

**PINELLAS COUNTY, FLORIDA
TAX COLLECTOR**

FINANCIAL STATEMENTS

September 30, 2023

PINELLAS COUNTY, FLORIDA

TAX COLLECTOR

Clearwater, Florida

FINANCIAL STATEMENTS

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pinellas County, Florida Tax Collector (the Tax Collector) as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tax Collector as of September 30, 2023, and the respective change in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tax Collector, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tax Collector's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tax Collector's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis-of-Matter

As described in Note 1 to the financial statements, the accompanying financial statements were prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These financial statements are not intended to be a complete presentation of the financial position of Pinellas County, Florida as of September 30, 2023, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) General Fund 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 December 12, 2023, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Tax Collector's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 12, 2023

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET – GENERAL FUND
September 30, 2023

ASSETS

Cash	\$ 23,937,417
Other Assets	600
Total assets	<u><u>\$ 23,938,017</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 394,128
Accrued liabilities	293,042
Due to Pinellas County, Florida	
Board of County Commissioners	21,874,574
Due to Pinellas County, Florida Constitutional Officers	1,875
Due to other governmental agencies	1,372,638
Due to individuals and businesses	1,760
Total liabilities	<u>23,938,017</u>

Fund balance	<u>-</u>
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Total liabilities and fund balance	<u><u>\$ 23,938,017</u></u>
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See accompanying notes to financial statements.

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – GENERAL FUND
Year Ended September 30, 2023

Revenues	
Commissions and fees	\$ 42,063,404
Miscellaneous	<u>19,025</u>
Total revenues	<u>42,082,429</u>
Expenditures	
General government	
Personal services	22,693,246
Operating	7,079,338
Capital outlay	109,959
Distribution of unused commissions and fees to other governmental agencies	<u>1,372,638</u>
Total expenditures	<u>31,255,181</u>
Excess of revenues over expenditures	<u>10,827,248</u>
Other financing use	
Transfer out	
Distribution of unused commissions and fees to the Pinellas County, Florida Board of County Commissioners	<u>(10,827,248)</u>
Net change in fund balance	-
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

PINELLAS COUNTY, FLORIDA

TAX COLLECTOR

STATEMENT OF FIDUCIARY

NET POSITION

September 30, 2023

	Custodial Funds
Assets	
Cash	\$ 31,429,812
Due from individuals and businesses	5,343,011
Due from other governmental agencies	45,344
Total assets	<u>36,818,167</u>
Liabilities	
Due to individuals and businesses	930,208
Due to other governmental agencies	35,887,959
Total liabilities	<u>36,818,167</u>
Net position	<u>\$ -</u>

See accompanying notes to financial statements.

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION
Year Ended September 30, 2023

	Custodial Funds
Additions	
Property taxes and fees collected, other governments	\$ 2,396,439,866
Property taxes and fees collected, individuals and businesses	3,122,776,248
License and tag fees collected, other governments	179,410,788
License and tag fees collected, individualas and businesses	121,716
Miscellaneous fees collected	41,823,588
Total Additions	5,740,572,206
Deductions	
Property taxes and fees collected, other governments	2,396,439,866
Property taxes and fees collected, individuals and businesses	3,122,776,248
License and tag fees collected, other governments	179,410,788
License and tag fees collected, individualas and businesses	121,716
Miscellaneous fees collected	41,823,588
Total Deductions	5,740,572,206
Change in Net Position	-
Net Position, beginning	-
Net Position, ending	\$ -

See accompanying notes to financial statements.

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity: The Pinellas County, Florida Tax Collector (the "Tax Collector") is an elected constitutional officer as provided for by the Constitution of the State of Florida. Pursuant to Section 195.087, *Florida Statutes*, the Tax Collector's budget is submitted to the Florida Department of Revenue for approval, and a copy is forwarded to the Pinellas County, Florida Board of County Commissioners (the "Board"). In addition, for financial reporting purposes, the Tax Collector is included in Pinellas County, Florida's (the "County") basic financial statements.

