SEMINOLE COUNTY
CLERK OF THE CIRCUIT COURT
AUDIT DIVISION
PUBLIC SERVICE TAX AUDIT
OF
FLORIDA POWER & LIGHT COMPANY

September 8, 1998

Prepared by:
Internal Audit Division
Clerk of the Circuit Court
September 8, 1998

The Honorable Randall C. Morris  
Chairman  
The Board of County Commissioners  
Seminole County, Florida  
1101 East First Street  
Sanford, Florida 32771  

Dear Mr. Chairman:  

I am very pleased to present you with the attached audit entitled, Public Service Tax Audit of Florida Power & Light Company.  

The audit was performed June 22, 1998 through August 17, 1998. We found that the amount of taxes being collected on behalf of the county was accurate, complete, and in compliance with the requirements of Seminole County Ordinance 91-12.  

I would like to thank the Florida Power & Light management team for their cooperation and assistance throughout the course of the audit. The assistance was deeply appreciated.  

With warmest personal regards, I am  

Most cordially,  

Maryanne Morse  
Clerk of the Circuit Court  
Seminole County
DISTRIBUTION LIST

BOARD OF COUNTY COMMISSIONERS
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Florida Power & Light Company (FPL) is a wholly owned subsidiary of FPL Group, Inc. FPL, as a supplier of electricity, is required by law to collect a public service tax based on retail sales of electricity. The Internal Audit Division of the Office of the Clerk of the Circuit Court completed an audit of FPL’s tax records at its corporate office in Miami, Florida. The results of the audit are included in the report that follows.

PURPOSE
The purpose of the audit was to determine if the amount of public service taxes being collected on behalf of the county is accurate, complete, and in compliance with the requirements of Seminole County Ordinance 91-12. The audit was performed specifically to determine if all taxes and public service tax returns are submitted to Seminole County in a timely manner.

BACKGROUND
The Board of County Commissioners (hereafter BCC) is authorized to impose a public service tax pursuant to Article VIII, Section 1 (g) and Article VII, Section 9(a) of the constitution of the State of Florida and the Seminole County Home Rule Charter; and pursuant to Section 166.231, Florida Statutes. Florida Statue 166.231 specifically authorizes the municipalities within the State of Florida to collect up to a ten percent tax on sales of electricity, water, gas, and telecommunication services.

On September 9, 1991, the BCC adopted Ordinance No. 91-12, establishing a four percent public service tax on the purchase of electricity, water, metered, or bottled gas (natural liquefied petroleum gas or manufactured), telecommunication services, and fuel oil. FPL is required to add a four percent public service tax to each customer’s electric bill, unless the customer is specifically granted an exemption from the tax.
The ordinance provides the following exemptions:

- The first 300 kilowatt hours of electricity for residential customers;
- The United States Government;
- The State of Florida or any other public body; and,
- Churches requesting exemption.

SCOPE

The scope of this audit included an examination of records associated with the tax returns processed between April 1995 and April 1998. During this period, FPL submitted to the county more than $1.4 million in public service taxes. All tax returns processed during this period were subject to our audit.

The audit included:

- Review of the Florida State Statues, Seminole County Ordinances, and other applicable regulations;
- Review of the internal accounting controls over the FPL billing system;
- Review of FPL procedures for granting tax exemptions;
- Review of accounting records to ascertain that all tax collected is properly remitted to the county;
- Review of the tax returns for accuracy and for timely submittal;
- Interviews of key personnel; and,
- Other such review procedures considered necessary in the circumstances.

Fieldwork began July 22, 1998, and was completed on August 17, 1998. The audit was performed by Bill Carroll.

OVERALL EVALUATION

It is our opinion that the amount of public service taxes being collected on behalf of county is accurate, complete, and in compliance with the requirements of Seminole County Ordinance 91-12.