

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD**

**BASIC FINANCIAL STATEMENTS  
AND REGULATORY REPORTS**

**YEAR ENDED SEPTEMBER 30, 2017**

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2017**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEETS</b>	<b>7</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>8</b>
<b>BALANCE SHEET — GENERAL FUND</b>	<b>9</b>
<b>RECONCILIATION OF THE BALANCE SHEET — GENERAL FUND TO THE     STATEMENT OF NET POSITION</b>	<b>10</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND     BALANCE — GENERAL FUND</b>	<b>11</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES     AND CHANGES IN FUND BALANCE — GENERAL FUND TO THE     STATEMENT OF ACTIVITIES</b>	<b>12</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>13</b>
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND     BALANCE — BUDGET AND ACTUAL — GENERAL FUND</b>	<b>28</b>
<b>NOTE TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES     IN FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND</b>	<b>29</b>
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION     LIABILITY</b>	<b>30</b>
<b>SCHEDULE OF CONTRIBUTIONS</b>	<b>31</b>
<b>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></b>	<b>32</b>
<b>MANAGEMENT LETTER BASED ON RULE 10.554(1)(I) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA</b>	<b>34</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT BASED ON SECTION 218.415 OF THE FLORIDA STATUTES</b>	<b>36</b>

## 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, 2017, and the related notes to the financial statements, which collectively comprise the Board'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, 2017, 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.


**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 March 23, 2018 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 solely 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 the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Tampa, Florida  
March 23, 2018

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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, 2017.

**Financial Highlights**

- The liabilities and deferred inflows of the Board exceeded its assets and deferred outflows at September 30, 2017 by \$242,477 (net deficit). Net Position decreased by \$368,489 from the previous fiscal year.
- As of September 30, 2017, the Board's governmental fund reported an ending fund balance of \$326,972, a decrease of \$370,699 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, 2017**

**Overview of the Financial Statements (Continued)**

Fund 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, 2017, the liabilities and deferred inflows of the Board exceeded the assets and deferred outflows by \$242,477. Following is a comparison of the Board's net position (deficit) as of September 30, 2017 and 2016:

	2017	2016
Cash	\$ 372,015	\$ 729,822
Receivables	464	5,371
Capital Assets, Net	10,566	13,279
Total Assets	<u>383,044</u>	<u>748,472</u>
 Pension-Related Deferred Outflows	 <u>403,306</u>	 <u>248,424</u>
Accounts Payable	23,599	6,004
Accrued Expenses	18,739	31,383
Due to Other Governments	3,169	135
Net Pension Liability	821,537	628,622
Compensated Absences	41,895	104,186
Total Liabilities	<u>908,939</u>	<u>770,330</u>
 Pension-Related Deferred Inflows	 <u>119,889</u>	 <u>100,554</u>
 Net Position:		
Investment in Capital Assets	10,566	13,279
Restricted	-	112,733
Unrestricted	(253,043)	-
Net Position (Deficit)	<u>\$ (242,477)</u>	<u>\$ 126,012</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

**Financial Analysis of the Government as a Whole (Continued)**

Governmental activities decreased the Board's net position by \$368,489 primarily as a result of a decrease in fines and forfeiture revenue over the prior year along with marginal increases in personal services and operating expenditures.

Following is a comparison of the Board's statement of activities for the years ended September 30, 2017 and 2016:

	2017	2016
Program Revenues:		
Charges for Services	\$ 968,904	\$ 1,084,312
General Revenues:		
Investment Earnings	4,196	4,834
Total Revenues	973,100	1,089,146
Public Safety Expenses	1,341,589	1,245,409
Increase (Decrease) in Net Position	(368,489)	(156,263)
Net Position, Beginning of Year	126,012	282,275
Net Position (Deficit), End of Year	\$ (242,477)	\$ 126,012

**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, 2017, the Board's governmental fund (general fund) reported an ending fund balance of \$326,972, a decrease of \$370,699 in comparison with the previous fiscal year. The entire amount of fund balance is considered to be restricted.

**General Fund Budgetary Highlights**

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

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

- Revenue realized from licenses was \$74,438 less than budgeted as a result of fewer applications being processed than projected. Fines and forfeitures revenues were \$60,122 less than anticipated due to less internal resources than expected to generate these revenues. This revenue line item includes citations, liens, and administration fines. These budget shortages, combined with favorable budget variances totaling \$1,439 for investment income and other revenues resulted in an overall net shortfall in total revenues of \$133,121.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

- Salaries and benefits were significantly under budget as a result of position vacancies not being immediately filled. Total expenditures were under budget by \$140,192.

