of County Commissioners for approval. In instances where budget appropriations and estimated revenues have been revised during the year, the budget data presented in the financial statements represents final authorized amounts. Expenditures may not legally exceed budgeted appropriations at the fund level.

NOTE 3 - CASH AND INVESTMENTS

Deposits

The County serves as the Board's fiscal agent and maintains a cash pool for deposits. The Board's cash portion of these balances is shown in the balance sheet and Statement of Net Position.

Custodial Credit Risk – Deposits

According to Chapter 280, *Florida Statutes*, the Board's monies must be deposited with financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida. In accordance with this statute, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities and, if necessary, by assessments against other qualified public depositories. At September 30, 2018, all deposits were covered by Federal depository insurance or by pledged collateral.

NOTE 4 - RISK MANAGEMENT

As of September 30, 2018, the Board had not separately established a Risk Management Fund or Pool. Insurance coverage is provided entirely through the County's risk management pool.

The County is exposed to various risks of loss, including but not limited to general liability, property and casualty, auto and physical damage, and workers' compensation. The County is substantially self-insured and accounts for and finances its risks of uninsured loss through an internal service fund. All liabilities associated with these self-insured risks are reported in the basic financial statements of the County. During the year ended September 30, 2018, the Board was charged \$4,200 by the County for participation in the risk management program.

Under this self-insured program, the County provides coverage for up to \$2 million per claim for workers' compensation, auto, and general liability and claims under the self-insurance risk management fund. The County also has purchased outside excess coverage for up to \$15 million in the aggregate. Negligence claims in excess of the statutory limits set in Section 768.28, *Florida Statutes*, which provide for limited sovereign immunity of \$200,000/\$300,000 per occurrence can only be recovered through an act of the State Legislature. There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the last three years.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 – RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2018, the Board incurred the following expenditures for services provided by the County:

| | |
|-----------------------------------|-------------------|
| Health insurance | \$ 143,665 |
| Postage | 20,016 |
| Printing and binding | 3,186 |
| Information technology | 205,140 |
| Fleet services | 13,399 |
| Risk financing | 4,200 |
| Intergovernmental service charges | 217,490 |
| Total Fees Paid to the County | <u>\$ 607,096</u> |

At September 30, 2018, the Board had a payable to the primary government of \$289,270 for intergovernmental services.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|-------------------|------------------|---------------------------|
| Capital Assets Being Depreciated: | | | | |
| Furniture and Equipment | \$ 28,270 | \$ - | \$ - | \$ 28,270 |
| Less: Accumulated Depreciation | <u>17,704</u> | <u>2,281</u> | <u>-</u> | <u>19,985</u> |
| Capital Assets Being Depreciated, Net | <u>\$ 10,566</u> | <u>\$ (2,281)</u> | <u>\$ -</u> | <u>\$ 8,285</u> |

NOTE 7 - OPERATING LEASE

As stated in Note 1, the Board became a dependent special district of the County effective July 1, 2018. In August of 2018, Pinellas County entered into an agreement on behalf of the Board to lease office space from the Pinellas County Economic Development Authority at the Star Center. The lease became effective on October 1, 2018, the date of possession of the premises. The lease term is for five years with the option to renew for an additional five years. Future minimum lease payments were as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u> |
|-------------------------------------|-------------------|
| 2019 | \$ 40,239 |
| 2020 | 40,650 |
| 2021 | 41,062 |
| 2022 | 41,473 |
| 2023 | 41,906 |
| Total future minimum lease payments | <u>\$ 205,330</u> |

Rent expense for the year ended September 30, 2018 was \$46,927

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8 - LONG TERM LIABILITIES

The change in long term liabilities are summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|----------------------|-------------------|---------------------|---------------------|------------------------|
| Compensated Absences | \$ 41,895 | \$ 77,254 | \$ (29,425) | \$ 89,724 | \$ 29,425 |
| Net pension liability | 821,537 | - | (530,218) | 291,319 | - |
| Other post employment benefits as restated (see Note 12) | 940,025 | 43,970 | (79,247) | 904,748 | - |
| Total | <u>\$ 1,803,457</u> | <u>\$ 121,224</u> | <u>\$ (638,890)</u> | <u>\$ 1,285,791</u> | <u>\$ 29,425</u> |

All compensated absences are liquidated from the General Fund.

NOTE 9 - RETIREMENT PLANS

The Board’s personnel participates in the County’s unified personnel system including the retirement plans as outlined below.

