



Audit Number #2021-07

Vessel Registration Fees

May 28, 2021



**Clerk of the Circuit Court & Comptroller
Internal Audit Department**



ANGELA VICK

CLERK OF THE CIRCUIT COURT AND COMPTROLLER
CITRUS COUNTY, FLORIDA

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May 28, 2021

The Honorable Angela Vick
Clerk of the Circuit Court and Comptroller

Dear Ms. Vick:

The Internal Audit Department (IAD) has completed an audit of the vessel registration fees. This was requested by the Citrus County Board of County Commissioners and was included in the Fiscal Year 2020 audit plan. However, due to a special request engagement by the BOCC this project was carried forward into the Fiscal Year 2021 audit plan.

The purpose of this audit was to determine whether the County's portion of the vessel registration fees were in compliance pursuant to Florida Statute 328.72; to determine whether vessel registration fees were properly utilized by the BOCC pursuant to Florida Statute 328.72; and to determine whether the BOCC's internal controls over monitoring the receipt of vessel registration fees were adequate. The audit review period was October 1, 2018 through September 30, 2020.

The audit did not reveal any findings or observations.

We appreciate the professional courtesies of the BOCC Department of Management and Budget, Parks and Recreation and Grounds Maintenance for their cooperation and assistance during the course of this engagement.

Sincerely,

Robin C. Barclay

Robin Barclay
Chief Audit Officer

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Abbreviations

BIF – Boating Improvement Fund

BOCC – Board of County Commissioners

DMB – Department of Management and Budget

FLHSMV – Florida Department of Highway Safety and Motor Vehicles

FS – Florida Statute

IAD – Internal Audit Department

ROD – Receipt of Deposit

TC - Tax Collector

I. SUMMARY OF FINDINGS/OBSERVATIONS & RECOMMENDATIONS

Summary of Findings and Observations
Findings - NONE
Observations - NONE

II. SCOPE, OBJECTIVES AND METHODOLOGY

Scope

The scope of this engagement included transactions, which occurred, and processes in effect, from October 1, 2018 through September 30, 2020.

Objectives

The objectives of this engagement were to:

- (1) Determine whether the County portion of the vessel registration fees were in compliance pursuant to Florida Statute 328.72;
- (2) Determine whether vessel registration fees were properly utilized by the BOCC pursuant to Florida Statute 328.72; and,
- (3) Determine whether the BOCC'S internal controls over monitoring the receipt of vessel registration fees were adequate.

Methodology

To meet these objectives, procedures included, but were not limited to, the following:

- Interviewing key personnel engaged in the area under review from DMB, Parks and Recreation, and Grounds Maintenance.
- Comparing revenue and/or expenditure data from Vessel Registration Reports, E-Commerce Reports, Receipts of Deposit (ROD), and Pentamation Reports; identify discrepancies (if any).
- Evaluating supporting documentation for vessel registration fee expenditures.
- Reviewing policies and procedures related to vessel registration fees.

III. EXECUTIVE SUMMARY

The Citrus County Board of County Commissioners (BOCC) requested the Citrus County Clerk of the Circuit Court and Comptroller (Clerk) to perform an audit on the Boating Improvement Fund (BIF) expenditures and was included in the Fiscal Year 2020 audit plan. The purpose of this audit was to determine if the vessel registration fees were properly used by the BOCC. In addition, the county portion of vessel registration fees were reviewed to determine if the BOCC received the proper amounts. Internal controls were evaluated to determine if there was adequate monitoring and receipt of the vessel registration fees.

IAD determined that:

- The vessel registration fees distributed to the BOCC from the TC were correct.
- The vessel registration fees distributed to the BOCC were used for the sole purpose authorized in F.S. 328.72.
- The internal controls over monitoring the receipt of the vessel registration fees were adequate.

