

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD

**BASIC FINANCIAL STATEMENTS AND
REGULATORY REPORTS**

YEAR ENDED SEPTEMBER 30, 2015

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2015**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	9
BALANCE SHEET – GENERAL FUND	10
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND TO THE STATEMENT OF NET POSITION	11
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND TO THE STATEMENT OF ACTIVITIES	13
NOTES TO BASIC FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTAL INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	30
NOTE TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	31
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	32
SCHEDULE OF CONTRIBUTIONS	33
REGULATORY REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON THE 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 ACCOUNTANTS' REPORT BASED ON SECTION 218.415 OF THE FLORIDA STATUTES	39

INDEPENDENT AUDITORS' REPORT

Board Members
Pinellas County Construction Licensing Board
Largo, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Pinellas County Construction Licensing Board (the Board), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 general fund of the Board as of September 30, 2015, 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 a Matter

As described in Note 2 and Note 9 to the financial statements, during the year ended September 30, 2015, the Board adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which was subsequently amended by GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of implementation of GASBS No. 68, the Board reported a restatement for the change in accounting principle. The auditors' opinion was not modified with respect to this restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2016, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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

Board of Directors
Pinellas County Construction Licensing Board

performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
June 24, 2016

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

This section of the Pinellas County Construction Licensing Board (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, 2015.

Financial Highlights

- The assets of the Board exceeded its liabilities at September 30, 2015 by \$282,275 (net position). This amount may be used to meet the Board's ongoing obligations to citizens and creditors. The Pinellas County Construction Licensing Board's net position at the beginning of the year has been restated to reflect the recognition of net pension liabilities and pension related deferred outflows and inflows during fiscal year 2015. Net Position decreased by \$61,666 from the previous fiscal year.
- As of September 30, 2015, the Board's governmental fund reported an ending fund balance of \$821,172, a decrease of \$67,770 from the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The financial section of this report consists of three parts: Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Board:

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 and liabilities. Net position, the difference between these assets and liabilities, are a useful 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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Overview of the Financial Statements (Continued)

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.

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, 2015, the assets and deferred outflows of the Board exceeded the liabilities and deferred inflows by \$282,275. Following is a comparison of the Board's net position as of September 30, 2015 and 2014:

	2015	2014
Cash	\$ 842,922	\$ 912,411
Receivables	11,031	3,116
Capital Assets, Net	16,425	20,730
Total Assets	<u>870,378</u>	<u>936,257</u>
Pension-related deferred outflows	131,053	-
Accounts Payable	6,170	6,690
Accrued Expenses	24,309	19,760
Due to Other Governments	2,302	135
Pension Liability	519,368	-
Compensated Absences	97,591	97,298
Total Liabilities	<u>649,740</u>	<u>123,883</u>
Pension-related deferred inflows	69,416	-
Net Position:		
Investment in Capital Assets	16,425	20,730
Restricted	265,850	791,644
Net Position	<u>\$ 282,275</u>	<u>\$ 812,374</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Financial Analysis of the Government as a Whole (Continued)

Governmental activities decreased the Board's net position by \$61,666 primarily as a result of a decrease in charges for services over the prior year, and due to the effect of the pension liability.

Following is a comparison of the Board's statement of activities for the years ended September 30, 2015 and 2014:

	2015	2014
Program Revenues:		
Charges for Services	\$ 1,120,847	\$ 1,245,519
Operating Grants and Contributions	-	-
General Revenues:		
Investment Earnings	3,373	1,523
Total Revenues	1,124,220	1,247,042
Public Safety Expenses	1,185,886	1,125,771
Increase (Decrease) in Net Position	(61,666)	121,271
Net Position, Beginning of the Year, As Restated	343,941	691,103
Net Position, End of the Year	\$ 282,275	\$ 812,374

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, 2015, the Board's governmental fund (general fund) reported an ending fund balance of \$821,172, a decrease of \$67,770 in comparison with the previous fiscal year. The entire amount of fund balance is considered to be restricted.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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:

- License revenues were higher than expected. The increase is due to a greater amount of licenses renewed in the current year due to continued resurgence of the real estate market, including new residential and commercial construction.
- Fines and forfeitures revenues were higher than anticipated. This revenue line item includes citation, liens and administration fines.

Economic Factors/ Currently Known facts, Decisions or Conditions

The Board does not foresee any major economic conditions that may adversely affect the Board's future financial position.