A. Retirement plans

Florida Retirement System Pension Plan (FRSPP)

Plan description - Substantially all full-time employees of the Board participate in the Florida Retirement System (FRS) and are provided with pensions through the Florida Retirement System (FRS) Public Employment Retirement System (PERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Florida Department of Management Services’ Division of Retirement. Chapter 121 of the State Statutes grants the authority to establish and amend the benefit terms to the Florida Legislature. FRS issues a publicly available financial report that can be obtained at:

www.dms.myflorida.com/workforce_operations/retirement/publications

Benefits provided - The FRS pension plan provides retirement, death, and disability benefits to plan members and beneficiaries. Plan benefits are computed on the basis of age, average final compensation and service credits. Based on an employee’s date of entry into the Florida Retirement System, those employees participating in the Pension Plan who retire at or after age 62 (age 65 for those initially enrolled in the plan on or after July 1, 2011) with 6 years of credited service (8 years of service for those initially enrolled in the plan on or after July 1, 2011), or with 30 years of service regardless of age (33 years of service regardless of age for those initially enrolled in the plan on or after July 1, 2011), are entitled to a retirement benefit. Final average compensation is based on an average of the employee’s five highest fiscal year salaries (8 years for those initially enrolled in the plan after July 1, 2011) earned during credited service. Vested employees may retire before age 62 (65) and receive benefits that are reduced 5% for each year prior to normal retirement age.

(Continued)

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 9 - RETIREMENT PLANS (Continued)

A. Retirement plans (continued)

Benefits provided (continued) - The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a system employer. The participation in the program does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit (in the same amount determined at retirement, plus applicable COLA increases).

Contributions - Employer and employee contribution rates are established in section 121.71, *Florida Statutes*. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Employees participating in the Pension Plan are required to contribute 3.00 percent of their annual pay. Employees who are enrolled in the DROP are not subject to the contribution. The Board's contractually required contribution rate, including the Health Insurance Subsidy (HIS), through June 30, 2018 was 7.92 percent of covered payroll based on employee risk groups. Effective July 1, 2018 rates, including HIS, was 8.26 percent of covered payroll based on employee risk groups. These rates, actuarially determined to generate an amount that when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance unfunded plan liabilities. The Board's contributions to FRS for the year ended September 30, 2018 was \$21,823.

Florida Retiree Health Insurance Subsidy (HIS) Program

Plan description - Substantially all full-time employees of the County are provided with pensions through the Florida Retirement System (FRS) Retiree Health Insurance Subsidy (HIS) Program—a cost-sharing multiple-employer defined benefit pension plan administered by the Florida Department of Management Services' Division of Retirement. Chapter 121 of the State Statutes grants the authority to establish and amend the benefit terms to the Florida Legislature. The Florida Retirement System issues a publicly available financial report that can be obtained using the following link:

www.dms.myflorida.com/workforce_operations/retirement/publications

Benefits provided - HIS provides a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can be Medicare.

Contributions - Employer contribution rates are set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The Board's contractually required contribution rate for the year ended September 30, 2018 was 1.66 percent of covered payroll. The Board's contributions to the HIS Plan were \$6,041 for the year ended September 30, 2018, equal to required contributions.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 - RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer Proportionate Share of Collective Net Pension Liability - At September 30, 2018, the Board reported a liability of \$197,986 and \$93,333, respectively for its proportionate share of the collective net pension liability for FRSP and HIS. The collective net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of July 1, 2018. The Board's proportion of the net pension liability was based on the Board's historical employer contributions to the pension plan relative to the historical contributions of all participating employers. At June 30, 2018, the Board's proportion was 0.2246 percent, for both FRSP and HIS, which was a decrease of 0.4 percent, for both FRSP and HIS, from their proportion measured as of June 30, 2017.

