

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
TABLE OF CONTENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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	19
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	20
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>	21
Management Letter Based on Rule 10.554(1)(i) of the Auditor General of the State of Florida	23
Independent Accountant's Report in compliance with Section 218.415, <i>Florida Statutes</i>	25

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 (the "County"), as of and for the year ended September 30, 2019, 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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 3 to the financial statements, the PCCLB entered into an interlocal agreement with the County. The interlocal agreement stipulates the County provides the PCCLB with personnel, administration of operations, including central services provided to County Administrator departments and legal services through the Office of the County Attorney. In exchange for the services provided, the PCCLB is to remit revenues generated from operations to the County. 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 and schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, on pages 3 through 6 and 19, 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 8, 2020 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 8, 2020

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

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, 2019. 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 assets and deferred outflows exceeded its liabilities and deferred inflows at September 30, 2019 by \$598,968 (net position). Net Position increased by \$2,001,529 from the previous fiscal year. The increase was a result of revenues exceeding expenditures in the current year, and the recognition of contributions of \$1,552,564 from Pinellas County Board of County Commissioners (the County) as discussed in Note 3 in the Notes to the Financial Statements.
- As of September 30, 2019, the Board's governmental fund reported an ending fund balance of \$598,968, a increase of \$457,250 from the previous fiscal year. The increase is primarily a result of an increase in revenue of \$833,926 due to the number of fines and forfeitures issued in 2019 over the prior year, and an increase in expenditures of \$239,357 primarily for investigators hired by the County to support the Board's operations.

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, 2019**

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, 2019, the assets and deferred outflows of the Board exceeded the liabilities and deferred inflows by \$598,968. Following is a comparison of the Board's net position (deficit) as of September 30, 2019 and 2018:

	2019	2018
Cash	\$ 597,889	\$ 504,526
Receivables	1,079	37,304
Capital assets, net	-	8,285
Total assets	598,968	550,115
Pension-related deferred outflows	-	108,052
OPEB-related deferred outflows	-	33,606
Total deferred outflows	-	141,658
Accounts payable	-	37,485
Accrued expenses	-	36,243
Due to primary government	-	289,270
Net pension liability	-	291,319
OPEB liability	-	904,748
Compensated absences	-	89,724
Total liabilities	-	1,648,789
Pension-related deferred inflows	-	399,286
OPEB-related deferred inflows	-	46,259
Total deferred inflows	-	445,545
Net position:		
Investment in capital assets	-	8,285
Unrestricted	598,968	(1,410,846)
Net position (deficit)	\$ 598,968	\$ (1,402,561)

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Financial Analysis of the Government as a Whole (Continued)

The Board's net position increased by \$2,001,529 primarily as a result of an increase in contributions from the County as discussed in Note 3 in the Notes to the Financial Statements.

Following is a comparison of the Board's Statement of Activities for the years ended September 30, 2019 and 2018:

	2019	2018
Program revenues:		
Charges for services	\$ 2,035,036	\$ 1,160,936
Contributions	1,552,564	-
General revenues:		
Investment earnings	13,691	5,930
Total revenues	3,601,291	1,166,866
Public safety expenses	1,591,477	1,419,913
Non-operating expenses:		
Donated capital assets	8,285	-
Total expenses	1,599,762	1,419,913
Increase (Decrease) in Net Position	2,001,529	(253,047)
Net Position (Deficit), Beginning of Year	(1,402,561)	(1,149,514)
Net Position (Deficit), End of Year	\$ 598,968	\$ (1,402,561)

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, 2019, the Board's governmental fund (general fund) reported an ending fund balance of \$598,968, a increase of \$457,250 in comparison with the previous fiscal year. The entire amount of fund balance is considered to be restricted.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

General Fund Budgetary Highlights

The budgetary comparison schedule can be found within required supplementary information section. There was one amendment to the original budget made during the fiscal year to recognize unanticipated revenues from an increase in licenses, fines and forfeiture receipts and the corresponding public safety appropriation.

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

- Revenue realized from licenses was \$90,596 more than budgeted as a result of increased licenses issued in the current year.
- Total expenditures were under budget by \$99,773 primarily as a result of decrease in public safety expenditures related to contractual services provided by the County for the Board's operations.