IV. BACKGROUND

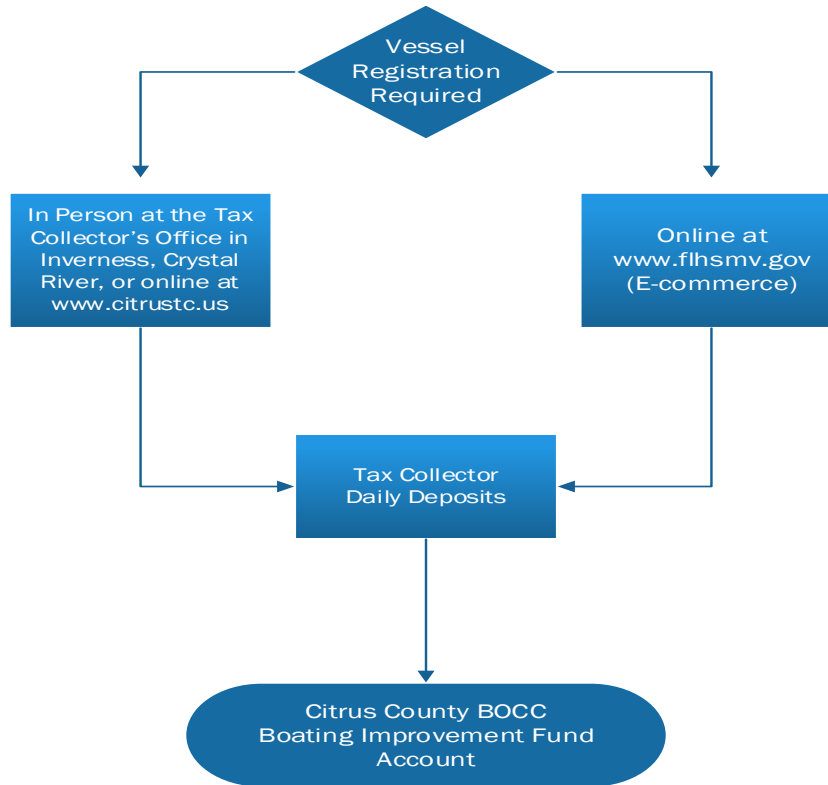
Authority

Florida Statute 328.72 was established so that all vessels are required to be registered and shall be classified for registration purposes according to the published schedule. The county retains a portion of each recreational vessel registration fee it collects. *“Moneys designated for the use of the counties, as specified in subsection (1), shall be distributed by the tax collector to the board of county commissioners for use only as provided in this section. Such moneys to be returned to the counties are for the sole purposes of providing, maintaining, or operating recreational channel marking and other uniform waterway markers, public boat ramps, lifts, and hoists, marine railways, boat piers, docks, mooring buoys, and other public launching facilities; and removing derelict vessels, debris that specifically impedes boat access, not including the dredging of channels, and vessels and floating structures deemed a hazard to public safety and health. Counties shall demonstrate through an annual detailed accounting report of vessel registration revenues that the registration fees were spent as provided in this subsection.”*

Florida Statute 328.73 states, *“The tax collectors in the counties of the state, as authorized agents of the department, shall issue registration certificated and vessel numbers and decals to applicants, subject to the requirements of law and in accordance with rules of the department. Each tax collector shall keep a full and complete record and account of all vessel decals and other properties received by him or her from the department or from any other source and shall make prompt remittance of moneys collected by him or her at the times and in the manner prescribed by law.”*

Process

The following depicts the revenue collection and distribution of vessel registration fees to the BOCC:



When a vessel requires new registration or the current registration is up for renewal, it can be done in various ways. The individual registering the vessel can go to the TC’s office in person or go online at www.citrustc.us. If the registration is done via this process, the money is paid directly to the TC and placed in the TC’s daily deposits. The registration can also be done online at www.flhsmv.gov. Fees collected by the Florida Department of Highway Safety and Motor Vehicles (FLHSMV) are transferred to the TC’s Office.

FLHSMV calculates the amount to be distributed to the BOCC and provides the TC with the dollar amount. On a monthly basis, the vessel registration fees are transferred to the BOCC Boating Improvement Fund (fund 065). The amount is based off the class (size) of the boat.