**Economic Factors/ Currently Known Facts, Decisions or Conditions**

While the economy has been recovering and construction has increased, citations have been leveling off and administrative fines are down from prior years. The increased workload, coupled with vacant positions and an antiquated data system have created a great deal of internal stress and a significant backlog of cases.

Vacant investigative staff positions have not been filled, given the advent of the Pinellas County Sheriff's Office Pilot Enforcement Project in August 2017, in which Pinellas County Sheriff's detectives and deputies provided an enforcement unit for a six-month trial period at no cost to the Board. Additional austerity measures were undertaken, and it appears the funding base will rebound during the license renewal period in the last quarter of fiscal year 2018, much as it did August through November of 2017. The legislation which changes the Board to a Dependent Special District under the Pinellas County Board of County Commissioners on July 1, 2018 will require Pinellas County to fund the operations of the Board and employ any necessary staff. It has not been decided as of this date whether the operation will be partially or totally contracted to the Pinellas County Sheriff's Office, or partially or totally operated as a division of Pinellas County Government.

In the interim, management has made a number of procedural revisions, as recommended by the Division of Inspector General of Pinellas County and the Board has amended its Rules, in keeping with the Division of Inspector General of Pinellas County recommendations, as well. Any processes which could be updated without a budgetary impact have been undertaken, and changes continue, per the recommendations.

**Requests for Information**

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

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



**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 372,015
Receivables	464
Total Current Assets	372,479
Capital Assets, Net	10,566
Total Assets	383,045
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension-Related Deferred Outflows	403,306
Total Assets and Deferred Outflows of Resources	786,351
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	23,599
Accrued Expenses	18,739
Due to Other Governments	3,169
Compensated Absences - Due Within One Year	19,957
Total Current Liabilities	65,464
Long-Term Liabilities:	
Net Pension Liability	821,537
Compensated Absences - Due in More Than One Year	21,938
Total Long-Term Liabilities	843,475
Total Liabilities	908,939
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension-Related Deferred Inflows	119,889
Total Liabilities and Deferred Inflows of Resources	1,028,828
<b>NET POSITION (DEFICIT)</b>	
Investment in Capital Assets	10,566
Unrestricted	(253,043)
Total Net Deficit	\$ (242,477)

See accompanying Notes to Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Public Safety:	
Personal Services	\$ 765,538
Operating Expenses	573,338
Depreciation Expense	<u>2,713</u>
Total Program Expenses - Public Safety	<u>1,341,589</u>
 <b>PROGRAM REVENUES</b>	
Charges for Services - Public Safety	<u>968,904</u>
Net Program Expenses	(372,685)
 <b>GENERAL REVENUE</b>	
Net Investment Earnings	<u>4,196</u>
<b>DECREASE IN NET POSITION</b>	(368,489)
Net Position, Beginning of Year	<u>126,012</u>
<b>NET DEFICIT, END OF YEAR</b>	<u><u>\$ (242,477)</u></u>

See accompanying Notes to Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
BALANCE SHEET — GENERAL FUND  
SEPTEMBER 30, 2017**

**ASSETS**

Cash	\$ 372,015
Receivables	<u>464</u>
Total Assets	<u><u>\$ 372,479</u></u>

**LIABILITIES AND FUND BALANCE**

Accounts Payable	\$ 23,599
Due to Other Governments	3,169
Accrued Expenses	<u>18,739</u>
Total Liabilities	45,507

**FUND BALANCE**

Restricted	<u>326,972</u>
Total Liabilities and Fund Balance	<u><u>\$ 372,479</u></u>

*See accompanying Notes to Financial Statements.*

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
RECONCILIATION OF THE BALANCE SHEET — GENERAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

Total Fund Balance for Governmental Funds	\$	326,972
Total Net Position Reported for Governmental Activities in the Statement of Net Position is Difference Because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds		10,566
Deferred outflows of resources related to pensions are not recorded in the governmental fund financial statements		403,306
Deferred inflows of resources related to pensions are not recorded in the governmental fund financial statements		(119,889)
Some long term liabilities are not due and payable in the current period and therefore not reported in the funds. Those liabilities related to governmental and consist of:		
Compensated absences		(41,895)
Net pension liability		<u>(821,537)</u>
Net Position of Governmental Activities	\$	<u><u>(242,477)</u></u>

See accompanying Notes to Financial Statements.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE — GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2017**

**REVENUES**

Licenses	\$ 638,062
Fines and Forfeitures	329,878
Investment Income	4,196
Other Revenue	963
Total Revenues	973,099

**EXPENDITURES**

Salaries and Benefits	770,460
Operating Expenditures	573,338
Total Expenditures	1,343,798

**NET CHANGE IN FUND BALANCE**

(370,699)

Fund Balance, Beginning of Year

697,671

**FUND BALANCE, END OF YEAR**

\$ 326,972

**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, 2017**

Net Change in Fund Balance - Governmental Funds \$ (370,699)

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	(2,713)	(2,713)
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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.

