

**HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR**

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2024

And Reports of Independent Auditor

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
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Honorable Nancy C. Millan
Tax Collector
Hillsborough County, Florida

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Hillsborough County, Florida, Tax Collector (Tax Collector), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Hillsborough County, Florida 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 opinions.

Emphasis of Matters

As discussed in Note 1, the accompanying financial statements of the Tax Collector 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 Government Entity Audits*. They do not purport to, and do not present fairly, the financial position of Hillsborough County, Florida as of September 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 10 to the financial statements, amounts reported as additions and deductions in the Statement of Changes in Fiduciary Net Position – Custodial Funds for the year ended September 30, 2023, were materially misstated. Ending fiduciary net position was not impacted by the misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Auditor's Responsibilities 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 opinion. 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 GAAS 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 GAAS 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and related notes be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements and other knowledge we obtained during our audit of the 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tax Collector's financial statements. The Schedule of Changes in the Total OPEB Liability and Related Ratios, Combining Statement of Fiduciary Net Position—Custodial Funds and Combining Statement of Changes in Fiduciary Net Position—Custodial Funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in the Total OPEB Liability and Related Ratios, Combining Statement of Fiduciary Net Position—Custodial Funds and Combining Statement of Changes in Fiduciary Net Position—Custodial Funds are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, 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 and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

RSM US LLP

Tampa, Florida
June 24, 2025

FINANCIAL STATEMENTS

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET – GENERAL FUND

SEPTEMBER 30, 2024

Assets

Cash and cash equivalents	\$ 30,894,595
Accounts receivable	183,638
Prepaid items	291,114
Due from Board of County Commissioners	278,466
Due from other governmental agencies	25,695
Total Assets	\$ 31,673,508

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 415,914
Wages and benefits payable	1,266,212
Due to Board of County Commissioners	26,475,121
Due to other governmental agencies	3,035,626
Unearned business tax collection fees	480,635
Total Liabilities	31,673,508

Fund balance:

Nonspendable	291,114
Unassigned	(291,114)
Total Fund Balance	-

Total Liabilities and Fund Balance	\$ 31,673,508
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HILLSBOROUGH COUNTY, FLORIDA**TAX COLLECTOR****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GENERAL FUND***YEAR ENDED SEPTEMBER 30, 2024***Revenues:**

Charges for services:

Board of County Commissioners \$ 49,750,423

Other governmental agencies 7,573,870

Taxpayers 14,312,806

Interest earnings 1,434,313

Miscellaneous 421,525

Total revenues 73,492,937**Expenditures:**

General government:

Personnel services 36,012,053

Operating expenditures 7,414,662

Debt service:

Principal 325,537

Interest 111,578

Capital outlay 120,619

Distribution of excess revenues to other governmental agencies 3,035,626

Total expenditures 47,020,075**Excess of revenue over expenditure** 26,472,862**Other financing uses:**Distribution of excess revenues to the Board of County Commissioners (26,472,862)**Total other financing uses** (26,472,862)**Net Change in Fund Balance** -**Fund Balance, beginning of year** -**Fund Balance, end of year** \$ -

HILLSBOROUGH COUNTY, FLORIDA**TAX COLLECTOR****STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUNDS***SEPTEMBER 30, 2024*

Assets

Cash and cash equivalents	\$ 40,098,138
Accounts receivable	3,409,296

Total Assets

\$ 43,507,434**Liabilities**

Due to individuals	\$ 3,778,393
Deposits	121,990
Due to other governmental agencies	20,867,862
Due to Board of County Commissioner	18,739,189

Total Liabilities

\$ 43,507,434**Net Position**

\$ -

HILLSBOROUGH COUNTY, FLORIDA**TAX COLLECTOR****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUNDS***SEPTEMBER 30, 2024*

Additions

Taxes and licenses collected for other governments and agencies	\$ 3,317,142,956
Motor vehicle fees collected for other agencies	<u>227,450,987</u>
Total additions	<u><u>\$ 3,544,593,943</u></u>

Deductions

Taxes and licenses distributed to other governments and agencies	3,317,142,956
Motor vehicle fees distributed to other agencies	<u>227,450,987</u>
Total deductions	<u><u>\$ 3,544,593,943</u></u>

Change in fiduciary net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

HILLSBOROUGH COUNTY, FLORIDA

TAX COLLECTOR

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 1—Summary of significant accounting policies