Pension Expense - For the year ended September 30, 2018, the Board recognized pension expense of \$17,523 and of \$24,649, respectively for FRSP and HIS

B. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the reporting entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Florida Retirement System Pension Plan

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience | \$ 16,773 | \$ 609 |
| Changes of assumptions | 64,692 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 15,297 |
| Changes in proportion and differences between board contributions and proportionate share of contributions | 5,291 | 216,761 |
| Board contributions subsequent to the measurement date | 4,569 | - |
| Total | <u>\$ 91,325</u> | <u>\$ 232,667</u> |

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 - RETIREMENT PLAN (CONTINUED)

Health Insurance Subsidy (HIS)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ 1,429 | \$ 159 |
| Changes in assumptions | 10,380 | 9,868 |
| Net difference between projected and actual earnings on pension plan investments | 56 | - |
| Changes in proportion and differences between board contributions and proportionate share of contributions | 3,766 | 156,592 |
| Board contributions subsequent to the measurement date | 1,096 | - |
| Total | \$ 16,727 | \$ 166,619 |

Amounts of \$4,569 and \$1,096, for the Board, respectively, reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date for FRSP and HIS will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

C. Other amounts reported as deferred outflows of resources and deferred inflows of resources

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal year ending | FRSP | HIS |
|---------------------------|--------------|--------------|
| 2019 | \$ (16,654) | \$ (29,454) |
| 2020 | (22,499) | (29,447) |
| 2021 | (34,492) | (28,967) |
| 2022 | (27,323) | (27,736) |
| 2023 | (30,916) | (25,662) |
| Thereafter | (14,027) | (9,722) |
| Totals | \$ (145,911) | \$ (150,988) |

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 - RETIREMENT PLAN (CONTINUED)

D. Actuarial assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>FRSPP</u> | <u>HIS</u> |
|--|--|------------|
| Inflation | 2.60% | 2.60% |
| Salary increases including inflation | 3.25% | 3.25% |
| Long term investment rate of return, net of investment expense | 7.00% | 3.87% |
| Mortality rates | Generational RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB | |

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. Because the HIS Program is based on a pay-as-you go basis, no experience study has been completed for that program.

Long Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018 the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

E. Target allocation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

| <u>Asset Class Allocation</u> | <u>Target</u> | <u>Long-term Expected Real Rate of Return</u> |
|-------------------------------|----------------|---|
| Cash | 1.0 % | 3.0% |
| Fixed Income | 18.0 % | 4.5% |
| Global Equity | 54.0 % | 7.8% |
| Real Estate | 11.0 % | 6.6% |
| Private Equity | 10.0 % | 11.5% |
| Strategic Investments | 6.0 % | 6.1% |
| Total | <u>100.0 %</u> | |

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 - RETIREMENT PLAN (CONTINUED)

F. Discount rate

Discount rate - The discount rate used to measure the total pension liability was 7.00% for FRSP. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The change in the FRSP discount rate since the prior measurement date was a decrease of 0.10% due to a revised rate of return assumption at the 2018 FRS Actuarial Assumptions Conference.

The discount rate used to measure the total pension liability was 3.87% for HIS. In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the long term municipal bond index rate selected by the plan sponsor. The Actuarial Assumptions Conference has adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. The change in the discount rate since the prior measurement date was an increase of 0.29% due to changes in the applicable long term municipal bond index rate

Sensitivity of the primary government's and component unit's proportionate share of the net pension liability to changes in the discount rate - The following presents the respective proportionate share of the net pension liability calculated using the current discount rate, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity of FRSP Net Pension Liability

| 1% Decrease 6.00 % | Current Discount Rate 7.00 % | 1% Increase 8.00 % |
|-------------------------------|---|-------------------------------|
| \$ 361,332 | \$ 197,986 | \$ 62,317 |

Sensitivity of HIS Net Pension Liability

| 1% Decrease 2.87 % | Current Discount Rate 3.87 % | 1% Increase 4.87 % |
|-------------------------------|---|-------------------------------|
| \$ 106,300 | \$ 93,333 | \$ 82,524 |

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 - RETIREMENT PLAN (CONTINUED)

F. Discount rate (Continued)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued FRSP and HIS financial report.

Payables to the pension plan - As of September 30, 2018, the Board had \$1,398 and \$370 in legally required contributions payable to the FRSP and HIS, respectively.

Florida Retirement Investment Plan (FRSIP)

The Board contributes to the Florida Retirement System Investment Plan, a defined contribution pension plan, for its eligible employees in lieu of participation in the defined benefit option of FRS. The Investment Plan is administered by the State Board of Administration.

Benefits are accrued in individual accounts that are participant directed, portable, and funded by employer/employee contributions. The Investment Plan offers a diversified mix of investment options that span the risk-return spectrum and give participants opportunity to accumulate retirement benefits. Employer and employee contribution rates are set by the Florida Legislature. The Board's contractually required contribution rate, including HIS through June 30, 2018 ranged from 7.92% to 45.50% of covered payroll based on employee risk groups. Effective July 1, 2018 rates, including HIS, ranged from 8.26% to 48.70% of covered payroll based on employee risk groups. The Board's Investment Plan pension contribution totaled \$4,844 for the year ended September 30, 2018, equal to the required contributions.