Basis of Presentation: These financial statements include the general fund and the custodial fund of the Tax Collector's office. The accompanying financial statements were prepared for purposes of complying with Section 218.39, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*.

Chapter 10.550, *Rules of the Auditor General*, requires the Tax Collector's financial statements to present only fund financial statements. Accordingly, due to the omission of government-wide financial statements and related disclosures, these financial statements do not constitute a complete presentation of the financial position of the Tax Collector as of September 30, 2023, and the changes in its financial position for the year then ended, in conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, but otherwise constitute financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

The Tax Collector utilizes the following fund types:

General Fund - A major governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Tax Collector that are not required either legally or by accounting principles generally accepted in the United States of America to be accounted for in another fund.

Fiduciary Fund - The custodial fund is custodial in nature and the economic resources measurement and full accrual basis apply. The custodial fund is used to account for assets held by the Tax Collector in a trustee capacity or as agent for individuals, private organizations, and other governments.

The custodial fund is used to account for the receipt and distribution of ad valorem taxes, tourist development taxes, special assessment non-ad valorem taxes, and other taxes collected for Pinellas County, Florida and other independent taxing authorities.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

Additionally, this fund is used to account for the receipt and distribution of moneys collected for the following Florida agencies:

Department of Highway Safety and Motor Vehicles - The Pinellas County, Florida Tax Collector serves as an agent for the Division of Motor Vehicles, processes title applications and transfers, renews and issues license plates and decals, handles boat transfers, and registers both pleasure and commercial boats on an annual basis. As an agent, the Tax Collector also issues driver licenses, commercial driver licenses, non-U.S. citizen licenses, and identification cards.

Department of Revenue - Collects sales tax on vessels, motor vehicles, and Lemon Law fees.

Florida Fish and Wildlife Conservation Commission - Issues hunting and fishing permits and licenses.

Department of Health - As an agent, the Pinellas County, Florida Tax Collector issues birth certificates.

Department of Agriculture and Consumer Services - As an agent, the Pinellas County, Florida Tax Collector processes applications for concealed weapons licenses.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*, requires that fund balances be reported in classifications based on whether the amounts are spendable or non-spendable. Spendable amounts are further classified as restricted, committed, assigned or unassigned based on the extent to which there are external and/or internal constraints on how fund balance amounts may be spent. GASB Statement No. 54 does not have an impact on the Tax Collector's financial statements since the Tax Collector does not maintain fund balances.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is followed by the Tax Collector for its general fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, except for accumulated vacation pay, which are not recorded until they become due.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

Charges for services on the collection of property taxes are recognized as revenue in the fiscal year for which taxes are levied, provided they are collected within 60 days after the end of the fiscal year. Certain other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded as earned.

Substantially all of the Tax Collector's revenues are received from taxing authorities. These moneys are virtually unrestricted and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt; earlier if the "susceptible to accrual" criteria are met.

Interest income and other revenues are recognized as they are earned and become measurable and available to pay liabilities of the current period.

Florida Statutes provide that the amount by which revenues exceed annual expenditures be distributed to the Board following the fiscal year for which the funding was provided and during which other revenues were recognized.

Florida Statutes further provide that the excess of revenue over expenditures held by the Tax Collector be distributed to each governmental agency in the same portion as the commissions and fees paid by each governmental agency bear to total commission and fee revenues. The amounts of these distributions are recorded as liabilities and as expenditures in the accompanying financial statements.

The custodial fund is presented using the full accrual basis of accounting and the economic resources measurement focus.

Property Taxes: Taxes in Pinellas County are levied by the Board and other taxing authorities. The millage levies are determined on the basis of estimates of revenue needs and the total taxable valuations within the jurisdiction of the Board and other tax authorities. No aggregate ad valorem tax millage in excess of 10 mills on the dollar can be levied by the Board against property in the County as specified in Section 200.071, *Florida Statutes*.

