



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY



Inspector General
Accredited

“Enhancing Public Trust in Government”

Audit Report

2020-A-0004

Palm Beach County Office of Financial Management & Budget Public Service Tax

June 22, 2020

Insight – Oversight – Foresight



John A. Carey
Inspector General

OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

AUDIT REPORT 2020-A-0004

DATE ISSUED: JUNE 22, 2020



Inspector General
Accredited

"Enhancing Public Trust in Government"

PALM BEACH COUNTY OFFICE OF FINANCIAL MANAGEMENT & BUDGET PUBLIC SERVICE TAX

SUMMARY

WHAT WE DID

We conducted an audit of the Palm Beach County (County) Office of Financial Management & Budget (OFMB) Public Service Tax. This audit was based on a request by the OFMB and performed as part of the Palm Beach County Office of Inspector General (OIG) 2019 Annual Audit Plan.

Our audit focused on seven (7) propane gas¹ vendors that were delinquent in remitting the public service tax to the County. We audited the public service tax transactions for each propane gas vendor within the last three (3) years from the date the County's Notice of Intent to Audit² was received by the selected delinquent vendors.

We expanded the audit scope during the audit to include the public service tax transactions for each propane gas vendor subject to public service tax requirements of incorporated municipalities within Palm Beach County.

In addition, our audit included a review of the recommendations from the prior public service tax vendor audit reports performed by the Clerk & Comptroller's Division of Inspector General issued in 2014 and 2017 to determine if OFMB implemented those recommendations.

WHAT WE FOUND

We found the propane gas vendors did not remit the proper amount of public service tax to the County and 18 municipalities resulting in **\$3,573.19** in questioned costs³ and **\$123,727.22** in identified costs.⁴

¹ Propane gas is a type of liquefied petroleum gas, the purchase of which is subject to Section 166.231, Florida Statutes.

² Notice of Intent to Audit is a letter sent by OFMB to notify a delinquent vendor of an audit as provided in the Palm Beach County Code of Ordinances, Article VI, Section 17-226(b) (Ordinance 89-13) in accordance with the provisions of Section 166.234, Florida Statutes.

³ Questioned costs can include costs or financial obligations incurred pursuant to: a potential violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement, policies and procedures, or document governing the expenditure of funds; a finding that, at the time of the OIG activity, such cost or financial obligation is not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. As such, not all questioned costs are indicative of potential fraud or waste.

⁴ Identified costs are costs that have been identified as dollars that have the potential of being returned to the entity to offset the taxpayers' burden.

Overall, there was a lack of awareness and understanding of the County and municipalities' public service tax requirements. Additionally, it appeared that some vendors' computer systems were not properly configured for the different public service tax rates applicable to the jurisdictions within Palm Beach County.

Como Oil Company of Florida

We found that Como Oil Company of Florida (Como Oil) underpaid the public service tax to the County in the total amount of **\$30,214.53** with accrued interest as of March 31, 2020 of **\$7,219.91**. Therefore, the total amount owed for past due tax and interest was **\$37,434.44**.

We also identified Como Oil owed a total tax amount of **\$27,727.25** for propane sales within ten (10) municipalities that levy a public service tax.⁵

The total amount owed by Como Oil to the County and municipalities totaled **\$65,161.69** and is considered an identified cost because the County and the municipalities have the potential to recoup the amounts.

Forever Propane of Boca Raton, Inc.

We found that Forever Propane of Boca Raton, Inc. (Forever Propane-Boca) underpaid the public service tax to the County in the total amount of **\$12,288.04** with accrued interest as of March 31, 2020 of **\$3,999.01**. Therefore, the total amount owed for past due tax and interest was **\$16,287.05** and is considered an identified cost because the County has the potential to recoup the amount.

Forever Propane Sales and Service Inc.

We found that Forever Propane Sales and Service Inc. (Forever Propane) overpaid the public service tax to the County in the total amount of **\$62.96**. This amount was considered a questioned cost because the County owes this amount to the vendor.

We also identified Forever Propane delivered propane within nine (9) municipalities that levy a public service tax and owed municipalities a total of **\$13,207.68**. This amount is considered an identified cost because the municipalities have the potential to recoup the amounts.

Propane Services, Inc.

We found that Propane Services, Inc. (Propane Services) underpaid the public service tax to the County in the total amount of **\$8,717.58** with accrued interest as of March 31, 2020 of **\$2,626.42**. Therefore, the total amount owed for past due tax and interest was **\$11,344.00**.

We also identified Propane Services owed municipalities the total amount of **\$16,929.30** for propane sales within seventeen (17) municipalities that levy a public service tax.

The total amount owed by Propane Services to the County and municipalities totaled **\$28,273.30** and is considered an identified cost because the County and the municipalities have the potential to recoup the amounts.

We found that Propane Services overpaid the public service tax to the Village of Tequesta in the total amount of **\$2,227.72**. This amount was considered a questioned

⁵ The calculation of interest potentially owed to municipalities for past due tax was excluded from the audit due to the volume of municipalities affected and varying interest requirements.

cost because the Village owes this amount to the vendor.

SSEN LLC

Effective May 3, 2016, SSEN LLC's (SSEN) location was annexed and included in the corporate boundaries of the City of Lake Worth n/k/a Lake Worth Beach. Therefore, we determined that SSEN incorrectly remitted the public service tax to the County in the total amount of **\$1,219.86**. We considered this a questioned cost because the County owes this amount to the vendor.

Additionally, SSEN was exempt from collecting and remitting the public service tax to the City of Lake Worth Beach based on the Lake Worth Beach Code of Ordinances, Article VIII, Section 14-205 (City Ordinance No. 87-22). Therefore, the vendor did not owe any public service tax to the City of Lake Worth Beach for the sale of propane.

Forest Hill Energy, Inc.

We found that Forest Hill Energy, Inc. (Forest Hill Energy) underpaid the public service tax to the County in the total amount of **\$676.26** with accrued interest as of March 31, 2020 of **\$121.24**. Therefore, the total amount owed to the County was **\$797.50** and is considered an identified cost because the County has the potential to recoup the amount.

Forest Hill Energy did not maintain sales records for their propane sales as required in Palm Beach County Code of Ordinances, Article VI, Section 17-226(a). We obtained the delivery records from Forest Hill Energy's suppliers and calculated the total sales, public service tax owed, and related interest owed based on those delivery records.

Based on correspondence from Forest Hill Energy to the County Clerk & Comptroller and the suppliers' propane gas delivery records, it appears that Forest Hill Energy may have willfully attempted to evade payment of the public service tax.

SSP Food Mart Inc.

We found that SSP Food Mart Inc. (SSP) overpaid the public service tax to the County in the total amount of **\$62.65**. This amount was considered a questioned cost because the County owes this amount to the vendor.

Additionally, SSP did not maintain sales records for their propane sales as required in Palm Beach County Code of Ordinances, Article VI, Section 17-226(a). We obtained the delivery records from SSP's supplier and calculated the total sales and public service tax owed based on those delivery records.

Prior Audits

We also reviewed the recommendations in two prior public service tax vendor audit reports performed by the Clerk & Comptroller's Division of Inspector General issued in 2014 and 2017, and determined that all seven (7) recommendations were implemented.

WHAT WE RECOMMEND

Our report contains seven (7) findings and offers twenty-two (22) recommendations. Implementation of the recommendations will 1) assist the County and municipalities in the proper collection of the public service tax and 2) assist the County and municipalities in increasing propane vendor understanding and awareness of public service tax requirements.

The OFMB and eight (8) municipalities responded that they are taking corrective actions to implement the recommendations.

We have included the OFMB's management response as Attachment 1. We have included the management responses of the eight (8) municipalities' that responded as Attachments 2 – 9.

BACKGROUND



The OFMB is one of the central service departments whose department head is appointed by the County Administrator. The OFMB's Financial Management Division manages the Revenue Collection Program, the primary service of which is to maximize the collection of monies due to the County and develop related countywide financial policies and procedures. The public service tax is considered one of the major General Fund revenue sources for the County. The

budgeted revenue amount for public service tax levied on electricity and gas sales for Fiscal Year 2019 was \$44,700,000. Of this amount, \$1,700,000 was for gas (which includes propane gas) sales.

Public Service Tax Overview

Florida Statutes

Section 166.231 F.S., states,

(1)(a) A municipality may levy a tax on the purchase of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Except for those municipalities in which paragraph (c) applies, the tax shall be levied only upon purchases within the municipality and shall not exceed 10 percent of the payments received by the seller of the taxable item from the purchaser for the purchase of such service.



...

(7) The tax authorized hereunder shall be collected by the seller of the taxable item from the purchaser at the time of the payment for such service. The seller shall remit the taxes collected to the municipality in the manner prescribed by ordinance. Except as otherwise provided in ss. 166.233 and 166.234, the seller shall be liable for taxes that are due and not remitted to the municipality.

Section 166.234, F.S., provides municipalities with the right to assess interest and penalties for failure to pay the tax when due and requires that municipalities refund to the seller the amount by which the aggregate overpayments exceed the total deficiency revealed by an audit. Applicable subsections state as follows:

(5) Notwithstanding subsection (4), a municipality shall offset a seller's overpayment of any tax, interest, or penalty revealed by an audit against any deficiency of tax, interest, or penalty which is determined to be due for the same audit period, and such offsets must be reflected in any proposed assessment. If the overpayments by the seller exceed the deficiency, the municipality must refund to the seller the amount by which the aggregate overpayments exceed the total deficiency. Absent proof to the contrary, the methodology that is employed in

computing the amount of a deficiency is presumed to yield an appropriate computation of the amount of any overpayments. As used in subsection (4) and this subsection, "overpayment" to a municipality means and includes all remittances of public service tax, interest, or penalty which were not due to the municipality, including amounts properly collected but remitted to the incorrect municipality.

...

