

FORWARD PINELLAS

P: (727) 464.8250

F: (727) 464.8212

forwardpinellas.org


310 Court Street

Clearwater, FL 33756



MEMORANDUM

TO: Norman Loy, Board Records

FROM:  Joann Jacobs, Pinellas Planning Council

SUBJECT: Receipt and File of the Annual Audit for Pinellas County Planning Council

DATE: March 15, 2018

Attached please find the Annual Financial Report as received and accepted by the Planning Council at their March 14, 2018 meeting.

If you have any question, please call me direct at extension 4-8222.



Board Members
Pinellas County Planning Council
Clearwater, Florida

We have audited the financial statements of the governmental activities and the general fund of Pinellas Planning Council (the "Council") as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 12, 2017. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended September 30, 2017. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Council's financial statements was management's estimate of the allowance for doubtful accounts and pension liability. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

RESTRICTION ON USE

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

Cherry Bexaert LLP

Tampa, Florida
January 31, 2018

Pinellas County Planning Council
Fiscal Year Ended September 30, 2017
Attachement 1: Uncorrected Mistatements

Proposed Journal Entries JE # 1			
To record depreciation expense that was improperly recorded in the PY			
3001	Unassigned Fund Balance	2,329.00	
1200	Accumulated depreciation		<u>2,329.00</u>
Total		<u>2,329.00</u>	<u>2,329.00</u>

**The Members of the Board
Pinellas County Planning Council
Page 4**

Adjusting Journal Entries JE # 2

To true up depreciation expense and accumulated depreciation.

4.004	Depreciation Expense	4,990.00	
1200	Accumulated depreciation		4,990.00
Total		<u>4,990.00</u>	<u>4,990.00</u>

Adjusting Journal Entries JE # 3

PBC entry to back out the Q1 2018 Property Appraiser commission.

10009	Prepaid Expenses	2,345.00	
2.1002	Property Appraiser Commission		2,345.00
Total		<u>2,345.00</u>	<u>2,345.00</u>

Adjusting Journal Entries JE # 4

PBC Entry to true up compensated absences to actual.

4.003	Compensated Absence	24,640.00	
2002	Accrued leave payable		24,640.00
Total		<u>24,640.00</u>	<u>24,640.00</u>

Adjusting Journal Entries JE # 5

PBC Entry to true up deferred rent to actual.

2001	Deferred Rent (SL)	8,499.00	
2.030	Rent Expense - SL		8,499.00
Total		<u>8,499.00</u>	<u>8,499.00</u>

Adjusting Journal Entries JE # 9

PBC Entry to rollforward prior year equity.

32000	Unrestricted Net Assets	4,920.00	
2001	Deferred Rent (SL)		4,920.00
Total		<u>4,920.00</u>	<u>4,920.00</u>

The Members of the Board
 Pinellas County Planning Council
 Page 5

Adjusting Journal Entries JE # 10

PBC entry to record FRS and HIS entries.

1.0204 Retirement	277,361.00	
CLA002 Deferred Outflows - Pension	185,394.00	
CLA001 Deferred Inflows - Pension		85,217.00
CLA003 Net Pension Liability		<u>377,538.00</u>
Total	<u>462,755.00</u>	<u>462,755.00</u>

Adjusting Journal Entries JE # 11

PBC

PBC Entry to net the accrual for a rent payment against its prepaid.

20000 Accounts Payable	6,358.00	
10009 Prepaid Expenses		<u>6,358.00</u>
Total	<u>6,358.00</u>	<u>6,358.00</u>

Adjusting Journal Entries JE # 12

PBC

PBC Entry to balance MPO/PPC receivable / payable.

2.01 CONTRACTUAL SUPPORT SERVICES	347.00	
20000 Accounts Payable		<u>347.00</u>
Total	<u>347.00</u>	<u>347.00</u>

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Clearwater, FL 33756



January 31, 2018

Cherry Bekaert LLP
401 East Jackson Street, Suite 1200
Tampa, Florida 33602

This representation letter is provided in connection with your audit of the financial statements of the Pinellas Planning Council (The "Council"), which comprise the respective financial position of the governmental activities and the general fund as of September 30, 2017, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 31, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 12, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) There were no events, including instances of noncompliance that transpired subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) There are no known actual or possible litigation, claims, or assessments that require adjustment or disclosure to the financial statements in accordance with U.S. GAAP.

- 9) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 11) The effect of the uncorrected misstatement is immaterial to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatement is attached to the representation letter.
- 12) Guarantees, whether written or oral, under which the Council is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 13) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the Council and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the Council's financial statements communicated by employees, former employees, regulators, or others.
- 18) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 19) We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audit, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on prior reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The Council has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) There are no instances which have occurred or are likely to occur of noncompliance with provisions of contracts and grant agreements that we believe would have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) There are no instances which have occurred or are likely to occur of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The Council has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The Council has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) There are no component units or joint ventures with an equity interest requiring inclusion or disclosure in the financial statements.
- 33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 34) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) We have reviewed the guidance provided by GASB No. 72 and confirm that it did not have any effect on the Council's financial statements.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 42) We have appropriately disclosed the Council's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

45) As it relates to your examination of our compliance with the local government investment policy requirements under Section 218.415, Florida Statutes:

- a) We acknowledge our responsibility for establishing and maintaining effective internal controls over such compliance with our local government investment policies,
- b) We state that management has performed an evaluation of the entity's compliance with the specified requirements of Section 218.415, and
- c) We state that management does not have any varying interpretations of the specified requirements of Section 218.415.