Decrease in Compensated Absences	62,291	
Increase in Pension-Related Deferred Outflows	154,882	
Increase in Net Pension Liability	(192,915)	
Increase in Pension-Related Deferred Inflows	(19,335)	4,923

Change in Net Position of Governmental Activities	\$	(368,489)
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**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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 FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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, 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.

**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.

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.



**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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 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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of net 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 (Deficit)**

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 deficit net position is reported as unrestricted in the government-wide financial statements, which represents borrowing of restricted net position. Consequently, no amounts are shown as restricted.

**NOTE 3 CASH AND INVESTMENTS**

**Deposits**

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

**Custodial Credit Risk – Deposits**

According to Chapter 280, Florida Statutes, the Board's monies must be deposited with financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida. In accordance with this statute, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositors are covered by applicable deposit insurance, by the sale of pledged securities and, if necessary, by assessments against other qualified public depositories. At September 30, 2017, all deposits were held by the County as fiscal agent to the Board. The County's deposits are covered by Federal depository insurance or by pledged collateral.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 4 RISK MANAGEMENT**

As of September 30, 2017, 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, 2017, the Board incurred the following expenditures for services provided by the County:

Fringe Benefits	\$ 164,305
Postage	20,662
Printing and Binding	1,402
Information Technology	99,480
Fleet Services	16,210
Risk Financing	18,410
Intergovernmental Service Charges	202,430
Total Fees Paid to the County	<u>\$ 522,899</u>

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance September 30, 2016	Additions	Deletions	Balance September 30, 2017
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 28,270	\$ -	\$ -	\$ 28,270
Less: Accumulated Depreciation	<u>14,991</u>	<u>2,713</u>	<u>-</u>	<u>17,704</u>
Capital Assets Being Depreciated, Net	<u>\$ 13,279</u>	<u>\$ (2,713)</u>	<u>\$ -</u>	<u>\$ 10,566</u>

**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, 2017 was \$45,560. Scheduled future minimum lease payments through the end of the lease term in December 2018 total \$58,745, consisting of \$46,927 to be paid in fiscal year 2018 and \$11,818 to be paid in fiscal year 2019.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 8 LONG TERM LIABILITIES**

The changes in long term liabilities are summarized as follows:

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017	Due within One Year
Net Pension Liability	\$ 628,622	\$ 648,061	\$ 455,146	\$ 821,537	\$ -
Compensated Absences	104,186	77,354	139,645	41,895	19,957
Total	<u>\$ 732,808</u>	<u>\$ 725,415</u>	<u>\$ 594,791</u>	<u>\$ 863,432</u>	<u>\$ 19,957</u>

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 from the State of Florida, Division of Retirement, and Department of Management Services by accessing their Internet site at [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

The Board's aggregate pension expense totaled \$119,708 for its participation in the FRS Pension Plan and HIS Plan for the year ended September 30, 2017.

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 five highest yearly earnings. Benefits are established by Chapter 121, Florida Statutes, and Chapter 22B, Florida Administrative Code.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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 statewide rates established by the State of Florida. From October 1, 2016 through June 30, 2017, the employer rates, which include the health insurance subsidy contributions of 1.66%, and the 0.06% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.52%; senior management – 21.77%; and deferred retirement option plan – 12.99%. The employer contribution rates, effective July 1, 2017, which include the health insurance subsidy of contributions of 1.66%, and the 0.06% administrative/education fee, are applied to employee salaries as follows: regular employees – 7.92%; senior management – 22.71%; and deferred retirement option plan – 13.26%. 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 enrolled in the DROP are not subject to the 3% contribution. The Board's contributions to FRS for the year ended September 30, 2017 was \$48,911.

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.

