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Pinellas County Fiscal Year 2015 Audit Results



Agenda

- Audit Overview
- Financial Statement Overview
- Those Charged with Governance Communication
- Future GASB Pronouncements
- Comparative Data

The accompanying information should be read in conjunction with the audited financial statements and is intended solely for the information and use of the Board of County Commissioners, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Audit Overview

- Independent Auditor's Report on the Comprehensive Annual Financial Report (CAFR)
 - Unmodified Opinion
- Independent Auditor's Report on Internal Control and Compliance - *Governmental Auditing Standards*
 - No Material Weaknesses or Significant Deficiencies
- Independent Auditor's Report on Federal and State Grants
 - Unmodified Opinion
 - No Material Weaknesses, Significant Deficiencies or Findings

Audit Overview

- Unmodified Opinions Issued On:
 - Sewer System Enterprise Fund
 - Clerk of the Circuit Court and Comptroller
 - County Funded Court-Related Functions, Section 29.0085 Florida Statutes
 - Property Appraiser
 - Tax Collector
 - Sheriff
 - Supervisor of Elections
 - Passenger Facility Charges Collected and Expended (As Reported to the FAA)
- Deepwater Horizon Oil Spill - No Non-Compliance
- Investment of Public Funds - No Non-Compliance
- Agreed Upon Procedures (AUP) Report:
 - Public Safety Services Emergency Medical Services Department - No Exceptions

Financial Statement Overview

➤ Government Wide

- Total Assets and Deferred Outflows of Resources - \$4.4 Billion
- Total Liabilities and Deferred Inflows of Resources - \$1.1 Billion
- Net Position
 - Unrestricted Net Position - \$10.2 Million
 - Net Investment in Capital Assets - \$3.1 Billion
 - Restricted - \$276.7 Million

- The County's net position (excess of assets and deferred outflows over liabilities and deferred inflows) increased by \$95.5 million from the prior year, with increases of \$64.4 million and \$31.1 million, respectively, in governmental and business type activities. The County's net position at the beginning of the year was restated to reflect the recognition of net pension liabilities and pension-related deferred outflows and inflows totaling \$293.0 million. There was a net unrestricted deficit of \$365.2 million for governmental activities and unrestricted net position of \$375.4 million for business-type activities.

Financial Statement Overview

- Net position for governmental activities totaled \$1.8 billion at fiscal year-end, however, there was a net unrestricted deficit in governmental activities of \$365.2 million resulting primarily from the unfunded net OPEB and pension liability obligations.
- The County funds OPEB costs on a pay as you go basis and as a result the net OPEB obligation in governmental and business-type activities was \$276.8 million and \$25.2 million respectively at September 30, 2015.
- In accordance with GASB Statement Number 68 the County recorded its proportionate share of the long-term obligation for pension benefits and the pension related deferred inflows and outflows for the first time. At September 30, 2015 the Net Pension Liability amounted to \$246.7 million for governmental activities and \$21.6 million for business-type activities.

Financial Statement Overview

➤ General Fund

- Fund balance of the General Fund increased by \$10.2 million during the year.
- Overall General Fund revenues and other financing sources increased by \$32.3 million or 6.9 percent from last year.
- Tax revenue increased by \$19.4 million, due primarily to increased property taxes.
- Intergovernmental revenues were up by \$2.5 million or 3.8 percent. The increase was due mostly to increases in state shared revenues and sales taxes due to continued economic improvement.
- Charges for services were up by \$0.8 million, due mostly to increases in law enforcement charges and zoning fees.
- Overall General Fund expenditures and transfers out increased by 6.0 percent or \$28.2 million.

Financial Statement Overview

➤ Water System

- Net position of the Water System increased by \$7.4 million during the year.
- Total program revenues for the Water System, including interest revenue, miscellaneous revenue and capital contributions, decreased by \$1.2 million or 1.3 percent from the prior year. Charges for services to retail and wholesale customers were down by \$2.2 million or 2.5 percent due primarily to a reduction in revenue of approximately \$2.8 million as a result of the City of Clearwater developing their own water resources, offset in part by additional revenue of \$0.8 million stemming from a \$1.00 per month increase in retail water rates.
- Operating expenses of the Water System decreased by 2.9 percent or \$2.5 million from last year primarily due to a reduction in the cost of water purchases from Tampa Bay Water of \$1.6 million along with an approximate \$0.4 million cost reduction in electrical utility services resulting in large part from improvements made at the Keller plant.