Whit Blanton, Executive Director



Joann Jacobs, Accounting Services Coordinator

Cyndi Bro, CPA, Laughlin & Associates

- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) As it relates to your examination of our compliance with the local government investment policy requirements under Section 218.415, Florida Statutes:
- a) We acknowledge our responsibility for establishing and maintaining effective internal controls over such compliance with our local government investment policies,
 - b) We state that management has performed an evaluation of the entity's compliance with the specified requirements of Section 218.415, and
 - c) We state that management does not have any varying interpretations of the specified requirements of Section 218.415.

Whit Blanton, Executive Director

Joann Jacobs, Accounting Services Coordinator


Cyndi Bro, CPA, Laughlin & Associates

**Pinellas County Planning Council
Management's Representation Letter
Fiscal Year Ended September 30, 2017
Attachement 1: Uncorrected Mistatements**

Proposed Journal Entries JE # 1
To record depreciation expense that was improperly recorded in the PY

3001	Unassigned Fund Balance	4,905.00	
1200	Accumulated depreciation		<u>4,905.00</u>
Total		<u>4,905.00</u>	<u>4,905.00</u>

Pinellas County Planning Council
Management's Representation Letter
Fiscal Year Ended September 30, 2017
Attachement 2: Corrected Mistatements

Adjusting Journal Entries JE # 2
To true up depreciation expense and accumulated depreciation.

4.004	Depreciation Expense	10,136.00	
1200	Accumulated depreciation		<u>10,136.00</u>
Total		<u>10,136.00</u>	<u>10,136.00</u>

Adjusting Journal Entries JE # 3
PBC entry to back out the Q1 2018 Property Appraiser commission.

10009	Prepaid Expenses	2,345.00	
2.1002	Property Appraiser Commission		<u>2,345.00</u>
Total		<u>2,345.00</u>	<u>2,345.00</u>

Adjusting Journal Entries JE # 4
PBC Entry to true up compensated absences to actual.

4.003	Compensated Absence	24,640.00	
2002	Accrued leave payable		<u>24,640.00</u>
Total		<u>24,640.00</u>	<u>24,640.00</u>

Adjusting Journal Entries JE # 5
PBC Entry to true up deferred rent to actual.

2001	Deferred Rent (SL)	8,499.00	
2.030	Rent Expense - SL		<u>8,499.00</u>
Total		<u>8,499.00</u>	<u>8,499.00</u>

Adjusting Journal Entries JE # 9
PBC Entry to rollforward prior year equity.

32000	Unrestricted Net Assets	4,920.00	
2001	Deferred Rent (SL)		<u>4,920.00</u>
Total		<u>4,920.00</u>	<u>4,920.00</u>

Adjusting Journal Entries JE # 10

PBC entry to record FRS and HIS entries.

1.0204 Retirement	277,361.00	
CLA002 Deferred Outflows - Pension	185,394.00	
CLA001 Deferred Inflows - Pension		85,217.00
CLA003 Net Pension Liability		<u>377,538.00</u>
Total	<u>462,755.00</u>	<u>462,755.00</u>

Adjusting Journal Entries JE # 11

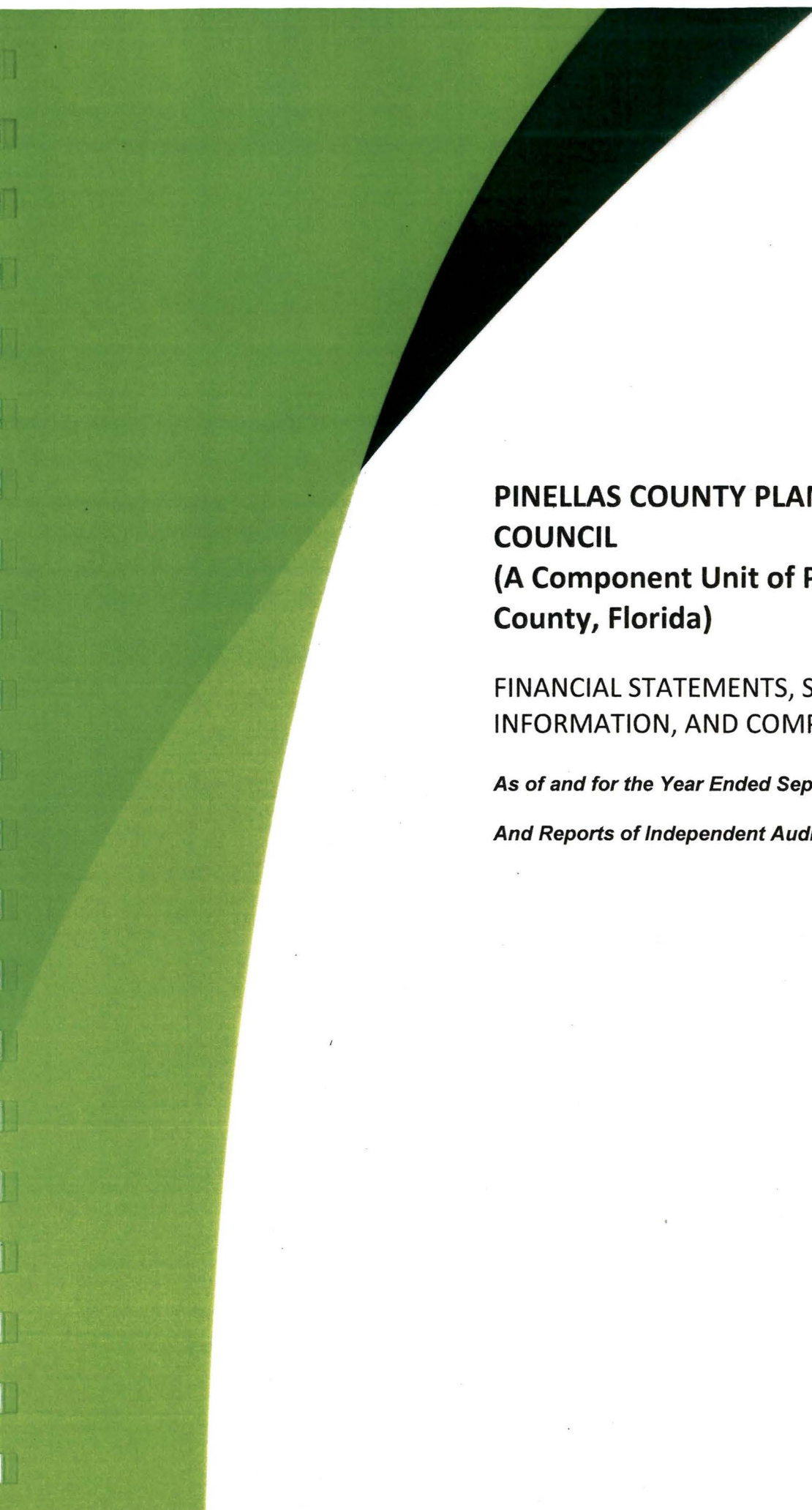
PBC Entry to net the accrual for a rent payment against its prepaid.