Fee Schedule

After November 12 2019 - New fee added - Removal Derelict Vessel								
Class A-1 less than 12 feet			Class A-2 12 feet to less than 16 feet			Class 1 16 feet to less than 26 feet		
		Distributed to:			Distributed to:			Distributed to:
\$ 4.00	Vessel Base Tax (Recreational)	DHSMV	\$ 9.90	Vessel Base Tax (Recreational)	DHSMV	\$ 16.40	Vessel Base Tax (Recreational)	DHSMV
\$ 1.50	Vessel Manatee Fee	DHSMV	\$ 2.00	Aquatic Plant Fee	DHSMV	\$ 2.00	Aquatic Plant Fee	DHSMV
\$ 1.00	Decal on Demand Fee	DHSMV	\$ 1.50	Vessel Manatee Fee	DHSMV	\$ 1.50	Vessel Manatee Fee	DHSMV
\$ 1.00	Vessel LERSTF	DHSMV	\$ 1.00	Additional Manatee Fee	DHSMV	\$ 1.00	Additional Manatee Fee	DHSMV
\$ 0.50	FRVIS Fee (Vessels)	DHSMV	\$ 1.00	Decal on Demand Fee	DHSMV	\$ 1.00	Decal on Demand Fee	DHSMV
\$ -	County Retained Vessel Fee	BOCC	\$ 1.00	Marine Resources Fee	DHSMV	\$ 1.00	Marine Resources Fee	DHSMV
\$ 2.25	Vessel Service Fee	Tax Collector	\$ 1.00	Vessel LERSTF	DHSMV	\$ 1.00	Vessel LERSTF	DHSMV
\$ 0.50	Branch Fee	Tax Collector	\$ 0.50	FRVIS Fee (Vessels)	DHSMV	\$ 0.50	FRVIS Fee (Vessels)	DHSMV
\$ 10.75	Total Registration Fee		\$ 0.25	Removal Derelict Vessel Fee	DHSMV	\$ 2.06	Removal Derelict Vessel Fee	DHSMV
			\$ 0.60	County Retained Vessel Fee	BOCC	\$ 4.79	County Retained Vessel Fee	BOCC
			\$ 2.25	Vessel Service Fee	Tax Collector	\$ 2.25	Vessel Service Fee	Tax Collector
			\$ 0.50	Branch Fee	Tax Collector	\$ 0.50	Branch Fee	Tax Collector
			\$ 21.50	Total Registration Fee		\$ 34.00	Total Registration Fee	

Class 2 26 feet to less than 40 feet			Class 3 40 feet to less than 65 feet			Class 4 65 feet to less than 110 feet		
		Distributed to:			Distributed to:			Distributed to:
\$ 41.90	Vessel Base Tax (Recreational)	DHSMV	\$ 67.40	Vessel Base Tax (Recreational)	DHSMV			
\$ 2.00	Aquatic Plant Fee	DHSMV	\$ 2.00	Aquatic Plant Fee	DHSMV		We do not have any in this	
\$ 1.50	Vessel Manatee Fee	DHSMV	\$ 1.50	Vessel Manatee Fee	DHSMV		classification	
\$ 1.00	Additional Manatee Fee	DHSMV	\$ 1.00	Additional Manatee Fee	DHSMV			
\$ 1.00	Decal on Demand Fee	DHSMV	\$ 1.00	Decal on Demand Fee	DHSMV			
\$ 1.00	Marine Resources Fee	DHSMV	\$ 1.00	Marine Resources Fee	DHSMV			
\$ 1.00	Vessel LERSTF	DHSMV	\$ 1.00	Vessel LERSTF	DHSMV			
\$ 0.50	FRVIS Fee (Vessels)	DHSMV	\$ 0.50	FRVIS Fee (Vessels)	DHSMV			
\$ 9.26	Removal Derelict Vessel Fee	DHSMV	\$ 16.45	Removal Derelict Vessel Fee	DHSMV			
\$ 21.59	County Retained Vessel Fee	BOCC	\$ 38.40	County Retained Vessel Fee	BOCC			
\$ 2.25	Vessel Service Fee	Tax Collector	\$ 2.25	Vessel Service Fee	Tax Collector			
\$ 0.50	Branch Fee	Tax Collector	\$ 0.50	Branch Fee	Tax Collector			
\$ 83.50	Total Registration Fee		\$ 133.00	Total Registration Fee				

During the audit period, an additional fee (Removal of Derelict Vessel) was added to the fee schedule, as of November 12, 2019. However, the additional fee did not change the total registration fee because it was deducted from the County's portion of retained vessel registration fees.

Below is a sample of a Class 1 registration fee breakdown showing the amount distributed to the County before and after November 12, 2019:

Fee Schedule Prior To November 12, 2019

Revised Fee Schedule as of November 12, 2019

Class 1	16 feet to less than 26 feet	Distributed to:	Class 1	16 feet to less than 26 feet	Distributed to:
\$ 16.40	Vessel Base Tax (Recreational)	DHSMV	\$ 16.40	Vessel Base Tax (Recreational)	DHSMV
\$ 2.00	Aquatic Plant Fee	DHSMV	\$ 2.00	Aquatic Plant Fee	DHSMV
\$ 1.50	Vessel Manatee Fee	DHSMV	\$ 1.50	Vessel Manatee Fee	DHSMV
\$ 1.00	Additional Manatee Fee	DHSMV	\$ 1.00	Additional Manatee Fee	DHSMV
\$ 1.00	Decal on Demand Fee	DHSMV	\$ 1.00	Decal on Demand Fee	DHSMV
\$ 1.00	Marine Resources Fee	DHSMV	\$ 1.00	Marine Resources Fee	DHSMV
\$ 1.00	Vessel LERSTF	DHSMV	\$ 1.00	Vessel LERSTF	DHSMV
\$ 0.50	FRVIS Fee (Vessels)	DHSMV	\$ 0.50	FRVIS Fee (Vessels)	DHSMV
\$ 6.85	County Retained Vessel Fee	BOCC	\$ 2.06	Removal Derelict Vessel Fee	DHSMV
\$ 2.25	Vessel Service Fee	Tax Collector	\$ 4.79	County Retained Vessel Fee	BOCC
\$ 0.50	Branch Fee	Tax Collector	\$ 2.25	Vessel Service Fee	Tax Collector
			\$ 0.50	Branch Fee	Tax Collector
\$ 34.00	Total Registration Fee		\$ 34.00	Total Registration Fee	