Each year, the total taxable property valuation is established by the Pinellas County, Florida Property Appraiser, and the list of property assessments is submitted to the Florida Department of Revenue for approval. Taxes, assessed as of January 1 of each year, are due and payable on November 1 of each year or as soon thereafter as the assessment roll is opened for collection. Pursuant to Florida law, all owners of property have the responsibility of ascertaining the amount due and paying it before April 1 of the year following the year in which the tax was assessed.

Property Tax Collections: Chapter 197, *Florida Statutes*, governs property tax collections.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

Current Taxes: All property taxes become due and payable on November 1 and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2%, and 1% are allowed for early payment in November through February, respectively.

Tax Deeds: The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as a certificate owner, is required to exercise similar procedures two years after taxes have been due (November 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Circuit Court of the County administers these sales.

Cash and Investments: Cash consists of checking and savings accounts, collectively designated as cash deposits. Cash deposits are carried at fair value.

The Tax Collector deposits cash in qualified public depositories. The deposits are fully insured by the Federal Deposit Insurance Corporation and/or secured by the multiple financial institution collateral pool established under Chapter 280, *Florida Statutes*. In accordance with these statutes, qualified public depositories are required to pledge eligible collateral in varying percentages. Any losses to public depositories are covered by applicable deposit insurance, by the sale of pledged securities and, if necessary, by assessments against other qualified public depositories.

Section 218.415, *Florida Statutes*, authorizes the Tax Collector to invest in obligations of the U.S. government, its agencies and instrumentalities, and certain other investments. Investments are stated at fair value. As of September 30, 2023, the Tax Collector held no investments.

Compensated Absences: In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Tax Collector determines the liability for compensated absences, as well as certain other salary-related costs associated with the payment of compensated absences that are recorded and reported by the County in its basic financial statements. Vacation leave is accrued as a liability as the benefits are earned by the employees.

All full-time employees of the Tax Collector are entitled to vacation time with full pay. Employees are allowed to accumulate vacation leave with no maximum; however, upon termination, employees are paid out for no more than three times their annual accrual rate. Vacation payments are included in operating costs when the payments are made to the employees. The Tax Collector does not, nor is legally required to accumulate financial resources for these unmatured obligations. Accordingly, the liability for compensated absences is not reported in the general fund, but rather is reported in the basic financial statements of the County.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

Capital Assets: Capital assets used in operations are capitalized in the basic financial statements of the County rather than in the general fund of the Tax Collector. Capital assets are items with individual costs of \$5,000 or more with useful lives of more than one year. Upon acquisition, such assets are recorded as capital outlay expenditures in the general fund of the Tax Collector and are capitalized at cost in the basic financial statements of the County. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The Tax Collector maintains custodial responsibility for the capital assets it uses. No depreciation expense has been provided on capital assets in these financial statements. However, depreciation expense on these assets is recorded in the basic financial statements of the County.

NOTE 2 - CASH

At September 30, 2023, the carrying value of the Tax Collector's cash was:

	<u>Carrying Value</u>	<u>Credit Rating</u>
Cash on hand	\$ 48,950	N/A
Demand deposits	<u>56,318,279</u>	N/A
Total cash	<u>\$ 55,367,229</u>	

Such amounts are reported as \$23,937,417 and \$31,429,812 in the general fund and custodial fund, respectively.

Custodial Credit Risk: At September 30, 2023, the Tax Collector's deposits were entirely covered by federal depository insurance or by collateral pledged with the Chief Financial Officer of the State of Florida pursuant to Chapter 280, *Florida Statutes*. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for any loss. In addition, the Tax Collector's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTE 3 - LEASE OBLIGATIONS

The Tax Collector may lease assets for various terms under certain agreements that meet the definition of a lease under GASB Statement No. 87 – Leases. Detailed information about the Tax Collector's leases, if applicable, can be found in the Pinellas County Annual Comprehensive Financial Report (ACFR) within the government-wide financial statements and related note disclosure on leases.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 3 - LEASE OBLIGATIONS (Continued)

Any leases that would be entered into by the Tax Collector are included as other financing sources and capital outlay expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance in the year of inception. Any payments made in accordance with the lease terms are reported as debt service expenditures (principal and interest) in the Statement of Revenues, Expenditures, and Changes in Fund Balance as they are incurred.