Financial Statement Overview

➤ Sewer System

- Net position of the Sewer System increased by \$10.1 million during the year.
- Total program revenues increased by \$4.3 million or 6.0 percent over the prior year. Charges for services to customers increased by \$3.3 million or 4.8 percent. This was attributable to a retail sewer rate increase of 6 percent, wholesale rate increase of 9 percent and various increases in reclaimed water rates. Interest revenue saw an increase of approximately \$0.3 million as a result of slightly higher yields generated from investments.
- Annual operating expenses increased \$1.9 million or 3.4 percent due to increases in internal allocations (\$1.8M) and net pension expense (\$1.2M), which was partially offset by reductions in expenses incurred for chemicals (\$0.4M), operating supplies (\$0.3M) and replacement of pumps (\$0.2M).

Financial Statement Overview

➤ Solid Waste System

- Net position of the Solid Waste System increased by \$0.5 million during the year.
- Total program revenues of the system increased by \$0.7 million or 0.8 percent over the prior year. Charges for services increased by a net amount of \$0.3 million or 0.3 percent. Contributing to this variance was a \$1.6M increase in tipping fees due to additional tonnage processed during FY15 as compared to FY14, a \$0.8 million increase in electrical sales resulting from annual rate increases, and an offsetting \$2.1M decrease in revenue generated from scrap sales of metal recovered from ash at the regeneration facility. Interest revenue increased by \$0.9 million due to the recovering economy and higher yields to be realized on invested funds.
- Operating expenses for the system were up by \$6.5 million or 7.7 percent over the prior year. This increase in operating expenses was primarily due to an approximate \$6.1 million increase in expense for the operation of the waste to energy plant resulting from a renegotiated contract.

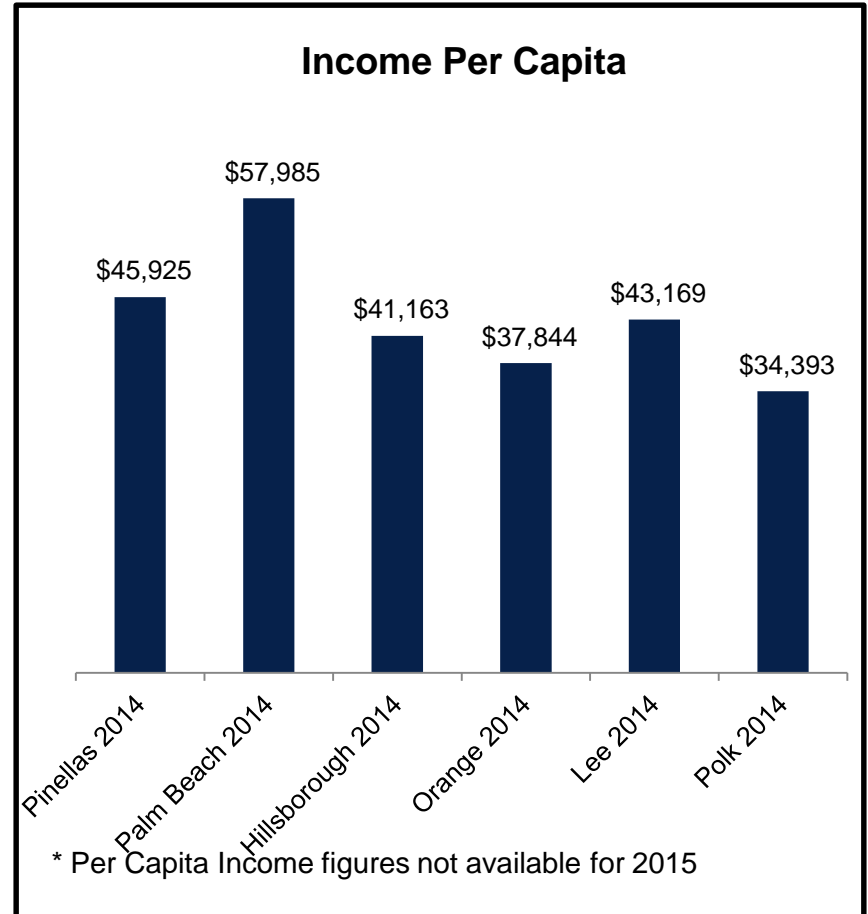
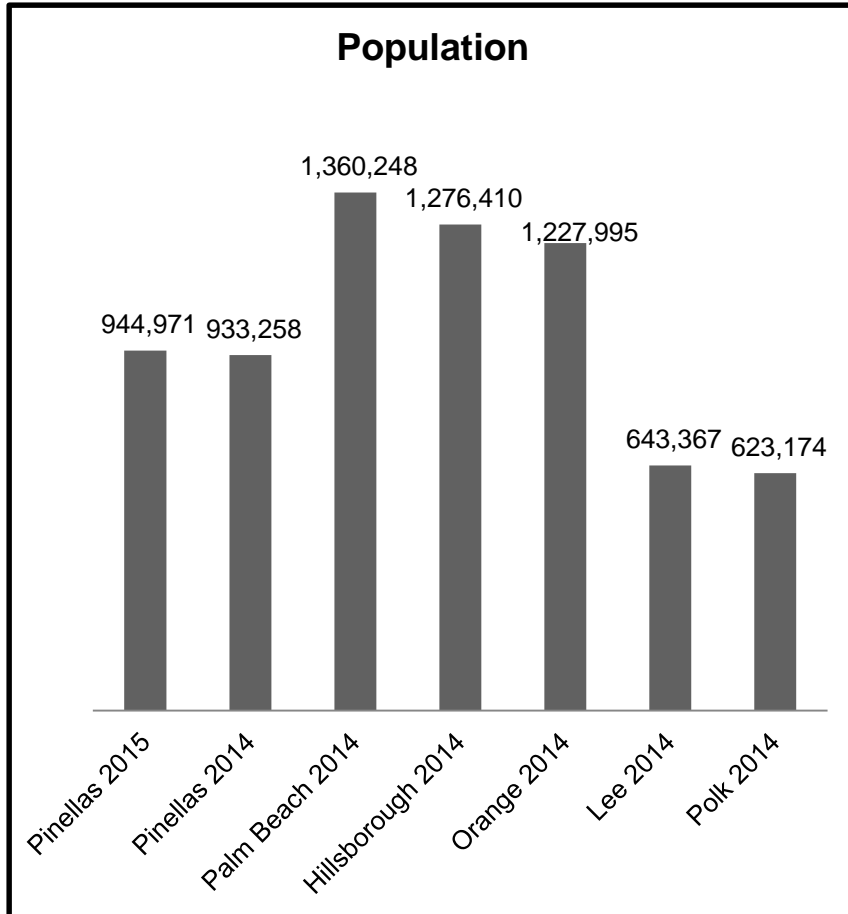
Future GASB Pronouncements