**Pension Costs**

At September 30, 2017, the Board reported a liability of \$554,137 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2016, through June 30, 2017, relative to the total employer contributions received from all FRS participating employers. At June 30, 2017, the Board's proportion was 0.0019%, an increase of 0.0003% from its proportion measured as of June 30, 2016.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Pension Costs (Continued)**

For the year ended September 30, 2017, the Board recognized pension expense of \$95,930 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 50,856	\$ 3,070
Changes in Actuarial Assumptions	186,229	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	13,733
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	61,904	48,597
Board Contributions Subsequent to the Measurement Date	11,913	-
Total	<u>\$ 310,902</u>	<u>\$ 65,400</u>

An amount of \$11,913, 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, 2018. 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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 32,385
2019	80,055
2020	54,824
2021	8,873
2022	40,448
Thereafter	17,004

**Actuarial Assumptions**

The total pension liability in the July 1, 2017 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	7.10%, net of pension plan investment expense, including inflation

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, 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 real rates of return for each major asset class are summarized in the following table:

<u>Asset Class Allocation</u>	<u>Target</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.0 %	3.0 %
Fixed Income	18.0	4.5
Global Equity	53.0	7.8
Real Estate (Property)	10.0	6.6
Private Equity	6.0	11.5
Strategic Investments	12.0	6.1
Total	<u>100.0 %</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rate specified in statute and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The change in the FRS Plan discount rate since the prior measurement date was a decrease of 0.5% due to a revised rate of return assumption at the 2017 FRS Actuarial Assumptions Conference.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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</u>
FRS Plan Discount Rate	6.10 %	7.10 %	8.10 %
Board's Proportionate Share of the FRS Plan Net Pension Liability	\$ 1,002,954	\$ 554,137	\$ 181,515

**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, 2017, 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 FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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, 2017, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The Board contributed 100% 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 \$13,427 for the year ended September 30, 2017.

**Pension Costs**

At September 30, 2017, the Board reported a liability of \$267,400 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2016, through June 30, 2017, relative to the total employer contributions received from all participating employers. At June 30, 2017, the Board's proportion was 0.0025%, which was an increase of 0.0005% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Board recognized pension expense of \$23,778 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 557
Changes in Actuarial Assumptions	37,587	23,122
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	148	-
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	51,578	30,810
Board Contributions Subsequent to the Measurement Date	3,090	-
Total	<u>\$ 92,403</u>	<u>\$ 54,489</u>

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Pension Costs (Continued)**

An amount of \$3,090, 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, 2017. 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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 7,820
2019	7,792
2020	7,778
2021	6,530
2022	4,519
Thereafter	385

**Actuarial Assumptions**

The total pension liability in the July 1, 2017 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	3.58%

**Actuarial Assumptions (Continued)**

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017 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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 3.58% 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 change in the discount rate since the prior measurement date was an increase of 0.73% due to changes in the applicable long-term municipal bond index rate.

**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:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
FRS Plan Discount Rate	2.58 %	3.58 %	4.58 %
Board's Proportionate Share of the HIS Plan Net Pension Liability	\$ 305,139	\$ 267,400	\$ 235,965

**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.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**FRS Investment Plan (Continued)**

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% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2016-17 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.

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 five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, 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 Board.

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 \$7,575 for the year ended September 30, 2017.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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 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 \$326,972 as restricted for the operations of the Board.

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.

**NOTE 11 SUBSEQUENT EVENT**

In March 2018, legislation was passed by the Florida House of Representatives (HB 1137) that would significantly impact the Board's governance structure and legal status. Effective July 1, 2018, the Board of Directors would consist of fifteen members, including eight contractors, the Pinellas County building official, two consumer representatives not affiliated with the construction industry, a fire official, and three municipal building officials. All members of the Board of Directors would need to be residents of Pinellas County and be appointed by the Pinellas County Board of County Commissioners. Additionally, all employees of the Board would be employees of Pinellas County, and the Board would be a dependent agency of the Pinellas County Board of County Commissioners. Also, if approved via public referendum, the Board could effectively dissolve and transfer all authority to the Pinellas County Board of County Commissioners.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE —  
BUDGET AND ACTUAL — GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	Original Budget	Final Budget	Actual GAAP Basis	Variance- Favorable (Unfavorable)
<b>REVENUES</b>				
Licenses	\$ 712,500	\$ 712,500	\$ 638,062	\$ (74,438)
Fine and Forfeitures	390,000	390,000	329,878	(60,122)
Investment Income	3,490	3,490	4,196	706
Other Revenue	230	230	963	733
Total Revenues	<u>1,106,220</u>	<u>1,106,220</u>	<u>973,099</u>	<u>(133,121)</u>
<b>EXPENDITURES</b>				
Salaries and Benefits	892,900	892,900	770,460	122,440
Operating Expenditures	566,090	566,090	573,338	(7,248)
Capital Outlay	25,000	25,000	-	25,000
Total Expenditures	<u>1,483,990</u>	<u>1,483,990</u>	<u>1,343,798</u>	<u>140,192</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(377,770)	(377,770)	(370,699)	7,071
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserves	(172,020)	(172,020)	-	172,020
Total Other Financing Sources (Uses)	<u>(172,020)</u>	<u>(172,020)</u>	<u>-</u>	<u>172,020</u>
<b>NET CHANGES IN FUND BALANCE</b>	(549,790)	(549,790)	(370,699)	179,091
Fund Balance, Beginning	<u>549,790</u>	<u>549,790</u>	<u>697,671</u>	<u>147,881</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,972</u>	<u>\$ 326,972</u>