NOTE 4 - ACCUMULATED COMPENSATED ABSENCES

The amount of vested accumulated compensated absences payable based upon the Tax Collector's annual leave policy is reported as a liability in the statement of net position in the County's basic financial statements.

The changes in accumulated compensated absences during the year ended September 30, 2023, were as follows:

Compensated absences at beginning of year	\$ 938,916
Additions	737,510
Deductions	<u>(522,460)</u>
Compensated absences at end of year	<u>\$ 1,153,966</u>

Of this liability, approximately \$642,125 is expected to be paid within the fiscal year ending September 30, 2024.

NOTE 5 - EMPLOYEE RETIREMENT PLAN

Substantially all full-time employees of the Tax Collector are eligible to participate in the State of Florida Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit plan administered by the State of Florida, Division of Retirement. The System is a defined benefit plan for all state, and participating county, district school board, community college, and university employees (the "Pension Plan"). The System also offers eligible employees participation in an alternative defined contribution plan (the "Investment Plan"). The Tax Collector participates in the Elected State Officers' Class. Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributable to the Tax Collector's employees are not determinable. Employees participating in the Pension Plan who retire at or after age 62 with six years of credited service, or with 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials for each year of credited service times their average final compensation.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - EMPLOYEE RETIREMENT PLAN (Continued)

Average final compensation is the employee's average of the five highest fiscal years of salary earned during credited service. Vested employees may retire before age 62 and receive benefits that are reduced 5% for each year prior to normal retirement age. Employees participating in the Investment Plan are vested after one year of service with no age requirements. The System also provides death and disability benefits. Benefits are established by Section 121, *Florida Statutes* and Chapter 22B, *Florida Administrative Code*.

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

The Deferred Retirement Option Program ("DROP") is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 2021. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a System employer. The participation in the program does not change conditions of employment. When the DROP period ends, maximum of 96 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit (in the same amount determined at retirement adjusted, if applicable, by annual cost of living increases).

The System publishes an annual report that provides 10-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. This report may be obtained by writing to Division of Retirement, Research and Education Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling (877) 377-1737 or by accessing their internet site at: http://dms.myflorida.com/human_resource_support/retirement/publications/system_information/annual_reports.

The Tax Collector is required to contribute an actuarially determined rate. The contribution requirements of the Tax Collector are established and may be amended by the State of Florida. The contribution rates are established by fiscal year, beginning each July 1. The contribution rates by job class were as follows: elected county officers 57.00%, regular 11.91%, senior management 31.57%, and DROP employees 18.60% from October 1, 2022 through June 30, 2023; and elected county officers 58.68%, regular 13.57%, senior management 34.52%, and DROP employees 21.13% through September 30, 2023. The Tax Collector's contributions to the plan for the years ended September 30, 2023 and 2022 were \$2,100,832 and \$1,791,143 respectively, equal to the required contributions for each year. The Tax Collector's portion of the net pension liability and the associated footnotes are not reported in the financial statements of the Tax Collector, but are reported in the basic financial statements of the County.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 - OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (OPEB) PLAN

Plan Description: The Tax Collector participates in a single-employer defined benefit health care plan that covers eligible retirees of the Board, all constitutional officers with the exception of the Sheriff, and the Pinellas County Planning Council. The Board administers the plan and establishes and may amend its benefits. The health care plan does not issue a stand-alone financial report; however, additional actuarial information regarding the plan as a whole is disclosed in the notes to the financial statements of the County.

The County pays a percentage of the premium for medical and dental insurance for the former employees with at least 10 years of service who retired prior to October 1, 2004, equivalent to that paid for active employees. For non-Medicare eligible retirees, employees enrolled in DROP and those within five years of normal System retirement prior to October 1, 2004, with 10 years of service, the County will continue funding at the same level as active employees. For employees not part of the previously mentioned groups who retire on or after October 1, 2004, a health insurance subsidy based on length of service will be provided. The subsidy will range from 25.00% of the premium for ten years' service, increasing by 3.33% per year of service to 75.00% for 25 years or more, calculated on the single premium of the lowest cost plan.