Economic Factors/ Currently Known Facts, Decisions or Conditions

During Fiscal Year 2018-2019, the County fully staffed the Investigative Unit which led to a significant increase in revenue while administrative costs remained flat. Operations will remain labor intensive, but efficiencies will be gained upon the implementation of a new case management system slated for Fiscal Year 2021-2022. In the interim, internal processes have been, and will continue to be retooled in order to increase efficiencies to the extent possible.

The increased revenue experience is projected to continue into Fiscal Year 2019-2020. However, if the legislature moves to vacate local licensing, revenues could be negatively impacted. It will be imperative to monitor and enforce state licensure laws at the local level and to assure consumers their contractors are fully insured and appropriately licensed.

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
7887 Bryan Diary Road, Suite 133
Largo, Florida 33777

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 597,889
Receivables	<u>1,079</u>
Total current assets	598,968
Total assets	<u>598,968</u>
NET POSITION	
Restricted	<u><u>\$ 598,968</u></u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Governmental Activities
EXPENSES	
Program expenses - public safety	\$ 1,591,477
 PROGRAM REVENUES	
Charges for services - public safety	2,035,036
Contributions	1,552,564
Total program revenues	3,587,600
Net program (expenses) revenues	1,996,123
 GENERAL REVENUE	
Net investment earnings	13,691
 NON-OPERATING EXPENSES	
Donated capital assets	(8,285)
 INCREASE IN NET POSITION	
Net deficit - beginning of year	(1,402,561)
Net position - end of year	\$ 598,968

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
BALANCE SHEET — GENERAL FUND
SEPTEMBER 30, 2019**

ASSETS

Cash	\$ 597,889
Receivables	<u>1,079</u>
Total assets	<u><u>\$ 598,968</u></u>

FUND BALANCE

Restricted	<u><u>\$ 598,968</u></u>
------------	--------------------------

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
RECONCILIATION OF THE BALANCE SHEET — GENERAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total fund balance for governmental funds	\$ 598,968
Total net position reported for governmental activities in the statement of net position agrees to fund balances. See Note 3 in the notes to the financial statements	-
Net position of governmental activities	<u>\$ 598,968</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

REVENUES

Licenses	\$ 904,456
Fines and forfeitures	1,130,580
Investment income	13,691
Total revenues	2,048,727

EXPENDITURES

Operating expenditures	1,591,477
Total expenditures	1,591,477

NET CHANGE IN FUND BALANCE

457,250

Fund balance - beginning of year

141,718

Fund Balance - end of year

\$ 598,968

**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, 2019**

Net change in fund balance - governmental funds	\$	457,250
Amounts reported for governmental activities in the statement of activities are different because:		
Decrease in amount due from the primary government		(37,114)
Donated capital assets		(8,285)
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	\$	89,724
(Decrease)Increase in pension-related deferred outflows		(108,052)
(Decrease)Increase in OPEB-related deferred outflows		(33,606)
(Increase)Decrease in net pension liability		291,319
(Increase)Decrease in OPEB liability		904,748
(Increase)Decrease in pension-related deferred inflows		399,286
(Increase)Decrease in OPEB-related deferred inflows		46,259
		1,589,678
Change in net position of governmental activities	\$	2,001,529

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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.

As of September 30, 2019, there were no capital assets held by the Board. Capital Assets were donated to the County through the interlocal agreement discussed in Note 3.

G. Accounts Payable

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position in Governmental Activities includes a separate section for deferred outflows of resources that represents a consumption of net position that applies to a future period and will not be recognized as outflows of resources (expense/expenditure) until that time.

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.

As of September 30, 2019, there were no deferred outflows or inflows for Governmental Activities as operations have been outsourced to the County. See Note 3.

I. 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.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Implementation of New Pronouncements

For the fiscal year ended September 30, 2019 the Board implemented the following GASB pronouncement:

In March 2018, the GASB issued Statement Number 88, *Certain Disclosures related to Debt*, including Direct Borrowings and Direct Payments. The objective of the Statement is to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements and also clarify which liabilities governments should include when disclosing information related to debt. This Statement is effective for reporting periods beginning after June 15, 2018. The implementation of this pronouncement had no financial or reporting impact on the Board.

In November 2016, the GASB issued Statement Number 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2018. The implementation of this pronouncement had no financial or reporting impact on the Board.