20000 Accounts Payable	6,358.00	
10009 Prepaid Expenses		<u>6,358.00</u>
Total	<u>6,358.00</u>	<u>6,358.00</u>

Adjusting Journal Entries JE # 12

PBC Entry to balance MPO/PPC receivable / payable.

2.01 CONTRACTUAL SUPPORT SERVICES	347.00	
20000 Accounts Payable		<u>347.00</u>
Total	<u>347.00</u>	<u>347.00</u>



**PINELLAS COUNTY PLANNING
COUNCIL
(A Component Unit of Pinellas
County, Florida)**

**FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION, AND COMPLIANCE REPORTS**

As of and for the Year Ended September 30, 2017

And Reports of Independent Auditor

PINELLAS COUNTY PLANNING COUNCIL
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PINELLAS COUNTY PLANNING COUNCIL
COUNCIL MEMBERS AND ADMINISTRATION

COUNCIL MEMBERS: OCTOBER 1, 2016 - SEPTEMBER 30, 2017

Chair	John Morrioni Commissioner, Pinellas County
Vice Chair	Doreen Caudell Councilmember, City of Clearwater
Treasurer	Joanne Kennedy Vice Mayor, City of Indian Rocks Beach
Secretary	Dave Eggers Commissioner, Pinellas County
	Kenneth Welch Commissioner, Pinellas County
	Bill Johnson Councilmember, City of Clearwater, representing PSTA
	Brandi Gabbard Councilmember, City of St. Petersburg
	Darden Rice Councilmember, City of St. Petersburg
	Sandra Bradbury Mayor, City of Pinellas Park
	Lari Johnson Vice Mayor, City of South Pasadena
	John Tornga Vice Mayor, City of Dunedin
	Doug Bevis Mayor, City of Oldsmar
	Michael Smith Commissioner, City of Largo

ADMINISTRATION

Whit Blanton, FAICP
Executive Director

Report of Independent Auditor

To the Members of
Pinellas County Planning Council
A Component Unit of Pinellas County, Florida
Clearwater, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Pinellas County Planning Council (the "Council"), a component unit of Pinellas County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Council 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, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of proportionate share of the net pension liability, and schedule of contributions, 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 January 31, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Tampa, Florida
January 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

PINELLAS COUNTY PLANNING COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

This section of the Pinellas County Planning Council's (the "Council") annual financial report presents a narrative overview and an analysis of the financial activities of the Council for the fiscal year ended September 30, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at September 30, 2017, by \$328,702 (net position). This amount may be used to meet the Council's ongoing obligations to citizens and creditors. Net position decreased by \$31,663 from the previous fiscal year.
- As of September 30, 2017, the Council's general fund reported an ending fund balance of \$1,207,443, an increase of \$255,526 from the previous fiscal year.
- Fund balance has been assigned in an amount equal to approximately 24% of total fund balance. The amount of assigned fund balance represents the current year fund balance projected to be used to balance the subsequent year's operating budget.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The financial section of this report consists of three parts: Report of Independent Auditor, 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 Council.

Government-Wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Council'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 Council's assets, deferred inflows of resources, liabilities, and deferred outflows of resources. Net position, the difference between these assets, deferred inflows of resources, liabilities, and deferred outflows of resources, is a useful way to measure the Council's financial health.

The statement of activities presents information showing how the Council'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, grants, and contributions) from general revenue (including taxes), which shows the extent to which each program must rely on taxes for funding.

PINELLAS COUNTY PLANNING COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

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 Council, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council uses one governmental fund to account for its operations.

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

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

By comparing functions between the two sets of statements for government 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 governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

The Council adopts an annual appropriated budget for the general 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 assets and deferred outflows of the Council exceeded the liabilities and deferred inflows by \$328,702.

Unrestricted net position may be used to meet the Council's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Council reported positive balances in all categories of net position.

**PINELLAS COUNTY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2017

Following is a comparison of the Council's net position as of September 30:

	2017	2016
Cash and investments	\$ 827,001	\$ 398,938
Taxes and other receivables	19,145	20,984
Due from Pinellas County Metropolitan Planning Organization	454,489	612,108
Prepaid items	2,345	6,183
Capital assets, net	14,532	15,164
Total Assets	1,317,512	1,053,377
Deferred Outflows of Resources	1,320,136	1,134,742
Accounts payable and accrued expenses	59,644	81,902
Due to other governments	35,893	4,394
Accrued rent payable	14,346	22,845
Compensated absences	131,116	113,421
Net pension liability	1,971,608	1,594,070
Total Liabilities	2,212,607	1,816,632
Deferred Inflows of Resources	96,339	11,122
Net Position:		
Net investment in capital assets	14,532	15,164
Unrestricted	314,170	345,201
Net Position	\$ 328,702	\$ 360,365

Governmental activities decreased the Council's net position by \$31,663 primarily as a result of decreased charges for services revenue.