Funding Policy: The contribution requirements of the plan members and the employers are established and may be amended by the County. The plans are financed on a pay-as-you-go basis. Participating agencies contribute an additional amount per each active employee to fund retiree health care. The Tax Collector contributed \$439,487 to the plan during the fiscal year to fund OPEB benefits.

The annual other postemployment benefit cost for both plans is calculated based on the Actuarial Accrued Liability contribution of the employer (AAL), an amount actuarially determined in accordance with GASB 75. The AAL represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. An actuarial valuation on the plan as a whole was performed as of September 30, 2021. The notes to the financial statements and required supplemental information of the County disclose additional information regarding the OPEB plan as a whole.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7- RELATED-PARTY TRANSACTIONS

The Tax Collector incurred costs and charges to the Board during fiscal year 2023 for various services as follows:

Insurance	\$ 4,619,155
Risk financing	174,678
Other charges	<u>46,500</u>
	<u>\$ 4,840,333</u>

The Board paid commissions to the Tax Collector during the year ended September 30, 2023 that amounted to \$29,128,970. At September 30, 2023, the Tax Collector had payables due to the Board of \$21,876,448 comprised of the following:

Distribution of unused commissions and fees	\$ 10,827,248
Amounts due for various services	115,255
Amounts collected on behalf of the Board	<u>10,932,071</u>
	<u>\$ 21,874,574</u>

The Tax Collector also recorded a payable due to the Clerk of the Court and Comptroller for printing freight, postage and scanning services of \$1,875.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Litigation: The Tax Collector is involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. Any judgments against the Tax Collector would be settled by the Board. In the opinion of the Tax Collector and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the Tax Collector as of September 30, 2023, or changes in its financial position for the year then ended.

NOTE 9 - RISK MANAGEMENT

The County is exposed to various risks of loss, including but not limited to general liability, property and casualty, auto and physical damage, and workers' compensation. The County is substantially self-insured and accounts for and finances its risks of uninsured loss through an internal service fund. All liabilities associated with these self-insured risks are reported in the basic financial statements of the County. During the year ended September 30, 2023, the Tax Collector was charged \$174,678 by the County for participation in the risk management program.

(Continued)

PINELLAS COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 - RISK MANAGEMENT (Continued)

Under this self-insured program, the County provides coverage for up to \$1.5 million per claim for workers' compensation, auto, and general liability and claims under the self-insurance risk management fund. The County also has purchased outside excess coverage for up to \$15 million in the aggregate. Negligence claims in excess of the statutory limits set in Section 768.28, *Florida Statutes*, which provide for limited sovereign immunity of \$200,000/\$300,000 per occurrence can only be recovered through an act of the Florida Legislature. There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the last three years.

The County is also self-insured for medical and dental claims covering all of its employees and their eligible dependents. As required by Section 112.081, *Florida Statutes*, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. No excess insurance coverage has been acquired for these claims. An actuarial valuation is performed each year to estimate the amount needed to pay prior and future claims and to establish reserves.