Employees are vested after one year of service. Benefits are based on the total value of the account at distribution. This amount is based on contributions, earnings or losses on those contributions, less expenses.

Payable to the Investment Plan - As of September 30, 2018, the Board has \$308 in legally required contributions payable to the investment plan.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

A. Other Postemployment Benefits (OPEB)

Plan Description - The Board participates in one of the County's single-employer defined benefit plans (OPEB) that cover eligible retirees and their dependents. Benefits are established by the County for the plan and can change over time. The County is required by Florida Statute 112.0801 to allow retirees and certain former employees to buy healthcare coverage at group rates. The levels of benefit and the amount of contribution for the County Plan is reviewed and approved annually by the Unified Personnel Board. The annual budgeted amount is approved through appropriations by the Board of County Commissioners for the plan. The healthcare plan does not issue stand-alone financial reports and a trust to fund the OPEB obligation has not been established. The cost of benefits provided by the OPEB plan is currently on a pay-as-you-go basis.

GASB Statement No. 75 (GASB 75) for OPEB became effective for fiscal year end September 30, 2018. GASB 75 requires recognition of total OPEB liability and the OPEB expense along with the related deferred outflows and inflows of resources. The total OPEB liability, related deferred inflows, deferred outflows and expenses are presented in the governmental activities in the Statement of Net Position and Statement of Activities. See note 12 for the effect of the restatement on net position.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018**

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Other Postemployment Benefits (OPEB) (continued)

Benefits Provided - The County's plan provides postretirement health care benefits to all employees who retire on or after attaining at least 10 years of service. The County pays a percentage of the premium for medical and dental insurance for the former employees who retired prior to October 1, 2004. For non-Medicare eligible retirees, employees enrolled in DROP and those within 5 years of normal FRS retirement prior to October 1, 2004, the County will continue funding at the same level as active employees. For employees not part of the previously mentioned groups who were hired prior to January 1, 2011 and who retire on or after October 1, 2004, a health insurance subsidy based on length of service will be provided. The subsidy will range from 25 percent of the premium for 10 years of service, increasing by 3.33 percent per year of service to 75 percent for 25 years of more, calculated on the single premium of the lowest cost plan.

Funding Policy - The contribution requirements of the plan members and the employers are established and may be amended by the County for the plan. Contributions to the plan are actual pay as you go payments less participant contributions. Contributions to the plan in excess of benefits paid on behalf of retirees are earmarked for future OPEB expenses. However, they do not reduce the total OPEB liability. The County subsidy is assumed to remain flat. No assets have been segregated and restricted to provide postemployment benefits.

Employees covered by benefit terms - At September 30, 2017 (the date of the last actuarial valuation plan), the following employees were covered by the benefit terms:

| | The Board's Plan |
|---|-----------------------------|
| Ian Membership: | |
| Inactive plan members or beneficiaries currently receiving benefits | - |
| Inactive plan members entitled to but not yet receiving benefits. | - |
| Active Plan Members | 7 |
| | 7 |

The total OPEB liability at September 30, 2018 for the Board was \$904,748.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Method and Assumptions - The total OPEB liability was actuarially determined based on an actuary valuation using the assumptions listed below. The total OPEB liability is based on the actuarial valuation performed as of September 30, 2017 and a measurement date of September 30, 2017. Projections of benefits for financial reporting purposes were based on the substantive plan as understood by the County and its respective plan members. This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employee and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculation and assumptions about the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. The other significant actuarial assumptions used to determine total OPEB liability include the following:

| | |
|---------------------------------------|---|
| Actuarial Valuation Date | September 30, 2017 |
| Measurement Date | September 30, 2017 |
| Fiscal Year End Date (Reporting Date) | September 30, 2018 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level of percent pay, closed |
| Asset Valuation Method | N/A Unfunded |
| Actuarial Assumptions | |
| Discount Rate | 3.50% |
| Inflation | 2.50% |
| Projected Salary Increases | 3.7-7.8% (from July 1, 2016 FRS Actuarial Valuation) |
| Retirement age | From July 1, 2016 FRS Actuarial Valuation |
| Mortality | From July 1, 2016 FRS Actuarial Valuation |
| Healthcare cost trend rates | Starting at 7.0% on 1/1/2018, 6.75% on 1/1/2019, and 4.24% thereafter |

Benefit Payments - Benefit payments consist of claims paid to retirees participating in the plan(s). Total benefit payments for the Board were \$33,606, for fiscal year 2018.