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

Financial Reporting Entity – The Hillsborough County, Florida, Tax Collector (the “Tax Collector”) is a separate constitutional officer as provided by Article VIII, Section 1, of the Constitution of the State of Florida, and the Home Rule Chapter adopted by the people of Hillsborough County, Florida (the “County”). For financial reporting purposes, the Tax Collector is deemed to be a part of the primary government of the County and, therefore, is included as such in the Hillsborough County, Florida Annual Comprehensive Financial Report. The primary operating activities of the Tax Collector are included as part of the County general fund and the aggregate remaining fund information is included in the County’s aggregate remaining fund information. The financial statements of the Tax Collector do not purport to, and do not, present fairly, the financial position of Hillsborough County, Florida as of September 30, 2024, and the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – These financial statements include the General Fund and Custodial Funds of the Tax Collector’s office. The accompanying financial statements were prepared for purposes of complying with Section 218.39(2), *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General-Local Governmental Entity Audits* (the “Rules”), which require the Tax Collector to only present special purpose fund financial statements.

The Tax Collector utilizes the following fund types:

- *The 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.
- *The Custodial Funds* are used: (1) to account for collection of registrations and titles for vehicles, vessels, and mobile homes and driver license transactions and the subsequent distribution of those receipts to the State of Florida, and (2) to account for the collection and distribution of property and tangible personal property taxes, business taxes, tourist development taxes, birth certificates, hunting and fishing licenses, vehicle for hire licenses and concealed weapons licenses, in accordance with Government Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*.

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 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 sick and vacation pay, which are not recorded until paid.

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.

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 1—Summary of significant accounting policies (continued)

Custodial Funds are prepared under the economic resources measurement focus and the accrual basis of accounting.

Governmental Fund Balances – In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. As of September 30, 2024, the Tax Collector had a nonspendable balance in its General Fund consisting of \$291,114 for prepaid IT and payment processing services.

Spendable fund balances are classified based on a hierarchy of the Tax Collector's ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2024, the Tax Collector had no restricted fund balances.

Committed fund balances are fund balances constrained for specific purposes imposed by the Tax Collector's formal action of the highest level of decision-making authority. As of September 30, 2024, the Tax Collector had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2024, the Tax Collector had no assigned fund balances.

Unassigned fund balances represent the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2024, the Tax Collector had a negative unassigned fund balance of \$291,114 as the Tax Collector already paid for IT and payment processing services relating to fiscal year 2025.

The Tax Collector considers restricted funds to be used first when an expenditure is incurred and both restricted and unrestricted funds are available, followed by committed, assigned and then unassigned as applicable.

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 1—Summary of significant accounting policies (continued)

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

- *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.
- *Unpaid Taxes-Sale of Tax Certificates* – The Tax Collector advertises, as required by *Florida Statutes*, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may redeem the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.
- *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 Cash Equivalents – Cash and cash equivalents consist of bank checking and savings accounts, carried at cost, and an investment in State Board of Administration's ("SBA") Florida PRIME, which is presented at amortized cost.

Prepaid Items – The cost of prepaid items is recorded as an expenditure at the time it is acquired, which is in accordance with the purchase method. At year end an evaluation of prepaid items is performed and any significant amounts are reclassified to assets.

Unearned Business Tax Collection Fees – The Tax Collector charges business tax collection fees based on an estimate of the cost of billing and collection of the annual business taxes. The Tax Collector defers recognition of the business tax collection fees it receives until distribution of the business tax occurs. The fees are recognized as revenue in the following fiscal year when the costs to collect and distribute these taxes are incurred.

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 the governmental activities column of the government-wide financial statements. Through December 31, 2023, vacation leave was accrued as a liability as the benefits were earned by the employees. Sick leave was accrued as a liability as the benefits were earned by the employees, but only to the extent that it is probable that the Tax Collector will compensate the employees for the benefits through cash payments at termination or retirement. Starting January 1, 2024, the Tax Collector implemented a Paid-Time-Off (PTO) employee policy. PTO is a combined leave benefit with no separation between sick and vacation time.

The compensated absences liability also includes other salary-related costs incrementally associated with the payment of compensated absences such as the Tax Collector's share of Social Security and Medicare taxes.