REQUIRED SUPPLEMENTARY INFORMATION

PINELLAS COUNTY, FLORIDA

TAX COLLECTOR

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –

BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND

Year Ended September 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Commissions and fees	\$ 44,314,883	\$ 44,314,883	\$ 42,063,404	\$ (2,251,479)
Miscellaneous	84,790	84,790	19,025	(65,765)
Total revenues	<u>44,399,673</u>	<u>44,399,673</u>	<u>42,082,429</u>	<u>(2,317,244)</u>
Expenditures				
General government:				
Personal services	24,444,348	24,444,348	22,693,246	1,751,102
Operating	9,106,112	9,266,932	7,079,338	2,187,594
Capital outlay	517,000	356,180	109,959	246,221
Total expenditures	<u>34,067,460</u>	<u>34,067,460</u>	<u>29,882,542</u>	<u>4,184,917</u>
Excess of revenues over expenditures	<u>10,332,213</u>	<u>10,332,213</u>	<u>12,199,886</u>	<u>1,867,673</u>
Other financing uses				
Distribution of unused commissions and fees to Pinellas County, Florida				
Board of County Commissioners	(9,195,670)	(9,195,670)	(10,827,248)	(1,631,578)
Distribution of unused commissions and fees to other governmental agencies	(1,136,543)	(1,136,543)	(1,372,638)	(236,095)
Total other financing uses	<u>(10,332,213)</u>	<u>(10,332,213)</u>	<u>(12,199,886)</u>	<u>(1,867,673)</u>
Excess of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note.

PINELLAS COUNTY, FLORIDA

TAX COLLECTOR

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – BUDGETARY PROCESS

Section 195.087, *Florida Statutes*, governs the preparation, adoption, and administration of the Pinellas County, Florida Tax Collector's (the "Tax Collector") annual budget. The Tax Collector prepares a budget for the general fund and submits it to the Florida Department of Revenue for approval. A copy of the approved budget is provided to the Pinellas County, Florida Board of County Commissioners (the "Board"). Any subsequent amendments must be approved by the Florida Department of Revenue. The annual budget serves as the legal authorization for expenditures. Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year end. Budgetary control is maintained at the departmental major object expenditure level. Budgetary changes within major object expenditure categories are made at the discretion of the Tax Collector.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year, whenever legally authorized.

The Tax Collector's budget is prepared on a basis of accounting that differs from accounting principles generally accepted in the United States of America ("GAAP"). Certain long-term unappropriated capital outlay obligations entered into by the Tax Collector are not recognized as a liability under the budgetary basis of accounting; however, the entire obligation is recognized under GAAP, and debt service payments, capital outlays, and other financing sources are recorded as appropriate.

There is also a difference between the budgetary basis of accounting and GAAP in the treatment of unused fee distributions to entities outside of Pinellas County, Florida's (the "County") reporting entity. On a budgetary basis, distributions of unused fees through these two funds are reported as other financing uses. On a GAAP basis, these distributions are reported as expenditures because there is a reduction in the new financial resources of the County.

The actual results of operations in the statement of revenues, expenditures, and changes in fund balance - budget and actual (budgetary basis) - general fund are presented on a budgetary basis. There were no transactions during the year that required adjustments to convert from the budgetary basis of accounting to the GAAP basis of accounting during the year ended September 30, 2023.

COMPLIANCE REPORTS



Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Charles W. Thomas
Tax Collector
Pinellas County, 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 Pinellas County, Florida Tax Collector (the Tax Collector) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tax Collector’s internal control over financial reporting (internal control) as a basis for designing 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 Tax Collector’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector’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 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 over financial reporting 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.

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free of 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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Tax Collector in a separate letter dated December 12, 2023.

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 results 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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 12, 2023



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

We have audited the basic financial statements of the Pinellas County Tax Collector (the Tax Collector) as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated December 12, 2023.

Auditor's Responsibility

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 and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated December 12, 2023, 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. In connection with the preceding audit, there were no findings or recommendations.

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. The legal authority is disclosed in the notes to the financial statements.

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

Financial Management

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.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

MSL, p.4.

Certified Public Accountants

Tampa, Florida
December 12, 2023



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Charles W. Thomas
Tax Collector
Pinellas County, Florida

We have examined the Pinellas County, Florida Tax Collector's (the Tax Collector) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2023. The Tax Collector's management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance 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 Tax Collector complied with the aforementioned requirements in all material respects. An examination involves performing procedures to obtain evidence about the Tax Collector's compliance with those requirements, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Tax Collector's compliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the Tax Collector's compliance with the specified requirements.

In our opinion, the Tax Collector complied with the aforementioned requirements for the fiscal year ended September 30, 2023, in all material respects.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
December 12, 2023