See accompanying Note to Statement of Revenues, Expenditures and Changes in Fund Balance — Budget and Actual — General Fund.

**PINELLAS COUNTY CONSTRUCTION LICENSING BOARD  
NOTE TO STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE —  
BUDGET AND ACTUAL — GENERAL FUND  
SEPTEMBER 30, 2017**

**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  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED SEPTEMBER 30, 2017**

**Schedule of Pinellas County Construction Licensing Board Proportionate  
Share of the The Net Pension Liability  
FRS Pension Plan  
Last Ten Measurement Periods**

Year Ended *	Board's Proportion of Net Pension Liability	Board's Proportionate Share of Net Pension Liability	Board's Covered Payroll	Board's Proportionate Share of Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2017	0.001873391%	\$ 554,137	\$ 487,108	113.76%	83.89%
2016	0.001545506%	390,241	429,730	90.81%	84.88%
2015	0.002047329%	264,440	423,848	62.39%	92.00%

\* 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.

**Schedule of Pinellas County Construction Licensing Board Proportionate  
Share of the The Net Pension Liability  
Health Insurance Subsidy (HIS) Program  
Last Ten Measurement Periods**

Year Ended *	Board's Proportion of Net Pension Liability	Board's Proportionate Share of Net Pension Liability	Board's Covered Payroll	Board's Proportionate Share of Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2017	0.002500825%	\$ 267,400	\$ 588,983	45.40%	1.64%
2016	0.002045385%	238,381	522,185	45.65%	0.97%
2015	0.002499678%	254,928	519,961	49.03%	0.50%

\* 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  
SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED SEPTEMBER 30, 2017**

**Schedule of Pinellas County Construction Licensing Board Contributions  
FRS Pension Plan  
Last Ten Fiscal Years**

Year Ended *	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Construction Licensing Board's Covered- Payroll	Contributions as a Percentage of Covered- Payroll
2017	\$ 48,911	\$ (48,911)	\$ -	\$ 420,296	11.64%
2016	38,754	(38,754)	-	435,489	8.90%
2015	48,324	(48,324)	-	424,517	11.38%

\* 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.

**Schedule of Pinellas County Construction Licensing Board Contributions  
Health Insurance Subsidy (HIS) Program  
Last Ten Fiscal Years**

Year Ended *	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Construction Licensing Board's Covered- Payroll	Contributions as a Percentage of Covered- Payroll
2017	\$ 13,427	\$ (13,427)	\$ -	\$ 515,536	2.60%
2016	10,419	(10,419)	-	527,738	1.97%
2015	10,149	(10,149)	-	527,608	1.92%

\* 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, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated March 23, 2018.

**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.

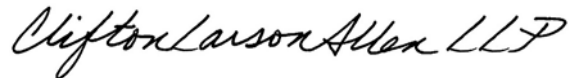
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Board'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  
March 23, 2018



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## MANAGEMENT LETTER

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, 2017, and have issued our report thereon dated March 23, 2018.

### 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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 23, 2018 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 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 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 for the Board. 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Annual Financial Report**

Section 10.554(1)(i)5.c., and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Board for the fiscal year ended September 30, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for 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.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, 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**

Tampa, Florida  
March 23, 2018

## INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors  
Pinellas County Construction Licensing Board  
Largo, Florida

We have examined the Pinellas County Construction Licensing Board's (the Board), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management of the Board is responsible for Board's compliance with the specified requirements. Our responsibility is to express an opinion on the Board'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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board 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 Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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  
March 23, 2018