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 1—Summary of significant accounting policies (continued)

Distribution of Excess Revenues – Florida Statutes provide that the excess of the Tax Collector's fee revenue over expenditures is to be distributed to each governmental agency in the same proportion as the fees paid by the governmental agency bear to total fee income received by the Tax Collector. The amount of undistributed excess fees at the end of the fiscal year is reported as amounts due to the Board of County Commissioners and due to other governmental agencies; the transfer and distribution of total excess fees are reported as other financing uses and expenditures, respectively. Distributions to other government agencies represent a reduction of current financial resources and are therefore recorded in expenditures.

Pension and Other Postemployment Benefits ("OPEB") Disclosures – The Tax Collector accounts for its pension and postemployment benefits other than pensions as provided in Notes 6 and 7, respectively.

Use of Estimates – The preparation of financial statements requires management to make use of estimates that affect reported amounts. Actual results could differ from estimates.

Recent Accounting Pronouncements – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences in order to create consistency amongst various governmental entities. This objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is permitted. The Tax Collector is currently evaluating the impacts of this statement on its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is permitted. The Tax Collector is currently evaluating the impacts of this statement on its financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is permitted. The Tax Collector is currently evaluating the impacts of this statement on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide the users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussions and Analysis for State and Local Governments*. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is permitted. The Tax Collector is currently evaluating the impacts of this statement of its financial statements.

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 2—Cash and cash equivalents

The Tax Collector’s policy is to follow the guidelines in Section 219.075, *Florida Statutes*, regarding the deposit of funds received and the investment of surplus funds. Sections 219.075 and 218.415, *Florida Statutes*, authorize the Tax Collector to invest in the SBA pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (“SEC”) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; direct obligations of the United States Treasury; federal agencies and instrumentalities, or interest-bearing time deposits and savings accounts held in federal or state-chartered banks and savings and loan associations doing business in Florida, provided that any such deposits are secured by collateral as may be prescribed.

At September 30, 2024, cash and cash equivalents included \$18,599,496 of cash on hand and cash deposited in banks and \$52,393,237 invested in SBA Florida PRIME. The bank balances were \$16,826,775 for deposits. Bank deposits are insured by the Federal Deposit Insurance Corporation or covered by the State of Florida collateral pool, a multiple-financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails.

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. Florida PRIME has a Standard & Poor’s rating of AAAM at September 30, 2024 and is measured at amortized cost. There are currently no limitations as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and Florida PRIME’s responsibilities should such an event occur is described in Section 218.409(8)(a), *Florida Statutes*.

Note 3—Capital assets

Tangible and intangible personal property used by the Tax Collector is reported as capital assets in the statement of net position as part of the basic financial statements of the County. Upon acquisition, such assets are recorded as capital outlay in the General Fund and are capitalized at cost in the capital asset accounts of the County. The Tax Collector maintains custodial responsibility for the capital assets used by its office.

Note 4—Accounts payable

Accounts payable in the General Fund are due to various vendors. Accounts payable in the custodial funds are primarily tax certificates.

Note 5—Accumulated compensated absences

The amount of vested accumulated compensated absences payable based upon the Tax Collector’s annual leave and sick leave policy is reported as a liability in the statement of net position in the County’s financial statements. The change in accumulated compensated absences during the year ended September 30, 2024, is as follows:

Beginning balance, October 1, 2023	\$	1,454,397
Additions		2,414,566
Reductions		(1,076,233)
Ending balance, September 30, 2024	\$	<u>2,792,730</u>

HILLSBOROUGH COUNTY, FLORIDA

TAX COLLECTOR

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 6—Retirement plan

Plan Description – The Tax Collector’s employees participate in the Florida Retirement System (“FRS”). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”), and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration.

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits under the Pension Plan are computed on the basis of age, average final compensation and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least 6 years of credited service, or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the 5 highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the 5 highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least 6 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the 5 highest years of salary for each year of credited service. Substantial changes were made to the Pension Plan during fiscal year 2011, affecting new members enrolled on or after July 1, 2011, by extending the vesting requirement to 8 years of credited service and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for these members is based on the 8 highest years of salary.

Funding Policy – All enrolled members of the FRS Pension Plan are required to contribute 3.0% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates. The employer contribution rates by job class, during the following periods, were as follows:

Employee Class or Plan	Percentage of Covered Payroll	
	October 1, 2023 - June 30, 2024	July 1, 2024- September 30, 2024
Regular	13.57%	13.63%
Elected Officers	58.68%	58.68%
Senior Management Service	34.52%	34.52%
DROP	21.13%	21.13%

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 6—Retirement plan (continued)

During the fiscal year ended September 30, 2024, the Tax Collector contributed to the plan an amount equal to 15.5% of covered payroll.