2019 FLHSMV Vessel Registrations

The FLHSMV website contains a chart showing the most recent Annual Vessel Statistics by County. The current chart posted is 2019. In 2019, Citrus County had 16,775 vessels registered.

COUNTY	CLASS A-1		CLASS A-2		CLASS 1		CLASS 2		CLASS 3		CLASS 4		CLASS 5		CANOES		DEAL	PLES	COMM	TOTAL
	< THAN 12'	12 - 15' 11"	16 - 25' 11"	26 - 39' 11"	40 - 64' 11"	65 - 109' 11"	110' MORE	Ples	Comm	Ples	Comm	Ples	Comm	Ples	Comm					
ALACHUA	1,051	8	2,652	67	6,287	131	515	20	265	3	65	0	1	0	257	1	31	11,093	230	11,354
BAKER	319	0	874	1	1,598	11	30	0	4	0	0	0	0	0	26	0	2	2,851	12	2,865
BAY	2,646	23	4,171	92	8,085	306	1,140	128	206	96	13	17	1	1	129	1	127	16,391	664	17,182
BRADFORD	306	0	723	7	1,336	9	32	2	1	0	0	0	0	0	39	0	5	2,437	18	2,460
BREVARD	5,159	31	7,022	108	17,103	442	2,412	139	401	23	9	6	1	1	636	3	446	32,743	753	33,942
BROWARD	9,741	67	5,091	107	19,982	449	7,993	223	1,703	113	273	19	20	6	266	0	552	45,069	984	46,605
CALHOUN	106	0	866	9	622	17	18	2	2	2	1	0	0	0	11	0	0	1,626	30	1,656
CHARLOTTE	3,073	21	2,622	39	13,813	363	2,559	75	434	10	4	0	1	0	214	1	79	22,720	509	23,308
CITRUS	1,335	10	3,890	47	10,227	442	360	96	44	8	0	0	0	0	248	4	64	16,104	607	16,775
CLAY	2,232	1	2,197	22	6,665	79	983	23	481	13	39	2	9	54	124	0	36	12,730	194	12,960
COLLIER	4,197	18	2,281	59	10,920	519	3,520	180	562	53	47	4	1	0	258	4	126	21,786	837	22,749

Role of the Tax Collector

As an agent for the Division of Motorist Services, the TC is responsible for providing the necessary service and record keeping procedures used in processing vessel (boat) titles and registrations. All motorized vessels, commercial and private, must be registered, titled and issued a decal before they can be used in Florida waters. The decal must be affixed to the port side of the boat. Vessel registration fees are based on the length of the boat. Renewal of vessel registrations can be accomplished in person at any Tax Collector's office or online.

V. PROCEDURES PERFORMED AND ANALYSIS

- 1. IAD verified the dollar amounts of vessel registration fees distributed to the BOCC was correct.**

IAD obtained copies of Vessel Registration Reports and E-Commerce Reports from the TC for the period of October 1, 2018 through September 30, 2020. IAD identified the number of transactions processed by vessel class and calculated the dollar amount of fees that should be distributed to the BOCC. IAD also compared the calculated amount to the dollar amount reflected on the Vessel Registration Reports.

- 2. IAD verified the dollar amount of the ROD agreed with the dollar amount reflected on the Vessel Registration Reports and the E-Commerce Reports.**

IAD obtained copies of the RODs for retained vessel registration fees for the period of October 1, 2018 through September 30, 2020 and compared them to the dollar amounts reflected on the Vessel Registration Reports and the E-Commerce Reports. IAD obtained Pentamation Revenue Audit Trail Reports relating to deposits for the Boating Improvement Fund (BIF) account for the same time-period and compared the dollar amounts on the RODs.