Employer Proportionate Share of Total OPEB Liability - At September 30, 2018, the Board reported a liability of \$904,748 for its proportionate share of the Total OPEB liability. The Total OPEB liability was measured as of September 30, 2017, and was determined by an actuarial valuation as of that same date. The Board's proportion of the County's total OPEB liability was based on the Board's full time equivalent headcount relative to all participating employers. At September 30, 2017 measurement date, the Board's proportionate share was 0.2297 percent.

(Continued)

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate - For plans that do not have formal assets, as with this Plan, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For this valuation, the municipal bond rate used was 3.5 percent (based on the daily rate of Fidelity's "20-Year municipal GO AA Index" closest to but not later than the measurement date). The discount rate was 3.1 percent at the beginning of the measurement year. The change in discount rate is reflected in the schedule of total OPEB liability which decreased the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the respective total OPEB liability calculated using the current discount rate, as well as what their total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| 1% Decrease 2.50% | Current Discount Rate 3.50% | 1% Increase 4.50% |
|----------------------|-----------------------------------|----------------------|
| \$ 1,049,512 | \$ 904,748 | \$ 785,692 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend - The following presents the respective total OPEB liability calculated using the current healthcare cost trend rate, as well as what their total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|-------------|--|--------------|
| \$ 765,213 | \$ 904,748 | \$ 1,082,156 |

OPEB Expense - For the year ended September 30, 2018, the actuarially determined total OPEB expense was \$43,970, based on the measurement period ending September 30, 2017.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At September 30, 2018, the reporting entity reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes in actuarial assumptions | - | 46,259 |
| Benefit payments subsequent to the measurement date | 33,606 | - |
| Total | <u>\$ 33,606</u> | <u>\$ 46,259</u> |

\$33,606 for the Board is reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2019.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending</u> | | |
|--------------------|-----------|-----------------|
| 2019 | \$ | (8,261) |
| 2020 | | (8,261) |
| 2021 | | (8,261) |
| 2022 | | (8,261) |
| 2023 | | (8,261) |
| Thereafter | | (4,954) |
| Totals | <u>\$</u> | <u>(46,259)</u> |

NOTE 11 - FUND BALANCE REPORTING

GASB 54 reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. Nonspendable fund balances are balances that cannot be spent because they are either (a) not in spendable form or; (b) legally contractually required to be maintained intact.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of fund balances, based on a hierarchy of spending constraints.

- **Restricted:** Amounts that can be spent only for the specific purposes stipulated by: (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other Boards; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Amounts that can be used only for the specific purposes determined by a formal action of the Board’s highest level of decision-making authority.
- **Assigned:** Amounts intended to be used by the Board for specific purposes. Assigned fund balance represents the amount that is not restricted or committed. The intent shall be expressed by the Board.
- **Unassigned:** This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

The Board has classified its fund balance with the following hierarchy:

Nonspendable: Nonspendable fund balances will be maintained if they are either: (a) not in spendable form or; (b) legally contractually required to be maintained intact.

Restricted: The Board has classified the entire fund balance of \$141,718 as restricted for the operations of the Board due to the Board’s enabling legislation.

The Board’s policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance, in that order, under circumstances where a particular expenditure can be made from more than one fund classification.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2018**

NOTE 12 – RESTATEMENT OF NET POSITION

With the implementation of GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Board reports its proportionate share of total OPEB liability, OPEB expense, and deferred inflows and deferred outflows of resources, as well as additional note disclosures and required supplementary information.