The HIS Plan provides a monthly benefit to assist retirees in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Eligible retirees and beneficiaries receive a monthly health insurance subsidy payment of \$7.50 for each year of creditable service, with a minimum payment of \$45 and a maximum payment of \$225 per month. The HIS Plan is funded by required contributions from FRS participating employees as set forth by the Florida Legislature, based on a percentage of gross compensation for all active FRS members.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

For those members who elect participation in the Investment Plan, rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third-party administrator selected by the State Board of Administration. 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, Elected 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 0.06% of payroll and by forfeited benefits of plan members.

The Tax Collector recognizes pension expenditures in an amount equal to amounts paid to the Pension Plan, the HIS Plan, and the Investment Plan, totaling approximately \$2,311,000, \$479,000 and \$911,000, respectively, for the fiscal year ended September 30, 2024. The Tax Collector's payments for the Pension Plan and the Investment Plan after June 30, 2024, the measurement date used to determine the net pension liability associated with the Pension Plan and HIS Plan, amounted to approximately \$995,000. The Tax Collector is not legally required to and does not accumulate expendable available resources to liquidate the retirement obligation related to its employees. Accordingly, the net pension liability and associated deferred outflows and deferred inflows are presented on the governmental activities column on the government-wide financial statements of the County.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000. That report may be viewed on the Florida Department of Management Services website located at www.dms.myflorida.com/workforce_operations/retirement/publications.

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 7—Other Postemployment Benefits (“OPEB”)

Plan Description – The Tax Collector offers a single-employer postemployment healthcare defined benefit plan administered by the Tax Collector. Pursuant to the provisions of Section 112.0801, *Florida Statutes*, former employees and eligible dependents who retire from the Tax Collector may continue to participate in the Tax Collector’s fully insured health and hospitalization plans for medical and prescription drug coverage. For the Postemployment Healthcare benefits Plan, benefit terms of the Tax Collector are established and may be amended through the Tax Collector’s office. The Plan’s funding policy is “pay-as-you-go” and does not use a trust.

Benefits Provided – The Tax Collector subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. In addition to the implicit subsidy, the Tax Collector provides a premium stipend of \$7.50 for each year of service, with a maximum of 30 years. The stipend is payable to retirees ages 55 to 65. Participants have to be eligible for and take medical coverage at retirement to receive the stipend. Also, retirees are required to enroll in the Federal Medicare program for primary coverage as soon as they are eligible. The number of participants within the benefit plan as of September 30, 2024 are as follows:

Inactive employees or beneficiaries currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	392
	<u>404</u>

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the below actuarial assumptions and other inputs, using the entry age normal cost actuarial method, applied to all periods included in the measurement, unless otherwise specified. September 30, 2024 was the actuarial measurement date.

Discount rate	3.81%
Payroll growth rate	4.50%
General inflation rate	2.50%
Annual healthcare cost trend rate, pre-Medicare	8.20% - 4.50%
Annual healthcare cost trend rate, post-Medicare	9.60% - 4.50%

The discount rate was based on the Bond Buyer GO 20-Bond Municipal Bond Index. Mortality rates were based on the PUBG.H-2010 Tables for employees and retirees, projected generationally with Scale MP-2021. The healthcare aging factors used in the September 30, 2024 valuation were based on results of normative data analyses, along with results from the 2013 Society of Actuaries sponsored study “Health Care Costs – From Birth to Death.”

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 7—Other Postemployment Benefits (“OPEB”) (continued)

Changes in the Total OPEB Liability presented on the governmental activities column on government-wide statement of net position financial statements of the County are as follows:

	Total OPEB Liability
Balances, September 30, 2023	<u>\$ 1,206,230</u>
Changes Recognized for the Fiscal Year:	
Service cost	89,789
Interest cost	49,030
Differences between expected and actual experiences	102,259
Changes of benefit terms	56,028
Changes of assumptions	109,293
Contributions from the employer	<u>(196,451)</u>
Net changes	<u>209,948</u>
Balances, September 30, 2024	<u><u>\$ 1,416,178</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% as of September 30, 2023 to 3.81% as of September 30, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Tax Collector, as well as what the Tax Collector's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point-lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.81%)	Current Rate (3.81%)	1% Increase (4.81%)
Total OPEB Liability	\$ 1,481,017	\$ 1,416,178	\$ 1,349,297