**PINELLAS COUNTY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2017

Following is a comparison of the Council's statement of activities for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 1,315,641	\$ 1,394,491
General Revenue:		
Property taxes	998,459	991,925
Investment earnings	1,526	697
Total Revenues	<u>2,315,626</u>	<u>2,387,113</u>
Expenses:		
Planning expenses	<u>2,347,289</u>	<u>2,283,681</u>
(Decrease) increase in net position	(31,663)	103,432
Net position, beginning of year	<u>360,365</u>	<u>256,933</u>
Net position, end of year	<u>\$ 328,702</u>	<u>\$ 360,365</u>

Financial Analysis of the Council's General Fund

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Council's net resources available for spending at the end of the fiscal year.

As of September 30, 2017, the Council's general fund reported an ending fund balance of \$1,207,443, an increase of \$255,526 in comparison with the previous fiscal year. Of this amount, \$920,598 or 76% is considered unassigned. The remainder fund balance is either non-spendable or has been assigned to balance the budget in the upcoming fiscal year.

Economic Factors/Currently Known Facts, Decisions, or Conditions

The Council continues to make great strides and does not expect any major economic conditions to adversely affect the Council's future financial position. The Council's primary source of funding is tax revenue, and countywide taxable values for FY18 are expected to increase by 7% over the prior year. The FY18 budget indicates that expenditures will exceed revenues. For FY18, the millage rate remains at 0.0150 which is below the rollback rate. This will generate about \$1,048,870 in tax revenues. Combined with other revenue sources (interest, local government assistance, Pinellas County Metropolitan Planning Organization ("MPO") charges for services), FY18 total revenues are estimated to be \$2,690,180. FY18 expenditures total \$2,789,120 resulting in a FY18 budget shortfall of \$98,940. Therefore, \$98,940 from the Unassigned Fund Balance will be used to offset this variance.

**PINELLAS COUNTY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2017

Requests for Information

This financial report is designed to provide a general overview of the Council'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:

Whit Blanton, FAICP
Executive Director
Pinellas County Planning Council
310 Court Street
Clearwater, Florida 33756

FINANCIAL STATEMENTS

PINELLAS COUNTY PLANNING COUNCIL
STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	\$ 827,001
Taxes and other receivables	19,145
Due from Pinellas County Metropolitan Planning Organization	454,489
Prepaid items	<u>2,345</u>
Total Current Assets	1,302,980
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>14,532</u>
Total Assets	<u>1,317,512</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>1,320,136</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	59,644
Due to other governments	35,893
Accrued rent payable, current portion	5,097
Compensated absences, current portion	<u>99,459</u>
Total Current Liabilities	200,093
Noncurrent Liabilities:	
Accrued rent payable, noncurrent portion	9,249
Compensated absences, noncurrent portion	31,657
Net pension liability, noncurrent portion	<u>1,971,608</u>
Total Liabilities	<u>2,212,607</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>96,339</u>
NET POSITION	
Net investment in capital assets	14,532
Unrestricted	<u>314,170</u>
Total Net Position	<u><u>\$ 328,702</u></u>

PINELLAS COUNTY PLANNING COUNCIL
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2017

	<u>Governmental Activities</u>
Program Expenses:	
Planning:	
Personal services	\$ 2,218,234
Materials and services	78,998
Rent	15,978
Property appraiser and tax collector commissions	29,089
Depreciation	4,990
Total Program Expenses	<u>2,347,289</u>
Program Revenues:	
Charges for services, planning	<u>1,315,641</u>
Total Program Revenues	<u>1,315,641</u>
Net Program Revenues	(1,031,648)
General Revenues:	
Property taxes	998,459
Investment income	1,526
Total General Revenues	<u>999,985</u>
Decrease in net position	(31,663)
Net position, beginning of year	<u>360,365</u>
Net position, end of year	<u>\$ 328,702</u>

PINELLAS COUNTY PLANNING COUNCIL
BALANCE SHEET – GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

ASSETS

Cash and investments	\$ 827,001
Taxes and other receivables	19,145
Due from Pinellas County Metropolitan Planning Organization	454,489
Prepaid items	<u>2,345</u>
Total Assets	<u><u>\$ 1,302,980</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued expenses	\$ 59,644
Due to other governments	<u>35,893</u>
Total Liabilities	<u>95,537</u>

Fund Balance:

Non-spendable	2,345
Assigned to:	
Subsequent year's budget	284,500
Unassigned	<u>920,598</u>
Total Fund Balance	<u>1,207,443</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,302,980</u></u>

PINELLAS COUNTY PLANNING COUNCIL
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

Total Fund Balance for the General Fund	\$	1,207,443
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the general fund are not financial resources and, therefore, not reported in governmental funds.		
Capital assets	33,025	
Less accumulated depreciation	<u>(18,493)</u>	
		14,532
Deferred outflows and inflows of resources related to net pension liabilities do not have a current financial resources focus and, therefore, are not recognized in the governmental fund statements.		
	1,320,136	
	<u>(96,339)</u>	
		1,223,797
Compensated absences that are not due and payable in the current period, therefore, are not reported in the governmental fund statements.		
		(131,116)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund statements.		
		(1,971,608)
Operating lease transactions were not reported in the governmental fund statements since there was no amount due for payment; however, in the statement of activities, they are reported as expenses as they increase the liabilities on the statement of net position.		
		(14,346)
Net Position of Governmental Activities	<u>\$</u>	<u>328,702</u>