(7) Municipalities are authorized to assess interest and penalties in accordance with this subsection for failure to pay any tax when due or to file any required return, except that no penalty shall be assessed absent willful neglect, willful negligence, or fraud. Interest may be assessed at a maximum rate of 1 percent per month of the delinquent tax from the date the tax was due until paid. Penalties may be assessed at a maximum rate of 5 percent per month of the delinquent tax, not to exceed a total penalty of 25 percent, except that a municipality may provide that in no event will the penalty for failure to file a return be less than \$15. In the case of a fraudulent return or a willful intent to evade payment of the tax, the seller making such fraudulent return or willfully attempting to evade payment of the tax, shall be liable for a specific penalty of 100 percent of the tax.

County Ordinance 89-13

Pursuant to Sec.166.231, the County adopted and approved County Ordinance 89-13 (Ordinance) on July 18, 1989 to impose a public service tax on the purchase of electricity or metered or bottled gas (natural, liquefied petroleum gas or manufactured) within the unincorporated area of the County.

Palm Beach County, FL Code of Ordinances, Article VI. – Public Service Tax, states,

Sec. 17-223. – Levy of tax.

- (a) There is hereby levied by the county on each and every purchase within the unincorporated area of the county of electricity or metered or bottled gas (natural, liquefied petroleum gas or manufactured) a tax at a rate of ten (10) percent of the first four thousand dollars (\$4,000.00) purchased by a purchaser during a monthly period, a rate of two (2) percent of the next two thousand dollars (\$2,000.00) purchased by a purchaser during a monthly period, and a rate of one (1) percent of any amount in excess of six thousand dollars (\$6,000.00) purchased by a purchaser during a monthly period.

...

Sec. 17-225. - Duty of seller as to collection of tax; liability for failure to collect.

- (a) It shall be the duty of every seller of electricity or metered or bottled gas (natural, liquefied petroleum gas or manufactured) within the unincorporated area of the county to collect from the purchaser thereof for the use of the county the taxes hereby levied at the time of collecting the selling price charged for each and every transaction and to report and pay

over on or before the fifteenth day of each calendar month to the county clerk all such taxes levied and collected during the preceding calendar month.

...

- (b) It shall be unlawful for any seller to collect the price of any purchase of electricity or metered or bottled gas (natural, liquefied petroleum gas or manufactured) sold within the unincorporated area of the county without at the same time collecting such tax hereby levied in respect to such purchase or purchases unless such seller shall elect to assume and pay such tax without collecting the same from the purchaser or consumer; however, the seller shall not be liable for the payment of such tax upon uncollected bills.
- (c) Any seller failing to collect such tax at the time of collecting the price of any purchase and sale, as aforesaid, where the seller has not elected to assume and pay such tax shall be liable to the county for the amount of such tax in like manner as if the same had actually been paid to the seller;

...

- (d) Interest shall be assessed, for failure to pay any tax when due or to file any required return, at a rate of 1 percent per month of the delinquent tax from the date the tax was due until paid.
- (e) Penalties shall be assessed upon a determination by a hearing officer appointed by the board of county commissioners that willful neglect, willful negligence or fraud was present regarding the failure to pay any tax due or to file any required return.

...

- (g) In the event the hearing officer determines that a fraudulent return has been filed or that a seller has willfully attempted to evade payment of the tax, the seller making such fraudulent return or willfully attempting to evade payment of the tax shall be liable for a specific penalty of one hundred (100) percent of the tax.

The County's Ordinance specifies the records to be kept by the seller:

Sec. 17-226. - Records to be kept by seller; inspection of records; transcripts; provision of street name; and block numbers at unincorporated boundaries, states,

- (a) Each and every seller of electricity or metered or bottled gas (natural, liquefied petroleum gas or manufactured) within the unincorporated area of the county, with respect to sales and purchases, on which the tax is hereby levied, shall keep full and complete records showing all purchases and sales of such electricity, or metered or bottled gas (natural, liquefied petroleum gas or manufactured) within the unincorporated area of the county, which records shall show the price charged upon each sale and

purchase, the date and period of time covered thereby, and the date of payment thereof.

...

The County's Ordinance also specifies how the tax should be reported and remitted to the County on a monthly basis:

Sec. 17-227. - Seller made collecting agent for tax; certification of correctness of billings; transmissions of certification.

...

- (b) The sellers of electricity or metered or bottled gas (natural, liquefied petroleum gas or manufactured) within the unincorporated area of the County shall furnish to the County a certification duly executed by one of the officials of the company certifying as to the accuracy and correctness of billing and collections required under the terms of this section, which certification shall accompany the remittance of such tax collected or paid for the preceding month.

Municipalities

Of the 39 municipalities located within Palm Beach County, 32 levied a public service tax on propane sales. The public service tax rates for each municipality are shown in Exhibit 1.

OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were 1) to address the County management concern that "Vendors are delinquent in payments for the Palm Beach County Public Service Tax Ordinance 17-225 in connection with Section 166.231-234 of Florida Statutes", 2) to determine whether recommendations from prior Public Service Tax Vendor Audits within the last five years have been properly implemented, and 3) to determine the public service tax owed to municipalities⁶ by the audited vendors.

The scope of the audit included, but was not limited to, activities related to public service tax transactions for propane gas within the last three (3) years from the date the Notice of Intent to Audit was received by the selected delinquent vendors, and activities related to implementation of the recommendations of the prior audits within the last five (5) years.

The OFMB provided our office with the following delinquent vendor accounts to be included in the scope of the audit:

1. Forever Propane of Boca Raton, Inc.
2. Forever Propane Sales and Service Inc.

⁶ During the course of the audit, we found that some of the selected vendors had sales in incorporated areas of Palm Beach County. We determined it was appropriate to expand the audit scope to include public service taxes owed to municipalities within Palm Beach County.

3. Como Oil Company of Florida
4. Propane Services, Inc.
5. Forest Hill Energy, Inc.
6. SSEN LLC
7. SSP Food Mart Inc.

The audit methodology included, but was not limited to:

- Performing data reliability and integrity assessment of related computer systems for each of the selected delinquent vendors;
- Reviewing regulatory guidance, ordinances, policies and procedures;
- Reviewing sales and accounting records of the selected delinquent vendors;
- Interviewing appropriate County personnel and delinquent vendor employees;
- Reviewing propane gas sales reports, contracts, and agreements; and
- Performing detailed testing and recalculation of selected transactions.

As part of the audit, we completed data reliability and integrity assessments for the computer systems used by the selected vendors for propane sales and activities.⁷ We determined that the computer-processed data contained in certain systems had exceptions⁸ but all of the systems were deemed sufficiently reliable for purposes of the audit.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷ The following vendors utilized computer systems for propane sales and activities: Forever Propane, Como Oil, and Propane Services.

⁸ We noted minor exceptions in Como Oil's ADDS system and Propane Services' Advanced Digital Data system.

FINDINGS AND RECOMMENDATIONS

Finding (1): Como Oil underpaid public service tax to the County and did not pay the public service tax to ten (10) municipalities.

Como Oil operated a site in Palm City, which is located in Martin County and provided propane deliveries to customers located within Palm Beach County. Therefore, the propane deliveries to locations within unincorporated areas of Palm Beach County were subject to the County's public service tax requirement in accordance with the County Code of Ordinances, Article VI, Section 17-223. Deliveries to locations within a municipality's corporate boundaries were subject to the municipality's public service tax requirements in accordance with Section 166.231, F.S.

We found that Como Oil underpaid the public service tax to the County in the total amount of **\$30,214.53**. We calculated that the interest accrued for the past due tax as of March 31, 2020 was **\$7,219.91**. Therefore, the total amount owed for past due tax and interest was **\$37,434.44** for the period May 2016 through April 2019.⁹

We also identified Como Oil propane sales within ten (10) municipalities that levy a public service tax (see chart of municipalities below). Como Oil confirmed the company did not pay the public service tax to any of the municipalities for the propane sales to customers located within those municipalities' corporate boundaries.

For the propane sales within municipalities for the period May 2016 through April 2019, Como Oil owed municipalities the total amount of **\$27,727.25**.

The breakdown of the public service tax owed by Como Oil to each municipality was as follows:

| Municipality | Tax Rate | Total Tax Owed |
|-----------------------------|----------------------|----------------|
| City of Boca Raton | 10% | \$ 4,587.37 |
| City of Delray Beach | 10% | \$ 767.49 |
| Town of Juno Beach | 10% | \$ 2,055.21 |
| Town of Jupiter | 6% | \$ 6,750.05 |
| Village of North Palm Beach | 10% | \$ 279.83 |
| Town of Palm Beach | 10% | \$ 5.64 |
| Village of Royal Palm Beach | 10% | \$ 86.38 |
| Village of Tequesta | 9% | \$ 5,337.10 |
| Village of Wellington | Tiered ¹⁰ | \$ 5,356.46 |
| City of West Palm Beach | 10% | \$ 2,501.72 |

⁹ The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started May 1, 2016 and ended April 30, 2019.

¹⁰ Ten (10) percent of the first four thousand dollars (\$4,000.00) purchased by a purchaser during a monthly period, a rate of two (2) percent of the next two thousand dollars (\$2,000.00) purchased by a purchaser during a monthly period, and a rate of one (1) percent of any amount in excess of six thousand dollars (\$6,000.00) purchased by a purchaser during a monthly period.

| | |
|-------|--------------|
| Total | \$ 27,727.25 |
|-------|--------------|

The total amount owed for past due tax and interest was **\$65,161.69** and is considered an identified cost because the County and the municipalities have the potential to recoup the amounts.

According to Como Oil's Chief Financial Officer, some customers located in the County were not configured properly in the computer software system to charge the public service tax. Additionally, Como Oil was not aware that public service taxes were also levied by municipalities within the County.