Statement #	Statement Name	County Effective Date
72	Fair Value Measurement and Application	September 30, 2016
73	Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68	September 30, 2016

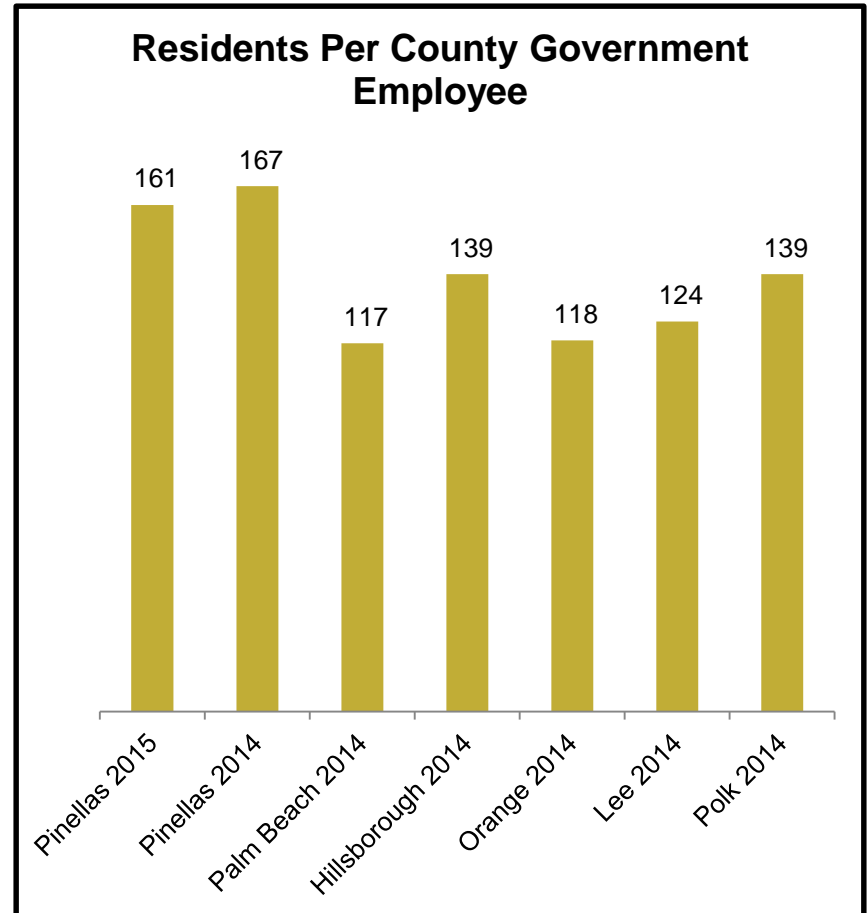
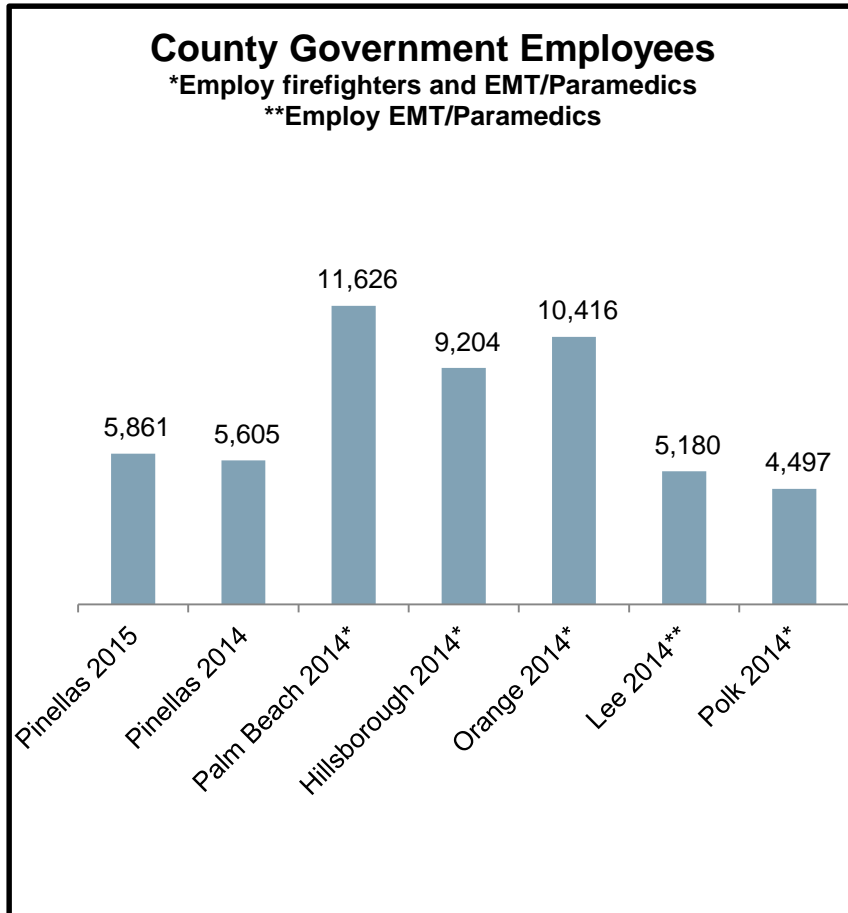
Comparative Data