PINELLAS COUNTY PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2017

Revenues:	
Property taxes	\$ 998,459
Charges for services	1,301,250
Contract services	14,391
Net investment activity	<u>1,526</u>
Total Revenues	<u>2,315,626</u>
Expenditures:	
Payroll, taxes and benefits	1,923,178
Property appraiser and tax collector commissions	29,089
Office rent	24,477
Contractual support services	19,328
Accounting and audit	16,000
Advertising notice	12,570
Communications, advocacy and education	8,159
Office supplies and materials	4,747
Telephone	3,528
Council activities	2,908
Travel	2,852
Printing and reproduction	2,301
Mail	1,926
Capital outlay	5,604
Miscellaneous	<u>3,433</u>
Total Expenditures	<u>2,060,100</u>
Net change in fund balance	255,526
Fund balance, beginning of year	<u>951,917</u>
Fund balance, end of year	<u><u>\$ 1,207,443</u></u>

PINELLAS COUNTY PLANNING COUNCIL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2017

Net Change in Fund Balance - General Fund	\$	255,526
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 depreciated over their estimated useful lives.		
Expenditures for capital assets	4,358	
Less current year depreciation	<u>(4,990)</u>	
		(632)
Compensated absences that are not due and payable in the current period and therefore, are not reported in the governmental funds statements. This amount represents the change in compensated absences in the current year.		
		(17,695)
Net effect of pension related expenses which decreased net position.		
		(277,361)
Operating lease payments are recorded as expenditures when amounts become due for payment; however, in the statement of activities they are reported as expenses under the straight-line basis.		
		8,499
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(31,663)</u>

NOTES TO THE FINANCIAL STATEMENTS

PINELLAS COUNTY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 1—Organization and reporting entity

The Pinellas County Planning Council (the "Council"), a component unit of Pinellas County, Florida (the "County"), is authorized under Chapters 88-464 and 90-396, of the Laws of Florida. The Council's purpose is to formulate and execute objectives and policies necessary for the orderly growth, development, and environmental protection of the County as a whole. The Council services as an advisory board and provides preliminary recommendations on proposed changes to the adopted Countywide Future Land Use Plan. The Board of County Commissioners, sitting as the Countywide Planning Authority, can overrule the Council with a super majority vote (majority plus one).

The Board of County Commissioners of Pinellas County also has the right to review the Council's budget, and increase or reduce it as it deems necessary. Based on the control the County Commissioners of Pinellas County have over the Council, as described above, the Council is considered a component unit of the County in accordance with Governmental Accounting Standards Board ("GASB") Statement 39, as amended. The Council has considered any entities for which it has oversight and there are none meeting the criteria for inclusion in its financial statements.

Membership of the Council – The Council and the Pinellas County Metropolitan Planning Organization ("MPO") are separate legal entities, but both are presented to the public as one organization known as Forward Pinellas under a single governance structure. Forward Pinellas is governed by a 13 member board of elected officials. These officials represent municipal governments, the Board of County Commissioners, and the Pinellas Suncoast Transit Authority. The composition of the Forward Pinellas board is determined by Chapter 339.175, Florida Statutes. Several of the board positions rotate on a two year basis. Each individual agency is responsible for selecting its membership on the board.

Note 2—Summary of significant accounting policies

Basis of Presentation – The financial statements of the Council have been prepared in accordance 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 Council's accounting policies are described below.

Government-Wide and Fund Financial Statements – 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Separate financial statements are provided for the general fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

PINELLAS COUNTY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 2—Summary of significant accounting policies (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 Council 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.

Property taxes 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 Council reports the general fund as a major governmental fund, which represents the Council's sole operating fund and accounts for all financial resources of the Council.

Cash and Investments – Cash includes amounts on hand and in demand deposit accounts. The Council's investment policy is to maintain funds in near-cash investments, which yield the highest possible return within the limitations established by Florida statutes and the County ordinances. The Council's investments are presented at amortized cost.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets – Capital assets, which include furniture, equipment, and leasehold improvements, are reported in governmental activities in the government-wide financial statements. The Council defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. 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' lives are not capitalized.

The Council's furniture and equipment is depreciated using the straight-line method over the estimated useful life of 3-5 years. Leasehold improvements are depreciated using the straight-line method over the remaining lease term.

Receivables – No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

Compensated Absences – It is the Council's policy to permit employees to accumulate earned but unused annual leave. All annual leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 2—Summary of significant accounting policies (continued)

Accrued Rent – Operating lease arrangements are recognized on a straight-line basis in the government-wide statements over the life of the lease. Accrued rent is the difference between the straight-line recognition and the actual amount paid.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of 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 Council's statement of net position represent pension deferrals due to changes in actuarial assumptions, the net difference between projected and actual earnings, changes in the proportion and differences between the Council's contributions and proportionate share of contributions, and the Council'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 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 Council's statement of net position represent pension deferrals, the difference between expected and actual economic experience, the net difference between projected and actual earnings, 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.

Pensions – In the government-wide statement of net position, liabilities are recognized for the Council'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.

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 investment in capital assets consist of capital assets, net of accumulated depreciation. The Council does not have any related long-term debt used to acquire capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The Council has no assets subject to restriction.

Subsequent Events – In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through January 31, 2018, the date the financial statements were available to be issued.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 3—Cash and investments

Cash and investments consisted of the following at September 30, 2017:

Petty cash on hand	\$	100
Bank deposits		727,469
Florida State Board of Administration - Local Government Investment Pool		99,432
Total Cash and Investments	\$	<u>827,001</u>

Deposits – At September 30, 2017, the bank balance of the Council’s operating deposits was \$836,676.

Deposits are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida’s Security for Public Deposits Act (the “Act”). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Chief Financial Officer acting as State Treasurer, eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default.