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Tax Collector, as well as what the Tax Collector's total OPEB liability would be if it were calculated using healthcare costs trend rates rate that is 1-percentage-point-lower or 1-percentage-point higher than the healthcare cost trend rates:

	1% Decrease (6.52% / 6.68%)	Trend Rate (7.52% / 7.68%)	1% Increase (8.52% / 8.68%)
Total OPEB Liability	\$ 1,270,282	\$ 1,416,178	\$ 1,590,015

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 7—Other Postemployment Benefits (“OPEB”) (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At September 30, 2024, the Tax Collector’s deferred outflows of resources and deferred inflows of resources related to OPEB reported on the County’s statement of net position are from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	\$ 102,474	\$ 268,881
Changes of assumptions or other inputs	605,194	413,313
Total	<u>\$ 707,668</u>	<u>\$ 682,194</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense on the County’s statement of net position as follows:

Year Ending September 30,

2025	\$ 515
2026	515
2027	2,419
2028	9,520
2029	9,367
Thereafter	3,138
	<u>\$ 25,474</u>

The Tax Collector does not issue a stand-alone financial statement for its OPEB plan.

Note 8—Commitments

Lessee – The Tax Collector is a lessee for noncancellable right to use assets with varying terms for certain office space and equipment. At the government-wide level the County recognizes a lease liability and an intangible right-to-use lease asset (lease asset). At the commencement of a lease, the Tax Collector and the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. At the fund level, the Tax Collector recognizes an expenditure and other financing source in the period the lease is initially recognized.

Key estimates and judgments related to leases include how the Tax Collector and County determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The Tax Collector and County use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Tax Collector and County generally use its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments include the measurement of the lease liability and are composed of the fixed payments and purchase option price that the Tax Collector and County is reasonably certain to exercise.

HILLSBOROUGH COUNTY, FLORIDA

TAX COLLECTOR

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 8—Commitments (continued)

The Tax Collector and County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position as part of the governmental activities opinion unit in the basic financial statements of the County.

The leases state that they may be canceled in the event budget appropriations are not sufficient to meet the Tax Collector's obligations under the leases. Lease expenditures for all leases for the year ended September 30, 2024 amounted to approximately \$506,000.

Annual debt service requirement to maturity for lease commitments are as follows:

Year ended September 30,	Principal	Interest	Total
2025	\$ 348,743	\$ 101,495	\$ 450,238
2026	373,113	90,699	463,812
2027	398,684	79,156	477,840
2028	425,491	66,829	492,320
2029	453,572	53,680	507,252
2030-2032	1,542,534	73,344	1,615,878
	<u>\$ 3,542,137</u>	<u>\$ 465,203</u>	<u>\$ 4,007,340</u>

Licensing and Maintenance Agreement – On October 1, 2014, the Tax Collector entered into a five-year licensing and maintenance agreement with a third-party vendor of a fully integrated system for the billing, collection and administration of taxes. Effective October 1, 2019, the Tax Collector and the third-party vendor agreed to amend the original licensing and maintenance agreement for an additional five years ending September 30, 2024. The amendment provides for an annual licensing and maintenance payment of \$686,560 for the first and second year, with an annual incremental increase of 3% for each year thereafter, on the maintenance agreement anniversary date.

The County and the Tax Collector have two interlocal agreements relating to the facilities occupied by the Tax Collector. The terms of those agreements are until the County designates other space for use by the Tax Collector. The annual rent amount for those facilities is \$68,844 and was determined to be out of scope for GASB 87 accounting purposes.

Note 9—Risk management

The County has established various self-insurance funds, in which the Tax Collector participates. These funds are accounted for as internal service funds in the basic financial statements of the County. Workers' compensation claims exceeding \$1,000,000 per claim are covered with specific excess insurance for the life of the claim. The County is also self-insured under sovereign immunity up to a maximum of \$200,000 per person/\$300,000 per occurrence for claims against the County involving negligence, including automobile and general liability. Negligence claims in excess of the statutory limits set forth in Section 768.28, *Florida Statutes*, can only be recovered through an act of the State of Florida Legislature. There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the past three years. Reserves have been established at the County for both claims that have been reported but not paid and claims incurred but not reported. During the year ended September 30, 2024, the Tax Collector paid \$414,383 to the Board of County Commissioners for insurance coverage.