Recommendations:

- (1) The County collect the unpaid public service tax and associated interest in the total amount of \$37,434.44 (\$30,214.53 tax and \$7,219.91 interest as of March 31, 2020) from Como Oil for propane sales in May 2016 through April 2019.**
- (2) The County require that Como Oil continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.**
- (3) The following municipalities: City of Boca Raton, City of Delray Beach, Town of Juno Beach, Town of Jupiter, Village of North Palm Beach, Town of Palm Beach, Village of Royal Palm Beach, Village of Tequesta, Village of Wellington, and City of West Palm Beach consider collecting the unpaid public service tax due from Como Oil in the total amount of \$27,727.25 and applicable interest charges.**
- (4) The following municipalities: City of Boca Raton, City of Delray Beach, Town of Juno Beach, Town of Jupiter, Village of North Palm Beach, Town of Palm Beach, Village of Royal Palm Beach, Village of Tequesta, Village of Wellington, and City of West Palm Beach require that Como Oil initiate payment of the public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019.**
- (5) The County implement a strategy for improving propane vendor awareness and understanding of the tax and share that strategy with the municipalities that also impose a public service tax.**

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

- (1) The County has drafted a determination letter to Como Oil requesting payment of the total tax and interest owed the County and included a copy of the audit report.**

- (2) The County will require that Como Oil continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.
- (5) OFMB will develop material explaining the tax and will use County code enforcement officers to distribute throughout unincorporated Palm Beach County. We will share our plan with municipalities through the local Florida League of Cities.

Municipalities' Management Responses:

- (3) The following municipalities: City of Boca Raton, City of Delray Beach, Village of North Palm Beach, Village of Royal Palm Beach, Village of Tequesta, and Village of Wellington concurred and accepted the recommendation to consider collecting the unpaid public service tax due from Como Oil and applicable interest charges.
- (4) The following municipalities: City of Boca Raton, City of Delray Beach, Village of North Palm Beach, Village of Royal Palm Beach, Village of Tequesta, and Village of Wellington concurred and accepted the recommendation to require that Como Oil initiate payment of the public service tax owed as required by their ordinances for the period starting May 1, 2019.

Finding (2): Forever Propane-Boca underpaid public service tax to the County.

Forever Propane-Boca operated a site located within an unincorporated area of Palm Beach County, which provided on-site sales of propane products. Therefore, the site's propane sales were subject to the County public service tax requirement of County Code of Ordinances, Article VI, Section 17-223. This site closed in September 2018 but was operational during the audited period.

We found that Forever Propane-Boca underpaid the public service tax to the County in the total amount of **\$12,288.04** for on-site propane sales for the period May 2016 through April 2019.¹¹ We calculated that the interest accrued for the past due tax as of March 31, 2020 was **\$3,999.01**. Therefore, the total amount owed for past due tax and interest was **\$16,287.05** and is considered an identified cost because the County has the potential to recoup the amount.

Forever Propane-Boca staff¹² stated that they were confused about the public service tax and how it was supposed to be charged to customers. Forever Propane-Boca staff were also not aware that public service taxes were levied on residential propane sales; therefore, the company did not include the residential propane sales in the calculation when remitting the public service tax to the County.

¹¹ The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started May 1, 2016 and ended April 30, 2019.

¹² Forever Propane-Boca and Forever Propane were separate corporate entities but operated as branches of the same company which shared office staff and a billing system.

Additionally, it appeared that Forever Propane-Boca's computer system¹² was not properly configured to charge public service taxes accurately, and staff noted the computer system was not "user-friendly."

Recommendation:

- (6) The County collect the unpaid public service tax and associated interest in the total amount of \$16,287.05 (\$12,288.04 tax and \$3,999.01 interest as of March 31, 2020) from Forever Propane-Boca for propane sales in May 2016 through April 2019.**

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

- (6) The County has drafted a determination letter to Forever Propane-Boca requesting payment of the total tax and interest owed to the County and included a copy of the audit report.**

Finding (3): Forever Propane overpaid public service tax to the County and did not pay the public service tax to nine (9) municipalities.

Forever Propane operated a site in Oakland Park, which is located in Broward County, and provided deliveries of propane to customers located within Palm Beach County. Therefore, the propane deliveries to locations within unincorporated areas of the County were subject to the County public service tax requirement of County Code of Ordinances, Article VI, Section 17-223. Deliveries to an address located within a municipality's corporate boundaries were subject to that municipality's public service tax requirements.

We found that Forever Propane overpaid the public service tax to the County in the total amount of **\$62.96**¹³ for propane delivery sales to customers located in unincorporated areas of the County for the period May 2016 through April 2019.¹⁴ We considered this amount a questioned cost because this is an amount that should be refunded by the County to the vendor in accordance with Section 166.234(5), F.S.

We also identified delivery sales within nine (9) municipalities that levy a public service tax (see chart of municipalities below). Forever Propane confirmed the company did not pay the public service tax to any of the municipalities for the propane sales to customers located within those municipalities' corporate boundaries. For the propane sales within municipalities for the period May 2016 through April 2019, Forever Propane owed municipalities a past due tax amount of **\$13,207.68**. This amount is considered an identified cost because the municipalities have the potential to recoup the amounts.

¹³ Total Tax and interest of \$2,019.32 – Total Tax Remitted of \$2,082.28 = Overpaid \$62.96.

¹⁴ The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started May 1, 2016 and ended April 30, 2019.

The breakdown of the public service tax owed by Forever Propane to each municipality was as follows:

| Municipality | Tax Rate | Total Tax Owed |
|-------------------------|----------------------|---------------------|
| City of Boca Raton | 10% | \$ 3,057.86 |
| City of Boynton Beach | 10% | \$ 565.50 |
| City of Delray Beach | 10% | \$ 4,937.27 |
| Town of Jupiter | 6% | \$ 76.85 |
| Town of Lake Park | 10% | \$ 61.33 |
| Town of Lantana | 10% | \$ 913.17 |
| Town of Mangonia Park | 10% | \$ 171.60 |
| Village of Wellington | Tiered ¹⁵ | \$ 201.90 |
| City of West Palm Beach | 10% | \$ 3,222.20 |
| Total | | \$ 13,207.68 |

Forever Propane staff¹⁶ stated that they were confused about the public service tax and how it was supposed to be charged to customers. Forever Propane staff were also not aware that public service taxes were levied on residential propane sales; therefore, the company did not include the residential propane sales in the calculation when remitting the public service tax to the County.

Additionally, it appeared that Forever Propane's computer system¹⁶ was not properly configured to charge public service taxes accurately, and staff noted the computer system was not "user-friendly."

Recommendations:

- (7) The County refund the amount of \$62.96 to Forever Propane's account for the public service tax payments remitted to the County for sales during the months of May 2016 through April 2019 as required by Section 166.234(5), F.S.**
- (8) The County require that Forever Propane continue to remit public service tax payments for tax owed on a monthly basis for the period starting with the month of May 1, 2019.**
- (9) The following County municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Jupiter, Town of Lake Park, Town of**

¹⁵ Ten (10) percent of the first four thousand dollars (\$4,000.00) purchased by a purchaser during a monthly period, a rate of two (2) percent of the next two thousand dollars (\$2,000.00) purchased by a purchaser during a monthly period, and a rate of one (1) percent of any amount in excess of six thousand dollars (\$6,000.00) purchased by a purchaser during a monthly period.

¹⁶ Forever Propane-Boca and Forever Propane were separate corporate entities but operated as branches of the same company which shared office staff and a billing system.

Lantana, Town of Mangonia Park, Village of Wellington, and City of West Palm Beach consider collecting the unpaid public service tax due from Forever Propane in the total amount of \$13,207.68 and applicable interest charges.

- (10) The following County municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Mangonia Park, Village of Wellington, and City of West Palm Beach require Forever Propane to initiate payment of public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019.

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

- (7) The County will refund the amount of \$62.96 to Forever Propane's account for public service tax payments remitted to the County for sales during the months of May 2016 through April 2019 as required by Section 166.234(5), F.S.
- (8) The County will require that Forever Propane continue to remit public service tax payments for tax owed on a monthly basis for the period starting with the month of May 1, 2019.

Municipalities' Management Responses:

- (9) The following County municipalities: City of Boca Raton, City of Delray Beach, Town of Lantana, and Village of Wellington concurred and accepted the recommendation to consider collecting the unpaid public service tax due from Forever Propane and applicable interest charges.
- (10) The following County municipalities: City of Boca Raton, City of Delray Beach, Town of Lantana, and Village of Wellington concurred and accepted the recommendation to require Forever Propane to initiate payment of public service tax owed as required by their ordinances for the period starting May 1, 2019.

Finding (4): Propane Services underpaid public service tax to the County, did not pay or underpaid the public service tax to sixteen (16) municipalities and overpaid the public service tax to one (1) municipality.

Propane Services operated a site in Palm City, which is located in Martin County, but delivered propane to customers located within Palm Beach County. Therefore, the propane deliveries to locations within unincorporated areas of the County were subject to the County's public service tax requirement of the County Code of Ordinances, Article VI, Section 17-223. Those deliveries to locations within a municipality's corporate boundaries were subject to the municipality's public service tax requirements of Section 166.231, F.S.

We found that Propane Services underpaid the public service tax to the County in the total amount of **\$8,717.58**. We calculated that the interest accrued for the past due tax as of March 31, 2020 was **\$2,626.42**. Therefore, the total amount owed for past due tax and interest was **\$11,344.00** for the period May 2016 through April 2019.¹⁷

We also identified Propane Services propane sales within seventeen (17) municipalities that levy a public service tax (see chart of municipalities below). We obtained the public service tax amounts remitted by Propane Services, if any, from the municipalities and found that Propane Services remitted the tax to four (4) of the seventeen (17) municipalities. After considering the tax remitted to the County municipalities for the period May 2016 through April 2019, Propane Services owed sixteen (16) municipalities the total tax amount of **\$16,929.30**.

We found that Propane Services overpaid the public service tax to the Village of Tequesta in the total amount of **\$2,227.72**¹⁸ for the period May 2016 through April 2019. We considered this amount a questioned cost because this is an amount that should be refunded by the Village to the vendor in accordance with Section 166.234(5), F.S.