- The information on the following charts was taken from 2014 Comprehensive Annual Financial Reports (CAFR) publicly available.
- The information for the general fund slides was taken from the following:
 - Pinellas – General Fund
 - Palm Beach – General Fund BOCC Category
 - Hillsborough – General Fund Countywide/Unincorporated Area Category
 - Lee – General Fund Board of County Commissioners
 - Orange and Polk – Information not available

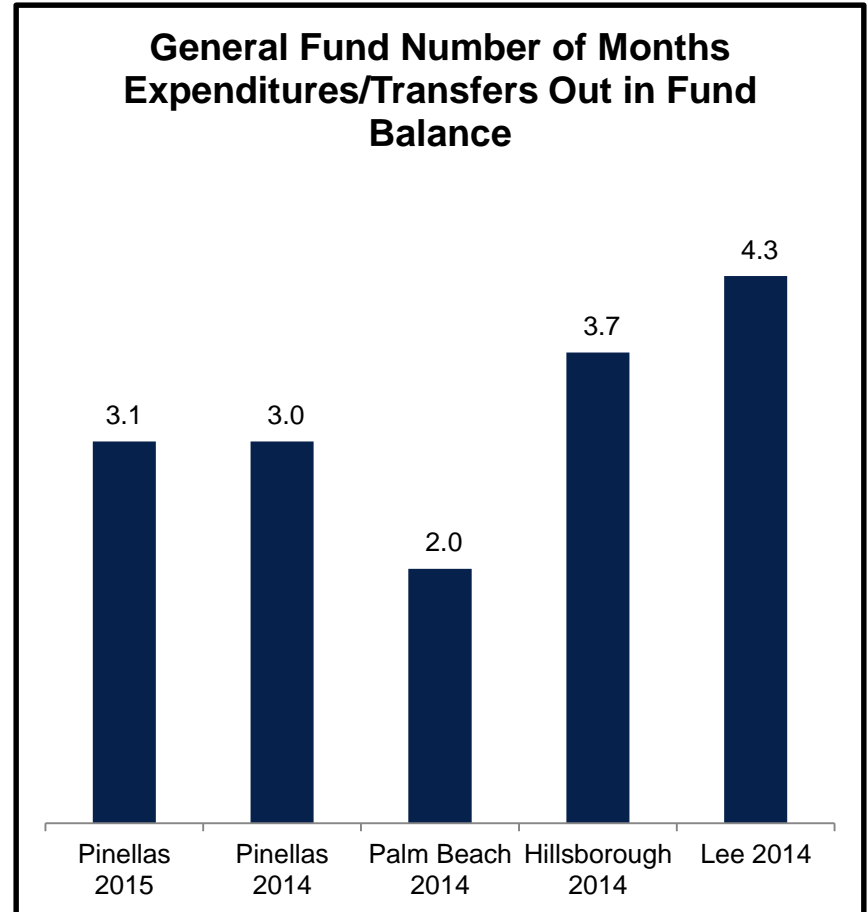
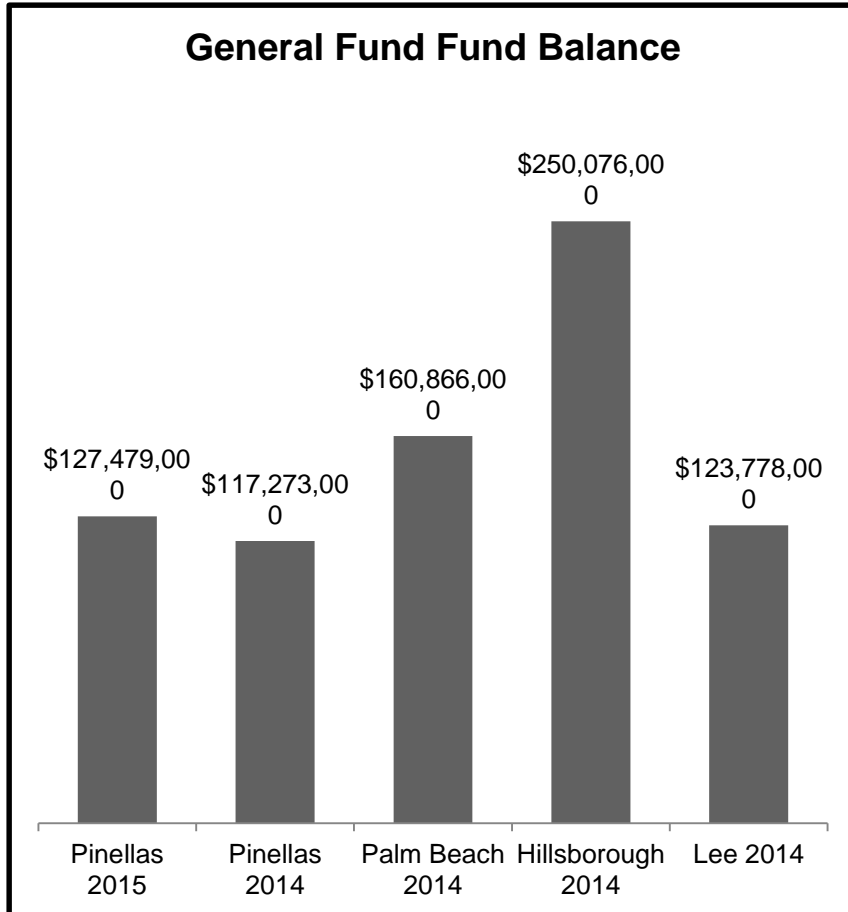
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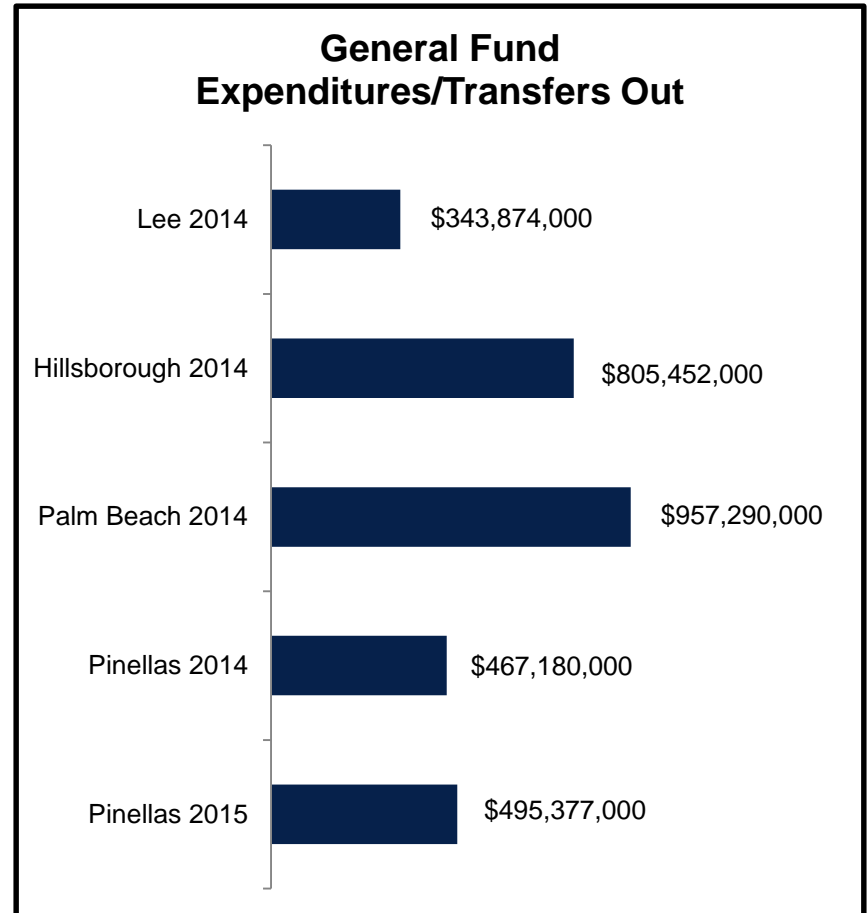