The Board has restated the beginning net position in the Statement of Activities as follows:

| | Governmental Activities |
|---------------------------------------|----------------------------|
| Net position - beginning | \$ (242,477) |
| Total OPEB liability | (940,025) |
| OPEB related deferred outflows | 32,988 |
| Net position - beginning, as restated | \$ (1,149,514) |

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PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND
ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|------------------|-------------------|-------------------------------|
| REVENUES | | | | |
| Licenses | \$ 712,500 | \$ 712,500 | \$ 863,377 | \$ 150,877 |
| Fine and Forfeitures | 275,000 | 275,000 | 296,654 | 21,654 |
| Investment Income | 4,650 | 4,650 | 5,931 | 1,281 |
| Other Revenue | 1,000 | 1,000 | 904 | (96) |
| Total Revenues | <u>993,150</u> | <u>993,150</u> | <u>1,166,866</u> | <u>173,716</u> |
| EXPENDITURES | | | | |
| Salaries and Benefits | 933,580 | 933,580 | 611,971 | 321,609 |
| Operating Expenditures | 669,470 | 669,470 | 740,149 | (70,679) |
| Capital Outlay | 5,000 | 5,000 | - | 5,000 |
| Total Expenditures | <u>1,608,050</u> | <u>1,608,050</u> | <u>1,352,120</u> | <u>255,930</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (614,900) | (614,900) | (185,254) | 429,646 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Reserves | (118,000) | (118,000) | - | 118,000 |
| Total Other Financing Sources (Uses) | <u>(118,000)</u> | <u>(118,000)</u> | <u>-</u> | <u>118,000</u> |
| NET CHANGES IN FUND BALANCE | (732,900) | (732,900) | (185,254) | 547,646 |
| Fund Balance, Beginning | <u>732,900</u> | <u>732,900</u> | <u>326,972</u> | <u>(405,928)</u> |
| FUND BALANCE, ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 141,718</u> | <u>\$ 141,718</u> |

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

**SCHEDULE OF PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
PROPORTIONATE SHARE OF THE COUNTY'S⁽³⁾ NET PENSION LIABILITY
FRS PENSION PLAN
Last Ten Fiscal Years**

| Year Ended | Board's Proportion of Net Pension Liability | Board's Proportionate Share of Net Pension Liability | Board's Covered Payroll | Board's Proportionate Share of Net Pension Liability as a % of Covered Payroll | Plan Fiduciary Net Position as a % of Total Pension Liability |
|---------------------|--|--|-------------------------------|---|---|
| 2015 | 0.5806% | \$ 264,440 | \$ 423,848 | 62.39% | 92.00% |
| 2016 | 0.5416% | 390,241 | 429,730 | 90.81% | 84.88% |
| 2017 | 0.6252% | 554,137 | 487,108 | 113.76% | 83.89% |
| 2018 ⁽¹⁾ | 0.2246% | 197,986 | 232,496 | 85.16% | 84.26% |

**SCHEDULE OF PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
PROPORTIONATE SHARE OF THE COUNTY'S⁽³⁾ NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY (HIS) PROGRAM
Last Ten Fiscal Years**

| Year Ended | Board's Proportion of Net Pension Liability | Board's Proportionate Share of Net Pension Liability | Board's Covered Payroll ⁽²⁾ | Board's Proportionate Share of Net Pension Liability as a % of Covered Payroll | Plan Fiduciary Net Position as a % of Total Pension Liability |
|---------------------|--|---|---|---|--|
| 2015 | 0.5806% | \$ 254,928 | \$ 519,961 | 49.03% | 0.50% |
| 2016 | 0.5416% | 238,381 | 522,185 | 45.65% | 0.97% |
| 2017 | 0.6252% | 267,400 | 588,983 | 45.40% | 1.64% |
| 2018 ⁽⁴⁾ | 0.2246% | 93,333 | 232,496 | 40.14% | 2.15% |

- (1) Year ended 2018 change in the FRSP discount rate due to a revised rate of return assumption at the 2018 Actuarial Assumptions Conference..
- (2) 2015 restated to reflect covered payroll during the measurement period rather than during the fiscal year.
- (3) County refers to Pinellas County Board of County Commissioners in the FRS system.
- (4) Year ended 2018 change in the HIS discount rate due to an increase in the municipal rate.

GASB Statement Number 68. "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten year trend data. Additional years will be displayed as the data becomes available. The amounts presented for each fiscal year were determined as of the June 30 year end that occurred within the fiscal year.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

**SCHEDULE OF PINELLAS COUNTY CONSTRUCTION LICENSING BOARD CONTRIBUTIONS
FRS PENSION PLAN
Last Ten Fiscal Years**

| Year Ended | Contractually Required Contribution | Contributions in relation to Contractually Required Contributions | Contribution Deficiency (Excess) | Board's Covered Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|---------------------|---|---|--|-------------------------------|---|
| 2015 | \$ 48,324 | \$ (48,324) | \$ - | \$ 424,517 | 11.38% |
| 2016 | 38,754 | (38,754) | - | 435,489 | 8.90% |
| 2017 | 48,911 | (48,911) | - | 420,296 | 11.64% |
| 2018 ⁽¹⁾ | 21,823 | (21,823) | - | 176,703 | 12.35% |