The breakdown of the public service tax paid and owed by Propane Services to each municipality was as follows:

| Municipality | Tax Rate | Total Tax | Total Tax Remitted | Total Tax Owed/(Due to Vendor) |
|-----------------------------|----------------------|-------------|--------------------|--------------------------------|
| City of Boca Raton | 10% | \$ 234.77 | \$ 0.00 | \$ 234.77 |
| City of Boynton Beach | 10% | \$ 67.80 | \$ 0.00 | \$ 67.80 |
| City of Delray Beach | 10% | \$ 67.96 | \$ 47.00 | \$ 20.96 |
| Town of Juno Beach | 10% | \$ 396.64 | \$ 0.00 | \$ 396.64 |
| Town of Jupiter | 6% | \$ 3,706.87 | \$ 0.00 | \$ 3,706.87 |
| Town of Lake Park | 10% | \$ 681.00 | \$ 0.00 | \$ 681.00 |
| Town of Lantana | 10% | \$ 735.29 | \$ 0.00 | \$ 735.29 |
| Town of Manalapan | 10% | \$ 92.94 | \$ 0.00 | \$ 92.94 |
| Town of Mangonia Park | 10% | \$ 379.20 | \$ 0.00 | \$ 379.20 |
| Village of North Palm Beach | 10% | \$ 877.59 | \$ 0.00 | \$ 877.59 |
| Town of Ocean Ridge | 10% | \$ 3,717.23 | \$ 2,834.09 | \$ 883.14 |
| Village of Palm Springs | 10% | \$ 2,822.75 | \$ 0.00 | \$ 2,822.75 |
| City of Riviera Beach | 10% | \$ 3,196.91 | \$ 553.00 | \$ 2,643.91 |
| Village of Royal Palm Beach | 10% | \$ 139.02 | \$ 0.00 | \$ 139.02 |
| Village of Wellington | Tiered ¹⁹ | \$ 2,592.46 | \$ 811.44 | \$ 1,781.02 |

¹⁷ The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started May 1, 2016 and ended April 30, 2019.

¹⁸ Total Tax of \$4,883.61 – Total Tax Remitted of \$7,111.33 = Overpaid \$2,227.72.

¹⁹ Ten (10) percent of the first four thousand dollars (\$4,000.00) purchased by a purchaser during a monthly period, a rate of two (2) percent of the next two thousand dollars (\$2,000.00) purchased by a purchaser during a monthly period,

| | | | | |
|-------------------------|-----|---------------------|--------------------|---------------------|
| City of West Palm Beach | 10% | \$ 1,466.40 | \$ 0.00 | \$ 1,466.40 |
| Total | | \$ 21,174.83 | \$ 4,245.53 | \$ 16,929.30 |
| Village of Tequesta | 9% | \$ 4,883.61 | \$ 7,111.33 | \$ (2,227.72) |

The total amount owed for past due tax and interest was **\$28,273.30** and is considered an identified cost because the County and the municipalities have the potential to recoup the amounts.

Propane Services had not remitted public services taxes to the County for the months of March 2019 and April 2019 at the time of the audit. Additionally, it appears that the public service tax rates and applicable jurisdictions for the County and all municipalities were not configured properly in Propane Services' computer system.

Recommendations:

- (11) The County collect the unpaid public service tax and associated interest in the total amount of \$11,344.00 (\$8,717.58 tax and \$2,626.42 interest as of March 31, 2020) from Propane Services for propane sales in May 2016 through April 2019.**
- (12) The County require that Propane Services continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.**
- (13) The following municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Juno Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Manalapan, Town of Mangonia Park, Village of North Palm Beach, Town of Ocean Ridge, Village of Palm Springs, City of Riviera Beach, Village of Royal Palm Beach, Village of Wellington, and City of West Palm Beach consider collecting the unpaid public service tax due from Propane Services in the total amount of \$16,929.30 and applicable interest charges.**
- (14) The following municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Juno Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Manalapan, Town of Mangonia Park, Village of North Palm Beach, Town of Ocean Ridge, Village of Palm Springs, City of Riviera Beach, Village of Royal Palm Beach, Village of Wellington, and City of West Palm Beach require that Propane Services initiate payment of the public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019.**
- (15) The Village of Tequesta refund the amount of \$2,227.72 to Propane Services for the public service tax payments remitted to the Village for sales during**

and a rate of one (1) percent of any amount in excess of six thousand dollars (\$6,000.00) purchased by a purchaser during a monthly period.

the months of May 2016 through April 2019 as required by Section 166.234(5), F.S.

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

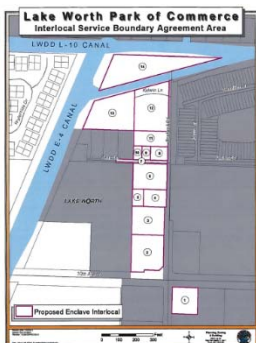
- (11) The County has drafted a determination letter to Propane Services requesting payment of the total tax and interest owed to the County and included a copy of the audit report.
- (12) The County will require that Propane Services continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.

Municipalities' Management Responses:

- (13) The following municipalities: City of Boca Raton, City of Delray Beach, Town of Lantana, Village of North Palm Beach, Town of Ocean Ridge, Village of Royal Palm Beach, and Village of Wellington concurred and accepted the recommendation to consider collecting the unpaid public service tax due from Propane Services and applicable interest charges.
- (14) The following municipalities: City of Boca Raton, City of Delray Beach, Town of Lantana, Village of North Palm Beach, Town of Ocean Ridge, Village of Royal Palm Beach, and Village of Wellington concurred and accepted the recommendation to require that Propane Services initiate payment of the public service tax owed as required by their ordinances for the period starting May 1, 2019.
- (15) The Village of Tequesta concurs with the finding and recommendation. We will take the necessary steps to notify the vendor of all amounts that were paid in error and will reimburse the vendor for any amounts owed, pursuant to Section 166.234(5), F.S.

Finding (5): SSEN paid public service tax to the County in error.

SSEN sells and exchanges 15-pound tanks of propane from its service station located in the City of Lake Worth Beach.



Based on the Interlocal Agreement between the City of Lake Worth (now named the City of Lake Worth Beach) and the County, SSEN's location was annexed and included in the corporate boundaries of the City of Lake Worth effective May 3, 2016. Prior to that, SSEN's address was located in an unincorporated area of Palm Beach County. Therefore, we determined that SSEN's propane sales were subject to the County's public service tax requirements in accordance with the County Code of Ordinances, Article VI, Section

17-223 prior to May 1, 2016²⁰ and propane sales from May 1, 2016 forward were subject to the City of Lake Worth Beach's public service tax requirements in accordance with the City of Lake Worth Beach Ordinance.

Article VIII. – Public Service Tax, Section 14-205. - Exemptions, City of Lake Worth Beach, FL Code of Ordinances, states,

...
The tax hereby levied shall not apply to uncollected charges for such services, nor to purchases of local telephone service or other telecommunication services for use in the conduct of a telecommunication service for hire or otherwise for resale; **nor shall the tax hereby levied apply to the sales of bottled gas in portable containers of sixty-pound size or less.**

We determined that SSEN paid the County the proper amount of public service tax for the month of April 2016.²¹ For the propane sales from May 1, 2016 to May 31, 2019, SSEN incorrectly remitted the public service tax to the County in the total amount of **\$1,219.86**. We considered this amount a questioned cost because this is an amount that should be refunded by the County to the vendor in accordance with Section 166.234(5), F.S.

SSEN is exempt from collecting and remitting the public service tax to the City of Lake Worth Beach as provided in Article VIII. Section 14-205 of the City's Code of Ordinances because it sells and exchanges 15-pound tanks of propane. Therefore, the vendor did not owe any public service tax for the sales of propane during the months of May 2016 through May 2019.

SSEN stated it did not become aware that its location was annexed into the City of Lake Worth Beach until May 2017. The vendor stated it continued to pay the County because it did not receive notification of the annexation or to remit public service taxes to the City of Lake Worth Beach.

Additionally, staff at the County Clerk & Comptroller, which is responsible for the identification of vendors subject to the County's Ordinance as provided in County Policy CW-F-035, stated they were not aware that SSEN's location was annexed to the City of Lake Worth Beach. Therefore, the County Clerk & Comptroller's office did not provide notification to SSEN to cease payment of the public service tax to the County.

Recommendations:

(16) The County refund the amount of \$1,219.86 to SSEN for the public service tax remitted for sales during the months of May 2016 through May 2019 as required by Section 166.234(5), F.S.

²⁰ The public service tax for propane sales in unincorporated areas of the County is based on monthly sales as provided in the County Code of Ordinances, Article VI, Section 17-229.

²¹ The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started April 1, 2016 and ended May 31, 2019.

- (17) The County consider implementing a process to ensure that the County Clerk & Comptroller is notified of changes to corporate boundaries of municipalities in a timely manner and that related public service tax vendor records are updated accordingly.

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

- (16) The County will refund the amount of \$1,219.86 to SSEN for the public service tax remitted for sales during the months of May 2016 through May 2019 as required by Section 166.234(5), F.S.
- (17) OFMB will coordinate with PZ&B and the Clerk when annexations are considered. PZ&B can review addresses of existing vendors within the area considered for annexation and notify existing vendors of the changes.

Finding (6): Forest Hill Energy underpaid the public service tax to the County.

Forest Hill Energy sells and exchanges 15-pound tanks of propane from its service station located in an unincorporated area of Palm Beach County. Therefore, Forest Hill's propane sales were subject to the County's public service tax requirement in accordance with County Code of Ordinances, Article VI, Section 17-223.



Forest Hill Energy did not maintain sales records for its propane sales and did not provide our office with the invoices for the propane deliveries from its suppliers. We obtained the delivery records from Forest Hill Energy's suppliers and calculated the total sales, public service tax owed, and related interest owed based on those delivery records.

We found that Forest Hill Energy underpaid the public service tax to the County in the total amount of **\$676.26** for the period of May 2016 through April 2019.²² We calculated that the interest accrued for the past due tax as of March 31, 2020 was **\$121.24**. Therefore, the total amount owed for the past due tax and interest was **\$797.50** and is considered an identified cost because the County has the potential to recoup the amount.

Forest Hill Energy determined the amount of propane sold by counting the empty propane bottles at the end of the month. This process was prone to inaccuracies because it did not consider the pick-up and delivery of tanks from its suppliers.

On June 7, 2019, Forest Hill Energy notified the County Clerk & Comptroller via email that it stopped selling propane tanks in October 2018 and discontinued using its supplier. During an interview in July 2019, Forest Hill Energy informed our office that they started using a new supplier and resumed selling propane tanks in June 2019.

²² The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started May 1, 2016 and ended April 30, 2019.