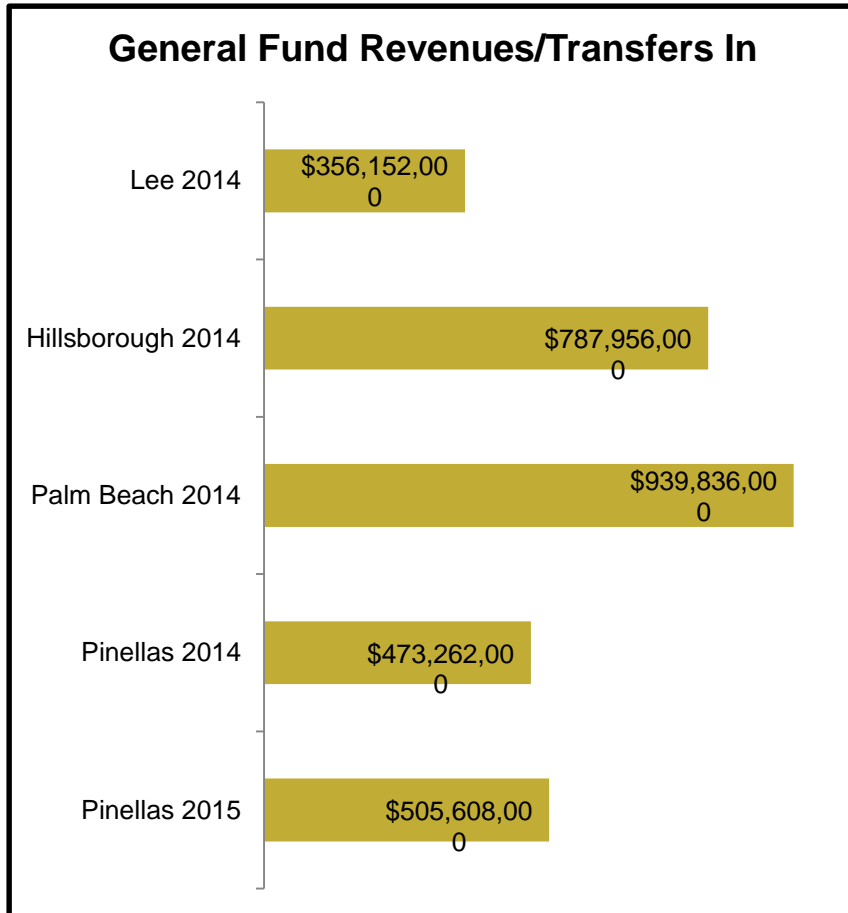
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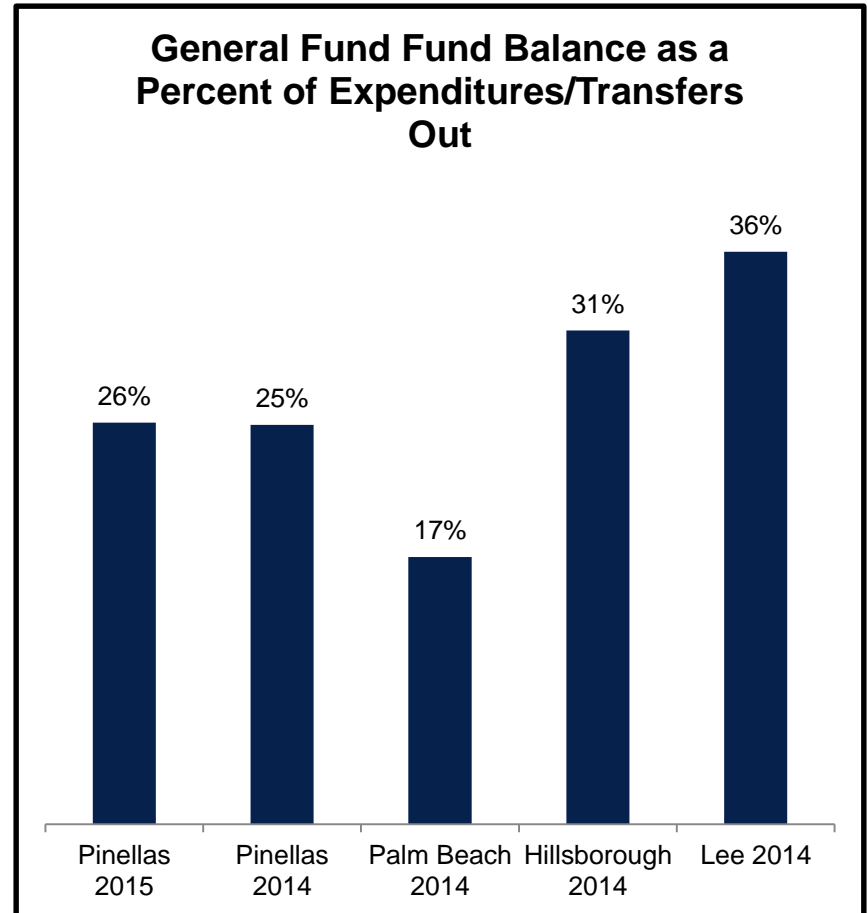
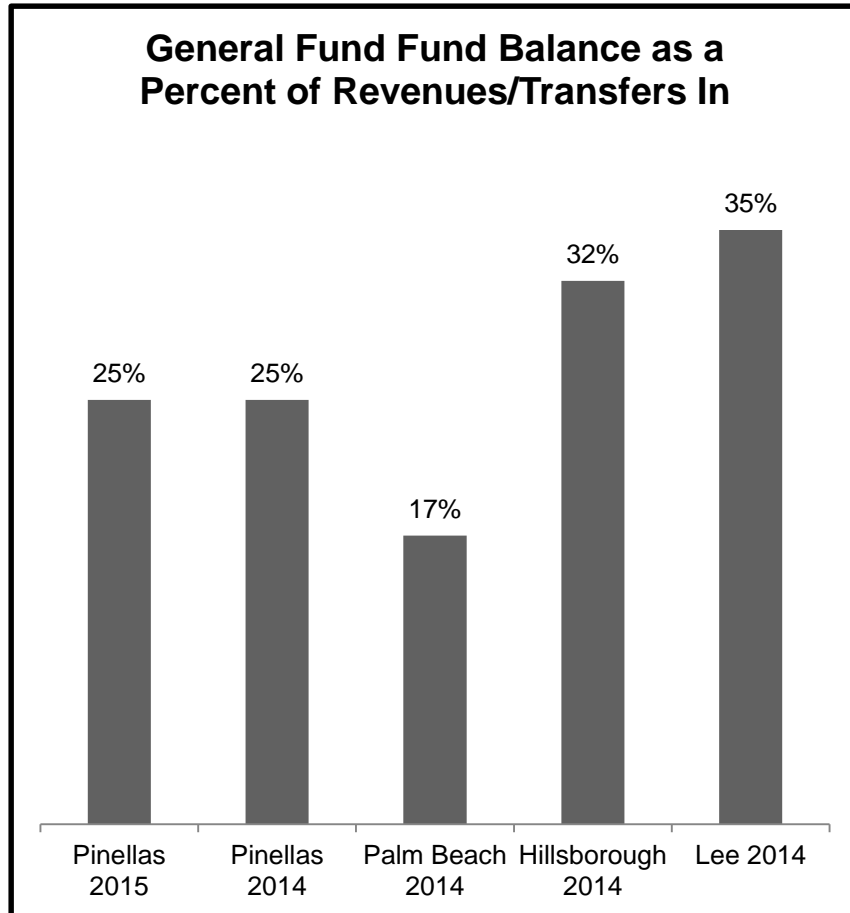
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