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:

Rodney Fisher
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, 2015

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 842,922
Receivables	11,031
Total Current Assets	<u>853,953</u>
Capital Assets, Net	<u>16,425</u>
Total Assets	<u>870,378</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related deferred outflows	<u>131,053</u>
Total assets and deferred outflows of resources	<u>1,001,431</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	6,170
Accrued Expenses	24,309
Due to Other Governments	2,302
Compensated Absences - Due within One Year	45,164
Total Current Liabilities	<u>77,945</u>
Long-Term Liabilities:	
Pension Liability	519,368
Compensated Absences - Due in More than One Year	52,427
Total Long-Term Liabilities	<u>571,795</u>
Total Liabilities	<u>649,740</u>
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows	<u>69,416</u>
Total liabilities and deferred inflows of resources	<u>719,156</u>
NET POSITION	
Investment in Capital Assets	16,425
Restricted	265,850
Total Net Position	<u><u>\$ 282,275</u></u>

See accompanying Notes to Basic Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Governmental Activities</u>
EXPENSES	
Public Safety:	
Personal Services	\$ 776,229
Operating Expenditures	406,318
Depreciation Expense	3,339
Total Program Expenses - Public Safety	<u>1,185,886</u>
 PROGRAM REVENUES	
Charges for Services - Public Safety	<u>1,120,847</u>
Net Program Expenses	(65,039)
 GENERAL REVENUE	
Net Investment Earnings	<u>3,373</u>
 DECREASE IN NET POSITION	
Net Position, Beginning of Year, As Restated (Note 2)	<u>343,941</u>
 NET POSITION, END OF YEAR	
	<u><u>\$ 282,275</u></u>

See accompanying Notes to Basic Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2015**

ASSETS

Cash	\$ 842,922
Receivables	<u>11,031</u>
 Total Assets	 <u><u>\$ 853,953</u></u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 6,170
Due to Other Government	2,302
Accrued Expenses	<u>24,309</u>
Total Liabilities	32,781
 Fund Balance:	
Restricted	<u>821,172</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 853,953</u></u>

See accompanying Notes to Basic Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total Fund Balance for Governmental Funds	\$	821,172
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 fund statements		16,425
Deferred outflows of resources related to pensions are not recorded in the governmental fund financial statements		131,053
Deferred inflows of resources related to pensions are not recorded in the governmental fund financial statements		(69,416)
Some long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities relate to governmental and consist of:		
Compensated absences		(97,591)
Pension obligation		(519,368)
		(519,368)
Net Position of Governmental Activities	\$	282,275

See accompanying Notes to Basic Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

REVENUES

Licenses	\$ 719,389
Fine and Forfeitures	401,761
Investment Income	3,373
Other Revenue	662
Total Revenues	1,125,185

EXPENDITURES

Salaries and Benefits	786,637
Operating Expenditures	406,318
Total Expenditures	1,192,955

NET CHANGE IN FUND BALANCE

(67,770)

Fund Balance, Beginning of Year

888,942

FUND BALANCE, END OF YEAR

\$ 821,172

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Net Change in Fund Balance - Governmental Funds \$ (67,770)

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, 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	\$ (3,339)	(3,339)
----------------------	------------	---------

The net effect of various transactions involving capital assets (i.e.
adjustments, disposals, transfers) is a decrease to net position. (965)

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 in Compensated Absences	(293)	
Increase in Pension-related Deferred Outflows	70,401	
Increase in Pension Obligation	(191,335)	
Decrease in Pension-related Deferred Inflows	131,635	10,408

Change in Net Position of Governmental Activities \$ (61,666)

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1 ORGANIZATION AND REPORTING ENTITY

The Pinellas County Construction Licensing Board (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 function of the Pinellas County Construction Licensing Board is to regulate certain construction and home improvement contractors practicing in all Pinellas jurisdictions.

In addition, the Board amends the family of building codes for application and enforcement countywide to provide safe, economic, and sound buildings and structures throughout Pinellas County.

The Board entered into an interlocal agreement with Pinellas County (the County) to provide administrative services, including accounting, budgeting, financial and payroll. In addition the Board's personnel can participate in the County's unified personnel system including fringe benefits and state retirement privileges.

These financial statements include the Board (the primary government). The Board has considered any entities for which it has oversight and there are none meeting the criteria for inclusion in their financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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.

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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

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 and 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.

Cash

As part of the interlocal agreement with Pinellas County, 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.

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.