Based on the County Clerk & Comptroller's public service tax remittance records, Forest Hill Energy did not remit the public service tax for six (6) months, from November 2018 through April 2019, which appeared to have had propane sales based on the supplier's delivery records. The delivery report that we obtained from Forest Hill's initial propane supplier²³ showed that their last delivery occurred on October 25, 2018. The delivery report from Forest Hill's subsequent supplier²⁴ showed that the first delivery to Forest Hill was on November 28, 2018, and that Forest Hill had deliveries every three (3) to fourteen (14) days through September 2019. The propane deliveries to Forest Hill Energy during the period November 2018 through April 2019 were included in our calculation of the public service tax amount due to the County.

Based on Forest Hill Energy's notification to the County Clerk & Comptroller that it stopped selling propane tanks in October 2018 and its suppliers' records showing continuous propane deliveries from October 2018 through September 2019, it appears Forest Hill Energy may have willfully attempted to evade payment of the public service tax.

Recommendations:

- (18) The County collect the unpaid public service tax and associated interest in the total amount of \$797.50 (\$676.26 tax and \$121.24 interest as of March 31, 2020) from Forest Hill Energy for sales during the months of May 2016 through April 2019.**

- (19) The County consider bringing before a hearing officer for determination whether Forest Hill Energy has willfully attempted to evade payment of the public service tax for its propane sales during the period November 2018 through May 2019.**

- (20) The County ensure Forest Hill Energy has read and understands the requirements of the County's Ordinance, including but not limited to, the duty of the seller for collection of tax due, the date for reporting and paying the public service tax collected during the prior calendar month (Sec. 17-225), and the records to be kept by the seller (Sec. 17-226).**

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

- (18) The County has drafted a determination letter to Forest Hill Energy requesting payment of the total tax and interest owed to the County and included a copy of the audit report.**

²³ According to the delivery report we obtained from the initial supplier, it provided propane to Forest Hill Energy from May 20, 2016 to October 25, 2018.

²⁴ According to the delivery report we obtained from the subsequent supplier, it provided propane to Forest Hill Energy from November 28, 2018 to September 24, 2019.

(19) The County has considered bringing before a hearing officer for determination of such public service tax matters however, the cost of litigation has been too expensive and time consuming given the limited resources available.

(20) The County will reach out to Forest Hill Energy to emphasize the importance of following the requirements of the County's Ordinance, including but not limited to the due dates for reporting and paying the public service tax.

Finding (7): SSP overpaid the public service tax to the County.

SSP sells and exchanges 15-pound tanks of propane from its retail store located in an unincorporated area of Palm Beach County. Therefore, SSP's propane sales were subject to the County's public service tax.

SSP did not maintain sales records for its propane sales and did not provide our office with the invoices for the propane deliveries from its supplier. We obtained the delivery records from SSP's supplier and calculated the total sales and public service tax owed based on those delivery records.

We found that SSP overpaid the public service tax to the County in the total amount of **\$62.65**²⁵ for the period January 2017 through May 2019.²⁶ This amount was considered a questioned cost because this is an amount that should be refunded by the County to the vendor in accordance with Section 166.234(5), F.S.

SSP did not maintain sales records for the propane sales as provided in the County Code of Ordinances, Article VI, Section 17-226. Additionally, SSP determined the amount sold by counting the empty propane bottles at the end of the month. This process was prone to inaccuracies because it did not consider the pick-up and delivery of tanks from its supplier.

Recommendations:

(21) The County refund the amount of \$62.65 to SSP for the public service tax payments remitted to the County for sales during the months of January 2017 through May 2019 as required by Section 166.234(5), F.S.

(22) The County ensure SSP has read and understands the requirements of the County's Ordinance, including but not limited to, the duty of the seller for collection of tax due, the date for reporting and paying the public service tax collected during the prior calendar month (Sec. 17-225), and the records to be kept by the seller (Sec. 17-226).

²⁵ Total Tax and interest of \$316.95 – Total Tax Remitted of \$379.60 = Overpaid \$62.65.

²⁶ The scope of the audit was three (3) years from the date the Notice of Intent to Audit sent by the County was received by the vendor. We determined that the scope of the audit for this vendor started April 1, 2016 and ended May 31, 2019. However, the vendor was not registered as a business in the State of Florida until January 2017; therefore, the period tested was January 2017 through May 2019.

OFMB's Management Response:

OFMB agrees with the findings and offers the following in response:

- (21) The County will refund the amount \$62.65 to SSP for the public service tax remitted for sales during the months of May 2016 and through May 2019 as required by Section 166.234(5), F.S.**

- (22) The County will reach out to SSP to emphasize the importance of following the requirements of the County's Ordinance, including but not limited to the due dates for reporting and paying the public service tax.**

**SUMMARY OF POTENTIAL FINANCIAL AND OTHER BENEFITS
IDENTIFIED IN THE AUDIT**

Questioned Costs

| Finding | Description | Questioned Costs |
|----------------|---|-------------------------|
| 3 | Forever Propane overpaid public service tax to the County | \$ 62.96 |
| 4 | Propane Services overpaid public service tax to the Village of Tequesta | \$ 2,227.72 |
| 5 | SSEN paid public service tax to the County in error | \$ 1,219.86 |
| 7 | SSP overpaid public service tax to the County | \$ 62.65 |
| | TOTAL QUESTIONED COSTS | \$ 3,573.19 |

Identified Costs

| Finding | Description | Identified Costs |
|----------------|---|-------------------------|
| 1 | Como Oil underpaid public service tax to the County | \$ 37,434.44 |
| 1 | Como Oil did not pay public service tax to municipalities | \$ 27,727.25 |
| 2 | Forever Propane-Boca underpaid public service tax to the County | \$ 16,287.05 |
| 3 | Forever Propane did not pay public service tax to municipalities | \$ 13,207.68 |
| 4 | Propane Services underpaid public service tax to the County | \$ 11,344.00 |
| 4 | Propane Services did not pay public service tax to municipalities | \$ 16,929.30 |
| 6 | Forest Hill underpaid public service tax to the County | \$ 797.50 |
| | TOTAL IDENTIFIED COSTS | \$ 123,727.22 |

ACKNOWLEDGEMENT

The Inspector General's audit staff would like to extend our appreciation to the Palm Beach County Office of Financial Management & Budget and Clerk & Comptroller's office, the municipalities owed public service tax, and the selected propane vendors' management and staff for their support and assistance.

This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to the Director of Audit by email at inspector@pbcgov.org or by telephone at (561) 233-2350.

EXHIBITS

Exhibit 1 – Public Service Tax Rates by Municipality

Exhibit 2 – Public Service Tax Amounts Due by Vendor and Municipality

ATTACHMENTS

Attachment 1 – Palm Beach County Office of Financial Management & Budget Management Response

Attachment 2 – City of Boca Raton Management Response

Attachment 3 – City of Delray Beach Management Response

Attachment 4 – Town of Lantana Management Response

Attachment 5 – Village of North Palm Beach Management Response

Attachment 6 – Town of Ocean Ridge Management Response

Attachment 7 – Village of Royal Palm Beach Management Response

Attachment 8 – Village of Tequesta Management Response

Attachment 9 – Village of Wellington Management Response

EXHIBIT 1 – Public Service Tax Rates by Municipality

| Municipality | Rate |
|------------------------------|---------------------|
| City of Atlantis | None |
| City of Belle Glade | 10% |
| City of Boca Raton | 10% |
| City of Boynton Beach | 10% |
| Town of Briny Breezes | 6% |
| Town of Cloud Lake | 7% |
| City of Delray Beach | 10% |
| Town of Glen Ridge | 10% |
| Village of Golf | None |
| City of Greenacres | 10% |
| Town of Gulf Stream | 10% |
| Town of Haverhill | None |
| Town of Highland Beach | Tiered ¹ |
| Town of Hypoluxo | None |
| Town of Juno Beach | 10% |
| Town of Jupiter | 6% |
| Town of Jupiter Inlet Colony | None |
| Town of Lake Clarke Shores | None |
| Town of Lake Park | 10% |
| City of Lake Worth Beach | 10% |

| Municipality | Rate |
|-----------------------------|---------------------|
| Town of Lantana | 10% |
| Town of Loxahatchee Groves | Tiered ² |
| Town of Manalapan | 10% |
| Town of Mangonia Park | 10% |
| Village North Palm Beach | 10% |
| Town of Ocean Ridge | 10% |
| City of Pahokee | 10% |
| Town of Palm Beach | 10% |
| City of Palm Beach Gardens | None |
| Town of Palm Beach Shores | 10% |
| Village of Palm Springs | 10% |
| City of Riviera Beach | 10% |
| Village of Royal Palm Beach | 10% |
| City of South Bay | 10% |
| Town of South Palm Beach | 5% |
| Village of Tequesta | 9% |
| Village of Wellington | Tiered ² |
| City of West Palm Beach | 10% |
| City of Westlake | 10% |

¹ Ten percent (10%) on the first twenty-five dollars (\$25.00), five percent (5%) on the next fifty dollars (\$50.00) or fraction thereof, and one percent (1%) on the balance of all charges over seventy-five dollars (\$75.00).

² Ten (10) percent of the first four thousand dollars (\$4,000.00) purchased by a purchaser during a monthly period, a rate of two (2) percent of the next two thousand dollars (\$2,000.00) purchased by a purchaser during a monthly period, and a rate of one (1) percent of any amount in excess of six thousand dollars (\$6,000.00) purchased by a purchaser during a monthly period.