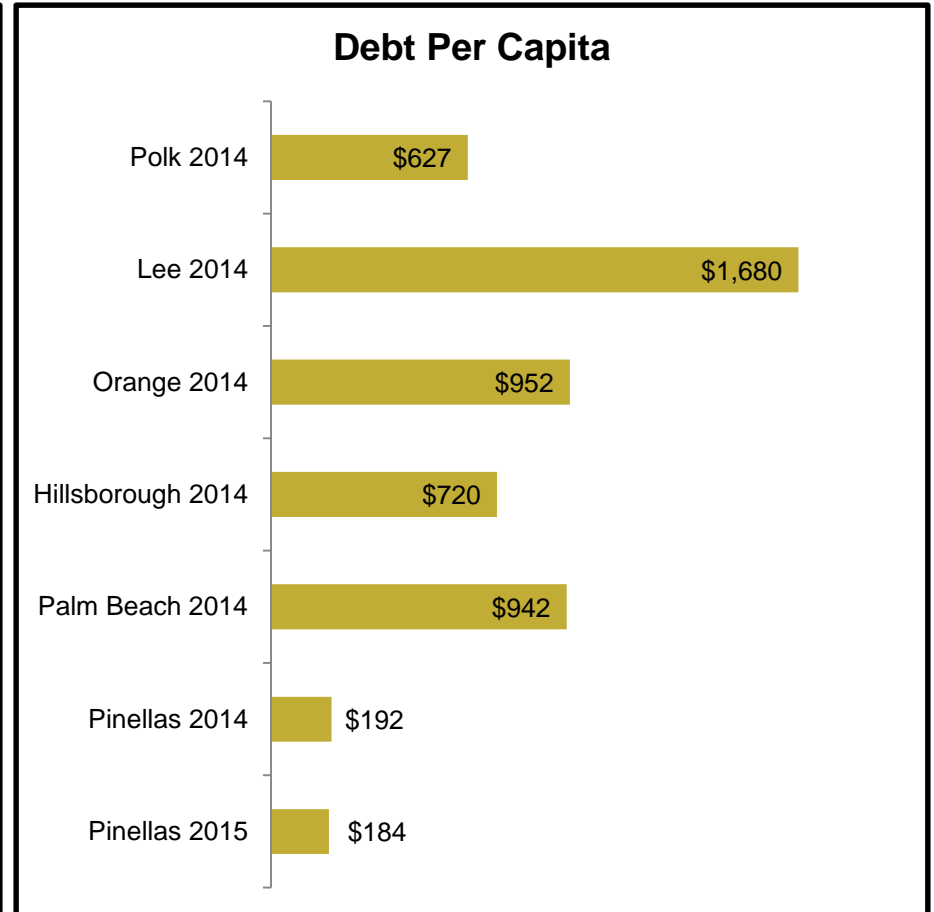
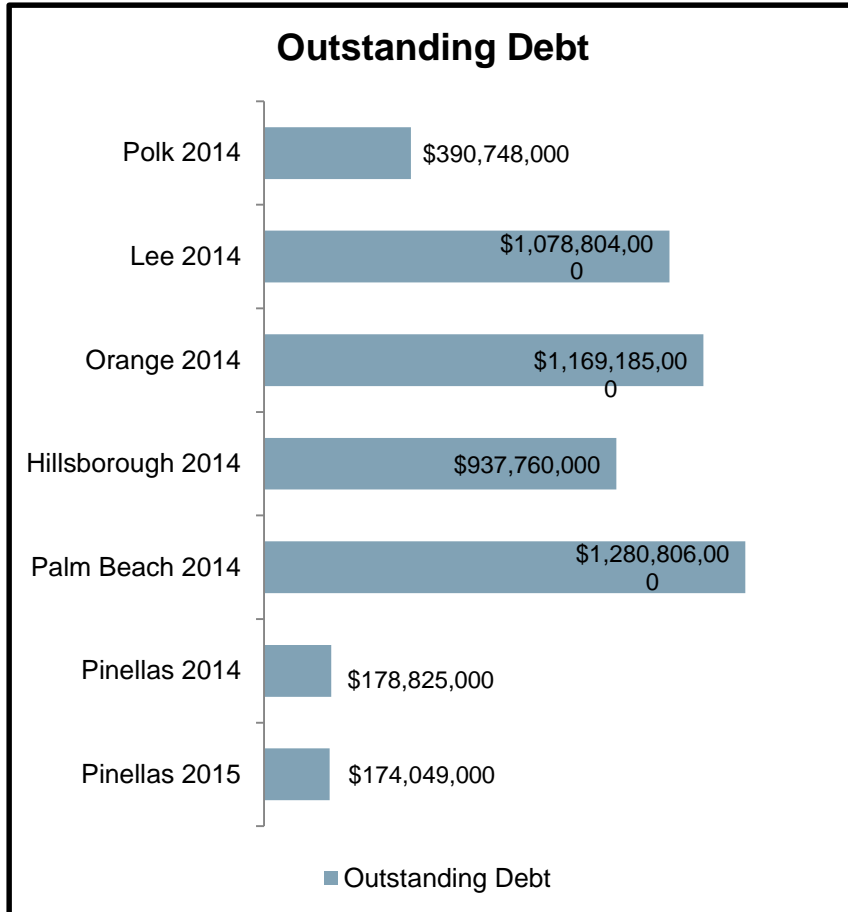
Comparative Data



Comparative Data



Comparative Data



Thank you

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