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

Note 10—Restatement

GASB Statement No. 84, *Fiduciary Activities*, requires activity in custodial funds to be recognized on an accrual basis. In addition, the standard indicates custodial funds do not include the government’s own source revenue. During the current year, management determined cash and investment activity previously reported as additions and deductions should not have been recognized as such. Management also determined the Tax Collector’s fees had been included in additions and deductions in the prior year and should not have been included. The impact on prior year balances is as follows, there is no impact on ending fiduciary net position nor the change in fiduciary net position:

	<u>Additions</u>	<u>Deductions</u>	<u>Net Position</u>
Statement of Changes in Fiduciary Net Position - Custodial Funds Balances Year Ended September 30, 2023, as previously reported	\$ 6,011,259,249	\$ 6,011,259,249	\$ -
Change to remove internal transfers	2,732,867,436	2,732,867,436	-
Change to remove Tax Collector fees	64,468,043	64,468,043	-
Year Ended September 30, 2023, as restated	<u>\$ 3,213,923,770</u>	<u>\$ 3,213,923,770</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

HILLSBOROUGH COUNTY, FLORIDA**TAX COLLECTOR****REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)**

YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Charges for services:				
Board of County Commissioners	\$ 49,901,600	\$ 49,901,600	\$ 49,750,423	\$ (151,177)
Other governmental agencies	8,597,400	8,597,400	7,573,870	(1,023,530)
Taxpayers	12,855,000	12,855,000	14,312,806	1,457,806
Interest earnings	1,500,000	1,500,000	1,434,313	(65,687)
Miscellaneous	395,000	395,000	421,525	26,525
Total revenues	73,249,000	73,249,000	73,492,937	243,937
Expenditures:				
General government:				
Personnel services	36,042,234	36,042,234	36,012,053	30,181
Operating expenditures	8,282,961	8,282,961	7,414,662	868,299
Debt service:				
Principal	—	—	325,537	(325,537)
Interest	—	—	111,578	(111,578)
Capital outlay	298,500	298,500	120,619	177,881
Total expenditures	44,623,695	44,623,695	43,984,449	639,246
Excess of revenue over expenditure	28,625,305	28,625,305	29,508,488	883,183
Other financing sources and uses:				
Distribution of excess revenues:				
Board of County Commissioners	(25,762,775)	(25,762,775)	(26,472,862)	(710,087)
Other governmental agencies	(2,862,530)	(2,862,530)	(3,035,626)	(173,096)
Total other financing sources and uses	(28,625,305)	(28,625,305)	(29,508,488)	(883,183)
Net change in fund balance	—	—	—	—
Fund balance, beginning of year	—	—	—	—
Fund balance, end of year	\$ —	\$ —	\$ —	\$ —

See Note to Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund

HILLSBOROUGH COUNTY, FLORIDA
TAX COLLECTOR
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL – GENERAL FUND (BUDGETARY BASIS)

SEPTEMBER 30, 2024

Budgetary requirement

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the *Florida Statutes*. The budgeted revenues and expenditures, reported in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, are required supplementary information reflecting all approved amendments.

On or before August 1 of each year, the Tax Collector submits an operating budget for the General Fund to the Florida Department of Revenue (the “Department”) and the Hillsborough County, Florida, Board of County Commissioners (the “Board”). The Department examines the budget and returns it to the Tax Collector with rulings thereon. The Tax Collector revises the budget as required and resubmits it to the Department for final approval. After final approval, no reductions or increases are permitted without the approval of the Department.

Budgetary control is maintained at the major object code level of the Tax Collector’s departments. Budgetary changes within the major object expenditure categories are made at the discretion of the Tax Collector. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

Distribution of Excess Revenues to Other Government Agencies - There is a difference between the budgetary basis of accounting and the financial statement basis of accounting for the treatment of excess fee distributions to entities outside of the County’s reporting entity. On a budgetary basis, distributions of excess fees through this fund are reported as other financing uses. For financial statement purposes, these distributions are reported as expenditures because there is a reduction in financial resources of the County.