EXHIBIT 2 – Public Service Tax Amounts Due by Vendor and Municipality

| Municipality | Como Oil | Forever Propane | Propane Services | Total |
|-----------------------------|---------------------|------------------------|-------------------------|---------------------|
| City of Boca Raton | \$ 4,587.37 | \$ 3,057.86 | \$ 234.77 | \$ 7,880.00 |
| City of Boynton Beach | \$ 0.00 | \$ 565.50 | \$ 67.80 | \$ 633.30 |
| City of Delray Beach | \$ 767.49 | \$ 4,937.27 | \$ 20.96 | \$ 5,725.72 |
| Town of Juno Beach | \$ 2,055.21 | \$ 0.00 | \$ 396.64 | \$ 2,451.85 |
| Town of Jupiter | \$ 6,750.05 | \$ 76.85 | \$ 3,706.87 | \$ 10,533.77 |
| Town of Lake Park | \$ 0.00 | \$ 61.33 | \$ 681.00 | \$ 742.33 |
| Town of Lantana | \$ 0.00 | \$ 913.17 | \$ 735.29 | \$ 1,648.46 |
| Town of Manalapan | \$ 0.00 | \$ 0.00 | \$ 92.94 | \$ 92.94 |
| Town of Mangonia Park | \$ 0.00 | \$ 171.60 | \$ 379.20 | \$ 550.80 |
| Village North Palm Beach | \$ 279.83 | \$ 0.00 | \$ 877.59 | \$ 1,157.42 |
| Town of Ocean Ridge | \$ 0.00 | \$ 0.00 | \$ 883.14 | \$ 883.14 |
| Town of Palm Beach | \$ 5.64 | \$ 0.00 | \$ 0.00 | \$ 5.64 |
| Village of Palm Springs | \$ 0.00 | \$ 0.00 | \$ 2,822.75 | \$ 2,822.75 |
| City of Riviera Beach | \$ 0.00 | \$ 0.00 | \$ 2,643.91 | \$ 2,643.91 |
| Village of Royal Palm Beach | \$ 86.38 | \$ 0.00 | \$ 139.02 | \$ 225.40 |
| Village of Tequesta | \$ 5,337.10 | \$ 0.00 | \$ 0.00 | \$ 5,337.10 |
| Village of Wellington | \$ 5,356.46 | \$ 201.90 | \$ 1,781.02 | \$ 7,339.38 |
| City of West Palm Beach | \$ 2,501.72 | \$ 3,222.20 | \$ 1,466.40 | \$ 7,190.32 |
| Total | \$ 27,727.25 | \$ 13,207.68 | \$ 16,929.30 | \$ 57,864.23 |

ATTACHMENT 1 – PBC OFMB Management Response



**Office of
Financial Management & Budget**

P.O. Box 1989
West Palm Beach, FL 33402-1989
(561) 355-2580
FAX: (561) 355-2109
www.pbcgov.com



**Palm Beach County
Board of County
Commissioners**

Dave Kerner, Mayor
Robert S. Weinroth, Vice Mayor
Hal R. Valeche
Gregg K. Weiss
Mary Lou Berger
Melissa McKinlay
Mack Bernard

County Administrator

Verdenia C. Baker

"An Equal Opportunity
Affirmative Action Employer"

Official Electronic Letterhead

DATE: June 10, 2020

TO: Hillary Bojan, Director of Audit

FROM: Sherry Brown, Director of OFMB

RE: Audit Report- Audit of the Palm Beach County Office of
Financial Management & Budget – Public Service Tax

Enclosed for your review you will find the response to the Palm Beach County Public Service Tax. As noted in your cover memo, the audit contains seven findings and fifteen recommendations for the County. As requested, our response contains our concurrence with the findings, corrective measures and a timeframe for implementation.

Finding 1: Como Oil underpaid public service tax to the County and did not pay the public service tax to ten (10) municipalities.

Recommendations:

1. The County collect the unpaid public service tax and associated interest in the total amount of \$37,434.44 (\$30,214.53 tax and \$7,219.91 interest as of March 31, 2020) from Como Oil for propane sales in May 2016 through April 2019.
2. The County require that Como Oil continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.
- 3 & 4. Are specific to municipalities.
5. County implement a strategy for improving propane vendor awareness and understanding of the tax and share that strategy with the municipalities that also impose a public service tax.

Finding 1 Response:

OFMB agrees with the findings and offers the following in response:

(1)The County has drafted a determination letter to Como Oil requesting payment of the total tax and interest owed the County and included a copy of the audit report.

(2)The County will require that Como Oil continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.

(3 & 4). Are specific to municipalities.

(5) OFMB will develop material explaining the tax and will use County code enforcement officers to distribute throughout unincorporated Palm Beach County. We will share our plan with municipalities through the local Florida League of Cities.

Finding 2: Forever Propane-Boca underpaid public service tax to the County.**Recommendations:**

6. The County collect the unpaid public service tax and associated interest in the total amount of \$16,287.05 (\$12,288.04 tax and \$3,999.01 interest as of March 31, 2020) from Forever Propane-Boca for propane sales in May 2016 through April 2019.

Finding 2 Response:

OFMB agrees with the findings and offers the following in response:

(6) The County has drafted a determination letter to Forever Propane-Boca requesting payment of the total tax and interest owed to the County and included a copy of the audit report.

Finding 3: Forever Propane overpaid public service tax to the County and did not pay the public service tax to nine (9) municipalities.**Recommendation:**

7. The County refund the amount of \$62.96 to Forever Propane's account for public service tax payments remitted to the County for sales during the months of May 2016 through April 2019 as required by Section 166.234(5), F.S.

8. The County require that Forever Propane continue to remit public service tax payments for tax owed on a monthly basis for the period starting with the month of May 1, 2019.

9 & 10 are specific to municipalities.

Finding 3 Response:

OFMB agrees with the finding and offers the following in response:

(7) The County will refund the amount of \$62.96 to Forever Propane's account for public service tax payments remitted to the County for sales during the months of May 2016 through April 2019 as required by Section 166.234(5), F.S.

(8) The County will require that Forever Propane continue to remit public service tax payments for tax owed on a monthly basis for the period starting with the month of May 1, 2019.

(9 & 10) are specific to municipalities.

Finding 4: Propane Services underpaid public service tax to the County , did not pay or underpaid the public service tax to sixteen (16) municipalities and overpaid the public service tax to one (1) municipality.**Recommendations:**

11. The County collect the unpaid public service tax and associated interest in the total amount of \$11,344.00 (\$8,717.58 tax and \$2,626.42 interest as of March 31, 2020) from propane sales in May 2016 through April 2019.

12. The County require that Propane Services continue to remit public service tax payments for the tax owed

on a monthly basis for the period starting with the month of May 1, 2019.

13. 14 & 15 are specific to municipalities.

Finding 4 Response:

OFMB agrees with the findings and offers the following in response:

(11) The County has drafted a determination letter to Propane Services requesting payment of the total tax and interest owed to the County and included a copy of the audit report.

(12) The County will require that Propane Services continue to remit public service tax payments for the tax owed on a monthly basis for the period starting with the month of May 1, 2019.

(13 -15) Municipalities.

Finding 5: SSEN paid public service tax to the County in error.

Recommendations:

16. The County refund the amount of \$1,219.86 to SSEN for the public service tax remitted for sales during the months of May 2016 through May 2019 as required by Section 166.234(5), F.S.

17. The County consider implementing a process to ensure that the County Clerk & Comptroller is notified of changes to corporate boundaries of municipalities in a timely manner and that related public services tax vendor records are updated accordingly.

Finding 5 Response:

OFMB agrees with the finding and offers the following in response:

(16) The County will refund the amount of \$1,219.86 to SSEN for the public service tax remitted for sales during the months of May 2016 through May 2019 as required by Section 166.234(5), F.S.

(17) OFMB will coordinate with PZ&B and the Clerk when annexations are considered. PZ&B can review addresses of existing vendors within the area considered for annexation and notify existing vendors of the changes.

Finding 6 : Forest Hill Energy underpaid the public service tax to the County.

Recommendations:

18. The County collect the unpaid public service tax and associated interest in the total amount of \$797.50 (\$676.26 tax and \$121.24 interest as of March 31, 2020) from propane sales in May 2016 through April 2019.

19. The County consider bringing before a hearing officer for determination whether Forest Hill Energy has willfully attempted to evade payment of the public service tax for its propane sales during the period November 2018 through May 2019.

20. The County ensure Forest Hill Energy has read and understands the requirements of the County's Ordinance, including but not limited to, the duty of the seller for collection of tax due, the date for reporting and paying the public service tax collected during the prior calendar month (Sec.17-225), and the records to be kept by the seller (Sec. 17-226).

Finding 6 Response:

OFMB agrees with the finding and offers the following in response:

(18) The County has drafted a determination letter to Forest Hill Energy requesting payment of the total tax and interest owed to the County and included a copy of the audit report.

(19) The County has considered bringing before a hearing officer for determination of such public service tax matters however, the cost of litigation has been too expensive and time consuming given the limited resources available.

(20) The County will reach out to Forest Hill Energy to emphasize the importance of following the requirements of the County's Ordinance, including but not limited to the due dates for reporting and paying the public service tax.

Finding 7 : SSP overpaid the public service tax to the County.**Recommendations:**

21. The County refund the amount of \$62.65 to SSP for the public service tax payments remitted to the County for sales during the months of January 2017 through May 2019 as required by Section 166.234(5), F.S.

22. The County ensure SSP has read and understands the requirements of the County's Ordinance, including but not limited to, the duty of the seller for collection of tax due, the date for reporting and paying the public service tax collected during the prior calendar month (Sec.17-225), and the records to be kept by the seller (Sec. 17-226).

Finding 7 Response:

OFMB agrees with the findings and offers the following in response:

(21) The County will refund the amount \$62.65 to SSP for the public service tax remitted for sales during the months of May 2016 and through May 2019 as required by Section 166.234(5), F.S.

(22) The County will reach out to SSP to emphasize the importance of following the requirements of the County's Ordinance, including but not limited to the due dates for reporting and paying the public service tax.