Investments – The Council does not have its own investment policy and, therefore, follows Section 218.415, Florida Statutes, regarding the investment of public funds. The Council’s excess deposits are invested entirely in the State of Florida State Board Administration (“SBA”) Local Government Investment Pool (“LGIP”). Florida PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. Thus, this pool operates essentially as a money market fund and the Council’s position in Florida PRIME is measured at amortized cost. Florida PRIME is rated by Standard & Poor’s with a current rating of AAAM. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less. As of September 30, 2017, the Council had \$99,432 deposited in Florida PRIME.

Qualifying local government investment pools in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes, states that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director of the Council may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 218.409(4) provides authority for a LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the SBA.

At September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value within Florida PRIME.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 4—Property taxes

The Council is funded through the assessment of ad valorem property tax as approved by the Board of County Commissioners, not to exceed one-sixth mil. The Council's ad valorem tax was levied at 0.0150 mil at October 1, 2016, on property with a gross taxable value of \$68,171,229,061.

Under Florida law, the valuation and assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector.

All property is reassessed according to its fair market value at January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of state statutes.

All taxes are due and payable on November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. All unpaid taxes become delinquent on April 1 (lien date) following the year in which they are assessed. Discounts are allowed for early payments at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March (due date) are without discount.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower-rate bid by the buyer.

The certificate holder may make application for a tax deed on any unredeemed tax certificates after a period of two years.

Because of the Pinellas County Tax Collector's efficient system for selling tax certificates and remitting the proceeds to Council, any delinquent or uncollected real property taxes at year-end are immaterial. Tangible personal property taxes remaining delinquent at September 30 are recorded as receivable, less an allowance for uncollected amounts. Based on prior experience, the Council has always been able to fully collect on property taxes.

Note 5—Risk management

As of September 30, 2017, the Council had not separately established a Risk Management Fund or Pool. As a component unit of the County, insurance coverage is provided entirely through the County's risk management pool for property, general liability, employee liability, and workers' compensation coverage.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 6—Transactions with Pinellas County, Florida

Throughout the fiscal year, the Council incurs various operating expenditures relating to services provided by the County to the Council. Such services include the following: medical, life, and disability insurance coverage, legal services, risk management services, printing and reproduction services, and telecommunications. Also, the Council receives payments from municipalities located within the County for contractual support services (Interlocal Agreements).

Note 7—Capital assets

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

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Capital assets being depreciated:				
Furniture and office equipment	\$ 28,667	\$ -	\$ -	\$ 28,667
Leasehold improvements	-	4,358	-	4,358
Less accumulated depreciation	13,503	4,990	-	18,493
Total capital assets being depreciated, net	<u>\$ 15,164</u>	<u>\$ (632)</u>	<u>\$ -</u>	<u>\$ 14,532</u>

Note 8—Operating lease

The Council entered into a five-year operating lease agreement beginning July 2012 and extending to June 2017. The Council paid no rent for the first two years of the lease. In January 2016, the Council executed a First Amendment to Lease Agreement, which increased the premises from 3,150 square feet to 9,503 square feet. The Council shares the leased space with the MPO.

Monthly lease payments under this amended agreement are as follows:

Period	Monthly Amount	% Allocated to the Council
October 1, 2017 – December 31, 2017	\$ 6,358	31%
January 1, 2018 – September 30, 2018	6,532	31%
October 1, 2018 – December 31, 2018	6,532	Undetermined
January 1, 2019 – December 31, 2019	6,722	Undetermined
January 1, 2020 – December 31, 2020	6,904	Undetermined

The Council's accrued rent payable on a straight-line basis in the government-wide statements is \$14,346 as of September 30, 2017. The lease may be cancelled by the Council with a 90-day written notice. If the lease is cancelled before the accrued rent payable balance is exhausted, the Council shall pay the remaining unamortized balance upon cancelling the lease.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 9—Compensated absences

Hours of annual leave are earned by employees for each year of service to the Council. There is no maximum limitation on the number of annual leave hours which may be accrued. Upon separation from service, employees shall receive lump sum payment for all unused annual leave up to a maximum of three times the employee's annual accrual rate for annual leave. Such payment shall be made at the employee's regular rate of pay at the time of separation. The change in compensated absences liability is summarized as follows:

	Balance October 1, 2016	Additions	Used	Balance September 30, 2017	Amount Due in One Year
Compensated absences	\$ 113,421	\$ 117,154	\$ 99,459	\$ 131,116	\$ 99,459

Note 10—Pension plans

Background – The FRS was created by Chapter 121, Florida Statutes, to provide a defined pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the 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.

Essentially all regular employees of the Council are eligible to enroll as members of the state-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website

(https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

The Council's pension expense totaled \$419,525 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2017.

Florida Retirement System Pension Plan

Plan Description – The Florida Retirement System Pension Plan ("FRS Plan") is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class ("SMSC") – Members in senior management level positions.

Special Risk Class – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 10—Pension plans (continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided – Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value of each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

**PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2017

Note 10—Pension plans (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017, and from July 1, 2017 through September 30, 2017, respectively, were applied to employee salaries as follows: Regular—7.52% and 7.92%; Senior Management Service—21.77% and 21.71%; and DROP participants—12.99% and 13.26%. The Council's contributions to the FRS Plan were \$120,158 for the year ended September 30, 2017.

Pension Costs – At September 30, 2017, the Council reported a liability of \$1,497,655 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 Council's proportion of the net pension liability was based on the Council's 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 of FRS's participating employers. At June 30, 2017, the Council's proportion was 0.00506%, which was an increase of 0.00084% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Council recognized pension expense of \$344,931 for its proportionate share of FRS's pension expense. In addition, the Council 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>
Difference between expected and actual economic experience	\$ 137,449	\$ 8,296
Changes in actuarial assumptions	503,317	-
Net difference between projected and actual earnings on Pension Plan investments	-	37,117
Changes in proportion and differences between Council contributions and proportionate share of contributions	385,908	-
Council contributions subsequent to the measurement date	29,701	-
Total	<u>\$ 1,056,375</u>	<u>\$ 45,413</u>

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 10—Pension plans (continued)

\$29,701 reported as deferred outflows of resources related to pensions resulting from Council contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended June 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	\$ 138,007
2019	266,843
2020	204,715
2021	89,806
2022	160,099
Thereafter	121,791
	<u>\$ 981,261</u>

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
Payroll Growth	3.25%, average, including inflation
Investment Rate of Return	7.10%, 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, 2017, valuation were based on the results of an actuarial experience study completed in 2014 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 asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.6%	1.9%

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 10—Pension plans (continued)

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 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.