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 – INTERLOCAL AGREEMENT

The Board entered into an interlocal agreement with the County subsequent to becoming a dependent agency as discussed in Note 1. This was authorized by the provisions of Section 163.01, *Florida Statutes*, which authorizes the exercise by agreement of two or more public agencies of a common power.

The interlocal agreement stipulates the County provides the Board with personnel, administration of operations, including central services provided to County Administrator departments and legal services through the Office of the County Attorney. In exchange for the services provided, the Board is to remit revenues generated from operations to the County.

The Board does not have employees as stipulated above. In the current year, there are no liabilities related to compensated absences, pension, or other post employment benefits (OPEB) for the Board. These expenses and related deferred inflows and deferred outflows are borne by the County. The County provided a contribution to the Board of \$1,552,564 to assign recognized liabilities, deferred inflows and deferred outflows from the prior year government wide activities to the County.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 - 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 depositories 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, 2019, all deposits were covered by Federal depository insurance or by pledged collateral.

NOTE 5 - RISK MANAGEMENT

As of September 30, 2019, the Board had not separately established a Risk Management Fund or Pool. Insurance coverage is provided entirely through the County’s risk management pool for property, general liability, employee liability, and workers’ compensation coverage. All risk from such claims is borne by the County.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the fiscal year ended September 30, 2019, the Board incurred expenditures of for contractual services provided by the County of \$1,591,477.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 28,270	\$ -	\$ 28,270	\$ -
Less: Accumulated Depreciation	19,985	-	19,985	-
Capital Assets Being Depreciated, Net	\$ 8,285	\$ -	\$ 8,285	\$ -

Capital assets recorded represents assets utilized by personnel. Capital assets were donated to the County in the current year.

(Continued)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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	\$ 89,724	\$ -	\$ (89,724)	\$ -	\$ -
Net pension liability	291,319	-	(291,319)	-	-
Other post employment benefits	904,748	-	(904,748)	-	-
Total	<u>\$ 1,285,791</u>	<u>\$ -</u>	<u>\$ (1,285,791)</u>	<u>\$ -</u>	<u>\$ -</u>

Long term liabilities were recorded for personnel assigned to the Board. Long term liabilities have been liquidated by contribution from the County. Note 3 provides additional information regarding the interlocal agreement with the County.

NOTE 9 - 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 \$598,968 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
NOTE TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 10 – SUBSEQUENT EVENTS

During December 2019, the Novel Coronavirus (COVID-19) was discovered on the continent of Asia. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization (WHO). On March 13, 2020, the President of the United States declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak. The Board anticipates an economic impact resulting from the effects of the outbreak on the national, state, and local economies. The Board can not presently determine what material impact this outbreak could potentially have on revenues such as investments and other local revenues related to economic conditions.

(Concluded)

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Licenses	\$ 755,360	\$ 813,860	\$ 904,456	\$ 90,596
Fine and Forfeitures	325,410	1,124,180	1,130,580	6,400
Investment Income	-	-	13,691	13,691
Other Revenue	950	950	-	(950)
Total Revenues	<u>1,081,720</u>	<u>1,938,990</u>	<u>2,048,727</u>	<u>109,737</u>
EXPENDITURES				
Public Safety	1,458,640	1,685,070	1,591,477	93,593
Debt Service	6,180	6,180	-	6,180
Total Expenditures	<u>1,464,820</u>	<u>1,691,250</u>	<u>1,591,477</u>	<u>99,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(383,100)	247,740	457,250	209,510
OTHER FINANCING SOURCES (USES)				
Reserves	-	(630,840)	-	630,840
Total Other Financing Sources (Uses)	<u>-</u>	<u>(630,840)</u>	<u>-</u>	<u>630,840</u>
NET CHANGES IN FUND BALANCE				
	(383,100)	(383,100)	457,250	840,350
Fund Balance, Beginning	<u>383,100</u>	<u>383,100</u>	<u>141,718</u>	<u>(241,382)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,968</u>	<u>\$ 598,968</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTE TO THE REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2019**

NOTE 1 – Budgets

The budget is prepared annually for the General Fund 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.

**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"), a component unit of Pinellas County, Florida, as of and for the year ended September 30, 2019, 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 8, 2020.

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 8, 2020

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, 2019, and have issued our report thereon dated April 8, 2020.

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 8, 2020, 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 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. 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 one 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 8, 2020

**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, 2019. 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, 2019.

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

Tampa, Florida
April 8, 2020