C: John Carey, Inspector General
Verdenia Baker, County Administrator
Richard Iavarone, Director of Financial Management
Marie Jasmin, Collections Coordinator

ATTACHMENT 2 – City of Boca Raton Management Response



CITY OF
Boca Raton

CITY HALL
201 WEST PALMETTO PARK ROAD • BOCA RATON, FL 33432
PHONE: (561) 393-7700
(FOR HEARING IMPAIRED) TDD: (561) 367-7043
www.myboca.us

EMAIL

June 9, 2020

Hillary Bojan, Director of Audit
Palm Beach County Office of Inspector General
P.O. Box 16568
West Palm Beach, FL 33416

Re: Management Response to Audit Report No. 2020-A-0004

Dear Ms. Bojan:

The City of Boca Raton (“City”) has received the Palm Beach County Office of Inspector General’s (“OIG”) draft Audit Report No. 2020-A-0004 and appreciates the OIG’s findings and recommendations regarding the collection and remittance by third parties of the City’s share of Public Service Tax. The City concurs with each finding and recommendation applicable to the City, more specifically the City concurs with recommendation nos. 3, 4, 9, 10, 13, and 14. The City’s responses to the recommendations are addressed below in the order they are listed in the report.

| OIG Finding | OIG Recommendation | City of Boca Raton Response |
|---|---|---|
| Finding No. 1: Como Oil underpaid public service tax to the County and did not pay the public service tax to ten (10) municipalities. | Recommendation No. 3: The following municipalities: City of Boca Raton, ... consider collecting the unpaid public service tax due from Como Oil in the total amount of \$27,727.25 and applicable interest charges. | As illustrated in Exhibit 2, “Public Service Tax Amounts Due by Vendor and Municipality”, the City’s Financial Services Department will contact Como Oil and request payment for the \$4,587.37 in public service tax and applicable interest charges due to the City. |
| | Recommendation No. 4: The following municipalities: City of Boca Raton, ... require that Como Oil initiate payment of the public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019. | The City will also provide Como Oil a copy of Chapter 15, Article III of Boca Raton City Municipal Code which details the Public Service Tax requirements. |
| Finding No. 3: Forever Propane overpaid public service tax to the County and did not pay the public service tax to nine (9) municipalities. | Recommendation No. 9: The following County municipalities: City of Boca Raton, ... consider collecting the unpaid public service tax due from Forever Propane in the total amount of \$13,207.68 and applicable interest charges. | As illustrated in Exhibit 2, “Public Service Tax Amounts Due by Vendor and Municipality”, the City’s Financial Services Department will contact Forever Propane and request payment for the \$3,057.86 in public service tax and applicable interest charges due to the City. |
| | Recommendation No. 10: The following County municipalities: City of Boca Raton, ... require Forever Propane to initiate payment of public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019. | The City will also provide Forever Propane a copy of Chapter 15, Article III of Boca Raton City Municipal Code which details the Public Service Tax requirements. |

STAY CONNECTED

- AN EQUAL OPPORTUNITY EMPLOYER -

Hillary Bojan, Director of Audit
 June 9, 2020
 Page 2 of 2

| OIG Finding | OIG Recommendation | City of Boca Raton Response |
|---|--|---|
| Finding No. 4: Propane Services underpaid public service tax to the County, did not pay or underpaid the public service tax to sixteen (16) municipalities and overpaid the public service tax to one (1) municipality. | <p>Recommendation No. 13: The following municipalities: City of Boca Raton, ... consider collecting the unpaid public service tax due from Propane Services in the total amount of \$16,929.30 and applicable interest charges.</p> <p>Recommendation No. 14: The following municipalities: City of Boca Raton, ... require that Propane Services initiate payment of the public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019.</p> | <p>As illustrated in Exhibit 2, "Public Service Tax Amounts Due by Vendor and Municipality", the City's Financial Services Department will contact Propane Services and request payment for the \$234.77 in public service tax and applicable interest charges due to the City.</p> <p>The City will also provide Propane Services a copy of Chapter 15, Article III of Boca Raton City Municipal Code which details the Public Service Tax requirements.</p> |

We thank you and your staff for the recommendations and the City of Boca Raton looks forward to implementing them by September 30, 2020.

Sincerely,



Leif J. Ahnell, C.P.A., C.G.F.O.
 City Manager

- C: Linda C. Davidson, C.P.A., C.G.F.O., Financial Services Director
- George S. Brown, Deputy City Manager
- Michael Woika, Deputy City Manager
- Patricia White, Accounting Manager
- Shannon Estremera, Process & Compliance Manger

ATTACHMENT 3 – City of Delray Beach Management Response

**CITY OF DELRAY BEACH**
Finance Department

June 15, 2020

Palm Beach County Office of Inspector General
Hillary Bojan, Director of Audit
PO Box 16568
West Palm Beach, FL 33416-6568

RE: Draft Audit Report, PBC Office of Financial Management & Budget – Public Service Tax Audit

Dear Ms. Bojan,

Please find below the City of Delray Beach's responses to the County's recently completed Public Service Propane Gas Tax Audit:

- City of Delray Beach Response to Recommendation (3): The City of Delray Beach concurs and will send by July 1, 2020 a demand letter to Como Oil for the amount due of \$767.49 plus applicable interest charges for the period May 2016 through April 2019.
- City of Delray Beach Response to Recommendation (4): The City of Delray Beach concurs and will send a demand letter by July 1, 2020 to Como Oil requiring that they remit any and all public service tax due the City starting May 1, 2019 until current and that they remit payment on a monthly or quarterly basis, depending on amount due, going forward.
- City of Delray Beach Response to Recommendation (9): The City of Delray Beach concurs and will send a demand letter by July 1, 2020 to Forever Propane for the amount due of \$4,937.27 plus applicable interest charges for the period May 2016 through April 2019.
- City of Delray Beach Response to Recommendation (10): The City of Delray Beach concurs and will send a demand letter by July 1, 2020 to Forever Propane requiring that they remit any and all public service tax due the City starting May 1, 2019 until current and that they remit payment on a monthly or quarterly basis, depending on amount due, going forward.
- City of Delray Beach Response to Recommendation (13): The City of Delray Beach concurs and will send a demand letter by July 1, 2020 to Propane Services for the amount due of \$20.96 plus applicable interest charges for the period May 2016 through April 2019.

SERVICE · PERFORMANCE · INTEGRITY · RESPONSIBLE · INNOVATIVE · TEAMWORK

- City of Delray Beach Response to Recommendation (14): The City of Delray Beach concurs and will send a demand letter by July 1, 2020 to Propane Services requiring that they remit any and all public service tax due the City starting May 1, 2019 until current and that they remit payment on a monthly or quarterly basis, depending on amount due, going forward.

Please feel free to contact me if you have any questions or would like to discuss further.

Sincerely,



Marie Kalka
Finance Director

ATTACHMENT 4 – Town of Lantana Management Response



June 1, 2020

Hillary Bojan
 Director of Audit
 Palm Beach County Office of Inspector General
 PO Box 16568
 West Palm Beach, FL 33416-6568

RE: Draft Audit Report, Palm Beach County Office of Financial Management & Budget – Public Service Tax

Dear Ms. Bojan:

On behalf of the Town of Lantana, please accept this response to the above referenced audit report. It includes the OIG's findings and recommendations applicable to the Town, along with our responses and proposed corrective actions.

- Finding (3): Forever Propane overpaid public service tax to the County and did not pay the public service tax to nine (9) municipalities.
 - Recommendations:
 - (9) The following County municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Mangonia Park, Village of Wellington, and City of West Palm Beach consider collecting the unpaid public service tax due from Forever Propane in the total amount of \$13,207.68 and applicable interest charges.
 - (10) The following County municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Mangonia Park, Village of Wellington, and City of West Palm Beach require Forever Propane to initiate payment of public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019.
 - Management's Response: The Town agrees with the findings and recommendations. The Town will contact Forever Propane to obtain past, current, and future public service taxes due to the Town. It is our intent to have these recommendations completed within 60 days of the OIG's published audit report.

- Finding (4): Propane Services underpaid public service tax to the County, did not pay or underpaid the public service tax to sixteen (16) municipalities and overpaid the public service tax to one (1) municipality.
- Recommendations:
 - (13) The following municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Juno Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Manalapan, Town of Mangonia Park, Village of North Palm Beach, Town of Ocean Ridge, Village of Palm Springs, City of Riviera Beach, Village of Royal Palm Beach, Village of Wellington, and City of West Palm Beach consider collecting the unpaid public service tax due from Propane Services in the total amount of \$16,929.30 and applicable interest charges.
 - (14) The following municipalities: City of Boca Raton, City of Boynton Beach, City of Delray Beach, Town of Juno Beach, Town of Jupiter, Town of Lake Park, Town of Lantana, Town of Manalapan, Town of Mangonia Park, Village of North Palm Beach, Town of Ocean Ridge, Village of Palm Springs, City of Riviera Beach, Village of Royal Palm Beach, Village of Wellington, and City of West Palm Beach require that Propane Services initiate payment of the public service tax owed on a monthly basis or as required by their ordinances for the period starting May 1, 2019.
 - Management's Response: The Town agrees with the findings and recommendations. The Town will contact Propane Services to obtain past, current, and future public service taxes due to the Town. It is our intent to have these recommendations completed within 60 days of the OIG's published audit report.

On behalf of the Town, I want to thank you and your team for your recommendations and for assisting our organization.

Respectfully submitted,



Deborah S. Manzo
Town Manager

ATTACHMENT 5 – Village of North Palm Beach Management Response**LEONARD G. RUBIN, P.A.**

NORTHPOINT CORPORATE CENTER
701 NORTHPOINT PARKWAY, SUITE 209
WEST PALM BEACH, FLORIDA 33407-1950

LEONARD G. RUBIN
FLORIDA BAR BOARD CERTIFIED
CITY COUNTY AND LOCAL GOVERNMENT ATTORNEY

TELEPHONE: (561) 721-1683
FACSIMILE: (561) 686-8764

June 15, 2020

Hillary Bojan, Director of Audit
Officer of Inspector General
P.O. Box 16568
West Palm Beach, FL 33416-6568

Re: Village of North Palm Beach/Draft Audit Report (Public Service Tax Audit)

Dear Ms. Bojan:

The Village of North Palm Beach ("Village") is in receipt of your memorandum dated May 29, 2020, and the Draft Audit Report of the Office of the Inspector General ("OIG") relating to the collection of the public service tax from propane gas vendors.

OIG Finding 1: Como Oil underpaid public service tax to the County and did not pay public service tax to ten municipalities.