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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

The Board's furniture and equipment is depreciated using the straight-line method over the following estimated useful lives:

Furniture and Equipment	5 Years
-------------------------	---------

Accounts Payable

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

Compensated Absences

As part of the interlocal agreement with the County, the Board's personnel can participate 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.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the Board's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

on Health Insurance Subsidy Program investments, changes in the proportion and differences between the Board's contributions and proportionate share of contributions, and the Board's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of net financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the Board's statement of net position represent the difference between expected and actual economic experience, the net difference between projected and actual earnings on Florida Retirement System Pension investments, and changes in the proportion and differences between the Council's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in pension expense in future years.

Net Position

Net position 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.

Recent Accounting Pronouncements

For the year ended September 30, 2015, the financial statements include the impact of adoption of the following Governmental Accounting Standards Board Statements (GASBS):

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, established a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, has the objective of improving accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement 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 disclosure and required supplementary information requirements about pensions also are addressed.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of Statement No. 68 relative to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The Statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The implementation of GASB Statement Nos. 67, 68 and 71 required the Construction Licensing Board to record beginning net pension liability and the effects on net position of contributions made by the Board during the measurement period (fiscal year ending September 30, 2014). As a result, net position for governmental activities decreased by \$468,433. The effect of this restatement of beginning net position is summarized below:

Net Position, as originally reported	\$	812,374
Prior period adjustment:		
Deferred outflows of resources		60,652
Pension liability		(328,034)
Deferred inflows of resources		(201,051)
Net Position, as restated	<u>\$</u>	<u>343,941</u>

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value, and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The implementation of this pronouncement did not have a material impact on the financial statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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. At September 30, 2015, the Board's deposits were covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, F.S.

NOTE 4 RISK MANAGEMENT

As of September 30, 2015, 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 considered transferred to the County.

NOTE 5 TRANSACTIONS WITH PINELLAS COUNTY, FLORIDA

During the fiscal year ended September 30, 2015, the Board incurred the following expenditures for services provided by the County:

Fringe Benefits	\$	159,939
Postage		21,401
Printing and Binding		1,226
Information Technology		58,320
Fleet Services		12,194
Risk Financing		11,610
Intergovernmental Service Charges		191,920
Total Fees Paid to the County	\$	456,610

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 46,216	\$ -	\$ 17,946	\$ 28,270
Less: Accumulated Depreciation	25,487	3,339	16,981	11,845
Capital Assets Being Depreciated, Net	\$ 20,729	\$ (3,339)	\$ 965	\$ 16,425

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7 OPERATING LEASE

The Board entered into a one-year operating lease for office space beginning January 2014, with 4 one-year extensions extending to December 2018. The one-year extensions are automatically renewed unless cancelled in writing by the Board at least sixty days prior to the beginning of each extension. Lease payments after the first lease year will increase by 3% per year. Rent expense for the year ended September 30, 2015 was \$42,945.

NOTE 8 COMPENSATED ABSENCES

The change in compensated absences is summarized as follows:

	Balance September 30, 2014	Additions	Reduction	Balance September 30, 2015	Due within One Year
Compensated Absences	\$ 97,298	\$ 45,457	\$ 45,164	\$ 97,591	\$ 45,164

All compensated absences are liquidated from the General Fund.

NOTE 9 RETIREMENT PLAN

Board's personnel participate in the County's unified personnel system included in the Florida Retirement System (FRS), a cost sharing, multiple-employer, defined benefit pension plan administered by the Florida Department of Management Services' Division of Retirement. The FRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance. The FRS issues a publicly available financial report that incorporates the financial statements and required supplementary information for the FRS. That report may be obtained by writing to State of Florida, Division of Retirement, Department of Management Services, 2639 North Monroe Street, Building C, Tallahassee, FL 32399-1560, by calling (877) 377-1737, or by accessing their Internet site at http://www.rol.frs.state.fl.us/forms/2012-2013_Annual_Report.pdf.

FRS provides for vesting of benefits after 6 or 8 years of credit services. Normal retirement benefits are available to employees who retire at or after age 62 (age 65 for those initially enrolled in the plan on or after July 1, 2011) with 6 or more years of service (8 or more years 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). Early retirement is available after 6 (8) years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Benefits are based upon age, years-of-service credit and average compensation, which are computed using the individual's 5 highest yearly earnings. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code.

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 9 RETIREMENT PLAN (CONTINUED)

Effective July 1, 1998, the FRS instituted the Deferred Retirement Option Program (DROP), which provides an alternative method for payment of retirement benefits for up to 60 months after a member reaches his normal retirement date. DROP allows eligible employees to save all retirement benefits plus interest for up to 60 months while continuing employment with a participating employer and receiving a salary. Regular monthly retirement benefits are determined at the time the employee enters DROP. At termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefits.