The following table reconciles the difference in those certain amounts between the statement and the schedule:

		Distribution of Excess Revenues to Other	
	Budgetary Basis	Governmental Entities	GAAP Basis Financials
Total expenditures	\$ 43,984,449	\$ 3,035,626	\$47,020,075
Total other financing uses	(29,508,488)	3,035,626	(26,472,862)

SUPPLEMENTARY INFORMATION (UNAUDITED)

HILLSBOROUGH COUNTY, FLORIDA

TAX COLLECTOR

SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS LAST EIGHT FISCAL YEARS

SEPTEMBER 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 89,789	\$ 99,275	\$ 123,414	\$ 76,245	\$ 68,439	\$ 64,377	\$ 66,557	\$ 69,718
Interest cost	49,030	63,264	39,046	25,291	27,489	45,059	39,811	35,409
Changes of benefit terms	56,028	—	—	—	—	—	—	—
Differences between expected and actual experiences	102,259	(15,591)	(35,653)	(205,355)	(34,943)	(126,006)	26,071	(73,567)
Changes of assumptions	109,293	(344,636)	(154,271)	675,118	72,402	59,756	(23,968)	(24,046)
Benefit payments	(196,451)	(139,720)	(66,084)	(4,537)	(55,598)	(127,003)	(117,294)	(19,218)
Net Change in total OPEB liability	209,948	(337,408)	(93,548)	566,762	77,789	(83,817)	(8,823)	(11,704)
Total OPEB liability, beginning	1,206,230	1,543,638	1,637,186	1,070,424	992,635	1,076,452	1,085,275	1,096,979
Total OPEB liability, ending	<u>\$ 1,416,178</u>	<u>\$ 1,206,230</u>	<u>\$ 1,543,638</u>	<u>\$ 1,637,186</u>	<u>\$ 1,070,424</u>	<u>\$ 992,635</u>	<u>\$ 1,076,452</u>	<u>\$ 1,085,275</u>
Covered payroll	\$ 23,521,811	\$ 20,969,161	\$ 19,500,188	\$ 17,173,244	\$ 16,263,431	\$ 16,087,700	\$ 16,110,532	\$ 15,796,697
Total OPEB liability as a percentage of covered payroll	6.02%	5.75%	7.92%	9.53%	6.58%	6.17%	6.68%	6.87%

Note: The data for this chart was not available prior to fiscal year 2017.

Notes to Schedule of Changes in Total OPEB Liability and Related Ratios

Funding Policy – The Plan’s funding policy is “pay-as-you-go” and does not accumulate assets within a trust to pay related benefits.

Changes of Benefit Terms – During the fiscal year, there were no changes of benefits provided. Amounts presented do not include changes in benefit terms prior to October 1, 2017, as data was not available under GASB 75.

Changes of Assumptions – Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% as of September 30, 2023 to 3.81% as of September 30, 2024. Amounts presented do not include changes in benefit terms prior to October 1, 2017, as data was not available under GASB 75.

HILLSBOROUGH COUNTY, FLORIDA**TAX COLLECTOR****COMBINING STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUNDS***SEPTEMBER 30, 2024*

	Tax and License Fund	Motor Vehicle Fund	Total All Custodial Funds
Assets			
Cash and cash equivalents	\$33,690,223	\$ 6,407,915	\$40,098,138
Accounts receivable	3,322,767	86,529	3,409,296
Total assets	<u>\$37,012,990</u>	<u>\$ 6,494,444</u>	<u>\$43,507,434</u>
Liabilities			
Due to individuals	\$ 3,769,433	\$ 8,960	\$ 3,778,393
Deposits	121,990	-	121,990
Due to other governmental agencies	14,407,913	6,459,949	20,867,862
Due to Board of County Commissioner	18,713,654	25,535	18,739,189
Total liabilities	<u>\$37,012,990</u>	<u>\$ 6,494,444</u>	<u>\$43,507,434</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBOROUGH COUNTY, FLORIDA**TAX COLLECTOR****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUNDS***YEAR ENDED SEPTEMBER 30, 2024*

	Tax and License Fund	Motor Vehicle Fund	Total All Custodial Funds
Additions			
Taxes and licenses collected for other governments and agencies	\$3,317,142,956	\$ -	\$3,317,142,956
Motor vehicle fees collected for other agencies	-	227,450,987	227,450,987
Total additions	<u>\$3,317,142,956</u>	<u>\$227,450,987</u>	<u>\$3,544,593,943</u>
Deductions			
Taxes and licenses distributed to other governments and agencies	\$3,317,142,956	\$ -	\$3,317,142,956
Motor vehicle fees distributed to other agencies	-	227,450,987	227,450,987
Total deductions	<u>\$3,317,142,956</u>	<u>\$227,450,987</u>	<u>\$3,544,593,943</u>
Change in fiduciary net position	\$ -	\$ -	\$ -
Net position, beginning of year	-	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY REPORTS