To the extent that Como Oil delivered propane gas to locations within the Village's corporate limits and did not pay the applicable public service (utility) tax, the Village concurs with Finding 1. In Recommendations 3 and 4, the OIG recommends that the Village consider collecting the unpaid service tax from Como Oil accrued during the timeframe of the OIG Audit (May 2016 through April 2019) and require that Como Oil initiate payment of the public service tax owed for the period commencing May 1, 2019 through the present date. The Village's response to these recommendations is as follows:

The Village of North Palm Beach concurs with the OIG's recommendations and will be contacting Como Oil to request payment for the unpaid public service tax that accrued during the term of the Audit, as well as seek payment for the public service tax that accrued from May 1, 2019 through the date of the request. The Village will also require payment moving forward on a monthly basis as mandated by Section 26-30(c) of the Village Code of Ordinances.

OIG Finding 4: Propane Services underpaid public service tax to the County, did not pay public service tax to sixteen municipalities, and overpaid the public service tax to one municipality.

Hillary Bojan
June 15, 2020
Page 2

To the extent that Propane Services delivered propane gas to locations within the Village's corporate limits and did not pay the applicable public service (utility) tax, the Village concurs with Finding 4. In Recommendations 13 and 14, the OIG recommends that the Village consider collecting the unpaid service tax from Propane Services accrued during the timeframe of the OIG Audit (May 2016 through April 2019) and require that Propane Services initiate payment of the public service tax owed for the period commencing May 1, 2019 through the present date. The Village's response to these recommendations is as follows:

The Village of North Palm Beach concurs with the OIG's recommendations and will be contacting Propane Services to request payment for the unpaid public service tax that accrued during the term of the Audit, as well as seek payment for the public service tax that accrued from May 1, 2019 through the date of the request. The Village will also require payment moving forward on a monthly basis as mandated by Section 26-30(c) of the Village Code of Ordinances.

The Village thanks the OIG for all its hard work associated with this matter. Should you have any questions relative to the foregoing, please do not hesitate to contact me.

Sincerely yours,



Leonard G. Rubin
Village Attorney

LGR/I

cc: Andrew Lukasik, Village Manager
Samia Janjua, Finance Director

ATTACHMENT 6 – Town of Ocean Ridge Management Response**TOWN OF OCEAN RIDGE****6450 NORTH OCEAN BOULEVARD
OCEAN RIDGE, FLORIDA 33435**www.oceanridgeflorida.com
(561) 732-2635 ♦ FAX (561) 737-8359TRACEY L. STEVENS
TOWN MANAGER &
FINANCE DIRECTORKARLA M. ARMSTRONG
TOWN CLERK**MAYOR**
KRISTINE DE HASETH**COMMISSIONERS**
PHIL BESLER
STEVE COZ
SUSAN HURLBURT
MARTIN WIESCHOLEK

June 9, 2020

Office of the Inspector General
Hillary Bojan, Director of Audit
PO Box 16568
West Palm Beach, FL 33416-6568

Dear Ms. Bojan:

The Town of Ocean Ridge's Management Response to Finding (4) in Audit Report 2020-A-0004 is as follows:

The Town of Ocean Ridge concurs with the recommendation and will collect the unpaid public service tax due from Propane Services in the amount of \$883.14 no later than our fiscal year end date of September 30, 2020. We will require that Propane Services initiate payment of the public service tax owed in accordance with the requirements of the Town of Ocean Ridge Code of Ordinances, Section 50-26 for the period beginning May 1, 2019.

If you have any questions or comments related to our management response, please let me know.

Kind Regards,

Tracey L. Stevens
Town Manager & Finance Director

ATTACHMENT 7 – Village of Royal Palm Beach Management Response



Village of Royal Palm Beach, Florida

1050 Royal Palm Beach Boulevard Royal Palm Beach, Florida 33411
Telephone (561) 790-5112 Fax (561) 790-5174 E-mail: shochman@royalpalmbeach.com

Department of Finance
Stanley G. Hochman, Director

June 2, 2020

Ms. Hillary Bojan
Director of Audit
Office of Inspector General

Via Email: inspector@pbcgov.org

Dear Ms. Bojan,

Re: Draft Audit Report, PBC Office of Financial Management & Budget – Public Service Tax Audit

With reference to the subject audit above, thank you for sharing your findings with the Village. We have accepted the results of your findings and as such has contacted Como Oil of Florida and Propane Services, Inc. requesting the remittance of past due utility taxes owed to the Village of Royal Palm Beach. In the same letter to the mentioned companies, we included a copy of the Village's Ordinance #8, which relates to the collection and remittance of Utility Service Tax.

The Village of Royal Palm Beach makes every effort to enforce the collection of these taxes through our Business Tax licensing and Code Enforcement departments for business located within the Village's boundaries. However, for those companies who does not have a physical location within our Village, but only provides delivery service to our residents, it is somewhat difficult to monitor tax collection and have to rely strictly on companies' honor system and integrity.

Sincerely,

A handwritten signature in blue ink that reads "Shernett Lee".

Shernett Lee
Assistant Finance Director
Village of Royal Palm Beach
561-790-5195

Fred Pinto
Mayor

Jeff Hmara
Vice Mayor

Selena Samios
Councilwoman

Jan Rodusky
Councilwoman

Richard Valuntas
Councilman

Raymond C. Liggins P. E.
Village Manager

ATTACHMENT 8 – Village of Tequesta Management Response

Village of Tequesta

345 Tequesta Drive
Tequesta, FL 33469



561-768-0700
www.tequesta.org

June 16, 2020

Ms. Hillary Bojan, CPA, CIA, CFE, CIGA
Director of Audit
Palm Beach County - Office of Inspector General
P.O. Box 16568
West Palm Beach, FL 33416

Re: Village of Tequesta – Responses to Audit Report 2020-A-0004

Dear Ms. Bojan:

On behalf of the Village of Tequesta (hereinafter “The Village”), please accept our responses to the findings and related recommendations in the above-referenced audit, as follows:

Finding No. 1

Como Oil underpaid public service tax to the County and did not pay public service tax to ten (10) municipalities. Specifically, the Village was not paid public service tax in the amount of \$5,337.10 during the audit period from May 1, 2016 – April 30, 2019.

Recommendation No. 3

The Village of Tequesta should consider collecting the unpaid public service tax due from Como Oil in the total amount of \$5,337.10 and applicable interest charges.

Recommendation No. 4

The Village of Tequesta shall require that Como Oil initiate payment of the public service tax owed on a monthly basis, as required by ordinance for the period starting May 1, 2019.

Village of Tequesta’s Response

The Village concurs with the finding and each recommendation. We will take the necessary steps to notify the vendor of all unpaid amounts, including applicable interest charges. The Village also plans to put in place a process of cross-referencing its list of utility tax payors with our Business Tax Receipts (Occupational License) database to determine compliance. We will cross-reference the County’s Business Tax Receipts database as well to determine the extent to which any of the vendors are operating within the corporate limits of the Village.

Vice-Mayor Kyle Stone
Council Member Frank D’Ambra

Mayor Abby Brennan
Village Manager Jeremy Allen

Council Member Laurie Brandon
Council Member Bruce Prince

Page 2 – OIG Propane Tax Audit

Finding No. 4

Propane Services underpaid public service tax to the County, did not pay or underpaid the public service tax to sixteen (16) municipalities and overpaid the public service tax to one (1) municipality.

Recommendation No. 15

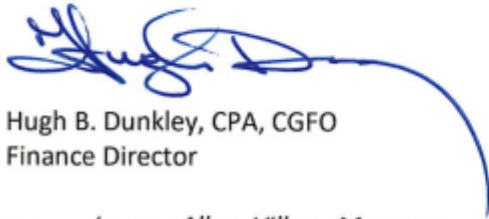
The Village of Tequesta should refund the amount of \$2,227.72 to Propane Services for the public service tax payments remitted to the Village for sales during the months of May 2016 through April 2019, as required by Section 166.234(5), F.S.

Village of Tequesta's Response

The Village concurs with the finding and recommendation. We will take the necessary steps to notify the vendor of all amounts that were paid in error and will reimburse the vendor for any amounts owed, pursuant to Section 166.234(5), F.S.

We thank you for all of your observations and findings on behalf of the Village and are open to any additional recommendations that you might have in connection with the aforementioned audit.

Sincerely,



Hugh B. Dunkley, CPA, CGFO
Finance Director

cc: *Jeremy Allen, Village Manager*
Tatiana Racanati, Assistant Finance Director

ATTACHMENT 9 – Village of Wellington Management Response



A GREAT HOMETOWN

Council

Anne Gerwig, Mayor
Tanya Siskind, Vice Mayor
John T. McGovern, Councilman
Michael Drahos, Councilman
Michael J. Napoleone, Councilman

Manager
Paul Schofield

June 8, 2020

Hillary Bojan, Director of Audit
Palm Beach County Office of Inspector General
PO Box 16568
West Palm Beach, Florida 33416

Re: Draft Audit Report, PBC Office of Financial Management & Budget – Public
Service Tax Audit

Dear Ms. Bojan:

On behalf of the Village of Wellington, please accept this response to the above referenced draft audit report. As requested, the following will respond to the findings and recommendations contained in said report, and will offer the Village's action.

Finding 1: Como Oil underpaid public service tax to the County and did not pay the public service tax to ten (10) municipalities.

Management accepts the findings and recommendations. The Village will send collection letters to the vendor for the amounts due per the audit report. The Village will inform the vendor that they need to maintain and keep the required records per the Village's ordinance. The Village will also provide them with a copy of the ordinance and reference the specific section.

Finding 3: Forever Propane overpaid public service tax to the County and did not pay the public service tax to nine (9) municipalities.

Management accepts the findings and recommendations. The Village will send collection letters to the vendor for the amounts due per the audit report. The Village will inform the vendor that they need to maintain and keep the required records per the Village's ordinance. The Village will also provide them with a copy of the ordinance and reference the specific section.

Finding 4: Propane Services underpaid public service tax to the County, did not pay or underpaid the public service tax to sixteen (16) municipalities and overpaid the public service tax to one (1) municipality.

Management accepts the findings and recommendations. The Village will send collection letters to the vendor for the amounts due per the audit report. The Village will inform the vendor that they need to maintain and keep the required records per the Village's ordinance. The Village will also provide them with a copy of the ordinance and reference the specific section.

The Village of Wellington and the staff of the OFMB Department would like to thank you and your team for your observations and suggestions.

Sincerely,

Ana Acevedo

Ana Acevedo, C.P.A.
Controller