**SCHEDULE OF PINELLAS COUNTY CONSTRUCTION LICENSING BOARD CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY (HIS) PROGRAM
Last Ten Fiscal Years**

| Year Ended | Contractually Required Contribution | Contributions in Relation to Contractually Required Contributions | Contribution Deficiency (Excess) | Board's Covered Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|---------------------|---|---|--|-------------------------------|---|
| 2015 | \$ 10,149 | \$ (10,149) | \$ - | \$ 527,608 | 1.92% |
| 2016 | 10,419 | (10,419) | - | 527,738 | 1.97% |
| 2017 | 13,427 | (13,427) | - | 515,536 | 2.60% |
| 2018 ⁽²⁾ | 6,041 | (6,041) | - | 363,927 | 1.66% |

- (1) Year ended 2018 change in the FRSP discount rate due to a revised rate of return assumption at the 2018 Actuarial Assumptions Conference.
- (2) Year ended 2018 change in the HIS discount rate due to an increase in the municipal rate.

GASB Statement Number 68. "Accounting and Financial Reporting for Pensions", was implemented in fiscal year 2015 requiring ten year trend data. Additional years will be displayed as the data becomes available.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2018**

**SCHEDULE OF PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 PROPORTIONATE SHARE OF THE COUNTY'S TOTAL OPEB LIABILITY
 Last Ten Fiscal Years**

| | | Fiscal Year 2018 |
|--|----|-----------------------------|
| | | |
| Board's percentage share of the total OPEB liability | | 0.2297% |
| Board's proportionate share of the total OPEB liability | \$ | 904,748 |
| Board's annual covered employee payroll | \$ | 318,282 |
| Total OPEB liability as a percentage of covered-employee payroll | | 284.26% |

Schedule of Proportionate Share of Total OPEB Liability. The data reported in the Schedule of Proportionate Share of the Total OPEB Liability for the Board's OPEB Plan for fiscal year ending September 30, 2018 is based upon the measurement dates for October 1, 2016 to September 30, 2017. The changes in the assumptions during the fiscal year ended September 30, 2018 reflect the changes in the discount rate, that is based on the municipal bond rate, which was increased from 3.1 percent to 3.5 percent during the measurement period. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement number 75.

This schedule is intended to show information for ten (10) years. The changes in the total OPEB liability for years prior to the fiscal year ending September 30, 2018 were not available and accordingly, were not included in the schedule. Additional years will be displayed as the data becomes available.

**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**

Board of Commissioners
Pinellas County Construction Licensing 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 general fund of the Pinellas County Construction Licensing Board ("PCCLB"), as component unit of Pinellas County, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the PCCLB's basic financial statements, and have issued our report thereon dated April 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PCCLB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PCCLB's internal control. Accordingly, we do not express an opinion on the effectiveness of the PCCLB'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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PCCLB's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Crowe LLP

Tampa, Florida
April 29, 2019

Board of Commissioners
Pinellas County Construction Licensing Board
Largo, Florida

Report on the Financial Statements

We have audited the financial statements of the Pinellas County Construction Licensing Board (“PCCLB”), a component unit of Pinellas County, Florida (“County”), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 29, 2019.

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 Florida Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of The Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 29, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings noted in 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. This information is disclosed in the financial statements.

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 the PCCLB has met once or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that PCCLB 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 the County in which PCCLB is presented as a component unit and included in the County's assessment. It is management's responsibility to monitor the PCCLB'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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

Purpose of this Letter

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



Crowe LLP

Tampa, Florida
April 29, 2019

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

Board of Commissioners
Pinellas County Construction Licensing Board
Largo, Florida

We have examined the Pinellas County Construction Licensing Board's ("PCCLB"), a component unit of Pinellas County, Florida, compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2018. Management of the PCCLB is responsible for the PCCLB's compliance with the specified requirements. Our responsibility is to express an opinion on the PCCLB's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and those standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the PCCLB complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the PCCLB complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the PCCLB's compliance with the specified requirements.

In our opinion, the PCCLB complied, in all material respects, with the requirements contained in Section 218.415, *Florida Statutes* during the year ended September 30, 2018.

The purpose of this report is solely to comply with Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Tampa, Florida
April 29, 2019