Pension Liability Sensitivity – The following presents the Council’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 Council’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	6.10%	7.10%	8.10%
Council’s proportionate share of the FRS Plan net pension liability	\$ 2,710,665	\$ 1,497,655	\$ 490,579

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.

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 Council contributed 100% of its statutorily required contributions for the current and preceding three 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 Council’s contribution to the HIS Plan was \$22,006 for the year ended September 30, 2017.

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 10—Pension plans (continued)

Pension Costs – At September 30, 2017, the Council reported a liability of \$473,953 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, 2016. The Council’s proportion of the net pension liability was based on the Council’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 Council’s proportion was 0.00443%, which was a decrease of 0.00011% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the Council recognized pension expense of \$74,594 for its proportionate share of HIS’s pension expense. In addition, the Council 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>
Difference between expected and actual economic experience	\$ -	\$ 987
Changes in actuarial assumptions	66,622	40,983
Net difference between projected and actual earnings on HIS Program investments	263	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	191,793	8,956
Council contributions subsequent to the measurement date	5,083	-
Total	<u>\$ 263,761</u>	<u>\$ 50,926</u>

\$5,083 reported as deferred outflows of resources related to pensions resulting from Council contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended June 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	\$ 33,161
2019	33,111
2020	33,087
2021	31,162
2022	27,669
Thereafter	49,562
	<u>\$ 207,752</u>

PINELLAS COUNTY PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 10—Pension plans (continued)

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 Increases	3.25%, average, including inflation
Municipal Bond Rate	3.58%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study of the FRS Plan in 2014 for the period July 1, 2008 through June 30, 2013.

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 Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity – The following presents the Council'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 Council'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>
HIS Plan discount rate	2.58%	3.58%	4.58%
Council's proportionate share of the HIS Plan net pension liability	\$ 540,843	\$ 473,953	\$ 418,237

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 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 PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 10—Pension plans (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. Council 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% and Senior Management Service class 7.67%. 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 one 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. Non-vested employer contributions are placed in a suspense account for up to five 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, 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 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 Council's Investment Plan pension expense totaled \$277,361 for the year ended September 30, 2017.

Note 11—Post-employment benefits

The Council does not provide any post-retirement health care benefits. Post-employment health care benefits are made available to the Council's terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). Under COBRA, the Council is required to offer an election to terminating participants to decrease or terminate participants, their spouses or dependents, or to continue coverage in the health plan provided by the Council. The cost of coverage that the Council may charge the participant may not exceed 102% of the applicable premium. The Council's Other Post-Employment Benefit ("OPEB") liability is considered immaterial since there are no employer contributions or premium or claim payments made on behalf of retirees.

PINELLAS COUNTY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Note 12—Fund balance reporting

There are two major types of fund balances, which are non-spendable and spendable. Non-spendable 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. At September 30, 2017, the Council had \$2,345 in non-spendable fund balance. In addition to the non-spendable fund balance, GASB 54 has provided a hierarchy of spendable 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 Councils 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 Council's highest level of decision-making authority.

Assigned – Amounts intended to be used by the Council for specific purposes. Assigned fund balance represents the amount that is not restricted or committed. The intent shall be expressed by the Council. At September 30, 2017, the Council had \$284,500 of assigned fund balance, which represents the amount needed to eliminate the projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures and budgeted contingency reserve over expected revenues.

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. At September 30, 2017, unassigned fund balance is \$920,598. It is the goal of the Council to achieve and maintain an unassigned fund balance equal to or greater than 10% of expenditures to cover unexpected expenditures and revenue shortfalls from year to year.

The Council'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 13—Due from Pinellas County Metropolitan Planning Organization

The Council and the MPO have historically operated as two distinct entities. On December 10, 2014, the Council and the MPO entered into the Interlocal Agreement for Staff and Support Services ("Agreement"). Prior to the Agreement, the MPO utilized the employees of the Pinellas County Board of County Commissioner's Planning Department. Upon execution of the Agreement, those employees and related payroll processing of the MPO were assumed by the Council. The Agreement identifies payroll and other expenses that are to be shared between the Council and the MPO.

For the year ended September 30, 2017, the amount of reimbursement received from the MPO for shared services totaled \$1,301,250. As of September 30, 2017, the amount due from the MPO relating to charges for shared services was \$454,489.