Contributions

Employer contributions are based upon state-wide rates established by the State of Florida. From October 1, 2014 through June 30, 2015, the employer rates, which include the health insurance subsidy contributions of 1.26%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.37%; senior management – 21.14%; and deferred retirement option plan – 12.28%. The employer contribution rates, effective July 1, 2015, which include the health insurance subsidy of contributions of 1.66%, and the 0.04% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.26%; senior management – 21.43%; and deferred retirement option plan – 12.88%. The Board's contributions to FRS for the fiscal year ended September 30, 2015 was \$48,324.

Since July 1, 2002, the FRS began offering a new retirement plan option, the FRS Investment Plan, as an alternative to the traditional retirement plan. Under this plan, the employer makes contributions to an account set up in the participant's name, and the participant controls where the contributions are invested among the plans investments funds. New employees are by default enrolled in the defined benefit plan; however, they have five months after the month of hire to elect to participate in the FRS Investment Plan.

Effective July 1, 2011, employees participating in the plan are required to contribute 3% of their eligible earnings on a pre-tax basis to the plan. Employees initially enrolled on or after July 1, 2011 become vested after 8 years of service instead of 6 years. Benefits are computed using the average of their highest 8 consecutive years of earnings instead of their highest 5 consecutive years of earnings. Normal retirement is based on 35 years of service regardless of age or at age 65 and vested for all classes except Special Risk Class members who must have 30 years of service regardless of age or at age 60 and vested.

Pension Costs

At September 30, 2015, the Board reported a liability of \$264,440 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Board's proportion of the net pension liability was based on contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all FRS participating employers. At June 30, 2015, the Board's proportion was 0.0020%, which was an increase of 0.0001% from its proportion measured as of June 30, 2014.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 RETIREMENT PLAN (CONTINUED)

For the year ended September 30, 2015, the Board recognized pension expense of \$25,645 for its proportionate share of FRS's pension expense. In addition, the Board reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 27,917	\$ 6,272
Changes in Actuarial Assumptions	17,552	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	63,144
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	32,505	-
Board Contributions Subsequent to the Measurement Date	10,695	-
Total	<u>\$ 88,669</u>	<u>\$ 69,416</u>

An amount of \$10,695, reported as deferred outflows of resources related to pensions resulting from Board contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended September 30	Amount
2016	\$ (14,182)
2017	(14,182)
2018	(14,182)
2019	37,914
2020	11,609
Thereafter	1,580

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increase	3.25 %, average, including inflation
Investment Rate of Return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed income	18.0%	4.8%	4.7%	4.7%
Global equity	53.0%	8.5%	7.2%	17.7%
Real estate (property)	10.0%	6.8%	6.2%	12.0%
Private equity	6.0%	11.9%	8.2%	30.0%
Strategic investments	12.0%	6.7%	6.1%	11.4%
Assumed inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of 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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Pension Liability Sensitivity

The following presents the Board's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	6.65%	7.65%	8.65%
Board's proportionate share of the FRS plan net pension liability	\$ 685,224	\$ 264,440	\$ (85,721)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. The Board contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Board's contributions to the HIS Plan were \$10,149 for the year ended September 30, 2015.

Pension Costs

At September 30, 2015, the Board reported a liability of \$254,928 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Board's proportion of the net pension liability was based on the Board's contributions received during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all participating employers. At June 30, 2015, the Board's proportion was 0.0025%, which was an increase of 0.0002% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Board recognized pension expense of \$22,128 for its proportionate share of HIS's pension expense. In addition, the Board reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	20,055	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	138	-
Changes in Proportion and Differences Between		
Board Contributions and Proportionate Share of Contributions	19,232	-
Board Contributions Subsequent to the Measurement Date	2,959	-
Total	<u>\$ 42,384</u>	<u>\$ -</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015**

NOTE 9 RETIREMENT PLAN (CONTINUED)

An amount of \$2,959, reported as deferred outflows of resources related to pensions resulting from Board contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ended September 30	Amount
2016	\$ 6,627
2017	6,627
2018	6,627
2019	6,599
2020	10,413
Thereafter	2,531

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increase	3.25 %, average, including inflation
Municipal bond rate	3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study of the FRS Pension Plan for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.80% for the HIS Plan. In general, the discount rate for calculating the total pension liability 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 municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the Board's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	2.80%	3.80%	4.80%
Board's proportionate share of the HIS plan net pension liability	\$ 290,479	\$ 254,928	\$ 225,284

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

FRS Investment Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%. These allocations include a required employee contribution of 3% of gross compensation for each member class.

PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 9 RETIREMENT PLAN (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Council.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Board's Investment Plan pension expense totaled \$7,567 for the year ended September 30, 2015.