- 3. IAD verified that the vessel registration fees distributed to the BOCC were used for the sole purposes provided in Florida Statute 328.72, subsection 15.**

IAD obtained BOCC Pentamation Expenditure Audit Trail Reports for the period of October 1, 2018 through September 30, 2020 and supporting documentation (purchase orders receipts, contracts, and P-card transactions). IAD reviewed Expenditure Audit Trail Reports and supporting documentation and determine if expenditures were solely for the purpose of *'...providing, maintaining, or operating recreational channel marking and other uniform waterway markers, public boat ramps, lifts, and hoists, marine railways, boat piers, docks,*

mooring buoys, and other public launching facilities; and removing derelict vessels, debris that specifically impedes boat access, not including the dredging of channels, and vessels and floating structures deemed a hazard to public safety and health for failure to comply with s. 327.53.'

The following tables summarize expenditures which used funds collected from vessel registration fees for fiscal years 2018/19 and 2019/20:

Fiscal Year 2018-19		Boating Improvement Fund: Expenditures		
Account #	Account Description	Budgeted	Actual	Project
54610	Maintenance-Parks	\$ 10,600.00	\$ 4,900.73	Parsons Point Dock/ Trails End Fishing Platform/ Turner Camp Dock Boating Dock Corner Bumper & Rub Rail Replacement
56300	Improve Other Than Bldg	\$ 72,875.00	\$ -	
56326	Boat Ramp Improvements	\$ 605,176.00	\$ -	
59100	Transfers	\$ 4,850.00	\$ 1,700.00	Derelict Vessel Removal Grant Contract #17361 (Cash Match)
61000	Reserve Cash Forward	\$ 253,590.00	\$ -	
		\$ 947,091.00	\$ 6,600.73	

Fiscal Year 2019-20		Boating Improvement Fund: Expenditures		
Account #	Account Description	Budgeted	Actual	Project
54610	Maintenance-Parks	\$ 9,600.00	\$ 6,128.24	Duval Island Boat Dock/ Fort Island Trail Park Boat Dock/ Hernando Boat Ramp Dock County Boat Docks: Rub Rails & Corner Bumpers
56300	Improve Other Than Bldg	\$ 72,875.00	\$ 72,875.00	Fort Island Trail Park Boat Dock Replacement/ MacRae's Boat Dock Replacement
56326	Boat Ramp Improvements	\$ 7,850.00	\$ 5,250.00	Barge Canal Boat Ramp
59100	Transfers	\$ 665,176.00	\$ 665,176.00	Barge Canal Boat Ramp Grant Contract #200107132.01 (Cash Match)
61000	Reserve Cash Forward	\$ 296,924.00	\$ -	
		\$ 1,052,425.00	\$ 749,429.24	

During an interview with IAD, the BOCC Grounds Maintenance Division Manager explained that prior to FY 2018, Grounds Maintenance used general maintenance funds for all repairs of the fishing piers and boat ramps within Citrus County. In FY 2018, projects and general maintenance expenses were charged to the BIF, as eligible costs per F.S. 328.72.

IAD also obtained and reviewed the Report on Recreational Vessel Registration Fees provided to the Florida Fish and Wildlife Conservation Commission (FWC) and verified that the Expenditure Audit Trail Report agreed with the FWC report.

4. IAD verified whether formal written procedures existed for monitoring the receipt of vessel registration fees.

IAD met with DMB and requested any formal written policies and procedures related to vessel registration fees. DMB provided IAD with one page from their Revenue Manual, which gave a very brief overview of the vessel registration fees, but did not include any directives on oversight of the vessel registration fee revenues.

IAD determined there was a BOCC Administrative Regulation that addressed fund balance policy. AR 6.04-4, *Fund Balances, Reserves, Contingencies, and Utility & Solid Waste Rate of Return Policy* requires on an annual basis a schedule of all fund balances showing the difference between the budgeted fund balance and actual fund balance for the fiscal year be presented to the BOCC. The BIF was included on this schedule.

The Director of DMB advised there were several exercises of revenue review throughout the year. In preparing the annual budget, revenue accounts are reviewed to ensure collections and activity are within an anticipated range. Analysis of revenue accounts occur at year-end, to identify any variances and accruals in preparation of the Annual Comprehensive Financial Report.

The BOCC has over 225 active revenue accounts, which spans over 600 funds. Review of material revenue accounts occurs on a quarterly basis.

This analysis of revenue accounts is required on an annual basis as stated above in AR 6.04-4, *Fund Balances, Reserves, Contingencies, and Utility & Solid Waste Rate of Return Policy*.