SUPPLEMENTARY INFORMATION

PINELLAS COUNTY PLANNING COUNCIL

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2017

	General Fund Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)
Revenues:				
Pinellas County property taxes	\$ 972,930	\$ 1,007,930	\$ 998,459	\$ (9,471)
Net investment activity	600	1,100	1,526	426
Contract services	20,000	20,000	14,391	(5,609)
Charges for services	1,679,500	1,729,500	1,301,250	(428,250)
Total Revenues	<u>2,673,030</u>	<u>2,758,530</u>	<u>2,315,626</u>	<u>(442,904)</u>
Expenditures:				
Payroll, taxes, and benefits	2,206,900	2,206,900	1,923,178	283,722
Contractual support services	270,000	270,000	19,328	250,672
Technical assistance grants	50,000	50,000	-	50,000
Office rent	77,400	77,400	24,477	52,923
Equipment and furnishings	10,000	10,000	5,604	4,396
Telephone	3,000	3,000	3,528	(528)
Mail	2,000	2,000	1,926	74
Advertising notice	25,000	25,000	12,570	12,430
Printing and reproduction	15,000	15,000	2,301	12,699
Office supplies and materials	7,000	7,000	4,937	2,063
Property appraiser and tax collector commissions	30,000	30,000	29,089	911
Intergovernmental services	89,200	89,200	-	89,200
Risk management	8,100	8,100	-	8,100
Travel	8,000	8,000	2,852	5,148
Fleet O&M	4,000	4,000	475	3,525
Communications, advocacy and education	10,000	10,000	8,159	1,841
Audit	16,000	16,000	16,000	-
Council activities	6,000	6,000	2,908	3,092
Contingency	7,500	7,500	2,768	4,732
10% of expenditures (budgeted contingency)	284,500	284,500	-	284,500
Total Expenditures	<u>3,129,600</u>	<u>3,129,600</u>	<u>2,060,100</u>	<u>1,069,500</u>
Excess (deficit) of Revenues over Expenditures	(456,570)	(371,070)	255,526	(626,596)
Fund balance, beginning of year	951,917	951,917	951,917	-
Fund balance, end of year	<u>\$ 495,347</u>	<u>\$ 580,847</u>	<u>\$ 1,207,443</u>	<u>\$ (626,596)</u>

PINELLAS COUNTY PLANNING COUNCIL

**NOTE TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2017

Note 1—Budget compliance

Budgets – On or before July 1 of each year, the Council’s Executive Director prepares a budget, which includes requested appropriations for the next fiscal year.

The proposed budget is presented to the Council members on or before July 31 for review. The Council approves the budget at a public meeting and transmits it to the Board of County Commissioners for approval and certification of the millage rate at a public hearing, as provided by law.

Expenditures may not legally exceed budgeted appropriations at the fund level. Any revision that alters the total expenditures must be approved by a majority of the Council members. In instances where budget appropriations and estimated revenues have been revised during the year, the budget data presented in the financial statements represents the authorized amounts. Unexpended appropriations lapse at year-end. All deliberations on the budget by the Council shall be done at meetings open to the public.

PINELLAS COUNTY PLANNING COUNCIL
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

YEAR ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Florida Retirement System Pension Plan			
Council's proportion of the net pension liability	0.005063180%	0.004218434%	0.002535182%
Council's proportionate share of the net pension liability	\$ 1,497,655	\$ 1,065,158	\$ 327,453
Council's covered-employee payroll	\$ 1,339,496	\$ 1,336,283	\$ 625,764
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	111.81%	79.71%	52.33%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	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 Council will present information for only those years for which information is available.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Retiree Health Insurance Subsidy Program			
Council's proportion of the net pension liability	0.004432593%	0.004538227%	0.002674486%
Council's proportionate share of the net pension liability	\$ 473,953	\$ 528,912	\$ 272,756
Council's covered-employee payroll	\$ 1,339,496	\$ 1,400,984	\$ 811,399
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.38%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	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 Council will present information for only those years for which information is available.

PINELLAS COUNTY PLANNING COUNCIL
SCHEDULE OF CONTRIBUTIONS

YEAR ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Florida Retirement System Pension Plan			
Contractually required contribution	\$ 120,158	\$ 117,780	\$ 78,447
Contributions in relation to the contractually required contribution	<u>(120,158)</u>	<u>(117,780)</u>	<u>(78,447)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 1,354,868	\$ 1,376,604	\$ 859,715
Contributions as a percentage of covered-employee payroll	8.87%	8.56%	9.12%

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 Council will present information for only those years for which information is available.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Retiree Health Insurance Subsidy Program			
Contractually required contribution	\$ 22,006	\$ 23,780	\$ 14,857
Contributions in relation to the contractually required contribution	<u>(22,006)</u>	<u>(23,780)</u>	<u>(14,857)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 1,354,868	\$ 1,424,659	\$ 1,063,959
Contributions as a percentage of covered-employee payroll	1.62%	1.67%	1.40%

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 Council will present information for only those years for which information is available.

COMPLIANCE SECTION

**Report of Independent Auditor 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***

To the Members of
Pinellas County Planning Council
A Component Unit of Pinellas County, Florida
Clearwater, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of Pinellas County Planning Council (the "Council"), a component unit of Pinellas County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 31, 2018.

Internal Control over Financial Reporting

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

Cherry Bekaert LLP

Tampa, Florida
January 31, 2018

Independent Auditor's Management Letter

To the Members of
Pinellas County Planning Council
A Component Unit of Pinellas County, Florida
Clearwater, Florida

Report on the Financial Statements

We have audited the financial statements of the Pinellas County Planning Council (the "Council"), a component unit of Pinellas County, Florida, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated January 31, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Report of Independent Auditor 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* and Report of Independent Accountant on Compliance with Local Investment Policies, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 31, 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 Note 1 to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and communicate the results of our determination as to whether or not the Council has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Council 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 Council. It is management's responsibility to monitor the Council'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.b and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Council 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. In connection with our audit we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

Cherry Bekaert LLP

Tampa, Florida
January 31, 2018

**Report of Independent Accountant on Compliance with
Local Government Investment Policies**

To the Members of
Pinellas County Planning Council
A Component Unit of Pinellas County, Florida
Clearwater, Florida

We have examined the Pinellas County Planning Council's (the "Council"), compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management of the Council is responsible for the Council's compliance with those requirements. Our responsibility is to express an opinion on the Council'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 Council complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Council complied with the specified requirements. The nature, timing and extent of procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Council complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes during the year ended September 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.

Cherry Bekaert LLP

Tampa, Florida
January 31, 2018