NOTE 10 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 non-spendable 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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 10 FUND BALANCE REPORTING (CONTINUED)

- 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 \$821,172 as restricted for the operations of the Board, based on restrictions imposed under Chapter 75-489, Laws of Florida.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Original Budget	Final Budget	Actual GAAP Basis	Variance- Favorable (Unfavorable)
REVENUES				
Licenses	\$ 690,650	\$ 690,650	\$ 719,389	\$ 28,739
Fine and Forfeitures	388,260	388,260	401,761	13,501
Investment Income	1,900	1,900	3,373	1,473
Other Revenue	190	190	662	472
Total Revenues	<u>1,081,000</u>	<u>1,081,000</u>	<u>1,125,185</u>	<u>44,185</u>
EXPENDITURES				
Salaries and Benefits	755,350	755,350	786,637	(31,287)
Operating Expenditures	453,040	453,040	406,318	46,722
Capital Outlay	25,000	25,000	-	25,000
Total Expenditures	<u>1,233,390</u>	<u>1,233,390</u>	<u>1,192,955</u>	<u>40,435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(152,390)	(152,390)	(67,770)	84,620
OTHER FINANCING SOURCES (USES)				
Reserves	(576,370)	(576,370)	-	576,370
Total Other Financing Sources (Uses)	<u>(576,370)</u>	<u>(576,370)</u>	<u>-</u>	<u>576,370</u>
NET CHANGES IN FUND BALANCE	(728,760)	(728,760)	(67,770)	660,990
Fund Balance, Beginning	<u>728,760</u>	<u>728,760</u>	<u>888,942</u>	<u>160,182</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,172</u>	<u>\$ 821,172</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
NOTES TO STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1 BUDGET COMPLIANCE

Budgets

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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 YEAR ENDED SEPTEMBER 30, 2015**

Florida Retirement System Pension Plan	<u>2015</u>
Board's Proportion of the Net Pension Liability	0.002047329%
Board's Proportionate Share of the Net Pension Liability	\$ 264,440
Board's Covered-Employee Payroll	\$ 423,848
Board's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	62.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%

Note: The amounts presented for each fiscal year were determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Board will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program (HIS)	<u>2015</u>
Board's Proportion of the Net Pension Liability	0.002499680%
Board's Proportionate Share of the Net Pension Liability	\$ 254,928
Board's Covered-Employee Payroll	\$ 519,961
Board's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	49.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.50%

Note: The amounts presented for each fiscal year were determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Board will present information for only those years for which information is available.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2015**

Florida Retirement System Pension Plan

	2015
Contractually Required Contribution	\$ 48,324
Contributions in Relation to the Contractually Required Contribution	(48,324)
Contribution Deficiency (Excess)	\$ -
Construction Licensing Board's Covered-Employee Payroll	\$ 424,517
Contributions as a Percentage of Covered Employee Payroll	11.38%

Note: The amounts presented for each fiscal year were determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Board will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program (HIS)

	2015
Contractually Required Contribution	\$ 10,149
Contributions in Relation to the Contractually Required Contribution	(10,149)
Contribution Deficiency (Excess)	\$ -
Construction Licensing Board's Covered-Employee Payroll	\$ 527,608
Contributions as a Percentage of Covered Employee Payroll	1.92%

Note: The amounts presented for each fiscal year were determined as of September 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Board will present information for only those years for which information is available.

**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 GOVERNMENT AUDITING STANDARDS**

Board of Directors
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 the general fund of Pinellas County Construction Licensing Board (the Board), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 24, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

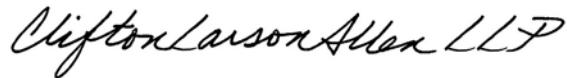
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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.



CliftonLarsonAllen LLP

Tampa, Florida
June 24, 2016

**MANAGEMENT LETTER BASED ON RULE 10.554(1)(i) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Directors
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 (the Board), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 24, 2016.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' 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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2016, 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 recommendations made in the preceding annual 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 notes to the basic financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General requires that we report results of our determination as to whether or not the Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the Board’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.c., and 10.556 (7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Board for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for the proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Board does not have any component units.

Other Matters

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.

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.

Board of Directors
Pinellas County Construction Licensing Board

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
June 24, 2016

INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Pinellas County Construction Licensing Board
Largo, Florida

We have examined the Pinellas County Construction Licensing Board (the Board), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for Board's compliance with those requirements. Our responsibility is to express an opinion on Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the Board and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Tampa, Florida
June 24, 2016