**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**

RSM US LLP

Independent Auditor's Report

Honorable Nancy C. Millan
Tax Collector
Hillsborough 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 (*Government Auditing Standards*), the financial statements of the major fund and the aggregate remaining fund information of the Hillsborough County, Florida, Tax Collector (the Tax Collector) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Tax Collector's financial statements, and have issued our report thereon dated June 24, 2025. Our report included an emphasis-of-matter paragraph to reflect that these financial statements were prepared to comply with Section 218.39, *Florida Statutes*, and Section 10.557(3), *Rules of the Florida Auditor General for Local Governmental Entity Audits*, and are intended to present the financial position and the changes in financial position of the Tax Collector and do not represent a complete presentation of the financial statements of Hillsborough County, Florida. In addition, the fiduciary funds additions and deletions were restated to correct an error related to including internal transfers and own source revenue. Our opinions are not modified with respect to these matters.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described below as item 2024-001, that we consider to be a material weakness.

2024-001 – Material Weakness, Custodial Funds Additions and Deductions

Criteria: The Tax Collector's management is responsible for financial reporting in the form of financial statements that present fairly, in all material respects. GASB 84, *Fiduciary Activities*, requires activity to be recognized in custodial funds on an accrual basis. It also indicates the government's own source revenue should not be included in the custodial funds.

Condition: The Tax Collector included transfers between cash and investments and own source revenues within the additions and deductions balances reported on the financial statements.

Context: The additions and deductions reported in the custodial funds.

Effect: Material overstatement of additions and deductions. There was no impact on the ending fiduciary net position or the change in fiduciary net position.

Cause: The cause is lack of effective controls over financial reporting. Additions and deductions are not tracked within the general ledger in accordance with generally accepted accounting principles (GAAP) but rather calculated based on balance sheet activity which included internal transfers and own source revenues.

Recommendation: We recommend the Tax Collector track additions and deductions for custodial funds within the general ledger in accordance with GAAP.

Views of Responsible Officials: The Tax Collector's Office acknowledges the audit finding regarding the reporting of fiduciary activities under GASB Statement No. 84. During initial implementation of GASB 84, the Office consulted with and relied upon guidance provided by the independent audit firm regarding the appropriate accounting treatment for fiduciary activities. In good faith, the Office applied the methodology recommended to ensure compliance with generally accepted accounting principles. After the original implementation, the audit firm issued revised interpretations of the GASB 84 requirements, which differed from their earlier guidance. Upon receipt of this updated guidance, the Office promptly adjusted its reporting methodology accordingly. This adjustment did not materially impact the net position or overall financial health of the fiduciary funds. The Tax Collector's Office remains committed to maintaining the highest standards of financial reporting, transparency, and accountability. We will continue to monitor authoritative guidance and collaborate with our independent auditors to ensure continued compliance with applicable standards.

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 or other matters that are required to be reported under *Government Auditing Standards*.

Tax Collector's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Tax Collector's response to the finding identified in our audit and described previously. The Tax Collector's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

RSM VS LLP

Tampa, Florida
June 24, 2025

**Management Letter Required by Chapter 10.550 of the Rules of the
Auditor General of the State of Florida**

Honorable Nancy C. Millan
Tax Collector
Hillsborough County, Florida

Report on the Financial Statements

We have audited the financial statements of the Hillsborough County, Florida, Tax Collector (the Tax Collector), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 24, 2025.

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 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 our 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 June 24, 2025, 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. No findings or recommendations were made in the preceding annual financial 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 the management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in Note 1 to the financial statements.

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 us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, no such matters were reported.

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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Hillsborough County, the Tax Collector, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM VS LLP

Tampa, Florida
June 24, 2025

Independent Accountant's Report

Honorable Nancy C. Millan
Tax Collector
Hillsborough County, Florida

We have examined the Hillsborough County, Florida, Tax Collector's (the Tax Collector) compliance with the local government investment policy requirements of Section 218.415, *Florida Statutes*, during the period October 1, 2023 to September 30, 2024. Management of the Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. Our responsibility is to express an opinion on the Tax Collector's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the Tax Collector's compliance with the specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Tax Collector complied, in all material respects, with the specified requirements, during the period October 1, 2023 to September 30, 2024.

This report is intended solely for the information and use of the Florida Auditor General, Hillsborough County, the Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Tampa, Florida
June 24, 2025